

No. 16026

**UNITED STATES OF AMERICA
and
BANGLADESH**

**Agreement relating to debt consolidation and rescheduling
(with annexes). Signed at Washington on 3 March 1976**

Authentic text: English.

Registered by the United States of America on 29 November 1977.

**ÉTATS-UNIS D'AMÉRIQUE
et
BANGLADESH**

**Accord relatif à la consolidation et au réaménagement de
certaines dettes (avec annexes). Signé à Washington le
3 mars 1976**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 29 novembre 1977.

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF BANGLADESH

The United States of America ("United States") and the People's Republic of Bangladesh ("Bangladesh");

Having participated in a series of negotiations between Bangladesh and the creditor nations including the United States with respect to pre-1971 foreign debts, wherein the Government of Bangladesh has agreed to assume the performance of certain repayment obligations with respect to certain projects visibly located in the territories now comprised in Bangladesh; and

As a consequence of such acceptance of obligations with respect to visible project loans, the United States, among other things, has agreed to provide certain debt relief to Bangladesh and cooperate with the creditor nations on matters concerning the general economic situation in Bangladesh;

The Parties hereto have therefore agreed as follows:

Article I. VISIBLE PROJECT LOANS

1. *Definition.* "Visible Project Loans" as such term is used herein refers exclusively to those loans (and amounts ascribed thereto due and payable on and after July 1, 1974) listed on Annexes A and B attached hereto which are deemed to relate to visible projects now located in the area comprising Bangladesh.

2. *Assumption of Visible Project Loans.* Bangladesh hereby assumes the performance of all payment obligations pertaining to the Visible Project Loans and, except as such loans are amended hereby, agrees to perform such payment obligations all with full force and effect as if Bangladesh had originally contracted for the Visible Project Loans as the "Borrower" named therein.

3. *Further assurances.* The Parties hereto shall at the request of either Party execute and deliver such instruments and otherwise take such steps as may be reasonable and proper to effectuate the foregoing assumption of responsibility by Bangladesh.

Article II. PAYMENTS AND TERMS

1. *Consolidation and amendment.* The total principal amount due on the Visible Project Loans appearing in Annex A is \$85,101,236.36 (the "Consolidated Principal").

(a) *Interest.* Bangladesh shall pay to the United States interest which shall accrue at the rate of 1.6 percent per annum on outstanding balance of the Consolidated Principal and on any due and unpaid interest. Interest shall accrue from the last payment due date in United States fiscal year 1974 on each of the underlying loans and shall be computed on the basis of a 365-day year. Interest shall be due semi-annually commencing July 1, 1974. Payments of interest due in accordance with this Agreement, beginning July 1, 1974, through January 1, 1989, inclusive, shall be capitalized and added to the Consolidated Principal on the dates such interest would otherwise be payable.

¹ Came into force on 11 May 1976, the date of the exchange of the notifications by which the Governments of the United States of America and Bangladesh informed each other that the required procedures had been completed, in accordance with article IV (5).

(b) *Payment.* Bangladesh shall pay to the United States the Consolidated Principal within forty (40) years from July 1, 1974, including a fifteen (15) year grace period. Payments shall be made in fifty-one (51) approximately equal semi-annual installments of principal and interest. The first installment of principal shall be due July 1, 1989. Attached hereto as Annex C is an amortization schedule calculated in accordance with the terms of this Agreement.

2. *Application, currency and place of payment.* All payments of interest and principal made pursuant to the terms of article II hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the payment of principal. Except as the United States may otherwise specify in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, District of Columbia, United States of America, and shall be deemed made when received by the Office of the Controller.

3. *Prepayment.* Upon payment of all interest then due, Bangladesh may prepay, without penalty, all or any part of the installments of Consolidated Principal in the inverse order of their maturity.

4. *Renegotiation.* Bangladesh agrees to negotiate with the United States, at such time or times as the United States may request, an acceleration of the payment of the Consolidated Principal in the event that there is significant improvement in the internal and external economic and financial position and prospects of Bangladesh.

Article III. SPECIAL COVENANTS

1. *Information and reports.* Bangladesh shall furnish to the United States such information and reports relating to the Visible Project Loans as the United States may reasonably request. The authorized representatives of the United States shall have the right at all reasonable times to inspect the visible projects, the utilization of all goods and services financed under the Visible Project Loans and the books, records, and other documents in the possession of Bangladesh relating to the visible projects.

