
OFFICIAL
DOCUMENTS

LOAN NUMBER 2380 PAK
CREDIT NUMBER 1439 PAK

Loan Agreement

(Industrial Investment Credit Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *February 27*, 1984

LOAN NUMBER 2380 PAK
CREDIT NUMBER 1439 PAK

LOAN AGREEMENT

AGREEMENT, dated *February 27*, 1984, between ISLAMIC REPUBLIC OF PAKISTAN, acting by its President (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has requested the Bank to assist in the financing of the Project described in Section 4.01 to the Development Credit Agreement (as hereinafter defined) by making the Loan as hereinafter provided;

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance towards the financing of the Project and by the Development Credit Agreement (hereinafter defined) the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to forty seven million three hundred thousand Special Drawing Rights (SDR 47,300,000);

(C) the Borrower and the Bank intend, to the extent practicable, that the proceeds of the Credit provided for in the Development Credit Agreement be committed and disbursed on account of expenditures on the Project before disbursements of the proceeds of the Loan provided for in this Agreement are made; and

WHEREAS the Bank has agreed, on the basis inter alia of the foregoing, to make the loan available to the Borrower upon the terms and conditions set forth hereinafter and in the Credit Agreement of even date herewith between the Association and the Borrower;

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 Loan and Guarantee Agreements of the Bank, dated October 27, 1980, 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 Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions):

(a) Paragraph 11 of Section 2.01 is deleted and the following substituted therefor:

"11. The term "Project" means the project as described in the Development Credit Agreement between the Borrower and the Association of even date with the Loan Agreement."

(b) The following subparagraph (d) is added to Section 3.04:

"(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment of the Loan and the application of such prepayment in addition to, or in substitution for, those set forth in paragraph (b) of Section 3.04."

(c) The words "Investment Projects" are substituted for the words "the Project" at the end of Section 5.03.

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

(a) "Development Credit Agreement" means the agreement of even date herewith between the Borrower and the Association for the purpose of the Project, as such agreement may be amended from time to time; and such term includes the General Conditions Applicable to Development Credit Agreements of the Association, dated June 30, 1980, as made applicable to such agreement, all agreements supplemental to the Development Credit Agreement and all schedules to the Development Credit Agreement; and

(b) "Credit" means the credit provided for in the Development Credit Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or

referred to, an amount in various currencies equivalent to fifty million dollars (\$50,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions to the Development Credit Agreement, as such provisions may be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in the Development Credit Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. Except as the Bank shall otherwise agree, procurement of the goods and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Section 3.05 to the Development Credit Agreement.

Section 2.04. The Closing Date shall be December 31, 1987 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.05. (a) The Borrower shall pay to the Bank a fee equivalent to one hundred twenty-four thousand six hundred eighty-eight dollars (\$124,688).

(b) On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of the said fee in such currency or currencies as the Bank shall determine.

Section 2.06. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.07. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one half percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.08 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost" of Qualified Borrowings means the cost, expressed as a percentage per annum, as reasonably determined by the Bank, provided that the amount of \$8,520.5 million referred to in (iii) (B) hereunder shall be reckoned at a cost of 10.93% per annum.
- (iii) "Qualified Borrowings" means (A) outstanding borrowings of the Bank drawn down after June 30, 1982; and (B) until July 1, 1985, the amount of \$8,520.5 million (representing borrowings of the Bank between July 1, 1981 and June 30, 1982) less any part thereof repaid earlier than July 1, 1985.
- (iv) "Semester" means the first six months or the second six months of a calendar year.

Section 2.08. Interest and other charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.09. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in the Schedule to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) Subject to paragraph (b) of this Section, Articles III and IV of, and Schedules 1, 2 and 3 to, the Development Credit Agreement, as such Articles and Schedules may be amended from time to time, are incorporated in, and made a part of, this Agreement with the same force and effect as if they were fully set forth herein; provided, however, that for the purposes of this Agreement: (i) the reference to the Credit in said Articles shall be deemed to be a reference to the Loan; and (ii) the reference to the Development Credit Agreement in said Articles shall be deemed to be a reference to this Agreement.

(b) As long as the Bank has not given notice to the contrary to the Borrower and so long as the Development Credit Agreement shall have not terminated prior to the termination of this Agreement: (i) the obligations of the Borrower to consult with and to furnish or cause to be furnished, information, documents, plans, reports, records and statements to the Bank shall be satisfied to the extent performance in respect of such obligations is rendered to the Association; (ii) the obligations of the Bank to consult with and to furnish information to the Borrower shall be satisfied to the extent such obligations are fulfilled by the Association; and (iii) all actions taken (including the giving of approvals or the granting of waivers) by the Association pursuant to the Development Credit Agreement shall be deemed to be taken pursuant to both the Development Credit Agreement and the Loan Agreement and in the name and on behalf of both the Association and the Bank.

Section 3.02. (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other external debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any lien shall be created on any public assets (as hereinafter defined), as security for any external debt, which will or might result in a priority for the benefit of the creditor of such external debt in the allocation, realization or distribution of foreign exchange, such lien shall, unless the Bank shall otherwise agree, ipso facto and at no cost to the Bank, equally and ratably secure the principal of, and interest and other charges on, the Loan, and the Borrower, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that, if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, the Borrower shall promptly and at no cost to the Bank secure the principal of, and interest and other charges on, the Loan by an equivalent lien on other public assets satisfactory to the Bank.

(b) The foregoing undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property or as security for the payment of debt incurred for the purpose of

financing the purchase of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Borrower, of any political or administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, the Borrower or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.

ARTICLE IV

Remedies of the Bank

Section 4.01. For the purposes of Section 6.02 (k) of the General Conditions, the events set forth in Section 5.01 of the Development Credit Agreement are specified.

Section 4.02. For the purposes of Section 7.01 (h) of the General Conditions, the events set forth in Section 5.02 of the Development Credit Agreement are specified.

ARTICLE V

Effective Date; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that all conditions precedent to the effectiveness of the Development Credit Agreement have been fulfilled, except for the effectiveness of this Agreement.

Section 5.02. The date *May 29, 1984* is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.03. If the Development Credit Agreement terminates prior to the termination of this Agreement, the provisions of the Development Credit Agreement referred to in this Agreement shall continue in full force and effect between the Borrower and the Bank.

ARTICLE VI

Representatives of the Borrower; Addresses

Section 6.01. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions.

For the Borrower:

The Secretary to the Government
of Pakistan
Economic Affairs Division
Islamabad
Pakistan

Cable address:

ECONOMIC
Islamabad

Telex:

ECDIV - 05 -634

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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

ISLAMIC REPUBLIC OF PAKISTAN

By *s/ Ihsanul Haq*

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

y/s/ W. David Hopper

Regional Vice President
South Asia

SCHEDULE

Amortization Schedule

<u>Date of Payment Due</u>	<u>Payment of Principal (Expressed in dollars)*</u>
On each March 1 and September 1 beginning September 1, 1989 through September 1, 2003	1,665,000
On March 1, 2004	1,715,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal; see General Conditions, Section 3.04.

Premiums on Prepayment

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.04 (b) of the General Conditions:

<u>Time of Prepayment</u>	<u>Premium</u>
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Bank for Reconstruction and Development.

In witness whereof I have signed this Certificate and affixed the Seal of the Bank thereunto this 27th day of FEBRUARY, 1984.

S. H. Cho.
FOR SECRETARY