No. 9331

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and IRAN

Loan Agreement—*Ghazvin Development Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington, on 17 October 1967

Official text : English.

Registered by the International Bank for Reconstruction and Development on 5 December 1968.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et IRAN

Contrat d'emprunt — *Projet de mise en valeur du Ghazvin* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington, le 17 octobre 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 5 décembre 1968.

No. 9331. LOAN AGREEMENT[1] (*GHAZVIN DEVELOPMENT PROJECT*) BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND IRAN. SIGNED AT WASHINGTON, ON 17 OCTOBER 1967

AGREEMENT, dated October 17, 1967, between IRAN (hereinafter 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 Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967,[2] with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 being hereinafter called the Loan Regulations).

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Agreement, have the following meanings :

(*a*) The term "Plan Law" means the Law Decree of Iran of September 6, 1962, providing for the Third National Development Plan of the Borrower, together with any amendment or amendments thereof.

(*b*) 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.

(*c*) The term "High Council" means the administrative body created by virtue of the agreement dated February 25, 1967 between the Borrower's Minister of Water and Power, Minister of Agriculture and Managing Director of Plan Organization for the purpose of directing, supervising and coordinating the execution of all aspects of the Project and consisting of the Borrower's

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[1] Came into force on 24 January 1968, upon notification by the Bank to the Government of Iran.

[2] See p. 212 of this volume.

Minister of Water and Power, Minister of Agriculture and Managing Director of Plan Organization, with a Secretary who shall be the Project Manager, or any successor or successors to the High Council.

(*d*) The term "Organization" means the Ghazvin Agriculture Development Organization, a statutory body established or to be established pursuant to Article 19 of the Plan Law, and charged with responsibility, under the authority of the High Council, for the execution and maintenance of all agricultural aspects of the Project, or any successor or successors thereto.

(*e*) The term "Board" means the Tehran Regional Water Board, a statutory body established pursuant to Decree No. 2040 of the Borrower's Council of Ministers, dated April 30, 1964, charged with general responsibility for the development of water resources in the Tehran region of the Borrower, or any successor or successors thereto.

(*f*) The term "Division" means the Ghazvin Water Division, a division of Tehran Regional Water Board charged with responsibility, under the authority of the High Council, for the execution and maintenance of the water development aspects of the Project.

(*g*) The term "Project Area" means the intermountain basin in the Ghazvin Plain, situated west of Tehran, the capital city of Iran.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to twenty-two million dollars ($22,000,000).

Section 2.02. (*a*) 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.

(*b*) Nothwithstanding any other provision of this Agreement, unless the Bank shall otherwise agree, the Borrower shall not be entitled to make withdrawals from the Loan Account in excess of the equivalent of three million dollars ($3,000,000) unless the charter and regulations of the Organization referred to in Section 5.04 (*b*) of this Agreement shall, within two months after the Effective Date, have been enacted in form and substance satisfactory to the Bank and have become effective.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account:

(*a*) such amounts as shall have been paid, or, if the Bank shall so agree, as shall be required to meet payments to be made, for the reasonable cost of goods for the Project; and

(*b*) the equivalent of such percentage or percentages as may be established from time to time by agreement between the Bank and the Borrower of such amounts as shall have been paid or, if the Bank shall so agree, as shall be required to meet payments to be made for the reasonable cost of other goods for the Project, and, for the purposes of this subsection (*b*), clause (*b*) of Section 4.01 of the Loan Regulations shall not apply.

Section 2.04. Notwithstanding the provisions of Section 3.02 of the Loan Regulations, withdrawals from the Loan Account in respect of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower 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-eights of one per cent ($^3/_8$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

Section 2.06. The Borrower shall pay interest at the rate of six per cent (6 %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Bank and the Borrower 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 (½ of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on February 15 and August 15 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 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 Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project described in Schedule 2 to this Agreement.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

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 agricultural, engineering, economic and financial policies and practices.

(*b*) The Borrower shall at all times make available, promptly as needed, all funds and other resources which shall be required for the carrying out and operation of the Project.

Section 5.02. (*a*) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out and the operation of the Project, employ consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Bank.

(*b*) Upon request from time to time by the Bank, the Borrower shall promptly cause the Organization, the Division and all other agencies responsible for carrying out the Project to furnish to the Bank through the Project Manager the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

Section 5.03. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan,