

II

Treaties and international agreements

filed and recorded

from 18 October 1972 to 23 February 1973

No. 685

Traités et accords internationaux

classés et inscrits au répertoire

du 18 octobre 1972 au 23 février 1973

N° 685

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**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BANGLADESH**

Development Credit Agreement—*Coastal Area Rehabilitation and Cyclone Protection Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 18 October 1972

Authentic text : English.

Filed and recorded at the request of the International Development Association on 23 February 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
BANGLADESH**

Contrat de crédit de développement — *Projet relatif à la reconstruction des zones côtières et à la protection contre les cyclones* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 18 octobre 1972

Texte authentique : anglais.

Classé et inscrit au répertoire à la demande de l'Association internationale de développement le 23 février 1973.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated October 18, 1972, between PEOPLE'S REPUBLIC OF BANGLADESH (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) On January 13, 1971 the Association agreed to make available a development credit (hereinafter called Credit No. 228) in an amount equivalent to twenty-five million dollars (\$ 25,000,000) to assist in the financing of a project for reconstruction of the cyclone affected area in the Districts of Khulna, Patuakhali, Barisal, Noakhali and Chittagong (hereinafter called the Reconstruction Project); but the Reconstruction Project was not implemented and no withdrawals were made from the Credit Account opened by the Association under Credit No. 228;

(B) The Borrower has requested the Association to reinstate its financial assistance for the Reconstruction Project, as modified as hereinafter set forth, by extending to the Borrower a development credit for such purpose;

(C) The Association has agreed, on the basis *inter alia* of the foregoing, to extend a development credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02 (h) thereof and to the renumbering of Section 6.02 (i) into 6.02 (h) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

(a) "Reconstruction Board" means the Reconstruction Board for the Cyclone Affected Area in the territories of the Borrower, an agency established pursuant to Order No. F7/3/70-ORD dated December 30, 1970, and reconstituted by Order No. P/AI/4B-1/72/1740 dated September 28, 1972.

(b) "Reconstruction Fund" means the special revolving fund established by the Borrower in accordance with the provisions of Section 3.01 (b) of this Agreement.

¹ Came into force on 17 January 1973, upon notification by the Association to the Government of Bangladesh.

² See p. 161 of this volume.

(c) "Project Administrator" means the Project Administrator appointed by the Borrower in accordance with the provisions of Section 3.01 (c) of this Agreement.

(d) "Project Coordinator" means the Project Coordinator appointed by the Borrower in accordance with the provisions of Section 3.01 (d) of this Agreement.

(e) "Takas" and the sign "Tk" mean takas in the currency of the Borrower.

Article II. THE CREDIT

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

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be June 30, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths 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 2.06. Service charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 15 and October 15 commencing April 15, 1983, and ending October 15, 2022 each installment to and including the installment payable on October 15, 1992 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.

Section 2.08. The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out the Project, through the Reconstruction Board acting under the overall responsibility of the Borrower's Planning Commission, with due diligence and efficiency and in conformity with sound administrative, financial, engineering and agricultural practices, and shall

provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Except as the Association shall otherwise agree, and without restriction or limitation upon the provisions of paragraph (a) of this Section 3.01, the Borrower shall (i) establish or cause to be established a special revolving fund (hereinafter called the Reconstruction Fund) to be used for the sole purpose of making payments for goods and services required for the Project, (ii) deposit or cause to be deposited in the Reconstruction Fund initially an amount of twenty million Takas (Tk 20,000,000) and thereafter on the first day of each calendar month such amount as shall be required to maintain the Reconstruction Fund at a level which will be sufficient to meet payments expected to be made by the Borrower for the Project during the forthcoming three months, as estimated on the basis of the Project work schedules, and (iii) maintain or cause to be maintained records adequate to reflect, in accordance with consistently maintained sound accounting practices, the operations and financial condition of the Reconstruction Fund.

(c) The Borrower shall appoint a qualified and experienced Project Administrator who shall be a Member of the Reconstruction Board and empowered on its behalf to administer the Project.

(d) The Borrower shall appoint, on a full-time basis, a qualified and experienced Project Coordinator who shall be a Member Secretary of the Reconstruction Board and empowered on its behalf to act as chief executive officer for the Project, with authority to operate the Reconstruction Fund and such other authorities, functions and responsibilities as shall be satisfactory to the Borrower and the Association.

Section 3.02. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.03. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans, specifications, reports and work and procurement schedules, for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall maintain, or cause to be maintained, records adequate to record the progress of the Project (including the cost thereof), to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's accredited representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents, including the records and documents of the Reconstruction Fund and, in respect of the Project, of the Reconstruction Board; and (iii) shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the Project, the Reconstruction Fund, the Reconstruction Board, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.