

No. 5521

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

**Loan Agreement—*Dez Multi-Purpose Project* (with annexed
Loan Regulations No. 3). Signed at Washington, on
20 February 1960**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
12 January 1961.*

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

**Contrat d'emprunt — *Projet à fins multiples du Dez*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 20 février 1960**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 12 janvier 1961.*

No. 5521. LOAN AGREEMENT¹ (*DEZ MULTI-PURPOSE PROJECT*) BETWEEN IRAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 20 FEBRUARY 1960

AGREEMENT, dated February 20, 1960, 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 Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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 of Iran of 8 Esfand 1334 (February 27, 1956), providing for the Second Seven Year Development Plan of the Borrower, together with any amendment or amendments thereof.

(2) The term "Plan" means the Second Seven 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.

¹ Came into force on 7 September 1960, upon notification by the Bank to the Government of Iran.

² See p. 240 of this volume.

³ See p. 238 of this volume.

(4) The term “ Oil Agreement ” means the Agreement dated October 29, 1954, between Iran and the National Iranian Oil Company as parties of the first part and various oil companies as parties of the second and third parts, and shall include all amendments and supplements thereto.

(5) The term “ oil ” as used herein shall include petroleum and petroleum products.

(6) The term “ Oil Revenues ” means the total revenues which Iran or any of its political subdivisions, or any agency or instrumentality of any of them, shall receive or is or shall be or become entitled to receive for or on account of the production, refining or sale of oil, or on account of the income derived from any of the foregoing, and includes without limitation all revenues (including payments to the National Iranian Oil Company under the Oil Agreement and income tax) which shall be paid to or for the benefit of the Borrower or any agency or instrumentality of the Borrower (including those credited or to be credited by law to the Plan Organization and the National Iranian Oil Company) as a result of or in respect of the production, refining or sale of oil produced pursuant to the Oil Agreement or otherwise.

(7) The term “ debt service period ” means each of the six-month periods commencing on February 2 and August 2 in each year beginning with 1960, and shall also include the period from the date of this Agreement to August 1, 1960.

(8) The term “ this Agreement ” shall include the Loan Regulations.

(9) The term “ First Loan Agreement ” means the loan agreement dated January 22, 1957,¹ between the Borrower and the Bank.

(10) The term “ Second Loan Agreement ” means the loan agreement dated May 29, 1959,² between the Borrower and the Bank.

(11) The term “ Project ” means the project for which the Loan is granted, as described in Schedule 2³ to this Agreement and as the description thereof shall be amended from time to time by agreement between the Borrower and the Bank.

(12) The term “ Authority ” means the authority or instrumentality of the Borrower to be established pursuant to Section 5.10 of this Agreement, and shall include any successor or successors thereto and any other organization or organizations which, prior to the establishment of the Authority, may be charged with its functions and powers.

¹ United Nations, *Treaty Series*, Vol. 317, p. 129.

² United Nations, *Treaty Series*, Vol. 348, p. 103.

³ See p. 236 of this volume.

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 forty-two million dollars (\$42,000,000).

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.

(b) Notwithstanding 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 (i) in respect of goods for the irrigation portion of the Project described in Part II of Schedule 2 to this Agreement other than consultants' fees until there shall have been furnished to the Bank evidence satisfactory to it that persons owning land to be irrigated thereby will participate therein and that the water made available for irrigation will be effectively utilized or (ii) in excess of the equivalent of eight million dollars (\$8,000,000) for purposes other than payment of interest and other charges on the Loan and the Bonds until legislative and other action (including the adoption of regulations) necessary for the establishment and functioning of the Authority as provided in Section 5.10 shall have been taken.

Section 2.03. 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. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in this Agreement or shall be cancelled pursuant thereto.

Section 2.04. The Borrower shall pay interest at the rate of six and one-fourth per cent ($6\frac{1}{4}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. 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 2.06. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Section 2.08. The obligation of the Borrower to pay the principal of, and interest and other charges on, the Loan and the Bonds shall be general and not limited or restricted in any way to any particular fund or funds, or source or sources of payment by any other provisions of this Agreement or otherwise.

