

No. 6371. INDUS BASIN DEVELOPMENT FUND AGREEMENT BETWEEN THE GOVERNMENTS OF THE COMMONWEALTH OF AUSTRALIA, CANADA, THE FEDERAL REPUBLIC OF GERMANY, NEW ZEALAND, PAKISTAN, THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE UNITED STATES OF AMERICA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT KARACHI, ON 19 SEPTEMBER 1960<sup>1</sup>

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THE INDUS BASIN DEVELOPMENT FUND (SUPPLEMENTAL) AGREEMENT, 1964.<sup>2</sup> SIGNED AT WASHINGTON, ON 31 MARCH AND 6 APRIL 1964

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 4 August 1964.*

AGREEMENT between the Governments of the COMMONWEALTH OF AUSTRALIA (Australia), CANADA (Canada), the FEDERAL REPUBLIC OF GERMANY (Germany), NEW ZEALAND (New Zealand), PAKISTAN (Pakistan), the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (United Kingdom) and the UNITED STATES OF AMERICA (United States) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS on the 19th day of September, 1960, Australia, Canada, Germany, New Zealand, Pakistan, the United Kingdom, the United States and the Bank entered into The Indus Basin Development Fund Agreement, 1960<sup>1</sup> (being hereinafter called the "1960 Agreement" and the parties thereto being hereinafter collectively called the "Parties") providing for the creation and administration of, and contributions to, the Indus Basin Development Fund (hereinafter called the "Fund");

AND WHEREAS in the 1960 Agreement the Parties agreed to make certain contributions to the Fund on the terms and conditions therein set forth;

AND WHEREAS the Parties have agreed to make additional contributions to the Fund on the terms and conditions and for the purposes hereinafter in this Agreement set forth;

NOW THEREFORE, the Parties hereby agree as follows :

### *Article I*

#### EFFECT OF THIS AGREEMENT

*Section 1.01.* The arrangements set out in this Agreement are accepted by Pakistan and by the other Parties hereto as a full and complete discharge of all obligations, whether legal or moral, expressed or implied, of the said other Parties under the 1960 Agreement.

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<sup>1</sup> United Nations, *Treaty Series*, Vol. 444, p. 259.

<sup>2</sup> Came into force on 6 April 1964, in accordance with article VI.

*Section 1.02.* To the extent that the following provisions of this Agreement are inconsistent with the provisions of the 1960 Agreement the provisions hereof shall prevail and the 1960 Agreement shall henceforth be read and construed as having been modified and superseded by the provisions of this Agreement, but shall in all other respects remain in full force and effect.

## *Article II*

### INCREASE IN NON-RUPEE CONTRIBUTIONS

*Section 2.01.* Each of the following Parties undertakes, subject to such parliamentary or congressional action as may be necessary, to make a supplemental contribution to the Fund of the nature and in the amount specified opposite its name below :

	<i>Grant</i>	<i>Contributions Re-payable by Pakistan</i>
Australia . . . . .	£A 4,669,643	
Canada . . . . .	Can\$ 16,810,794	
Germany . . . . .	DM 80,400,000	
New Zealand . . . . .	£NZ 503,434	
United Kingdom . . . . .	£ 13,978,571	
United States . . . . .	US\$ 118,590,000	US\$51,220,000
Bank . . . . .		US\$58,540,000 (in various currencies)

*Section 2.02.* The supplemental contribution of New Zealand shall be payable in the amount of £NZ 41,953 in each half-year, commencing October 1, 1964.

*Section 2.03.* The United States supplemental loan contribution will be in the form of the proceeds of a U.S. dollar loan to Pakistan on terms to be agreed between Pakistan and the United States.

*Section 2.04.* The supplemental Bank contribution will be in the form of the proceeds of a loan in various non-rupee currencies to Pakistan from the Bank or of a credit in various non-rupee currencies to Pakistan from the International Development Association (the Association), or of both, as may be determined between the Bank and the Association. To the extent that the supplemental Bank contribution is in the form of the proceeds of a credit from the Association, such credit shall, for the purpose of this Agreement and the 1960 Agreement, be deemed to be a Bank loan.

*Section 2.05.* The supplemental contributions of Australia, Canada, Germany, the United Kingdom, the United States and the Bank shall be payable in the same proportions among them, and in the same proportions between grants and loans, and shall be governed by the same provisions of the 1960 Agreement, as their original contributions, under the 1960 Agreement, except as may be otherwise provided in this Agreement.

*Article III*

## INCREASE IN RUPEE CONTRIBUTIONS

*Section 3.01.* The Bank, as Administrator of the Fund (the Administrator) shall make no further purchases of Pakistan rupees (rupees) pursuant to Section 3.03 (b) (ii) or Section 4.03 of the 1960 Agreement.

*Section 3.02.* Pakistan undertakes to pay to the Fund in accordance with the provisions of Section 3.01 of the 1960 Agreement (whether by use, in agreement with the United States, of United States counterpart funds, or from Pakistan's own resources) all such amounts of rupees, determined by the Administrator in accordance with Section 3.05 of the 1960 Agreement, as will be required to meet, by disbursements from the Fund, the rupee portion of the costs referred to in Section 4.01 (a) of this Agreement, to the extent that such costs are not covered by: (i) the rupees payable, or treated as payable, pursuant to Section 3.03 (a) of the 1960 Agreement and (ii) the rupees payable pursuant to Section 3.03 (b) (i) of the 1960 Agreement on account of the United States rupee contribution under Section 2.03 of the 1960 Agreement, until that contribution has been fully called up for payment.

*Article IV*

## DISPOSITION OF THE FUND

*Section 4.01.* (a) Subject to the provisions of Section 4.03 of this Agreement, the assets of the Fund, as augmented by the supplemental contributions herein provided for, shall be applied first to: (i) the cost of goods required to construct the Dam and Related Works on the Jhelum River as set forth in 2A (1) of Annexure D to the 1960 Agreement; (ii) the cost of goods required to construct the Link Canals, Barrages and Other Works as set forth in 2B, 2C and 2E of said Annexure as already modified by agreement between Pakistan and the Administrator with the approval of the Parties; (iii) overhead and engineering costs related to (i) and (ii) above; and (iv) expenses incurred by the Administrator solely because of services rendered under the 1960 Agreement and this Agreement; provided, however, that the above schedule of works may be amended by agreement between Pakistan and the Administrator for reasons of economy or sound engineering practice.

(b) In addition, the costs, including the rupee costs, of the Study hereinafter referred to in Section 5.01 of this Agreement shall be met from the non-rupee assets of the Fund.

*Section 4.02.* After the costs and expenses referred to in Section 4.01 (a) and (b) above have been provided for, any balance of the non-rupee assets remaining in or payable to the Fund, together with any uncalled amounts of the non-rupee contributions provided for in the 1960 Agreement, as augmented by this Agreement, will be disbursed, in accordance with procedures to be agreed between Pakistan and the Bank, to be used by Pakistan as required to meet non-rupee costs of the Tarbela project (if Pakistan and the

Bank agree that Tarbela is justified on the basis of the report hereinafter referred to in Section 5.01 of this Agreement), or, otherwise, of some other development project or projects in the water and power sector in West Pakistan, to be agreed between Pakistan and the Bank on the basis of the Study referred to in said Section 5.01.

*Section 4.03.* Similarly, any amounts in or retainable for the Special Reserve under the provisions of Section 4.01 of the 1960 Agreement not required for payments by the Administrator to India pursuant to Section 4.02 thereof shall be applied towards the costs referred to in Section 4.01 (a) above not covered by the non-rupee resources of the Fund as augmented by this Agreement, and to the extent not so applied shall be treated in the same manner as the balance referred to in Section 4.02 above. Income from investments of the Special Reserve shall hereafter be added to the principal thereof.

#### *Article V*

##### STUDY OF THE WATER AND POWER RESOURCES OF WEST PAKISTAN

*Section 5.01.* The Administrator shall organize and administer a Study of the water and power resources of West Pakistan which would provide the Government of Pakistan with a basis for development planning in the water and power sectors of the economy within the context of their successive Five Year Plans. It is intended that this Study will be completed within two years from the date of its commencement. The first objective of the Study will be the completion of a report covering the technical feasibility, the construction cost and the economic return of a dam on the Indus at Tarbela. The Administrator will use its best endeavours to ensure that this report will be completed by the end of 1964.

*Section 5.02.* The financing by the Fund of the Study shall not constitute or imply any commitment by the Parties to participate in any financing of any development project arising out of the Study, other than as provided in Section 4.02 of this Agreement.

#### *Article VI*

##### SIGNATURE AND ENTRY INTO FORCE

*Section 6.01.* This Agreement shall be open for signature on behalf of the Parties until April 8, 1964, or such later date as may be fixed by the Administrator.

*Section 6.02.* This Agreement shall come into force and effect and shall become binding upon each of the Parties on the date, but not before the date, when it has been signed on behalf of all the Parties. The Bank shall promptly after such date notify

each of the other Parties and shall transmit to each of them certified copies, showing signatories and dates of signature.

*Article VII*

TITLE

*Section 7.01.* This Agreement may be cited as “The Indus Basin Development Fund (Supplemental) Agreement, 1964”.

DONE at Washington in a single original, which shall remain deposited in the Archives of the Bank.

For the Government of the United States of America :

William B. MACOMBER, Jr.

March 31, 1964

For the International Bank for Reconstruction and Development :

George D. WOODS

March 31, 1964

For the Government of the Commonwealth of Australia :

Howard BEALE

April 6, 1964

For the Government of the Federal Republic of Germany :

K. H. KNAPPSTEIN

April 6, 1964

For the Government of New Zealand :

G. R. LAKING

April 6, 1964

For the Government of the United Kingdom of Great Britain and Northern Ireland :

HARLECH

April 6, 1964

For the Government of the Islamic Republic of Pakistan :

G. AHMED

April 6, 1964

For the Government of Canada :

C. S. A. RITCHIE

April 6, 1964