

No. 7799

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
IRAN**

Loan Agreement—*Second Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 10 June 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 2 June 1965.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
IRAN**

Contrat d'emprunt — *Deuxième projet relatif au réseau routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 10 juin 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 juin 1965.

No. 7799. LOAN AGREEMENT¹ (*SECOND ROAD PROJECT*)
BETWEEN IRAN AND THE INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT.
SIGNED AT WASHINGTON, ON 10 JUNE 1964

AGREEMENT, dated June 10, 1964, between IRAN (hereinafter sometimes called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations): Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule hereto:

- (1) The term "Plan Law" means the Law Decree of Iran of September 6, 1962, providing for the Third National Five Year Development Plan of the Borrower, together with any amendment or amendments thereof.
- (2) The term "Plan" means the Third National Five Year Development Plan of the Borrower provided for in the Plan Law.
- (3) The term "Plan Organization" means the Plan Organization charged by the Plan Law with the execution of the Plan or any other organization or organizations which may be charged by law with development functions of similar scope and character, and shall include any successor or successors thereto.
- (4) The term "First Road Project Loan Agreement" means the Loan Agreement dated May 29, 1959³ between the Borrower and the Bank.

¹ Came into force on 11 May 1965, upon notification by the Bank to the Government of Iran.

² See p. 132 of this volume.

³ United Nations, *Treaty Series*, Vol. 348, p. 103.

- (5) The term "Project" means the project for which the Loan is granted, as described in Schedule 2¹ to this Agreement and as the description thereof shall be amended from time to time by agreement between the Borrower and the Bank.
- (6) The term "Ministry" means the Ministry of Roads of the Borrower and shall include any successor thereto.
- (7) The term "main roads of Iran" means all main roads of Iran (including, but without limitation, all bridges, viaducts and other structures of such roads) which are under the jurisdiction of the Ministry and which have been improved, reconstructed or constructed within the last ten years.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to eighteen million five hundred thousand dollars (\$18,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account :

- (a) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower (acting through the Plan Organization) and the Bank of such amounts as shall have been paid for the reasonable cost of goods required for carrying out parts IA and IB of the Project, such percentage or percentages to represent the foreign exchange component of such cost; and
- (b) such amounts as shall have been expended (other than for local currency expenditures) for the reasonable cost of engineering consultants' services to be financed under this Agreement and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such services;

provided, however, that no withdrawals shall be made on account of : (i) payments made prior to January 1, 1964; or (ii) expenditures made in the terri-

¹ See p. 130 of this volume.

tories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

As used in this Section, the term "local currency expenditures" means expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. Withdrawals from the Loan Account pursuant to subsection (a) of Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower (acting through the Plan Organization) and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be

used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The list of roads to be included in the Project shall be determined from time to time by agreement between the Borrower (acting through the Plan Organization) and the Bank, subject to modification by further agreement between them.

(c) In the carrying out of the Project the Borrower shall employ or cause to be employed engineering consultants and other experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(d) Except as the Bank shall otherwise agree, all roads and bridges included in the Project shall be constructed or improved by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

(e) The general design standards and the types of surfacing (including pavement) to be used for the roads and bridges included in the Project and for the roads referred to in Part II of the Project shall be as determined by agreement between the Borrower (acting through the Plan Organization) and the Bank, subject to modification by further agreement between them.

(f) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.