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A.I.D. Program No. 391-0468
Loan No. 391-K-187

Appropriation No. 72-1121037

Budget Plan Code:

Grant: HESA-82-37391-KG-32
Loan : HESA-82-37391-KL-32

COMMODITY IMPORT GRANT AND LOAN AGREEMENT

BETWEEN

THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

AND THE

UNITED STATES OF AMERICA

FOR

AGRICULTURAL COMMODITIES AND EQUIPMENT

DATED: April 13, 1982

(CONFORMED COPY)

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COMMODITY IMPORT GRANT AND LOAN AGREEMENT

Dated: April 13, 1982

Between

The President of the Islamic Republic of Pakistan,
Acting through the Government of Pakistan (hereinafter
referred to as the "Borrower/Grantee", "Borrower" or
"Grantee" as the case may be)

and

The United States of America, acting through the
Agency for International Development (A.I.D.)

Article 1: The Grant

To finance the foreign exchange costs and local costs
of certain commodities and commodity-related services
("Eligible Items") necessary to promote the economic and
political stability of Pakistan, the United States,
pursuant to the Foreign Assistance Act of 1961, as
amended, agrees to grant the Government of Pakistan, under
the terms of this Agreement, not to exceed Twenty Six
Million United States (U.S.) Dollars (\$ 26,000,000)
("Grant").

Article 2: The Loan

To finance the foreign exchange costs of certain
commodities and commodity-related services ("Eligible
Items") necessary to promote the economic and
political stability of Pakistan, the United States,

pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Government of Pakistan, under the terms of this Agreement, not to exceed Thirty Four Million United States (U.S.) Dollars (\$34,000,000) ("Loan"). The aggregate amount of disbursements under this Loan is referred to as "Principal"

Article 3: Loan Terms

Section 3.1: Interest. The Borrower shall pay to A.I.D. interest on the Loan which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 6.5) of each respective disbursement, and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 3.2: Repayment. The Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty one (61) approximately equal semi-annual installments of

Principal and interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 3.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

Section 3.3: Application, Currency, and Place of Payment. All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 3.4: Prepayments. Upon payment of all interest and any refunds then due, the Borrower may repay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

Section 3.5: Renegotiation of Terms.

- (a)** The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Pakistan, which enables the Borrower to repay the Loan on a shorter schedule.
- (b)** Any request by either Party to the other to so negotiate, will be made pursuant to Section 12.3, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.
- (c)** Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 12.3, the name and address of the person or persons who will represent the requested Party in such negotiations.
- (d)** The representatives of the Parties will meet to carry out negotiations no later than thirty (30) days after delivery of the requested Party's communications under

sub-section (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the Borrower's Ministry of Law and Parliamentary Affairs, in Pakistan.

Section 3.6: Termination of Full Payment. Upon payment in full of the Principal and any accrued interest, the Loan part of this Agreement and all obligations of the Borrower and A.I.D. under the Loan part of this Agreement will cease.

Article 4: Conditions Precedent to Disbursement

Section 4.1: First Disbursement. Prior to the first disbursement under this Grant or this Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower/Grantee will within thirty (30) days after signing this Agreement, except as the Parties may otherwise agree in writing, furnish or have furnished to A.I.D. in form and substance satisfactory to A.I.D.;

- (a) A proposed Invitation for Bid (IFB) and a proposed designation of Charter Party for the importation of the fertilizer.

- (b) An opinion of Counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower/Grantee and that it constitutes a valid and legally binding obligation of the Borrower/Grantee in accordance with all of its terms;
- (c) A statement setting forth the names and titles of persons holding or acting in the office of the Borrower/Grantee and representing that the named person or persons have the authority to act as the representative or representatives of the Borrower/Grantee pursuant to Section 12.2 together with a specimen signature of each such person certified as to its authenticity.
- (d) A statement of the name and title of any additional representatives acting for the Borrower/Grantee who are authorized to sign procurement documents referred to in Section 5.2, together with a specimen signature of each such person certified as to its authenticity.

