No. 9593

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
PAKISTAN

Loan Agreement—*Second West Pakistan Highway Project* (with annexed Loan Regulations No. 3, as amended, and Project Agreement between the Bank and the Province of West Pakistan). Signed at Washington on 20 December 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 30 May 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PAKISTAN

Contrat d'emprunt — *Deuxième projet relatif au réseau routier du Pakistan occidental* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié, et le Contrat relatif au Projet entre la Banque et la Province du Pakistan occidental). Signé à Washington le 20 décembre 1968

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 30 mai 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated December 20, 1968, between the 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 Borrower has requested the Bank to assist in the financing of a highway project in the Province of West Pakistan described in Schedule 3 to this Agreement ;

WHEREAS the Province of West Pakistan will, with the Borrower's assistance, carry out or cause to be carried out part of the said project and, as part of such assistance, the Borrower will make available to the Province of West Pakistan part of the proceeds of the loan provided for herein ; and

WHEREAS the Bank is willing to make a loan available on the terms and conditions provided herein and in a project agreement[2] of even date herewith between the Bank and the Province of West Pakistan ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

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 February 9, 1967,[3] 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*) Paragraph 5 of Section 10.01 is amended to read as follows : " 5. The term ' Borrower ' means Islamic Republic of Pakistan, acting by its President. "

(*b*) Section 7.02 is amended by inserting the words " or the Project Agreement " after the words " the Loan Agreement ".

[1] Came into force on 27 February 1969, upon notification by the Bank to the Government of Pakistan.

[2] See p. 270 of this volume.

[3] See p. 270 of this volume.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Agreement have the following meanings:

(*a*) The term " Province " means the Province of West Pakistan, a political subdivision of the Borrower.

(*b*) The term " Project Agreement " means the agreement between the Bank and the Province of even date herewith, providing for the carrying out of part of the Project and shall include any amendments thereof made by agreement between the Bank and the Province.

(*c*) The term " Highway Department " means the Highway Department of the Communications and Works Department of the Government of the Province or any successor agency or agencies.

Article II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to thirty-five million dollars ($35,000,000).

Section 2.02. (*a*) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(*b*) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. (*a*) The Borrower shall be entitled to withdraw from the Loan Account:

(i) such amounts as shall have been paid in currencies other than currency of the Borrower for the reasonable cost of consultants' services and imported equipment, vehicles and spare parts to be financed under this Agreement;

(ii) such amounts as shall have been paid for the portion of reasonable cost of equipment, vehicles and spare parts procured in the territories of the Borrower, to be financed under this Agreement, representing the c.i.f. (Karachi) price of such goods;

(iii) the equivalent of fifty-three per cent (53 %) of such amounts as shall have been paid for the reasonable cost of road construction, and thirtythree per cent (33 %) of such amounts as shall have been paid for the reasonable cost of Chenab River bridge construction to be financed under this Agreement (other than payments under (i) above), provided, however, that if there shall be an increase in the estimates of either category of such costs, the Bank may by notice to the Borrower reduce the percentage set forth above for such category to such lower percentage as shall be required in order that withdrawal of the amount of the Loan allocated or reallocated in accordance with Schedule 1 to this Agreement to such category and not withdrawn may continue *pro rata* with the expenditures remaining to be made for such category ; and

(iv) if the Bank shall so agree, such amounts as shall be required by the Borrower to meet any payments referred to in the foregoing subsections (i) and (iii).

(*b*) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of :

(i) expenditures made prior to July 1, 1968 for Parts C, E (3) and the preparation of tender documents of Part A of the Project ;

(ii) expenditures made prior to the date of this Agreement for other Parts of the Project ; and

(iii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (*a*) (ii) and (iii) of this Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. 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 withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\,^1/_2$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($^1/_2$ of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods shall be subject to the approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Secretary to the Government of Pakistan, Ministry of Finance, is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (*a*) The Borrower shall carry out Part B of the Project and shall cause the Province to carry out other Parts of the Project with due diligence and efficiency and in conformity with sound engineering and financial practices and shall at all times make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.