

CONFORMED COPY

CREDIT NUMBER 2003 PAK

(1988 Flood Damage Restoration Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF PUNJAB

and

PROVINCE OF SIND

and

NORTH WEST FRONTIER PROVINCE

and

PROVINCE OF BALUCHISTAN

Dated April 28, 1989

CREDIT NUMBER 2003 PAK

PROJECT AGREEMENT

AGREEMENT, dated April 28, 1989, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), on the one hand, and PROVINCE OF PUNJAB, PROVINCE OF SIND, NORTH WEST FRONTIER PROVINCE and PROVINCE OF BALUCHISTAN, acting by their respective Governors (the Provinces), on the other hand.

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Islamic Republic of Pakistan (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty million six hundred thousand Special Drawing Rights (SDR 30,600,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the Provinces agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) part of the proceeds of the credit provided for under

the Development Credit Agreement will be made available to the Provinces; and

WHEREAS the Provinces, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, have agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) The Provinces declare their commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Part B of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and irrigation, drainage and road construction practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part B of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and the Provinces shall otherwise agree, the Provinces shall carry out Part B of the Project in accordance with the Implementation Program set forth in Schedule 4 to the Development Credit Agreement.

(c) The Provinces shall, for the purposes of Part B of the Project, open and maintain in dollars special accounts in the National Bank of Pakistan on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to the Development Credit Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the works and consultants' services required for Part B of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. The Provinces shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Part B of the Project.

Section 2.04. (a) The Provinces shall, at the request of the Association, exchange views with the Association with regard to the progress of Part B of the Project, the performance of their obligations under this Agreement and other matters relating to the purposes of the Credit.

(b) The Provinces shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part B of the Project, the accomplishment of the purposes of the Credit, or the performance by the Provinces of their obligations under this Agreement.

ARTICLE III

Financial Covenants

Section 3.01. (a) Each Province shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition in respect of its portion of Part B of the Project.

(b) Each Province shall:

- (i) have such records and accounts and those for its Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts as well as the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE IV

Effective Date; Termination;
Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 4.02. (a) This Agreement and all obligations of the Association and of the Provinces thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify the Provinces of this event.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this 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, telex or radiogram to the party to which it is required or permitted to be given or made at such party's 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 request. The addresses so specified are:

For the Association:

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

Cable address:	Telex:
INDEVAS Washington, D.C.	440098 (ITT), 248423 (RCA) or 64145 (WUI)

For Punjab:

Planning and Development Board
Government of Punjab
Lahore, Pakistan

Cable address:	Telex:
DEVELOPMENT Lahore, Pakistan	952-44868 Punjab Secretariat Lahore, Pakistan

For Sind:

Planning and Development Department
Government of Sind
Karchi, Pakistan

Cable address:	Telex:
DEVELOPMENT SIND Karachi, Pakistan	952-23950

For NWFP:

Planning and Development Department
Government of North West Frontier Province
Peshawar, Pakistan

Cable address:	Telex:
DEVELOPMENT Peshawar, Pakistan	952-52371

For Baluchistan:

Planning and Development Department
Government of Baluchistan
Quetta, Pakistan

Cable address:	Telex:
DEVELOPMENT Quetta, Pakistan	952-7875

Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of any Province, or by any Province on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Chairman, Planning and Development Board (in the case of Punjab) or by the Additional Chief Secretary (Development), Planning and Development Department (in the case of Sind) or by the Additional Chief Secretary, Planning and Development Department (in the case of NWFP or Baluchistan) or such other person or persons as he shall designate in writing, and he shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several

counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, 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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ H.E. Kûpp
Acting Regional Vice President
Europe, Middle East and North Africa

PROVINCE OF PUNJAB

By /s/ M. Afzal
Authorized Representative

PROVINCE OF SIND

By /s/ M. Afzal
Authorized Representative

NORTH WEST FRONTIER PROVINCE

By /s/ M. Afzal
Authorized Representative

PROVINCE OF BALUCHISTAN

By /s/ M. Afzal
Authorized Representative