Section 4.2: Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 have been met, it will promptly notify the

Borrower/Grantee.

Section 4.3: Terminal Date for Conditions Precedent.

If all conditions specified in Section 4.1 have not been met within thirty (30) days from the date of signing of this Agreement, or such later date(s) as A.I.D. may specify in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower/Grantee.

Article 5: Procurement, Eligibility, and Utilization of Commodities

Section 5.1: A.I.D. Handbook 11, Chapter 3: This Grant and this Loan and the procurement and utilization of commodities and commodity-related services financed under them are subject to the terms and conditions of A.I.D. Handbook 11, Chapter 3 as from time to time amended and in effect, except as A.I.D. may otherwise specify in writing. If any provision of A.I.D. Handbook 11, Chapter 3 is inconsistent with a provision of this Agreement, the provision of this Agreement shall prevail.

Section 5.2: Authorization. Borrower/Grantee authorizes the USAID Mission/Pakistan to act as its lawful Agent and to execute, in said capacity, all letters and documents on behalf of the Borrower/Grantee in accordance with A.I.D. Handbook 11, Chapter 3, as

necessary for the following:

- (a) to procure, administer and compensate one or more Procurement Services Agents (PSA) under this Agreement. Activities contemplated include, by illustration, advertising for PSA(s) Services, evaluating and selecting of PSA(s), and instructing, answering inquiries and otherwise communicating with PSA(s).
- (b) to procure, administer and finance equipment under this Agreement. Activities contemplated include, by illustration, preparing and executing Project Implementation Orders (PIO's) for Equipment, arranging for issuance of Letters of Commitment to the PSA(s), clearing of equipment through customs, and arranging with Provincial Authorities for delivery to appropriate sites.

The Borrower/Grantee shall, upon request of the USAID Mission/Pakistan, execute contracts Project Implementation Orders (PIO's) and other documents as necessary for procurement of services and equipment under this Agreement.

PSA(s) shall not be utilized for procurement of fertilizer.

Section 5.3: Eligible Items. The commodities eligible for financing under this Grant and/or this loan shall be those listed below and such other commodities

as are mutually agreed upon in writing by the Parties and specified in Implementation Letters(s) issued to the Borrower/Grantee in accordance with Section 12.1 of this Agreement.

ELIGIBLE COMMODITIES

- Group 1:** Agricultural inputs where the productive impact is felt almost immediately, i.e. one cropping season. Most prominent examples of this type are chemical fertilizers, mineral components for the manufacture of fertilizer, improved seed, and appropriate pesticides.
- Group 2:** Agricultural machinery and commodities for use on or near the farm and which increase the productivity of the farm over the short to medium term. This group of items would largely be imported and used by private parties: farmers or business organizations either directly involved in agricultural production or providing services to farmers. Examples of this category include tractors, trucks, rice mills, pre-fabricated storage and grain-handling equipment, provided that tractors of the makes already standardized in Pakistan will be imported in accordance with Pakistan Government regulations.

Group 3: Agricultural equipment and commodities required by public or semi-public bodies which provide services to the agricultural sector. Examples of this class of equipment and commodities are: heavy machinery for construction or maintenance of irrigation facilities; equipment for road building or maintenance, equipment or commodities to support agricultural research and extension, public sector storage and grain-handling equipment, and transport equipment.

Commodity-related services as defined in A.I.D. Handbook 11, Chapter 3, Section 2.6.4 as from time to time amended are eligible for financing under this Grant and this Loan. Eligible Items will be subject, however, to the requirements and Special Provisions of Parts I, II and III of the A.I.D. Commodity Eligibility Listing which will be transmitted with the first Implementation Letter. A.I.D. may decline to finance any specific commodity or commodity-related service when in its judgement such financing would be inconsistent with the purposes of the Grant and/or the Loan or of the Foreign Assistance Act of 1961, as amended.

