

No. 11095

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

**Guarantee Agreement—*Agricultural Development Fund Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Agricultural Development Fund of Iran). Signed at Washington on 25 March 1970**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 27 May 1971.*

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

**Contrat de garantie — *Projet relatif à un Fonds de développement agricole* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et le Fonds de développement agricole de l'Iran). Signé à Washington le 25 mars 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 27 mai 1971.*

## GUARANTEE AGREEMENT<sup>1</sup>

AGREEMENT, dated March 25, 1970, between IRAN (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith<sup>2</sup> between the Bank and the Agricultural Development Fund of Iran (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to six million five hundred thousand dollars (\$6,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969<sup>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement shall have the respective meanings therein set forth.

### *Article II*

*Section 2.01.* Without limitation or restriction upon any of its other obligations under this Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the

<sup>1</sup> Came into force on 30 April 1970, upon notification by the Bank to the Government of Iran.

<sup>2</sup> See p. 90 of this volume.

due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes: (i) by June 20, 1971, to provide funds by way of equity contributions to the Borrower's capital amounting to about one thousand million Rials, such contributions to be made at such times and in such installments as shall be required to enable the Borrower to carry on its operations soundly and (ii) whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such other funds as are needed to meet such expenditures.

### *Article III*

*Section 3.01.* It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Bank Markazi Iran and any other institution performing the functions of a central bank.

*Section 3.02.* (a) The Guarantor and the Bank shall cooperate fully to ensure 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor shall promptly inform the Bank of any condition (including any condition adversely affecting the management of the Borrower) which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

*Section 3.03.* 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, and free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of 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 Guarantor.

*Section 3.04.* This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The Guarantor shall cause the Borrower and the agencies of the Guarantor insofar as the operations of such agencies relate to the Project to carry on and co-ordinate their operations, and to conduct their affairs, all in accordance with sound agricultural, administrative and financial policies and practices.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement, its guarantee on any Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor is designated as the authorized representative of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions. The Minister of Finance may designate other or additional authorized representatives for the purposes of such Section, by notice to the Bank.

*Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Ministry of Finance  
Government of Iran  
Tehran, Iran

Alternative address for cables:

Ministry Finance  
Tehran

For the Bank:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cables:

Intbafrad  
Washington, D.C.

*Section 5.02.* The Minister of Finance of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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 JAHANGIR AMUZEGAR  
Authorized Representative

International Bank for Reconstruction and Development:

By SIMON ALDEWERELD  
Vice President

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## GENERAL CONDITIONS, DATED 31 JANUARY 1969

## GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

(Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.)

## LOAN AGREEMENT

AGREEMENT, dated March 25, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and AGRICULTURAL DEVELOPMENT FUND OF IRAN, an autonomous institution of the Guarantor (hereinafter called the Borrower).

*Article I*

## GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>1</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Law and Charter" means Law dated the 29th of Day, 1345, as amended by Law of 4th of Ordibehersht, 1347, of the Guarantor establishing the Borrower and the Charter of the Borrower enacted pursuant thereto.

(b) "Rials" and "Rls" means rials in the currency of the Guarantor.

*Article II*

## THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to six million five hundred thousand dollars (6,500,000).

<sup>1</sup> See above.

*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.

(b) 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, the Loan Agreement and in accordance with the Allocation of the Proceeds of the Loan set forth in Schedule 1 to this Agreement, as such Allocation shall be modified from time to time by further agreement between the Borrower and the Bank.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Loan Agreement:

- (a) the equivalent of fifty-seven per cent (57%) (or of such other percentages as may be established from time to time by agreement between the Borrower and the Bank) of such amounts as shall have been paid to beneficiaries on account of medium-and long-term loans made to them by the Borrower under the Project for financing the reasonable cost of goods and services required therefor (Categories 1 and 2 of the Allocation of the Proceeds of the Loan set forth in Schedule 1 to this Agreement); provided, however, that in the case of any such loans requiring financing out of the proceeds of the Loan in excess of seven hundred and fifty thousand dollars (\$750,000) the Borrower shall be entitled to withdraw from the Loan Account either the equivalent of the aforesaid percentage or such amounts as shall have been paid by the Borrower for financing the foreign exchange cost of imported goods and services required therefor, whichever shall be the less; and
- (b) such amounts as shall have been paid by the Borrower (or, if the Bank shall so agree, as shall be required to meet payments to be made by the Borrower) for goods or services included in Category 3 of such Allocation.

