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CREDIT NO. 57 PAK

# Project Agreement

(Pakistan Western Railway Project)

BETWEEN

PROVINCE OF WEST PAKISTAN

AND

INTERNATIONAL DEVELOPMENT ASSOCIATION

DATED JUNE 24, 1964

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# Project Agreement

**AGREEMENT**, dated June 24, 1964, between the PROVINCE OF WEST PAKISTAN, acting by its Governor (hereinafter called the Province), and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement of even date herewith (hereinafter called the Development Credit Agreement) between the ISLAMIC REPUBLIC OF PAKISTAN (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower a credit in various currencies equivalent to twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Province agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### Definitions

SECTION 1.01. Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the Development Credit Regulations (as so defined) shall have the respective meanings therein set forth.

## ARTICLE II

### Particular Covenants of the Province

SECTION 2.01. (a) The Province shall carry out or cause to be carried out the Project, and shall conduct or cause

the operations of its Railway to be conducted, with due diligence and efficiency and in conformity with sound railway, engineering and financial practices.

(b) The Province shall make available the proceeds of the Credit or the equivalent thereof to the Railway on terms and conditions to be determined by agreement between the Province and the Association.

(c) The Province shall make available to the Railway promptly as needed all sums and other resources which shall be required for the carrying out and operation of the Project.

SECTION 2.02. (a) Upon request from time to time by the Association, the Province shall cause to be furnished promptly to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(b) The Province shall maintain or cause to be maintained 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 to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Railway; shall enable the Association's representatives to inspect the Project, the goods, the railway property and equipment and any relevant records and documents; and shall furnish or shall cause to be furnished to the Association all such information as it shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods, and the administration, operations and financial condition of the Railway.

SECTION 2.03. (a) The Province and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, each of them

shall furnish to the other all such information as it shall reasonably request.

(b) The Province and the Association shall from time to time exchange views through their representatives with regard to the performance by the Province of its obligations hereunder, and the administration, operations and financial condition of the Railway. The Province shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, or the maintenance of the service thereof, or the performance by the Province of its obligations under this Project Agreement or which shall increase or threaten to increase materially the estimated cost of the Project.

SECTION 2.04. Except in the normal course of business, goods purchased or paid for out of the proceeds of the Credit shall not be sold or otherwise disposed of without the prior consent of the Association.

SECTION 2.05. Except as shall be otherwise agreed between the Province and the Association, the Province shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Credit which are to be imported into its territory. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods to the site of the Project and shall be for such amounts as are consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in dollars.

SECTION 2.06. Except as shall be otherwise agreed by the Province and the Association, the Province shall cause all goods purchased in whole or in part with the proceeds of the Credit to be used in the territories of the Borrower

exclusively in the carrying out of the Project; and shall cause title to all such goods to be obtained free and clear of all encumbrances.

SECTION 2.07. The Province shall pay or cause to be paid all taxes, if any, imposed under the laws of the Borrower or laws in effect in the territories of the Borrower on or in connection with the execution, issue, delivery or registration of this Agreement or the Development Credit Agreement or the payment of principal and service charges thereunder.

### **ARTICLE III**

#### **Effective Date; Termination**

SECTION 3.01. This Project Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 8.04 of the Regulations, the Association shall terminate the Development Credit Agreement, the Association shall promptly notify the Province thereof, and upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

### **ARTICLE IV**

#### **Miscellaneous Provisions**

SECTION 4.01. Any notice, demand or request required or permitted to be given or made under this Project Agreement, and any agreement between the parties contemplated by this Project Agreement, shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or

making such demand or request. The addresses so specified are:

For the Province:

Chief Secretary  
Government of West Pakistan  
Lahore

Alternative address for cablegrams and radiograms:

West Pakistan  
Lahore

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D. C. 20433  
United States of America

Alternative address for cablegrams and radiograms:

Indevas  
Washington, D. C.

SECTION 4.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of the Province shall be taken or executed by the Chief Secretary to the Government of West Pakistan or such other person or persons as the Province shall designate in writing.

SECTION 4.03. The Province shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Province, take any action or execute any documents required or permitted to be taken or executed by the Province pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

IN WITNESS WHEREOF, the parties hereto have caused this Project Agreement to be signed and delivered in their respective names by their representatives thereunto duly authorized, in the District of Columbia, United States of America, as of the day and year first above written.

PROVINCE OF WEST PAKISTAN

By /s/ A. G. N. KAZI  
*Authorized Representative*

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ J. BURKE KNAPP  
*Vice President*