

**ECONOMIC
COOPERATION
AND
DEVELOPMENT**



Treaty Series No. 154 (1975)

Tarbela Development Fund (Supplemental) Agreement, 1975

Washington, 15 August 1975

[The Agreement entered into force on 15 August 1975]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
December 1975*

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**TARBELA DEVELOPMENT FUND (SUPPLEMENTAL)
AGREEMENT, 1975**

Agreement, between the Governments of Canada, Italy, the Islamic Republic of Pakistan, the United Kingdom of Great Britain and Northern Ireland and the United States of America, the International Development Association (the Association) and the International Bank for Reconstruction and Development (the Bank) as Administrator of the Tarbela Development Fund.

Whereas under the Tarbela Development Fund Agreement, 1968⁽¹⁾ (the 1968 Agreement) there has been established the Tarbela Development Fund (the Fund) administered by the Bank as administrator of the Fund (the Administrator) for the purpose of financing certain costs required to construct the Project described in the Schedule to the 1968 Agreement (the Project);

Whereas, as a consequence of damage to the Tarbela dam (included in the Project) that occurred in the summer of 1974, the resources effectively available to the Fund are likely to be insufficient to cover the non-rupee cost of completing the Project;

Whereas certain Governments and the Association intend, up to the respective amounts and upon other terms and conditions hereinafter in this Agreement set forth, to make special contributions to the Fund, pursuant to Section 11.02 of the 1968 Agreement, for the purpose of meeting, to the extent necessary, the cost of the repairs of, and additional remedial works to, the Tarbela dam required for its prompt and safe completion;

Whereas Pakistan expects to obtain for the same purpose a non-recurring financial contribution from the Government of the Federal Republic of Germany in the amount of DM15,000,000, to be paid to the Fund in three equal instalments on January 1, 1976, July 1, 1976 and January 1, 1977;

Whereas the Government of Canada is willing to make available without restrictions the balance of approximately Can \$3,000,000 of its original contribution to the Fund; and

Whereas Australia intends to make a special contribution to the Fund (the Australian contribution), pursuant to Section 11.02 of the 1968 Agreement, for the purpose recited above of A\$1,000,000 under separate arrangements;

Now, therefore, the Parties hereto hereby agree as follows :

ARTICLE I

Section 1.01. (a) Each of the Governments specified below hereby undertakes, subject to such parliamentary or congressional action as may be necessary, to contribute to the Fund, pursuant to Section 11.02 of the 1968

(1) Treaty Series No. 88 (1968), Cmnd. 3777.

Agreement and in addition to its original contribution under the said Agreement, the amount specified below opposite its name, as a special contribution to the Fund for the purposes specified in this Agreement:

United Kingdom £Stg. 2,500,000	Italy Lit. 6,300,000,000
United States US\$ 10,000,000	

(b) The contribution of each of the Governments specified in paragraph (a) above shall be in the form of the proceeds of resources made available to Pakistan (but payable to the Fund) directly by such Government or by an agency or instrumentality thereof on terms and conditions, not inconsistent with this Agreement, to be agreed between Pakistan and the Government or agency or instrumentality concerned.

Section 1.02. The Association undertakes to make a special contribution to the Fund for the purposes specified in this Agreement in an amount equivalent to US\$ 8,000,000 in the form of the proceeds of a development credit in various currencies made by the Association to Pakistan (but payable to the Fund) on such terms and conditions, not inconsistent with this Agreement, as shall be agreed between Pakistan and the Association.

Section 1.03. Pakistan undertakes to contribute to the Fund, as special contributions for the purposes specified in this Agreement: (i) the proceeds of the financial contribution in Deutsche Mark it expects to receive from the Government of the Federal Republic of Germany for such purposes, and (ii) all such amounts of Pakistan rupees (rupees) as will be required to meet the rupee costs of the repairs and additional remedial works referred to in Section 1.07(a) of this Agreement. For the purpose of this Agreement, rupee amounts already paid by Pakistan to the Fund on account of such repairs and additional remedial works shall be deemed to be, and accounted for as, part of Pakistan's special contribution in rupees.

Section 1.04. Without limitation on its obligations under Sections 2.04 and 7.01 of the 1968 Agreement, Pakistan further undertakes to provide to the Fund upon the Administrator's request all such other amounts determined by the Administrator as shall be required to cover the cost of the repairs of, and additional remedial works to, the Tarbela dam after the other resources of the Fund effectively available for the purpose shall have been committed therefor.

Section 1.05. Canada agrees that the unused balance of approximately Can \$3,000,000 of its contribution under the 1968 Agreement shall be available for payment to, and disbursement from, the Fund, in two equal instalments by September 1, 1975 and January 1, 1976, without limitation as to the origin of the goods or services financed out of such contribution.