Section 5.4: Selection of Specific Commodities to be Procured from List of Eligible Commodities.

Selection of those specific commodities to be procured from the list of eligible commodities (Section 5.3) shall be agreed upon by A.I.D. and the Borrower/Grantee in accordance with this Agreement, and pursuant to criteria and priorities to be established in Implementation Letters which shall from time to time be issued by A.I.D.

Section 5.5: Procurement Source. All goods and services financed by A.I.D. under this Program, except for ocean shipping of fertilizer financed under this Program, shall have their source and origin in the United States of America or Pakistan except as A.I.D. may otherwise specify in Implementation Letter or may otherwise agree to in writing. Shipping services for fertilizer financed under this Program shall have their source/origin as set forth in Section 5.10.

Section 5.6: Eligibility Date. No commodities or commodity-related services may be financed under this Grant and/or Loan if they were procured pursuant to orders or to contracts firmly placed or entered into prior to the date of this Agreement, except as A.I.D. may otherwise agree in writing.

Section 5.7: Procurement for Public Sector. With respect to procurement under this Grant and/or this Loan by or for Borrower/Grantee, its departments and instrumentalities, the provisions of A.I.D. Handbook 11, Chapter 3 regarding formal competitive bid procedures will apply unless A.I.D. otherwise agrees in writing.

Section 5.8: Special Procurement Rules.

(a) None of the proceeds of this Grant and/or Loan may be used to finance the purchase, sale, long-term lease, exchange or guaranty of a sale of motor vehicles unless such motor vehicles are manufactured in the United States, except as A.I.D. may otherwise agree in writing.

(b) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(c) All international air shipments financed under this Grant and this Loan will be on carriers holding U.S. certification to perform the service, unless shipment would, in the judgement of the Borrower/Grantee, be delayed an unreasonable time awaiting a U.S.-flag carrier either at point of origin or transshipment. The Borrower/Grantee must certify to the facts in the

Vouchers or other documents retained as part of the Grant and/or Loan records.

Section 5.9: Utilization of Commodities.

(a) Borrower/Grantee will assure that commodities financed under this Grant and/or Loan will be effectively used for the purposes for which the assistance is made available. To this end, the Borrower/Grantee will use its best efforts to assure that the following procedures are followed:

- (i) Accurate arrival and clearance records are maintained by customs authorities; commodity imports are promptly processed through customs at ports of entry; such commodities are removed from customs and/or bonded warehouses within ninety (90) calendar days from the date the commodities are unloaded from the vessel at the port of entry, unless the importer is hindered by force majeure or A.I.D. otherwise agrees in writing; and**
- (ii) The commodities are consumed or used by the importer not later than two (2) years from the date the commodities are recovered from customs, unless a longer period can be justified to the satisfaction of A.I.D. by reason of force majeure or special market**

conditions or other circumstances.

(b) Borrower/Grantee will assure that commodities financed under this Grant and/or Loan will not be re-exported in the same or substantially the same form, unless so specifically authorized by A.I.D. in writing.

Section 5.10: Shipping. Unless A.I.D. otherwise agrees in writing, ocean shipping for all equipment and commodities, except for fertilizer financed under this program, shall be only on flag vessels of the United States or Pakistan. For fertilizer only, shipping on flag vessels of A.I.D. Geographic Code 935 countries shall also be eligible. In accordance with the U.S. Cargo Preference Act of 1954, at least 50% of the gross tonnage of all equipment and commodities will be transported on privately-owned U.S. flag commercial vessels, to the extent that such vessels are available at fair and reasonable rates.

Section 5.11: Insurance. Marine insurance on commodities financed by A.I.D. under this Grant and/or this Loan may also be financed under this Grant and/or this Loan provided that such insurance is placed in a country included in the Geographic Code authorized in

Section 5.5 of this Agreement.

