

No. 692

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
BANGLADESH**

**Development Credit Agreement—*Northwest Region  
Tubewells Project* (with General Conditions Applicable to Development Credit Agreements). Signed at Washington on 6 November 1972**

*Authentic text: English.*

*Filed and recorded at the request of the International Development Association on 14 June 1973.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
BANGLADESH**

**Contrat de crédit de développement—*Projet relatif à  
l'installation de puits tubulaires dans la région du  
Nord-Ouest* (avec Conditions générales applicables aux  
contrats de crédit de développement). Signé à  
Washington le 6 novembre 1972**

*Texte authentique : anglais.*

*Classé et inscrit au répertoire à la demande de l'Association internationale de développement le 14 juin 1973.*

## DEVELOPMENT CREDIT AGREEMENT<sup>1</sup>

AGREEMENT, dated November 6, 1972 between PEOPLE'S REPUBLIC OF BANGLADESH (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) on June 30, 1970 the Association agreed to make available a development credit (hereinafter called Credit No. 208) in an amount equivalent to fourteen million dollars (\$14,000,000) to assist in the financing of a project for irrigation by tubewells within the districts of Dinajpur, Rangpur, Bogra, Rajshahi, Pabna, Mymensingh and Tangail (hereinafter called the Tubewells Project);

(B) on June 30, 1970 the Kingdom of Sweden (hereinafter called Sweden) agreed to make available a development credit in an amount of thirty-one million five hundred thousand Swedish Kronor (SKr31,500,000) to assist in the financing of the Tubewells Project;

(C) withdrawals from the credit account opened by the Association and from the special account opened by the Sveriges Riksbank, Stockholm, acting as agent for Sweden, under the aforementioned development credits were suspended on December 29, 1971 and February 1, 1972, respectively;

(D) by an exchange of letters between Sweden and the Borrower on May 31, 1972 and June 2, 1972, Sweden agreed to extend financial assistance to the Borrower as an interim source of financing for certain projects of high developmental priority in the territories of the Borrower, including the Tubewells Project;

(E) by agreement between the Government of Canada and the Borrower (hereinafter called the Canadian Grant Agreement), the Government of Canada has agreed to make available to the Borrower, by way of grant, certain goods and services required for the Tubewells Project in value equivalent to six million Canadian dollars (Can\$6,000,000) approximately;

(F) the Borrower has requested Sweden and the Association, jointly, to extend financial assistance to the Borrower for the continuation and completion of the Tubewells Project, as modified as hereinafter set forth, and to include in such joint financial assistance provision for repayment to Sweden of the financial assistance extended by Sweden for the Tubewells Project under the development credit and the interim financing arrangements referred to in paragraphs (B) and (D) above and for repayment to the Association of the principal amount of Credit No. 208 withdrawn from the credit account opened by the Association thereunder;

(G) Sweden has agreed to extend a development credit to the Borrower in a principal amount of twenty-nine million six hundred thousand Swedish Kronor (SKr29,600,000) upon the terms and conditions set forth in an agreement of even date herewith<sup>2</sup> (hereinafter called the Swedish Credit Agreement);

(H) 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;

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

<sup>2</sup> See p. 95 of this volume.

(I) by an agreement of even date herewith<sup>1</sup> (hereinafter called the Joint Financing Agreement) the Borrower, Sweden and the Association deem it to be in their mutual interest that the allocation, withdrawal and use of the proceeds of said credits and the execution of the project, as well as other matters relating thereto, be regulated therein;

NOW THEREFORE the parties hereto hereby agree as follows:

#### Article I. GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969<sup>2</sup>, with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) The second sentence of Section 3.02 is amended to read as follows:

“A service charge at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum shall be payable on the portion to be paid out of the Credit Account of the principal amount of any special commitment entered into by the Association pursuant to Section 2.07 of the Joint Financing Agreement and outstanding from time to time if, under such special commitment, the Association shall have agreed to pay such principal amount notwithstanding any subsequent suspension or cancellation of the Credit.”

(b) Article V is deleted.

(c) Section 6.01 is amended to read as follows:

“SECTION 6.01 *Cancellations by the Borrower.* The Borrower may by notice to the Association cancel any amount of the Credit which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 2.07 of the Joint Financing Agreement.”

(d) Section 6.02 (h) is deleted and Section 6.02 (i) is renumbered into Section 6.02 (h).

(e) Section 6.02 is amended by inserting the words “or the Swedish Credit Agreement or the Joint Financing Agreement or the Canadian Grant Agreement” after the words “the Development Credit Agreement” wherever the latter words appear in Section 6.02.

(f) Section 6.04 is amended to read as follows:

“SECTION 6.04. *Amounts Subject to Special Commitment Not Affected by Cancellation or Suspension by the Association.* No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 2.07 of the Joint Financing Agreement.”

<sup>1</sup> See p. 59 of this volume.

<sup>2</sup> See p. 346 of this volume.

(g) Section 6.06 is amended by inserting the words “the Joint Financing Agreement” after the words “the Development Credit Agreement”.

(h) Section 8.01 is amended by inserting the words “and the Joint Financing Agreement” after the words “the Development Credit Agreement” in the first sentence of Section 8.01 and by inserting the words “or the Joint Financing Agreement” after the words “the Development Credit Agreement” in the second sentence of Section 8.01.

(i) Section 8.02 is amended by inserting the words “or under the Joint Financing Agreement” after the words “the Development Credit Agreement”.

*Section 1.02.* Wherever used in this Development Credit 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) “Project Area” means an area of approximately 180,000 acres within the districts of Dinajpur, Rangpur, Bogra, Rajshahi and Pabna in the northwest region of People’s Republic of Bangladesh.

(b) “BADC” means Bangladesh Agricultural Development Corporation, a corporate entity established under Ordinance No. XXXVII of 1961, and includes any successor thereto.

(c) “TIP” means the Thana Irrigation Program of the Borrower’s Ministry of Local Government, Rural Development and Cooperatives.

(d) “Irrigation Group” means a group of farmers duly constituted as an irrigation group under the Thana Irrigation Program.

(e) “Water Board” means Bangladesh Water Development Board, a body corporate constituted by the Bangladesh Water and Power Development Boards Order No. 59 of 1972, and includes any successor thereto.

## Article II. THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fourteen million dollars (\$14,000,000).

*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 forth in, this Development Credit Agreement and in accordance with Article II of the Joint Financing Agreement.

(c) Except as shall otherwise be agreed between the Borrower and the Association, no withdrawals from the Credit Account 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* 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.