Section 1.06. (a) The special contributions specified in Sections 1.01, 1.02 and 1.03 shall be paid to the Fund in the respective currencies specified therein (or in their equivalent in such other currency as may be acceptable to the Administrator) as follows: (or on such other dates and in such other

instalments as shall have been agreed with the Administrator, taking into account the financial requirements of the Fund):

- (i) United States: in one instalment upon a date, to be agreed with the Administrator, after funds are made available through necessary Congressional action.
- (ii) United Kingdom: in two equal instalments on October 1, 1975 and April 1, 1976.
- (iii) Italy: in two equal instalments on April 1, 1976 and October 1, 1976.
- (iv) Pakistan: (1) the proceeds of financial assistance from the Federal Republic of Germany as they become available; (2) the special contribution in rupees in accordance with the provisions of Section 3.03 of the 1968 Agreement.
- (v) International Development Association: on request by the Administrator as needed to meet non-rupee disbursements from the Fund.

(b) All currencies, other than rupees, paid to the Fund under this Agreement shall be freely convertible by the Administrator.

Section 1.07. (a) The special contributions specified in Sections 1.01, 1.02 and 1.03 of this Agreement are made only for the purpose of meeting the costs of the repairs of the Tarbela dam and such additional remedial works thereto as the Administrator has determined at the date of this Agreement to be required for the prompt and safe completion of the dam.

(b) The Administrator shall keep appropriate records to account for the contributions and recoveries received by, and disbursements made from, the Fund for the purpose set forth in paragraph (a) above and shall include a statement of such accounting in its semi-annual report to the Parties to the 1968 Agreement.

Section 1.08. (a) Any amounts recovered by Pakistan (or its agencies) from contractors, suppliers, insurers, sureties or others on account of expenditures incurred as a result of the damage to the Tarbela dam shall be paid by Pakistan to the Fund and shall be credited in the accounts of the Fund to each contributing party specified in Sections 1.01, 1.02 and 1.03 and to Australia *pro rata* to (i) the nominal amount of its special contribution as set forth in said Sections or (ii) in respect of the Australian contribution, A\$1,000,000 or (iii) in respect of Pakistan's special contribution in rupees, the amount of such contribution paid to the Fund.

(b) Of the amounts paid to the Fund and credited to the contributing parties pursuant to paragraph (a) above:

- (i) the amounts paid in rupees shall be returned to Pakistan or, at Pakistan's option, applied to other rupee disbursements from the Fund; up to the amount so credited to Pakistan in respect of its special contribution in rupees; and

(ii) all other amounts shall be applied, at the option of each contributing party and up to the amount so credited to such party (after deducting, in the case of Pakistan, the amounts referred to in (i) above):

- (1) to reducing the amount to be contributed to the Fund by such party as its special contribution under this Agreement and not yet paid, or to repaying from the Fund on behalf of Pakistan amounts owed by Pakistan on account of such special contribution, as the case may be; or
- (2) to such other purposes as shall be agreed between Pakistan and the party who provided the funds for the special contribution.

(c) For the purpose of crediting amounts to contributing parties pursuant to paragraph (a) above, all special contributions and the Australian contribution shall be reasonably valued by the Administrator in terms of U.S. dollars as of (i) the date or respective dates of payment to the Fund of each instalment thereof, in respect of amounts paid to the Fund or (ii) the date of such crediting, in respect of the unpaid instalments.

Section 1.09. Upon completion of the repairs and additional remedial works referred to in Section 1.07 (a) and payment from the Fund of all expenses therefor, any excess of the aggregate special contributions specified in Sections 1.01, 1.02 and 1.03 over such expenditures shall be dealt with in the same manner as recoveries under Section 1.08.

ARTICLE II

Section 2.01. Except as otherwise provided in this Agreement, all the provisions of the 1968 Agreement shall apply to the contributions specified in Article I of this Agreement.

Section 2.02. The Parties to this Agreement accept all the provisions of the 1968 Agreement concerning the Project, the Fund, the Administrator, consultation, notices, termination, settlement of disputes and additional parties and contributions as if they were fully set forth herein, this Agreement being supplemental to the 1968 Agreement.

Section 2.03. The Parties to this Agreement agree that any contribution to the Fund under this Agreement shall not constitute or imply any commitment by any Party, other than Pakistan, to make any further or increased contributions for the Project.

ARTICLE III

Section 3.01. This Agreement shall enter into force⁽²⁾ and effect on the date on which each of the Parties named in the Preamble shall have signed it without reservation as to acceptance or shall have signed it with such reservation and notified its acceptance to the Bank. The Bank shall promptly notify each Party of the entry into force of this Agreement.

⁽²⁾ The Agreement entered into force on 15 August 1975.

Section 3.02. This Agreement may be cited as the "Tarbela Development Fund (Supplemental) Agreement, 1975".

Done at Washington, D.C. on August 15th, 1975 in a single original to be deposited in the archives of the International Bank for Reconstruction and Development which shall transmit a certified copy thereof to each signatory Party.

[Here follow the signatures]

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