Article 6: Disbursement

Section 6.1: Letter of Commitment to Banks. After satisfaction of the conditions precedent, the Borrower/Grantee may obtain disbursements of funds under this Grant and/or this Loan by submitting Financing Requests to A.I.D. for the issuance of letters of commitment for specified amounts to one or more banking institutions in the United States designated by Borrower/Grantee and satisfactory to A.I.D. Such letters will commit A.I.D. to reimburse the bank or banks on behalf of the Borrower/Grantee for payments made by the banks to suppliers or contractors, under letter of credit or otherwise, pursuant to such documentation requirements as A.I.D. may prescribe. Banking charges incurred in connection with letters of commitment and disbursements shall be for the account of the Borrower/Grantee and may be financed by this Grant and/or this Loan.

Section 6.2: Other Forms of Disbursement Authorizations. Disbursements of the Grant and/or the Loan may also be made through such other means as the Parties may agree to in writing.

Section 6.3: Terminal Date for Requests for Disbursement Authorizations. No letter of commitment or other disbursement authorization will be issued

in response to a request received after twenty-four (24) months from the date of signing of this Agreement, except as A.I.D. may otherwise agree in writing.

Section 6.4: Terminal Date for Requests for Disbursement. No disbursement of Grant and/or Loan funds shall be made against documentation submitted after thirty (30) months from the date of signing of this Agreement, except as A.I.D. may otherwise agree in writing.

Section 6.5: Date of Disbursement. Disbursements by A.I.D. under this Loan will be deemed to occur on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a letter of commitment or other form of disbursement authorization.

Article 7: General Covenants

Section 7.1: Use of Sales Proceeds. All local currency proceeds from the sale or importation of commodities provided under this Agreement will be credited to the Federal Consolidated Fund of the Borrower/Grantee. Borrower/Grantee agrees to credit these proceeds to a special subsidiary account to be named "US AID Program for US FY 1982"

Funds in the special subsidiary account shall be mutually programmed by A.I.D. and the GOP for use in development activities in such areas as agriculture, rural development, water resources, energy, population, education, health and/or in any other areas upon which both parties may agree to in writing, and where appropriate, may also be used to reduce opium/poppy production. Upon mutual agreement of the parties, rupees deposited in the special subsidiary account may also be used to pay United States administrative costs in Pakistan.

Section 7.2: Provincial Taxes and Duties. The Borrower/Grantee shall, within 90 days from the date that the selection of specific commodities has been agreed upon in accordance with Section 5.4 of this agreement provide, in form and substance satisfactory to A.I.D., evidence of a budget allocation by each province receiving commodities under this Agreement sufficient to pay for the duties and taxes, if any, imposed on transfer of commodities into that province.

Section 7.3: Reporting. As long as balances remain in the Special Account, the Borrower/Grantee shall provide to the USAID Mission/Pakistan, in form and substance satisfactory to A.I.D., semi-annual reports on the balances remaining in the account and the withdrawals and uses of the funds from that account during the current reporting period with the first report covering deposits and withdrawals through December 31, 1982 to be provided by

January 15, 1983.

Section 7.4: Taxation. This Agreement, the Grant, the Loan and the Principal of and interest on the Loan will be free from any taxation or fees imposed under laws in effect in Pakistan.

Section 7.5: Reporting and Records. In addition to the requirements of A.I.D. Handbook 11, Chapter 3, the Borrower/Grantee will:

- (a) furnish A.I.D. such reports and information relating to the goods and services financed by this Grant and/or this Loan and the performance of Borrower's/Grantee's obligations under this Agreement as A.I.D. may reasonably request;
- (b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records relating to this Grant and/or this Loan as may be prescribed in Implementation Letters. Such books and records may be inspected by A.I.D. or any of its authorized representatives at all times as A.I.D. may reasonably require, and shall be maintained for three years after the date of last disbursement by A.I.D. under this

Grant and/or this Loan;