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 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, operated and maintained with due diligence and efficiency and in conformity with sound engineering, agricultural, financial and public utility practices.

¹ See p. 234 of this volume.

(b) In the carrying out and initial operation 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.

(c) Except as the Borrower and the Bank shall otherwise agree, all works included in the Project to be constructed under contract shall be constructed by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

(d) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications and the work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(e) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices (including the use of separate books and accounts for the irrigation and power portions of the Project) the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof insofar as they relate to the Project; shall cause to be maintained records showing the progress and results achieved by irrigation of the land included in the Project; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, and the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof insofar as they relate to the Project.

(f) Without restriction or limitation upon any other provision of this Agreement, the Borrower shall at all times make available for disbursement promptly as needed all sums which shall be required for the carrying out of the Project and the operation thereof by the agency or agencies of the Borrower responsible therefor.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or the implementation of the arrangements provided for in Section 5.04.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.03. The Borrower undertakes that, if the Borrower or any political subdivision of the Borrower or any agency of any of them (including, without limitation, the Plan Organization, and the Bank Melli Iran or any other bank performing central banking functions) shall propose to incur, assume or guarantee any external debt or substantially to modify the terms of payment of any such external debt from time to time outstanding, the Borrower shall inform the Bank of such proposal and, before the proposed action is taken, shall afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto. The foregoing provisions of this Section shall not apply to: (i) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit; (ii) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement; or (iii) the incurring by the Bank Melli Iran in the ordinary course of its business of any indebtedness maturing not more than one year after its date. For the purposes of this Section debt shall be deemed to include, without limitation, suppliers' credits, other than normal commercial current accounts.

Section 5.04. Except as the Borrower and the Bank shall otherwise agree:

(a) The Borrower shall make arrangements, satisfactory to the Bank, for setting aside part or all of the Oil Revenues, as received or credited to or for the benefit of the Borrower or the Plan Organization or otherwise, for the payment of the principal of, and interest and other charges on, the Loan and the Bonds. Such arrangements shall be in addition to and without prejudice to the provisions of Section 6.04 of the First Loan Agreement and of Section 5.08 of the Second Loan Agreement and arrangements thereunder approved by the Bank and, when approved by the Bank, shall not be changed without the prior approval of the Bank.

(b) The Borrower agrees that it will not, without the consent of the Bank, take, or permit or consent to be taken, any action which could or might prevent

or interfere with the implementation of the arrangements from time to time in effect and approved by the Bank pursuant to paragraph (a) of this Section or the payment in full from the Oil Revenues of the principal of, and interest and other charges on, the Loan and the Bonds, as they become due, including without limitation any action which would result in the Oil Revenues subject to such arrangements (exclusive of any part thereof which is subject to the arrangements approved by the Bank pursuant to Section 6.04 (a) of the First Loan Agreement and Section 5.08 (a) of the Second Loan Agreement) being insufficient during any debt service period to pay the principal of, and interest and other charges on, the Loan and the Bonds.

(c) The Borrower shall make appropriate modifications, satisfactory to the Bank, in the arrangements from time to time in effect and approved by the Bank pursuant to paragraph (a) of this Section promptly as and if required to ensure that in each debt service period there will continue to be subject to such arrangements Oil Revenues (exclusive of any part thereof which is subject to the arrangements approved by the Bank pursuant to Section 6.04 (a) of the First Loan Agreement and Section 5.08 (a) of the Second Loan Agreement) in sufficient amounts to pay the principal, interest and other charges coming due on the Loan and the Bonds at the end of that period.

Section 5.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.06. The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.07. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.08. The Borrower shall cause the rates for the sale of electricity by the Authority to be set and maintained at such levels as may be necessary to

provide revenues sufficient to (a) cover all the operating costs (including taxes, adequate maintenance and depreciation, and interest) and amortization of long-term indebtedness insofar as this is not covered by depreciation, of the power portion of the assets of the Authority and (b) create a surplus sufficient to cover a reasonable part of the costs of further expansion of its electric facilities.

Section 5.09. The Borrower undertakes that it will promptly take or cause to be taken all such action as shall be required to assure that the land included in the Project and the water made available therefor are to the maximum extent possible fully, effectively and promptly utilized.