2. *Events of default; acceleration.* If Bangladesh shall have failed to pay when due any interest or installment of principal required under this Agreement or required under any other loan agreement or guaranty agreement between the United States and Bangladesh, Bangladesh shall be deemed to be in default under this Agreement. Unless the event of default is cured within ninety (90) days after the United States gives notice to Bangladesh of such default, the United States may, at its option, declare the entire amount of the unpaid principal and interest to be due and payable immediately.

Article IV. MISCELLANEOUS

1. *Communication.* Any notice, request, document, or other communication given, made or sent by the United States or Bangladesh pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the Party to which it is addressed when it shall be delivered to such Party by hand or by mail, telegram, or radiogram at the following addresses:

To the United States
The United States Ambassador to Bangladesh

To Bangladesh
Secretary
Planning Commission
Ministry of Planning
Government of Bangladesh

2. *Representatives.* For all purposes relative to this Agreement, the United States will be represented by the individual holding or acting in the office of Ambassador to Bangladesh and Bangladesh will be represented by the individual holding or acting in the office of Secretary, Planning Commission, Ministry of Planning. Such individuals shall have the authority to designate additional representatives by written notice.

3. *Promissory notes.* At such time or times as the United States may request, Bangladesh shall issue promissory notes or such other evidence of indebtedness with respect to this Agreement and the Visible Project Loans, in such form, containing such terms and supported by such legal opinions as the United States may reasonably request.

4. *Termination on full payment.* Upon payment in full of the outstanding principal on the visible project loans and of any accrued and unpaid interest thereon, this Agreement and all obligations of Bangladesh under the Visible Project Loans shall terminate.

5. *Effective date.* The conditions precedent to the entry into force of this Agreement are:

- (a) notification of the Government of the People's Republic of Bangladesh in writing by the Government of the United States that domestic United States laws and regulations covering debt rescheduling have been complied with; and
- (b) the receipt by the United States, in form and substance satisfactory to the United States, of an opinion of the Ministry of Justice of Bangladesh to the effect that this Agreement has been duly authorized or ratified by, and executed on behalf of, Bangladesh and that it constitutes a valid and legally binding obligation of Bangladesh in accordance with all of its terms.

If, after sixty days (60) from the date hereof, or such later date as the Parties mutually agree in writing, the above conditions precedent shall not have been fulfilled, this Agreement shall be null and void. The United States shall notify Bangladesh upon its determination that the conditions precedent have been fulfilled.

DONE in duplicate at Washington this 3rd day of March 1976.

For the Government of the United States of America:

[Signed — Signé]¹

For the Government of the People's Republic
of Bangladesh:

[Signed — Signé]²

¹ Signed by Paul H. Boeker — Signé par Paul H. Boeker.

² Signed by M. R. Siddiqi — Signé par M. R. Siddiqi.

A N N E X A

AGENCY FOR INTERNATIONAL DEVELOPMENT

VISIBLE PROJECT LOANS—DEBTS TO BE ASSUMED BY BANGLADESH

<i>Loan Number</i>	<i>Name of Project</i>	<i>Amount</i>
391-H-043	E.P. Power Distribution	\$ 6,021,928.57
391-H-057	Chalna Anchorage	2,336,799.25
391-H-059	Coastal Embankment	4,171,834.20
391-H-062	General Consultants	4,329,096.18
391-H-068	Public Health Engineering	1,486,661.69
391-H-073	Mechanical Equipment Org.	1,297,493.37
391-H-081	Karnaphuli Third Unit	3,800,000.00
391-H-081A	Karnaphuli Third Unit	1,049,560.41
391-H-082	Siddhirgenj Thermal Plant	8,166,474.05
391-H-089	Pakistan Eastern Railway I	8,184,283.71
391-H-091	E.P. Transmission Lines	2,278,131.34
391-H-092	Dacca-Aricha Road	10,468,414.68
391-H-094	Chittagang Port	2,413,778.15
391-H-124	E.P. Water and Power Development	1,054,079.28
391-H-136	E.P. Public Health Engineering	939,646.44
391-H-139	E.P. Seed Potato Multiplication and Storage	26,728.08
391-H-143	E.P. Ground Water Survey	136,237.07
391-H-032	Picic—Third Loan	163,000.00
391-H-045	Railways—Fourth	7,998,000.00
391-H-053	Malaria Eradication	1,334,631.00
391-H-054	Airport & Airways Equipment	659,105.85
391-H-058	Feasibility Sectoral Studies	919,219.00
391-H-071	Telecommunication Facilities	3,278,733.77
391-H-084	Malaria Eradication—Second	5,990,576.00
391-H-128	Malaria Eradication—Third	2,566,940.49
391-H-135	Malaria Eradication—Fourth	3,308,713.00
391-H-142	Consulting Services	721,170.78
		<u>\$85,101,236.36*</u>

* Includes contractor claims approved by GOP prior to July 1, 1974 but not yet disbursed.

