



International Environmental
Law Research Centre

WORLD BANK, OFFICE MEMORANDUM FROM IBRAHIM SHIHATA (SARDAR SAROVAR)

The World Bank, Office Memorandum from Ibrahim F.I. Shihata (Vice President (Legal) and General Counsel of the World Bank) to D. Joseph Wood concerning 'Narmada', 30 March 1993

*This paper can be downloaded in PDF format from IELRC's website at
<http://www.ielrc.org/content/c9301.pdf>*

In the brief Board discussion today of the cancellation of the Bank's Loan for the Narmada Project, the impression was left that the Government of India is no longer legally obligated towards the Bank to carry out its obligations under the Loan agreement.

As I explained verbally yesterday, this is not the case. Section 6.06 of the General Conditions applicable to all Bank loans (and IDA credits) which constitute an integral part of each loan (and credit) agreement provides that '[n]otwithstanding any cancellation or suspension, all the provisions of the Loan Agreement and the Guarantee Agreement shall continue in full force and effect except as specifically provided in this Article'.

The above conclusion also applies in case the loan (or credit) is fully disbursed (which, I understand, is the case of the IDA credit financing the same project).

I hope that the above will be borne in mind by staff in their further pursuance of this matter.

www.ielrc.org