

**ECONOMIC  
CO-OPERATION  
AND  
DEVELOPMENT**



Treaty Series No. 12 (1979)

# Tarbela Development Fund (Second Supplemental) Agreement, 1978

Washington, 14 September 1978

[The Agreement entered into force on 14 September 1978]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
February 1979*

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25p net

Cmnd. 7453

**TARBELA DEVELOPMENT FUND  
(SECOND SUPPLEMENTAL) AGREEMENT, 1978**

Agreement, between the Governments of Canada, Italy, the Islamic Republic of Pakistan, the United Kingdom of Great Britain and Northern Ireland, 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<sup>(1)</sup> (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 certain Governments and the Association have made special contributions to the Fund in the amounts, for the purposes and on other terms and conditions set forth in or referred to in the Tarbela Development Fund (Supplemental) Agreement, 1975<sup>(2)</sup> (the 1975 Agreement);

Whereas the Administrator has estimated and the other Parties agree that the non-rupee resources of the Fund currently available are insufficient to meet the non-rupee costs of completing the Project;

Whereas Governments which are Parties to this Agreement and the Association intend, up to the amounts and upon other terms and conditions hereinafter in this Agreement set forth, to make additional contributions to the Fund, pursuant to Section 11.02 of the 1968 Agreement, for the purpose of helping to meet, to the extent necessary, the remaining cost of completing the Project;

Whereas Pakistan (i) 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; and (ii) has received assurances of assistance for the Project from other friendly Governments, on the basis of which it is confident of obtaining additional non-rupee financing for the Project of the order of US\$75,000,000;

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 action as may be necessary, to contribute to the Fund, pursuant to Section 11.02 of the 1968 Agreement, the

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<sup>(1)</sup> Treaty Series No. 88 (1968), Cmnd. 3777.

<sup>(2)</sup> Treaty Series No. 154 (1975), Cmnd. 6335.

amount specified below opposite its name, as an additional contribution to the Fund for the purpose of financing the repairs and additional works described in Annex III to the Association's Report number P-2228-PAK, dated February 15, 1978:

Canada	... ..	five per cent of the non-rupee financing required up to a maximum contribution of Can\$10,000,000 (of which Can\$5,000,000 have already been paid to the Fund)
Italy	... ..	the equivalent in Italian Lire of US\$7,000,000
United Kingdom	... ..	fifteen per cent of the non-rupee financing required up to a maximum contribution of £stg.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 has agreed to make an additional contribution to the Fund in an amount equivalent to Us\$35,000,000 in the form of the proceeds of the development credit in various currencies made by the Association to Pakistan (but payable to the Fund) under the development credit agreement dated March 10, 1978.

*Section 1.03.* Pakistan undertakes to contribute to the Fund, as additional contributions for the purpose specified in this Agreement: (i) the proceeds of the additional financial contribution in Deutsche Mark it expects to receive from the Government of the Federal Republic of Germany for such purpose and (ii) the proceeds of the non-rupee financing it expects to obtain for the Project from other friendly Governments, unless such contributions are made directly by such Governments (or their agencies and instrumentalities) to the Fund.

*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 rupee and non-rupee amounts determined by the Administrator as shall be required to cover the cost of completing the Project after the other resources of the Fund effectively available for the purpose shall have been committed therefor.

*Section 1.05.* (a) The additional contributions specified in Sections 1.01 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) in one or more installments by October 1, 1978 (or by such other dates and in such installments as shall have been

agreed with the Administrator, taking into account the financial requirements of the Fund).

(b) The additional contribution of the Association shall be paid to the Fund on request by the Administrator as needed to meet non-rupee disbursements from the Fund.

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

*Section 1.06.* Upon completion of the Project any non-rupee balance remaining in, or payable to, the Fund (except for the amounts, if any, to be returned to the special contributors in accordance with the provisions of the 1975 Agreement) shall be returned to each contributing party specified in Sections 1.01, 1.02 or 1.03 *pro rata* to the nominal amount of its additional contribution expressed in U.S. dollar equivalent as of the date of this Agreement and otherwise in a manner consistent *mutatis mutandis* with the provisions of Section 9.04 of the 1968 Agreement, unless Pakistan and the contributor concerned shall have otherwise agreed.

## 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 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<sup>(3)</sup>. The Bank shall promptly notify each Party of the entry into force of this Agreement.

*Section 3.02.* This Agreement may be cited as the "Tarbela Development Fund (Second Supplemental) Agreement, 1978".

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(3) The Agreement entered into force on 14 September 1978.

Done at Washington, D.C. as of September 14 1978 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.

## SIGNATURES

<i>State</i>	<i>Date of signature</i>
Canada	} 14 Sept. 1978
Italy	
Pakistan, Islamic Republic of	
United Kingdom	
International Development Association	
International Bank for Reconstruction and Development*	
* as Administrator of the Tarbela Development Fund	



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