

CONFORMED COPY

CREDIT NUMBER 1936 PAK
LOAN NUMBER 2973 PAK

(National Oilseed Development Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 21, 1988

CREDIT NUMBER 1936 PAK
LOAN NUMBER 2973 PAK

LOAN AGREEMENT

AGREEMENT, dated July 21, 1988, between ISLAMIC REPUBLIC OF PAKISTAN acting by its President (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to the Development Credit Agreement between the Borrower and the International Development Association (the Association) of even date herewith (the Development Credit Agreement), has requested the Bank to assist in the financing of the Project;

(B) the Borrower has also requested the Association to provide additional financial assistance toward the financing of the Project and by the Development Credit Agreement the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to fourteen million five hundred thousand

Special Drawing Rights (SDR 14,500,000) (the Credit);

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

(D) the Project will be carried out in part by the Provinces and the Participating Credit Institutions (PCIs), all as defined in the Development Credit Agreement, with the Borrower's assistance and, as part of such assistance, the Borrower will make available to the Provinces and the PCIs a portion of the proceeds of the Loan as provided in this Agreement and the proceeds of the Credit as provided in the Development Credit Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith among the Association, the Bank and the Provinces;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement, in the General Conditions and in the Development Credit Agreement have the respective meanings therein set forth and the term "Development Credit Agreement" means the agreement of even date herewith between the Borrower and the Association for 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 January 1, 1985, as applied to such agreement, and all schedules and agreements supplemental to the Development Credit Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to thirty-one million four hundred thousand dollars (\$31,400,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to the Development Credit Agreement 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 Schedule 2 to the Development Credit Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be December 31, 1996 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (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 of one 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 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. 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, Sections 2.02 (b), 3.01, 3.02, 4.01, 4.02, 4.03, 4.04 and 4.05 of the Development Credit Agreement and Schedules 1, 2, 3, 4, 5 and 6 thereto are incorporated in the Loan Agreement, with the following modifications in said Sections and Schedules 2, 3, 4, 5 and 6 except for Sections 3.01 (c) and (d) unless the context otherwise requires:

- (i) the term "Association" shall be read as "Bank";
- (ii) the term "Credit" and "Credit Account" shall be read as "Loan" and "Loan Account"; and
- (iii) the term "this Agreement" shall be read as "the Development Credit Agreement".

(b) So long as any part of the Credit provided for under the Development Credit Agreement shall remain outstanding and unless the Borrower has been notified otherwise by the Bank:

- (i) all actions taken, including approvals given, by the Association pursuant to any of the Sections of, and Schedules to, the Development Credit Agreement enumerated in paragraph (a) of this Section, as well as pursuant to Section 2.02 (a) of the Development Credit Agreement, shall be deemed to be taken or given in the name and on behalf of both the Association and the Bank; and
- (ii) all information or documentation furnished by the Borrower to the Association pursuant to the provisions of any of such Sections of the Development Credit Agreement or Schedules thereto shall be deemed to be furnished to both the Association and the Bank.

Section 3.02. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 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 parts of the Project for which they are responsible shall be carried out by the Provinces pursuant to Section 2.03 of the Project Agreement, and by the PCIs pursuant to the provisions of the Subsidiary Loan Agreements.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified, namely, the events set out in Section 6.01 of the Development Credit Agreement, provided, however, that the term "Association" wherever it appears in such Section shall be read as "Bank".

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified, namely, the events set out in Section 6.02 of the Development Credit Agreement, provided, however, that the term "Association" wherever it appears in such Section shall be read as "Bank".

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions: all conditions precedent to the effectiveness of the Development Credit Agreement shall have been fulfilled, other than those related to the effectiveness of this Agreement.

Section 5.02. The date ninety (90) days after the date of this Agreement 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, or any Additional Secretary, Joint Secretary, Deputy Secretary, or Section Officer in that Division of the Borrower 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:

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 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.

ISLAMIC REPUBLIC OF PAKISTAN

By /s/ M. Afzal

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ W. Thalwitz

Regional Vice President
Europe, Middle East and North Africa

SCHEDULE

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
March 15, 1994	575,000
September 15, 1994	595,000
March 15, 1995	620,000
September 15, 1995	640,000
March 15, 1996	665,000
September 15, 1996	695,000
March 15, 1997	720,000
September 15, 1997	745,000
March 15, 1998	775,000
September 15, 1998	805,000
March 15, 1999	835,000
September 15, 1999	870,000
March 15, 2000	905,000
September 15, 2000	940,000
March 15, 2001	975,000
September 15, 2001	1,010,000
March 15, 2002	1,050,000
September 15, 2002	1,090,000
March 15, 2003	1,135,000
September 15, 2003	1,175,000
March 15, 2004	1,220,000
September 15, 2004	1,270,000
March 15, 2005	1,320,000
September 15, 2005	1,370,000

March 15, 2006	1,420,000
September 15, 2006	1,475,000
March 15, 2007	1,535,000
September 15, 2007	1,595,000
March 15, 2008	1,655,000
September 15, 2008	1,720,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	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 eleven years before maturity	0.55
More than eleven years but not more than sixteen years before maturity	0.80
More than sixteen years but not more than eighteen years before maturity	0.90
More than eighteen years before maturity	1.00