A N N E X B

EXPORT-IMPORT BANK OF THE UNITED STATES

VISIBLE PROJECT LOANS—DEBTS TO BE ASSUMED BY BANGLADESH

<i>Exim Credit No.</i>	<i>Name of Project</i>	<i>Amount*</i>
2627	IDBP—Relending Credit	5,173.00
2359/1984G	IDBP—Relending Credit	292,245.45
2792	PICIC—Relending Credit	323,118.10
1984B	Dacca—Intercontinental Hotel	1,952,718.65
		<u>\$2,573,255.20</u>

* These amounts represent the outstanding balances on these credits as of June 30, 1974, attributable to Bangladesh.

ANNEX C

AGENCY FOR INTERNATIONAL DEVELOPMENT

BANGLADESH—SCHEDULE OF PAYMENTS

Due Date	Installment Total	Interest	Principal	Rate 1.6%	
				Interest Capitalized	Remaining Balance
					85,101,236.36
7/01/74	0	0	0	267,416.26	85,368,652.62
1/01/75	0	0	0	682,949.22	86,051,601.84
7/01/75	0	0	0	688,412.81	86,740,014.65
1/01/76	0	0	0	693,920.12	87,433,934.77
7/01/76	0	0	0	699,471.48	88,133,406.25
1/01/77	0	0	0	705,067.25	88,838,473.50
7/01/77	0	0	0	710,707.79	89,549,181.29
1/01/78	0	0	0	716,393.45	90,265,574.74
7/01/78	0	0	0	722,124.60	90,987,699.34
1/01/79	0	0	0	727,901.59	91,715,600.93
7/01/79	0	0	0	733,724.81	92,449,325.74
1/01/80	0	0	0	739,594.61	93,188,920.35
7/01/80	0	0	0	745,511.36	93,934,431.74
1/01/81	0	0	0	751,475.45	94,685,907.16
7/01/81	0	0	0	757,487.26	95,443,394.42
1/01/82	0	0	0	763,547.16	96,206,941.58
7/01/82	0	0	0	769,655.53	96,976,597.11
1/01/83	0	0	0	775,812.78	97,752,409.89
7/01/83	0	0	0	782,019.28	98,534,429.17
1/01/84	0	0	0	788,275.43	99,322,704.60
7/01/84	0	0	0	794,581.64	100,117,286.24
1/01/85	0	0	0	800,938.29	100,918,224.53
7/01/85	0	0	0	807,345.80	101,725,570.33
1/01/86	0	0	0	813,804.56	102,539,374.89
7/01/86	0	0	0	820,315.00	103,359,689.89
1/01/87	0	0	0	826,877.52	104,186,567.41
7/01/87	0	0	0	833,492.54	105,020,059.95
1/01/88	0	0	0	840,160.48	105,860,220.43
7/01/88	0	0	0	846,881.76	106,707,102.19
1/01/89	0	0	0	853,656.82	107,560,759.01
7/01/89	2,576,762.69	860,486.07	1,716,276.62	0	105,844,482.39
1/01/90	2,576,762.69	846,755.86	1,730,006.83	0	104,114,475.56
7/01/90	2,576,762.69	832,915.80	1,743,846.89	0	102,370,628.67
1/01/91	2,576,762.69	818,965.03	1,757,797.66	0	100,612,831.01
7/01/91	2,576,762.69	804,902.65	1,771,860.04	0	98,840,970.97
1/01/92	2,576,762.69	790,727.77	1,786,034.92	0	97,054,936.05
7/01/92	2,576,762.69	776,439.49	1,800,323.20	0	95,254,612.85
1/01/93	2,576,762.69	762,036.90	1,814,725.79	0	93,439,887.06
7/01/93	2,576,762.69	747,519.10	1,829,243.59	0	91,610,643.47
1/01/94	2,576,762.69	732,885.15	1,843,877.54	0	89,766,765.93
7/01/94	2,576,762.69	718,134.13	1,858,628.56	0	87,908,137.37
1/01/95	2,576,762.69	703,265.10	1,873,497.59	0	86,034,639.78
7/01/95	2,576,762.69	688,277.12	1,888,485.57	0	84,146,154.21
1/01/96	2,576,762.69	673,169.23	1,903,593.46	0	82,242,560.75
7/01/96	2,576,762.69	657,940.49	1,918,822.20	0	80,323,738.55
1/01/97	2,576,762.69	642,589.91	1,934,172.78	0	78,389,565.77
7/01/97	2,576,762.69	627,116.53	1,949,646.16	0	76,439,919.61
1/01/98	2,576,762.69	611,519.36	1,965,243.33	0	74,474,676.28