- (c) permit A.I.D. or any of its authorized representatives at all reasonable times during the three year period to inspect the commodities financed under this Grant and/or this Loan at any point, including the point of use.**

Section 7.6: Completeness of Information. The Borrower/Grantee confirms:

- (a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant and/or Loan, are accurate and complete and include all facts and circumstances that might materially affect the Grant and/or Loan and the discharge of responsibilities under this Agreement; and**
- (b) that it will inform A.I.D. in a timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Grant and/or Loan or the discharge of the responsibilities under this Agreement.**

Section 7.7: Other Payments. Borrower/Grantee affirms that no payments have been made or will be received by any official of the Borrower/Grantee in connection with the procurement of goods or services financed under the Grant and/or Loan, except fees, taxes, or similar payments legally established in the country of the Borrower/Grantee.

Section 7.8: Minimum size of Transactions. No foreign exchange allocation or letters of credit issued pursuant to this Agreement shall be in an amount less than Ten Thousand Dollars (\$ 10,000) except as A.I.D. may otherwise agree in writing.

Article 8: Trust Fund Contribution

The GOP shall deposit the sum of Seventy-Four Million Pakistani Rupees (Rs 74,000,000) in an A.I.D. Trust Fund account, in accordance with the deposit schedule shown below, to provide for selected costs of the cooperative development program of the GOP and the United States for the period ending September 30, 1983.

	(Rs Millions)
May 1, 1982	15.5
July 1, 1982	6.5
October 1, 1982	13.0
January 1, 1983	12.0
April 1, 1983	15.0
July 1, 1983	<u>12.0</u>
Total	<u>74.0</u> -----

**Article 9: Special Condition- Cultivation of Opium
Poppy and Processing of Opium into Heroin**

The Government of Pakistan (GOP) agrees to undertake appropriate measures to prohibit cultivation of opium poppy and/or processing of opium into heroin or morphine base within any village or area benefiting from this project. In the event that a determination is made that the cultivation of opium poppy and/or processing of opium is occurring in a village or area programed to benefit from this project, no equipment shall be provided or financed by A.I.D. under this project benefiting that village or area until the prohibited activity is eliminated. If the prohibited activity is not fully eliminated within a specified period of time to be agreed upon by the United States Government and the GOP, no equipment under this project shall, at any time, be provided or financed by A.I.D. benefiting that village or area. If, prior to the Project Assistance

Completion Date ("PACD") established by A.I.D. for this project, as it may be from time to time amended, it is determined that the prohibited activity is occurring in a village or area which has benefited from this project and the prohibited activity is not eliminated within a period of time to be agreed upon by the United States Government and the GOP, the GOP shall, at the option of A.I.D., either withdraw the equipment from any use directly benefiting that village or area or reimburse A.I.D. for all equipment received from or financed by A.I.D. which has resulted in direct benefits to that village or area in which the prohibited activity is occurring. Such reimbursement shall be treated as a refund under the provisions of Section 10.4(c) (Refunds of Grant) and/or 11.6(c) (Refunds of Loan) of this Agreement.

Article 10: Termination of Grant; Remedies

Section 10.1: Termination. The Grant under this Agreement may be terminated by mutual agreement of the Parties at any time. Either Party may terminate the Grant under this Agreement by giving the other Party thirty (30) days written notice.

Section 10.2 Suspension. If at any time:

(a) Grantee shall fail to comply with any provision of this Agreement other than those provisions specifically only applicable to the Loan, or

- (b) Any representation or warranty made by or on behalf of Grantee with respect to obtaining this Grant or made or required to be made under this Agreement other than as applicable only to the Loan part of this Agreement is incorrect in any material respect; or**
- (c) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purposes of the Grant will be attained or that the Grantee will be able to perform its obligations under the Grant part of the Agreement, or**
- (d) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or**
- (e) A default shall have occurred under the Loan part of this Agreement or any other agreement between Grantee or any of its agencies and the Government of the United States or any of its agencies, then, in addition to remedies provided in A.I.D. Handbook 11, Chapter 3, A.I.D. may:**