*Section 2.04.* Notwithstanding any other provision of the Loan Agreement and except as the Bank shall otherwise agree, no amount shall be withdrawn from the Loan Account in respect of any loan to be made under the Project requiring financing out of the proceeds of the Loan in excess of the equivalent of one million dollars (\$1,000,000) or in respect of any loan to be made under the Project, if such loan, together with such other loan or loans as shall have been made under the Project to the same beneficiary, shall require, in the aggregate, financing out of the proceeds of the Loan in excess of such amount.

*Section 2.05.* (a) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that (i) withdrawals from the Loan Account under Categories 1 and 2 of the Allocation of the Proceeds of the Loans set forth in Schedule 1 to this Agreement may be made on account of payments in the currency of the Guarantor, or for goods produced in, or services supplied from, the territories of the Guarantor;

and (ii) that withdrawals from the Loan Account may be made on account of payments made prior to the date of this Agreement but after December 1, 1969.

(b) No withdrawal from the Loan Account shall be made on account of payments for taxes imposed by the Guarantor or any of its political subdivisions on, or in connection with, the importation or supply of goods or services for the Project.

*Section 2.06.* 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 withdrawn from time to time.

*Section 2.07.* The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.08.* Interest and other charges shall be payable semi-annually on January 1 and July 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 2 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 in accordance with the provisions of the Loan Agreement to expenditures on the Project.

*Section 3.02.* The Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

### *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 VIII of the General Conditions.

*Section 4.02.* The President of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

### *Article V*

#### PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound agricultural, administrative and financial policies and practices.



(b) The Borrower shall make adequate provision for protecting itself against losses in connection with the service of the Loan resulting from changes in the exchange rate between Rials and the currency or currencies in which such service is to be met.

(c) The Borrower shall exercise its rights in relation to each loan made under the Project in such manner as to protect the interests of the Bank and the Borrower.

(d) The Borrower shall make adequate provision satisfactory to the Bank for the utilization, in the Borrower's agricultural credit program, of the proceeds of repayment of principal of medium- and long-term loans under the Project to the extent that such proceeds are not required for purposes of servicing the Loan.

(e) The Borrower shall ensure that each applicant for a loan under the Project will contribute out of his own resources not less than 30% of the funds and other investment (excluding farm land) required to carry out the project proposed by him.

(f) Except as the Bank shall otherwise agree, the Borrower shall submit to the Bank, for review and prior approval, any loan to be made under the Project: (i) in excess of the equivalent of two hundred thousand dollars (\$200,000) or which, together with such other loan or loans as shall have been made under the Project to the same beneficiary, exceed in the aggregate such amount; or (ii) to agricultural processors for preparation, packaging and storage of agricultural products; provided, however, that the Bank's approval of any such loan shall be deemed to have been given if the Bank shall not have notified the Borrower to the contrary within three weeks of receipt of the Borrower's submission in respect thereof.

(g) In submitting to the Bank any loan to be made under the Project requiring financing out of the proceeds of the Loan in excess of the equivalent of seven hundred and fifty thousand dollars (\$750,000), the Borrower shall furnish to the Bank evidence satisfactory to the Bank in respect of the foreign exchange component of the cost of the imported goods and services to be financed thereby.

(h) Except as the Bank shall otherwise agree, the total principal amount of loans made by the Borrower under the Project and to be financed in part out of the proceeds of the Loan shall not exceed the equivalent of (i) Rls. 200 million for dairy cattle, (ii) Rls. 50 million for sheep, (iii) Rls. 100 million for poultry, and (iv) Rls. 150 million for crop preparation, packaging and storage.