<i>Due Date</i>	<i>Installment Total</i>	<i>Interest</i>	<i>Principal</i>	<i>Rate 1.6%</i>	
				<i>Interest Capitalized</i>	<i>Remaining Balance</i>
7/01/98	2,576,762.69	595,797.41	1,980,965.28	0	72,493,711.00
1/01/99	2,576,762.69	579,949.69	1,996,813.00	0	70,496,898.00
7/01/99	2,576,762.69	563,975.18	2,012,787.51	0	68,484,110.49
1/01/00	2,576,762.69	547,872.88	2,028,889.81	0	66,455,220.68
7/01/00	2,576,762.69	531,641.77	2,045,120.92	0	64,410,099.76
1/01/01	2,576,762.69	515,280.80	2,061,481.89	0	62,348,617.87
7/01/01	2,576,762.69	498,788.94	2,077,973.75	0	60,270,644.12
1/01/02	2,576,762.69	482,165.15	2,094,597.54	0	58,176,046.58
7/01/02	2,576,762.69	465,408.37	2,111,354.32	0	56,064,692.26
1/01/03	2,576,762.69	448,517.54	2,128,245.15	0	53,936,447.11
7/01/03	2,576,762.69	431,491.58	2,145,271.11	0	51,791,176.00
1/01/04	2,576,762.69	414,329.41	2,162,433.28	0	49,628,742.72
7/01/04	2,576,762.69	397,029.94	2,179,732.75	0	47,449,009.97
1/01/05	2,576,762.69	379,592.08	2,197,170.61	0	45,251,839.36
7/01/05	2,576,762.69	362,014.71	2,214,747.98	0	43,037,091.38
1/01/06	2,576,762.69	344,296.73	2,232,465.96	0	40,804,625.42
7/01/06	2,576,762.69	326,437.00	2,250,325.69	0	38,554,299.73
1/01/07	2,576,762.69	308,434.40	2,268,328.29	0	36,285,971.44
7/01/07	2,576,762.69	290,287.77	2,286,474.92	0	33,999,496.52
1/01/08	2,576,762.69	271,995.97	2,304,766.72	0	31,694,729.80
7/01/08	2,576,762.69	253,557.84	2,323,204.85	0	29,371,524.95
1/01/09	2,576,762.69	234,972.20	2,341,790.49	0	27,029,734.46
7/01/09	2,576,762.69	216,237.88	2,360,524.81	0	24,669,209.65
1/01/10	2,576,762.69	197,353.68	2,379,409.01	0	22,289,800.64
7/01/10	2,576,762.69	178,318.41	2,398,444.28	0	19,891,356.36
1/01/11	2,576,762.69	159,130.85	2,417,631.84	0	17,473,724.52
7/01/11	2,576,762.69	139,789.80	2,436,972.89	0	15,036,751.63
1/01/12	2,576,762.69	120,294.01	2,456,468.68	0	12,580,282.95
7/01/12	2,576,762.69	100,642.26	2,476,120.43	0	10,104,162.52
1/01/13	2,576,762.69	80,833.30	2,495,929.39	0	7,608,233.13
7/01/13	2,576,762.69	60,865.87	2,515,896.82	0	5,092,336.31
1/01/14	2,576,762.69	40,738.69	2,536,024.00	0	2,556,312.31
7/01/14	2,576,762.69	20,450.50	2,556,312.31	0	0
TOTAL		23,854,138.30	107,560,759.01		