

SECTION 3.05. The Parties hereto agree to accept the Administrator's decision as to estimated requirements and receipts of the Fund for the purposes of Sections 3.01, 3.02 and 3.03 hereof, and as to the best practical method of accomplishing the apportionment provided for in Section 3.02 and 3.03 hereof, using approximate amounts and estimates; provided, however, that no Party shall be obligated to make any payment to the Fund except to the extent it shall have undertaken so to do either by the provisions of this Agreement or otherwise. By agreement among the Parties, changes may be made in the apportionment, including changes to take account of any contributions arising under Article XII.

ARTICLE IV

Special Reserve

SECTION 4.01. It is understood and agreed that the Administrator shall retain in the Fund, out of each payment to the Fund by India, such amount as the Administrator may estimate to be necessary to build up a special reserve in pounds sterling (hereinafter called the Special Reserve) to meet the maximum obligations of the Fund under Article V (5) of the Treaty.

SECTION 4.02. If, at the request of Pakistan, the Transition Period provided for in the Treaty is extended in accordance with the provisions of Part 8 of Annexure H thereto, the Administrator shall pay to India in pounds sterling out of the Special Reserve such amounts as shall be payable to India pursuant to the provisions of Article V (5) of the Treaty. After the amounts, if any, payable to India pursuant to this Section shall have been finally determined, the Administrator shall pay to Pakistan in pounds sterling the amount of the Special Reserve, less such amounts, if any, as shall have become so payable to India.

SECTION 4.03. Income from investments of the Special Reserve shall be used by the Administrator to purchase rupees from the State Bank of Pakistan, and such rupees shall be treated as payments to the Fund pursuant to Section 3.03 (a).

ARTICLE V

Disbursements from Fund

SECTION 5.01. Amounts in the Fund may be disbursed to Pakistan by the Administrator, and shall be used by Pakistan, exclusively to finance the cost of equipment, supplies, other property and services (hereinafter called "goods") required to construct the system of works described in Annexure D* to this Agreement, such system of works being herein collectively called the Project. The specific items to be financed from the Fund shall from time to time be determined by agreement between Pakistan and the Administrator, and the agreed list thereof may be changed from time to time by agreement between them.

SECTION 5.02. (a) Subject to the provisions of this Agreement, there shall be disbursed from the Fund: (i) such amounts as shall be required by Pakistan to reimburse it for the reasonable cost of goods to be financed from the Fund and (ii), if the Administrator shall so agree, such amounts as shall be required to meet the reasonable cost of such items.

(b) Except as otherwise provided herein or as shall be otherwise agreed between Pakistan and the Administrator, no disbursement shall be made on account of: (i) expenditures prior to April 1, 1960, or (ii) expenditures in the

*Not reproduced.