



Treaty Series No. 7 (1975)

Exchange of Notes

concerning an Interest-free Development
Loan by the Government of the
United Kingdom of Great Britain and
Northern Ireland to the Government
of Pakistan

(United Kingdom/Pakistan (Tarbela No. 8) Loan 1974)

Islamabad, 27 March 1974

[The Agreement entered into force on 27 March 1974]

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

LONDON

HER MAJESTY'S STATIONERY OFFICE

12p net

**EXCHANGE OF NOTES
CONCERNING AN INTEREST-FREE DEVELOPMENT LOAN
BY THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND TO THE
GOVERNMENT OF PAKISTAN**

No. 1

*Her Majesty's Ambassador at Islamabad to the Secretary, Economic Affairs
Division, Ministry of Finance, Planning and Development of Pakistan*

*British Embassy,
Islamabad.*

Your Excellency,

27 March, 1974.

United Kingdom/Pakistan (Tarbela No. 8) Loan 1974

1. I have the honour to state that further to the discussions between our Governments concerning development aid and the signing of the Tarbela Development Fund Agreement 1968⁽¹⁾, it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland to make available to the Government of Pakistan, by way of an interest-free loan, a further sum not exceeding £400,000 (Four Hundred Thousand Pounds Sterling) towards the cost of the Tarbela Dam (hereinafter referred to as "the project") as the final part of its contribution of £10,000,000 (Ten Million Pounds Sterling) specified in Section 2.02 of the Tarbela Development Fund Agreement 1968 (hereinafter referred to as "the Agreement").

2. The following provisions of this Note set out the commitments of our respective Governments with regard to the drawings of money so made available and to the repayment thereof. The Government of the United Kingdom shall adopt the arrangements and procedures hereinafter described in so far as they relate to things to be done by or on behalf of, or to matters under the control of, that Government. The Government of Pakistan shall adopt these arrangements and procedures in so far as they relate to things to be done by or on behalf of, or to matters under the control of, that Government.

3. Save to the extent (if any) to which the Government of the United Kingdom may otherwise agree, the loan shall be used only to reimburse the Tarbela Development Fund (hereinafter referred to as "the Fund") which has been established under the provisions of the Agreement in respect of disbursements made from the Fund by the International Bank for Reconstruction and Development in its capacity as Administrator of the Fund (hereinafter referred to as "the Administrator") of amounts corresponding to expenditures incurred on account of goods (which shall include equipment, supplies and other property, but excluding any cost of acquiring land or interests in land) and services required to construct the project, being goods and services in respect of which the provisions of paragraphs 4-6 hereof are complied with.

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

4. Save to the extent (if any) to which the Government of the United Kingdom and the Administrator may otherwise agree, drawings from the loan (which will be applied for by the Administrator) shall be used as provided in paragraph 3 only for reimbursement of payments made in sterling or other freely convertible currency to persons ordinarily resident or carrying on business in the United Kingdom for

(i) the purchase in the United Kingdom of goods produced or manufactured in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man)

or

(ii) work done or service rendered by persons ordinarily resident or carrying on business in the United Kingdom in accordance with arrangements made between the Government of the United Kingdom and the Administrator.

5. Where the Government of Pakistan proposes that part of the loan should be applied in respect of any particular contract or transaction that Government shall, at the earliest opportunity, forward to the Administrator such documents as the Administrator may require for the purposes of Sections 3.06, 6.01 and 8.01 of the Agreement.

6. To the extent that the Government of the United Kingdom approves reimbursement from the loan, it shall, on receipt of a request from the Administrator supported

(i) where the request relates to payments for goods or services related to goods, by a certificate from the Administrator's consultants in the form set out in Appendix A to this Note, giving details of the payment made to the United Kingdom suppliers,

(ii) where the request relates to payments other than for goods or services related to goods, by a certificate from the Administrator's consultants in the form set out in Appendix B to this Note, giving details of the payments made for services provided in or from the United Kingdom, make payments in sterling into the account of the International Bank for Reconstruction and Development—Tarbela, with the Bank of England, and each such payment will constitute a drawing on the loan. Each certificate in the form of Appendix A shall be accompanied by copies of invoices from the United Kingdom contractor endorsed to the effect that the goods supplied have been produced or manufactured in the United Kingdom. Each certificate in the form of Appendix B shall be accompanied by copies of the relevant invoices or accounts from the person concerned who must be a person ordinarily resident or carrying on business in the United Kingdom. The Government of the United Kingdom and the Administrator may agree as necessary on the use of alternative forms of the above-mentioned certificates.