*Section 5.02.* (a) The Borrower shall conduct its business and operations in accordance with sound agricultural, administrative and financial policies and practices, and under the supervision of competent and experienced management. To that end, the Borrower, before making any loans, will complete a thorough appraisal of the loan application and satisfy itself that the proposed beneficiary will follow sound agricultural practices, in accordance with agreed investment plans, and that estimated results will be adequate to ensure a reasonable return

on investment and due and punctual service of the loans. In particular, the Borrower shall satisfy itself regarding such technical aspects as adequacy and quality of water supply, ecological and climatological conditions affecting production, suitability of planting material, the introduction and use of such current inputs as shall be appropriate to the cropping program and soil conditions, and the adequacy of marketing arrangements.

(b) The Borrower shall at all times charge such interest rates on all its loans as shall be necessary to provide revenues sufficient to: (i) cover all its operating expenditures and charges, including taxes, if any, and interest payments on borrowings; (ii) set up an adequate provision for bad or doubtful loans; and (iii) accumulate adequate reserves.

(c) Without limitation on the foregoing, the effective yearly rate of interest on loans made by the Borrower after the date of this Agreement shall not be less than 8% or such other rate as shall be agreed from time to time between the Bank and the Borrower.

*Section 5.03.* The Borrower shall maintain or cause to be maintained records adequate to identify the loans made under the Project, the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect the Project, the farms and other sites and plants included in the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan, the loans made under the Project, the goods and services financed out of the proceeds of the Loan, and the administration, operations (including an annual forecast of its total lending operations) and financial condition of the Borrower.

*Section 5.04.* (a) The Bank and the Borrower shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either of them, exchange views through their representatives with regard to the performance by the Borrower of its obligations under this Agreement, the administration, operations and financial condition of the Borrower, and other matters relating to the purposes of the Loan.

(b) 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 performance by the Borrower of its obligations under this Agreement.

*Section 5.05.* The Borrower undertakes that, except as the Bank shall otherwise agree: (a) if the Borrower shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; and (b) if any lien shall be created on any assets of the Borrower other than under (a) above, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

*Section 5.06.* Subject to the exemptions conferred by Sections 3.03 and 3.04 of the Guarantee Agreement,<sup>1</sup> the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement, or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of 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 Guarantor.

*Section 5.07.* The Borrower shall pay or cause to be paid all taxes, 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 on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

*Section 5.08.* Except as the Bank shall otherwise agree, the Borrower shall cause the financial statements (balance sheet and profit and loss statement) of the Borrower to be certified annually by a qualified and independent auditor acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank certified copies of such statements and a signed copy of the auditor's report.

*Section 5.09.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur any debt if, after the incurrence of any such debt, the Borrower's debt then incurred and outstanding would be greater than three times the Borrower's capital and surplus.

<sup>1</sup> See p. 82 of this volume.

For the purposes of this Section:

- (a) The term “debt” means any debt incurred by the Borrower and maturing on demand or more than one year after the date on which it is originally incurred.
- (b) The term “incur” with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (i) under a loan contract or agreement, on the date and to the extent it is drawn down pursuant to such loan contract or agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (c) Whenever in connection with this Section it shall be necessary to value in terms of Rials debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.
- (d) The term “capital and surplus” means the Borrower’s total unimpaired capital, surplus and free reserves.

#### Article VI

#### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, the principal of the Loan and of all the Bonds then outstanding, together with the interest and other charges thereon, shall become due and payable immediately upon declaration notified by the Bank to the Borrower during the continuance of such event, as provided in Section 7.01 of the General Conditions, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

*Section 6.02.* For the purposes of Section 7.01 of the General Conditions, the following additional event is specified:

A change shall have been made in the Law and Charter without the consent of the Bank.