- (1) suspend or cancel outstanding commitment documents under the Grant to the extent that they have not been utilized through irrevocable commitments to third parties or otherwise, or to the extent that A.I.D. has not made direct reimbursement to the Grantee thereunder, giving prompt notice to Grantee thereafter;
- (2) decline to issue additional commitment documents under the Grant or to make disbursements other than those already committed;
- (3) at A.I.D.'s expense, direct that title to goods financed under the Grant be vested in A.I.D. if the goods are in a deliverable state and have not been off-loaded at ports of entry of Pakistan.

Section 10.3: Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section 10.2, the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Grant that is not then disbursed or irrevocably committed to third parties.

Section 10.4: Refunds of Grant.

(a) In addition to any refund otherwise required by A.I.D. pursuant to A.I.D. Handbook 11, Chapter 3, if A.I.D. determines that any Grant disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or is not made or used in accordance with the terms of this Agreement, A.I.D. may require the Grantee to refund the amount of such Grant disbursements in U.S. dollars to A.I.D. within sixty (60) days after receipt of request therefor. Refunds of Grant disbursements paid by the Grantee to A.I.D. resulting from violations of the terms of this Agreement shall be considered as a reduction in the amount of the A.I.D. Grant obligation under the Agreement and shall be available for reuse under the Grant portion of this Agreement if authorized by A.I.D. in writing.

(b) The right to require such a Grant refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

(c) If A.I.D. determines that A.I.D. is entitled to reimbursement under the provisions of Section 9 of this Agreement, A.I.D. may require the Grantee to refund the amount of any Grant disbursement(s) for which there is an entitlement to reimbursement to A.I.D. in U.S. Dollars within sixty (60) days after receipt of request therefor. Such refunds paid by the Grantee to A.I.D. shall be considered as a reduction in the amount of A.I.D.'s Grant obligation under the Agreement but may be made available for reuse under the Grant portion of this Agreement if authorized by A.I.D. in writing.

Section 10.5: Non-waiver of Remedies. No delay in exercising or omitting to exercise any right, power or remedy accruing to A.I.D. under this Agreement will be construed as a waiver of such rights, powers or remedies.

Article 11: Termination of Loan: Remedies

Section 11.1: Cancellation by Borrower. The Borrower may, by giving A.I.D. thirty (30) days written notice, cancel any part of the loan under this Agreement which has not been disbursed or committed for disbursement to third parties.

Section 11.2: Events of Default; Acceleration. It will be an "Event of Default" if Borrower shall have failed:

(a) to pay when due any interest or installment of Principal required under this Agreement; or

(b) to comply with any other provision of the Agreement other than those provisions specifically only applicable to the Grant; or

(c) to pay when due any interest or installment of Principal or other payment required under any other loan, the Grant part of this Agreement, guaranty or other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies.

If an Event of Default shall have occurred, then A.I.D. may give the Borrower notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time:

(1) such unrepaid Principal and accrued interest

hereunder will be due and payable immediately;
and

- (2) the amount of any further disbursement made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

Section 11.3: Suspension. If at any time:

- (a) An Event of Default has occurred; or
- (b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purposes of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or
- (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or
- (d) The Borrower shall have failed to pay when due any interest, installment of Principal or other payment required under the Grant part of this Agreement, any other loan, guaranty, or other agreement between the Borrower or any of its agencies and the Government of the United

States or any of its agencies.

Then, in addition to remedies provided in A.I.D. Handbook 11, Chapter 3, A.I.D. may:

- (1) suspend or cancel outstanding commitment documents under the Loan to the extent that they have not been utilized through irrevocable commitment to third parties or otherwise, giving prompt notice thereof to the Borrower;
- (2) decline to issue additional commitment documents under the Loan or to make disbursements other than those already committed; and
- (3) at A.I.D.'s expense, direct that title to goods financed under the Loan be vested in A.I.D. if the goods are in a deliverable state and have not been off-loaded in any ports of entry of Borrower's country. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

Section 11.4: Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section 11.3, the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Loan that is not then disbursed or irrevocably committed to third parties.