Section 5.10. The Borrower undertakes that, for the purpose of carrying out and operating the Project, the Borrower will (a) establish or cause to be established an authority which will at all times (i) function under a charter and regulations in form and substance satisfactory to the Bank and (ii) have such powers, management and resources as are necessary for the diligent and efficient carrying out and operation of the Project and for the most effective utilization of the land included in Part II of the Project and the water made available therefor; and (b) as soon as possible after its establishment, transfer to such authority the facilities included in the Project, such transfer to be made on such terms and conditions as will, in the opinion of the Bank, enable and require such authority to perform or cause to be performed the obligations of the Borrower under this Agreement with respect to the Project.

Section 5.11. In view of the pilot nature of the irrigation portion of the Project described in Part II of Schedule 2 to this Agreement, the Borrower and the Bank agree that, unless the Bank shall otherwise agree, no major works included in the remainder of the irrigation plan (including the re-regulating dam and the main canals) referred to in such Part II, nor any major works designed to utilize water impounded by the dam included in the Project for any land not included in the said remainder of the irrigation plan shall be started until the area to be irrigated by the initial scheme shall have been under irrigation for at least three years, and that, thereafter, and before any such works are started, the Borrower and the Bank shall consult regarding the results achieved by the initial scheme, the nature and timing of any works to be undertaken and the justification of the investment involved therein.

Section 5.12. The Borrower undertakes that it will promptly take or cause to be taken all such action as shall be required to complete the power distribution system included in Part I of Schedule 2 to this Agreement by the end of 1962, and to ensure, by that date, the efficient operation thereof.

Section 5.13. The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the

Loan against risks incident to their purchase and transportation to the site of the Project.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. For the purposes of Section 5.02 (h) of the Loan Regulations, the following additional event is specified : a default shall have occurred in the performance of any other covenant or agreement of the Borrower under the First Loan Agreement or the Second Loan Agreement or the guarantee agreement dated November 23, 1959¹ between the Borrower and the Bank.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

- (a) the Borrower shall have made, or caused to be made, and the Bank shall have approved, the arrangements provided for in Section 5.04 (a) of the Loan Agreement; and
- (b) a review by an international board of engineers selected by the Bank of the high dam described in Part I of the Project shall indicate, to the satisfaction of the Bank, that the construction of such dam is technically sound and feasible and that any increase in cost of such dam due to changes in its design will remain within such limits as, in the opinion of the Bank, still justify the carrying out of the Project.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the

¹ United Nations, *Treaty Series*, Vol. 380, p. 245.

opinion or opinions to be furnished to the Bank : that the arrangements approved by the Bank pursuant to Section 5.04 (a) of the Loan Agreement are valid.

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1964.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Plan Organization
Teheran, Iran

Alternative address for cablegrams and radiograms :

Barnameh
Teheran, Iran

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 8.03. The Prime Minister of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Iran :

By K. HEDAYAT
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

SCHEDULE 1
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
August 1, 1964	\$497,000	February 1, 1975	\$948,000
February 1, 1965	512,000	August 1, 1975	978,000
August 1, 1965	528,000	February 1, 1976	1,008,000
February 1, 1966	545,000	August 1, 1976	1,040,000
August 1, 1966	562,000	February 1, 1977	1,072,000
February 1, 1967	580,000	August 1, 1977	1,106,000
August 1, 1967	598,000	February 1, 1978	1,140,000
February 1, 1968	616,000	August 1, 1978	1,176,000
August 1, 1968	636,000	February 1, 1979	1,213,000
February 1, 1969	655,000	August 1, 1979	1,251,000
August 1, 1969	676,000	February 1, 1980	1,290,000
February 1, 1970	697,000	August 1, 1980	1,330,000
August 1, 1970	719,000	February 1, 1981	1,372,000
February 1, 1971	741,000	August 1, 1981	1,415,000
August 1, 1971	764,000	February 1, 1982	1,459,000
February 1, 1972	788,000	August 1, 1982	1,504,000
August 1, 1972	813,000	February 1, 1983	1,551,000
February 1, 1973	838,000	August 1, 1983	1,600,000
August 1, 1973	865,000	February 1, 1984	1,650,000
February 1, 1974	892,000	August 1, 1984	1,701,000
August 1, 1974	919,000	February 1, 1985	1,755,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 3 years before maturity	$\frac{1}{2}$ of 1%
More than 3 years but not more than 6 years before maturity	1%
More than 6 years but not more than 11 years before maturity	2%
More than 11 years but not more than 16 years before maturity	3%
More than 16 years but not more than 21 years before maturity	4%
More than 21 years but not more than 23 years before maturity	5%
More than 23 years before maturity	6 $\frac{1}{4}$ %

