No. 9667

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
PAKISTAN

Development Credit Agreement — *Telecommunications Project* (with annexed Credit Regulations No. 1, as amended). Signed at Washington on 6 March 1969

Authentic text: English.

Registered by the International Development Association on 25 June 1969.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
PAKISTAN

Contrat de crédit de développement — *Projet relatif aux télécommunications* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 6 mars 1969

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 25 juin 1969.

DEVELOPMENT CREDIT AGREEMENT[1]

AGREEMENT, dated March 6, 1969, 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, as amended February 9,[2] 1967, with the same force and effect as if they were fully set forth herein (said Development Credit Regulations No. 1 being hereinafter called the Credit Regulations).

Section 1.02. Unless the context otherwise requires, the term " T & T " means the Telegraph and Telephone Department of the Ministry of Communications of the Borrower and includes any other department, agency or entity which shall perform in whole or in part the telecommunications services theretofore performed by such Department.

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 sixteen million dollars ($16,000,000).

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

(*b*) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set

[1] Came into force on 11 April 1969, upon notification by the Association to the Government of Pakistan.

[2] See p. 320 of this volume.

forth in, this Agreement and the Credit Regulations and in accordance with the allocation of the proceeds of the Credit 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 Association ; provided, however, that, except as the Association shall otherwise agree, until the Borrower shall have retained the consultants referred to in Section 4.02 (*b*) of this Agreement in accordance with the provisions thereof, not more than the equivalent of four million dollars ($4,000,000) shall be withdrawn or committed from the Credit Account.

Section 2.03. (*a*) The Borrower shall be entitled to withdraw from the Credit Account such amounts as shall have been paid (or, if the Association shall so agree, such amounts as shall be required to meet payments to be made) in currencies other than currency of the Borrower for the reasonable cost of goods required for the Project and to be financed under the Development Credit Agreement.

(*b*) No withdrawals from the Credit Account shall be made on account of:

(i) expenditures made prior to the date of the Development Credit Agreement ; or

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

Section 2.04. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of paragraph (*a*) of Section 3.02 of the Credit Regulations.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing June 15, 1979 and ending December 15, 2018, each installment to and including the installment payable on December 15, 1988 to be one-half of one per cent ($^1/_2$ of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ($1^1/_2$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of the Development Credit Agreement to expenditures required to carry out the Project described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods, other than services of consultants, to be financed out of the proceeds of the Credit 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 Association in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement ; and (ii) all contracts for the procurement of any of the goods to be financed out of the proceeds of the Credit shall be subject to the approval of the Association.

Section 3.03. Except as the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project until the completion thereof.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) The Borrower shall cause T & T to carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices, and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(*b*) Without limiting or restricting the Borrower's obligations under paragraph (*a*) of this Section, the Borrower shall make the proceeds of the Credit available to T & T on the basis of reimbursement by T & T over a period of twenty-four years from the Effective Date of the Development Credit Agreement, including therein a period of grace of four years, and subject to charges of six per cent per annum on the aggregate amounts of the proceeds of the Credit so made available and outstanding from time to time.

(*c*) Without limiting or restricting the Borrower's obligations under paragraph (*a*) of this Section, the Borrower shall use its best efforts to obtain for the benefit of T & T other loans or other financing under terms and conditions acceptable to the Association from sources outside Pakistan and to cause T & T to apply the proceeds of such loans or financing to meet the expenses in currencies other than currency of the Borrower required to carry out the Project and not financed out of the proceeds of the Credit.

Section 4.02. (*a*) The Borrower shall cause T & T at all times to conduct its operations, including its financial operations, in accordance with sound management and financial practices and under the supervision of competent and experienced management.

(*b*) To assist in carrying out Part IV of the Project described in Schedule 2 to this Agreement, the Borrower shall employ or cause T & T to employ competent and experienced consultants acceptable to the Association, to an extent, and upon such terms and conditions as shall have been approved by the Association, and the Borrower shall furnish to such consultants all information relevant to the purposes of such Part IV of the Project.

Section 4.03. (*a*) The Borrower shall cause T & T to furnish to the Association promptly upon their preparation, the reports, plans, specifications, construction and procurement schedules for the Project, and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

(*b*) The Borrower shall : (i) cause T & T to maintain records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and the operations, including financial operations, of T & T ; and (ii) enable the Association's representatives to inspect the Project, T & T's properties and equipment including the goods and any relevant records and documents.

(*c*) The Borrower shall furnish or cause T & T to furnish to the Association all such information as the Association shall reasonably request concerning the expenditures of the proceeds of the Credit, the goods, the Project and the management and operations, including financial operations, of T & T.

Section 4.04. The Borrower shall at all times cause T & T to operate and maintain its plants, equipment and property, and to make promptly all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and public utility practices.

Section 4.05. Until the establishment of the accounting system referred to in Part IV of the Project described in Schedule 2 to this Agreement, the