#### Article VII

#### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1972 or such other date or dates as shall be agreed between the Bank and the Borrower.

*Section 7.02.* The date of June 26, 1970, is hereby specified for the purposes of Section 11.04 of the General Conditions.

*Section 7.03.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

## For the Borrower:

Agricultural Development Fund of Iran  
23 Takhte Jamshid Ave.  
Tehran, Iran

## Cable address:

Agrifund  
Theran, Iran

## For the Bank:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

## Cable address:

Intbafrad  
Washington, D.C.

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

International Bank for Reconstruction and Development:

By SIMON ALDEWERELD  
Vice President

Agricultural Development Fund of Iran:

By NASSER AMERI  
E. SHAPOORIAN  
Authorized Representatives

## SCHEDULE 1

## ALLOCATION OF PROCEEDS OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in U.S. Dollar equivalent</i>
1. Loans for Agricultural Production:	
(a) On-Farm Irrigation; Land Improvement and Development .....	2,415,000
(b) Agricultural Machinery, Buildings, Construction and Installation .....	1,530,000
(c) Planting Materials .....	85,000
(d) Livestock .....	<u>845,000</u>
Sub-total:	4,875,000

<i>Category</i>	<i>Amounts Expressed in U.S. Dollar equivalent</i>
2. Loans for Crop Preparation, Packaging and Storage .....	1,125,000
3. Technical Assistance .....	100,000
4. Contingencies .....	<u>400,000</u>
Total:	<u><u>6,500,000</u></u>

## SCHEDULE 2

## 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>
January 1, 1974 .....	200,000	July 1, 1979 .....	295,000
July 1, 1974 .....	210,000	January 1, 1980 .....	305,000
January 1, 1975 .....	215,000	July 1, 1980 .....	315,000
July 1, 1975 .....	225,000	January 1, 1981 .....	325,000
January 1, 1976 .....	230,000	July 1, 1981 .....	335,000
July 1, 1976 .....	240,000	January 1, 1982 .....	350,000
January 1, 1977 .....	245,000	July 1, 1982 .....	360,000
July 1, 1977 .....	255,000	January 1, 1983 .....	375,000
January 1, 1978 .....	265,000	July 1, 1983 .....	385,000
July 1, 1978 .....	275,000	January 1, 1984 .....	400,000
January 1, 1979 .....	285,000	July 1, 1984 .....	410,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity .....	1 1/4%
More than three years but not more than six years before maturity .....	2 1/2%
More than six years but not more than eleven years before maturity .....	4%
More than eleven years but not more than thirteen years before maturity .....	5 3/4%
More than thirteen years before maturity .....	7%

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

1. The Project is the financing of development of agricultural and livestock production in Iran through a three-year program of loans for the purpose primarily of increasing the production of oil seeds, citrus fruit, deciduous fruit, dairy cattle, sheep and poultry and of improving crop preparation, packaging and storage, and, subject to the Bank's approval, for any other such purpose.

2. Under the Project, medium- and long-term loans will be provided by the Borrower to agricultural producers for investment plans for land improvement and development, on-farm irrigation, agricultural machinery, buildings, construction and installation, planting material, and livestock; and to agricultural processors for investment plans for preparation, packaging and storage of agricultural products.

3. Loans under the Project may be made to finance up to 70% of each individual investment plan and the repayment periods (including grace periods) for such loans will not exceed:

<i>Purpose of Loan</i>	<i>Grace Period (years)</i>	<i>Repayment Period (years)</i>
Oil seeds .....	3	8
Citrus fruit .....	5	12
Deciduous fruit .....	5	12
Dairy cattle* .....	5	12
Sheep* .....	2	10
Poultry* .....	—	6
Preparation, packaging and storage .....	2	10

\* Including feed crops.

Grace and repayment periods for any multi-purpose loan will not exceed the longest periods provided above for any of the component purposes of the loan.

4. The Project includes also technical assistance of the Borrower in respect of training of its staff in project selection, appraisal and supervision.