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project, located in Khuzestan, will consist of a multi-purpose dam; a hydroelectric power plant; electrical transmission and distribution systems; and irrigation canals, works and services for a pilot irrigation scheme, and includes the following :

Part I

MULTI-PURPOSE DAM AND ELECTRIC POWER WORKS

- (a) A thin arch concrete dam and all related works to be constructed in the Dez River gorge north of Dezful, about 190 meters high, creating a reservoir with a total capacity of approximately 3,350 million cubic meters;
- (b) An underground powerhouse to be constructed in the right embankment just below the dam, with a cavern and other facilities sufficient for four generating units of 65 MW each (but laid out and built in such a manner that it could later be extended to house another four units of the same size);
- (c) The installation of two generating units of 65 MW each and all related auxiliary mechanical, electrical and transformer equipment;
- (d) A 230 kv double circuit transmission line with one circuit installed, about 166 kilometers long, from the dam site to Ahwaz, and all related auxiliary and transformer equipment and connecting circuits to serve distributors and consumers in the general areas of Ahwaz, Abadan and Khorramshahr at 33 and 11 kv;
- (e) Secondary transmission lines and circuits at 132 kv and 33 kv and all related auxiliary and transformer equipment to serve consumers and distributors in the general area of Dezful, Andimeshk and Shush at 33 kv and 11 kv;
- (f) The rehabilitation and expansion of the distribution facilities of the municipal power systems of Ahwaz, Abadan, Khorramshahr, Dezful and Andimeshk so that they will be able to meet the distribution requirements presently estimated for them at the end of 1962.

Part II

PILOT IRRIGATION SCHEME

The pilot irrigation scheme is the first step in an overall irrigation plan for the Dez area and is designed to provide irrigation water to about 20,000 hectares on the left bank of the Dez River immediately south of Dezful in order to determine, on a test basis, the feasibility and methods of, and requirements for, extending gravity irrigation to an additional 90,000 hectares with water impounded by the dam. This part of the Project includes:

(a) *Works and equipment*

- (i) a temporary diversion intake on the left bank of the Dez River below Dezful, and a temporary diversion canal about nine kilometers long;
- (ii) about 17 kilometers of main canals and 34 kilometers of branch canals;
- (iii) other public facilities, works, buildings and equipment required for the establishment and operation of the pilot irrigation scheme and the furnishing of the services and assistance as referred to in (b) below.

(b) *Services and assistance*

- (i) assistance in land leveling and construction of tertiary canals, ditches and drains;
- (ii) a field trial farm and research center;
- (iii) a training center;
- (iv) an agricultural extension service;
- (v) education, health and sanitation services;
- (vi) a credit service;
- (vii) a mechanization demonstration and repair service;
- (viii) a marketing assistance service.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS NO. 3

For the purposes of this Agreement the provisions of Loan Regulations No. 3 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

(a) Section 2.02 shall be deleted.

(b) The first five lines of Section 5.02 shall read as follows :

“ SECTION 5.02. *Suspension by the Bank.* If any of the following events shall have happened and be continuing, the Bank may at any time or from time to time by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account :”

(c) The last paragraph of Section 5.02 shall read as follows :

“ The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.”

(d) Section 9.03 shall read as follows :

“ SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Borrower and the Bank, the Loan Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower notice of its acceptance of the evidence required by Section 9.01.”

(e) Paragraph 11 of Section 10.01 shall be deleted.

(f) Paragraph 13 of Section 10.01 shall read as follows :

“ 13. The term ‘ external debt ’ means any debt payable in any medium other than currency of the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.”

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 280, p. 302.*]