7. The Government of Pakistan shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayments to be made by instalments paid on the dates and in the amounts specified below, provided that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment only the amount then outstanding shall be paid:

INSTALMENTS

<i>Date due</i>	<i>Amount £</i>
1 October 1981 and on 1 October in each of the succeeding 17 years	11,100
1 April 1982 and on 1 April in each of the succeeding 16 years	11,100
1 April 1999	11,500

8. Notwithstanding the provisions of paragraph 7 of this Note, the Government of Pakistan will be free at any earlier time to repay the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan outstanding.

9. If the foregoing terms for drawings and repayment are acceptable to the Government of Pakistan, I have the honour to propose that these terms and Your Excellency's reply to that effect shall constitute an Agreement between the two Governments in this matter which shall enter into force on the date of your reply and that the loan shall be referred to as "the United Kingdom/Pakistan (Tarbela No. 8) Loan 1974".

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

J. L. PUMPHREY
Her Majesty's Ambassador
For and on behalf of the
Government of the United Kingdom

APPENDIX A

United Kingdom/Pakistan (Tarbela No. 8) Loan 1974

Project: Tarbela Dam

Certificate of Costs of Imports from the United Kingdom and related services

Address

Date

Certificate for the period

To:

.....
.....

We hereby certify that of the amounts certified in respect of work carried out by Messrs..... on the above-named project during the period shown above, the following represent the United Kingdom imports.

* Imports from the United Kingdom and related services.

Previous total	...	...	...	...	£
Amount now certified	...	...	...	...
Total to date	...	...	...	...	_____

Signed

(Name of Consultants)

.....
.....

* These may include the CIF cost to Karachi of goods purchased in the United Kingdom where the Supplier has endorsed the invoice to the effect that the goods were produced or manufactured in the United Kingdom. Freight and insurance may be included on the following basis:

Freight

Goods should be shipped in accordance with normal commercial competitive practice and not directed to ships of any particular flag. Provided shipping costs are paid in the United Kingdom they may be met from tied aid funds and the flag of the vessel is immaterial.

Insurance

On a CIF contract placed in the United Kingdom, where the insurer is not revealed, insurance is assumed to have been placed with a United Kingdom insurer and the whole contract price may be met from tied aid funds. In all other cases insurance costs may be met from tied aid funds provided it is placed with an insurer carrying on business in the United Kingdom.

APPENDIX B

United Kingdom/Pakistan (Tarbela No. 8) Loan 1974

Project: Tarbela Dam

Certificate of Costs of Services from the United Kingdom

Address

.....

.....

Date

Certificate for the period

.....

To:

.....

.....

We here certify that, of the amounts certified in respect of work carried out services rendered } by on the above-named project during the period shown above, the following represent the cost of services provided in or from the United Kingdom.

*United Kingdom Services:	£
Previous total	
Amount now certified	
Total to date	_____

Signed

(Name of consultants)

.....

* These may include the cost of services such as salaries, consultancy payments, and insurance provided in or from the United Kingdom by a person ordinarily resident or carrying on business in the United Kingdom.

No. 2

The Secretary, Economic Affairs Division of the Ministry of Finance, Planning and Development of Pakistan to Her Majesty's Ambassador at Islamabad

Islamabad

Your Excellency,

March 27, 1974.

United Kingdom/Pakistan (Tarbela No. 8) Loan 1974

I thank you for your note of to-day's date reading as follows:

[As in No. 1]

I have the honour to inform you that the said terms are acceptable to the Government of Pakistan and that Your Excellency's Note to that effect and this reply shall constitute an Agreement between the two Governments in this matter and that the loan shall be referred to as the UK/Pakistan (Tarbela No. 8) Loan 1974.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

AFTAB AHMAD KHAN

Secretary to the Government of Pakistan

[Appendices as in No. 1]