

INDUS BASIN DEVELOPMENT FUND AGREEMENT

AGREEMENT, dated this 19th day of September 1960, between the Governments of the Commonwealth of Australia (Australia), Canada (Canada), the Federal Republic of Germany (Germany), New Zealand (New Zealand), Pakistan (Pakistan), the United Kingdom of Great Britain and Northern Ireland (United Kingdom) and the United States of America (United States) and the International Bank for Reconstruction and Development (hereinafter sometimes called the Bank).

Whereas the Government of India (India) and Pakistan have concluded (subject to exchange of ratifications) the Indus Waters Treaty 1960 (hereinafter called the Treaty and of which a copy is annexed hereto as Annexure A*) providing, *inter alia*, for the sharing between India and Pakistan of the use of the waters of the Indus Basin;

And Whereas the effective utilization by Pakistan of the waters assigned to it by the Treaty entails the construction of a system of works part of which will accomplish the replacement of water supplies for irrigation canals in Pakistan which hitherto have been dependent on water supplies from the waters assigned by the Treaty to India;

And Whereas, by the terms of Article V of the Treaty, India has undertaken to make a payment of £62,060,000 towards the costs of the replacement part of such works, such sum to be paid to an Indus Basin Development Fund to be established and administered by the Bank;

And Whereas, in concluding the Treaty, Pakistan has been influenced by the consideration that financial assistance of the nature and amounts specified hereinafter will be made available to Pakistan;

And Whereas Australia, Canada, Germany, New Zealand, the United Kingdom, the United States and the Bank, in view of the importance which they attach to a settlement of the Indus Waters problem from the point of view both of the economic development of the area and of the promotion of peace and stability therein, have agreed, as hereinafter set forth, to make a contribution towards the costs of such system of works and also to make such contribution available through the above-mentioned Indus Basin Development Fund;

Now Therefore, the Parties hereto agree as follows:

ARTICLE I*Establishment of Indus Basin Development Fund*

Section 1.01. There is hereby established the Indus Basin Development Fund (hereinafter called the Fund), constituted by the monies which the contracting parties shall from time to time transfer to the Fund in accordance with Articles II and III of this Agreement, together with the monies to be paid to the Fund by India under the provisions of Article V of the Treaty, and any other assets and receipts therein, to be held in trust and administered by the Bank and used only for the purposes, and in accordance with the provisions, of this Agreement.

Section 1.02. The Fund and its assets and accounts shall be kept separate and apart from all other assets and accounts of the Bank and shall be separately designated in such appropriate manner as the Bank shall determine.

Section 1.03. The Bank is hereby designated Administrator of the Fund. The term Administrator will hereinafter be used to refer to the Bank acting in that capacity.

*Not reproduced.