Section 11.5: Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursements, or acceleration of repayment, the Loan provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest hereunder.

Section 11.6: Refunds of Loan.

(a) In addition to any refund otherwise required by A.I.D. pursuant to A.I.D. Handbook 11, Chapter 3, if A.I.D. determines that any Loan disbursement is not supported by valid documentation in accordance with this Agreement, or is in violation of United States law, or is not made or used in accordance with the terms of this Agreement, A.I.D. may require the Borrower to refund the amount of such Loan disbursement in U.S.Dollars to A.I.D. within sixty (60) days after receipt of request therefor. Refunds of Loan disbursements paid by the Borrower to A.I.D. resulting from violations of the terms of

this Agreement shall be considered as a reduction in the amount of A.I.D.'s obligation under the Agreement and shall be available for reuse under the Loan portion of the Agreement if authorized by A.I.D. in writing. Any refund which reduces the amount of A.I.D. assistance hereunder will be applied to the installments of Principal in the inverse order of their maturity.

- (b) The right to require such a refund of a Loan disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

- (c) If A.I.D. determines that A.I.D. is entitled to reimbursement under the provisions of Section 9 of this Agreement, A.I.D. may require the Borrower to refund the amount of such Loan disbursement(s) for which there is an entitlement to reimbursement to A.I.D. in U.S. Dollars within sixty (60) days after receipt of request therefor. Such refunds shall be considered as a reduction in the amount of A.I.D.'s Loan obligation under the Agreement but may be made available for reuse under the Loan portion of the Agreement if authorized

by A.I.D. in writing. Any refund which reduces the amount of A.I.D. assistance hereunder will be applied to the installments of Principal in the inverse order of their maturity.

Section 11.7: Non-waiver of Remedies. No delay in exercising or omitting to exercise any right, power, or remedy accruing to A.I.D. under this Agreement will be construed as a waiver of such rights, powers or remedies.

Article 12: Miscellaneous

Section 12.1: Implementation Letters. From time to time, for the information and guidance of both parties, A.I.D. will issue Implementation Letters describing the procedures applicable to the implementation of this Agreement. Except as permitted by particular provision of this Agreement, Implementation Letters will not be used to amend or modify the text of this Agreement.

Section 12.2: Representatives. For all purposes relevant to this Agreement, the Borrower/Grantee will be represented by the individual holding or acting in the Office of the Additional Secretary, Joint Secretary and the Deputy Secretary for Economic Affairs Division. A.I.D. will be represented by the individual holding or acting in the Office of the Director, USAID Mission

to Pakistan. As provided in Section 4.1(c), the names of the representatives of the Borrower/Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of this authority.

Section 12.3: Communication. Any notice, request, document or other communication submitted by either party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses :-

To the Borrower/Grantee

**Mail Address: Economic Affairs Division
Government of Pakistan
Islamabad (Pakistan)**

Alternative address for cables: ECONOMIC ISLAMABAD

To A.I.D.

**Mail Address: USAID/Pakistan
Islamabad**

Alternative address for cables: USAIDPAK ISLAMABAD

All such communications will be in English, unless the parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Borrower/Grantee will provide the USAID Mission with an original and one copy of each communication sent to A.I.D.

IN WITNESS WHEREOF, the Borrower/Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF PAKISTAN

By: Sd/-
Name: Ejaz A. Naik
Title: Secretary
Economic Affairs Division

UNITED STATES OF AMERICA

By: Sd/-
Name: Ronald I. Spiers
Title: Ambassador of the United
States of America

By: Sd/-
Name: Donor M. Lion
Title: Director, USAID/Pakistan