

No. 10945

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

Guarantee Agreement—*Agricultural Credit Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements, Loan Agreement between the Bank and the Israel Bank of Agriculture Limited, and Project Agreements between the Bank and the YAAD Agricultural Development Bank Limited and NIR Limited). Signed at Washington on 21 October 1970

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 5 February 1971.

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

Contrat de garantie — *Projet relatif au crédit agricole* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie, le Contrat d'emprunt entre la Banque et Israel Bank of Agriculture Limited, et les Contrats relatifs aux projets entre la Banque et, respectivement, YAAD Agricultural Development Bank Limited et NIR Limited). Signé à Washington le 21 octobre 1970

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 5 février 1971.

GUARANTEE AGREEMENT¹

AGREEMENT, dated October 21, 1970, between STATE OF ISRAEL (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and the Israel Bank of Agriculture Limited (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty million dollars (\$20,000,000), 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, 1969,³ subject, however, to the modifications thereof set forth in Schedule 4 to the Loan Agreement, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, 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 the preamble to 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 uncon-

¹ Came into force on 21 January 1971, upon notification by the Bank to the Government of Israel.

² See p. 214 of this volume.

³ *Ibid.*

ditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement, the Trust Deed and the Bonds.

Section 2.02. (a) The Guarantor undertakes (i) to provide to the Borrower, YAAD and NIR, for the carrying out of the Project, the Government Loan in an aggregate amount of thirty-five million Israel Pounds (£35,000,000) at a rate of interest of seven per cent (7%) per annum on the principal amount withdrawn and outstanding from time to time, said principal to be repaid during a period of thirteen (13) years following a grace period of four (4) years from the date of this Guarantee Agreement, and (ii) to make available the proceeds of the Government Loan in accordance with the provisions of sub-paragraph (b) of this Section 2.02.

(b) Upon each decision by the Project Coordination Committee (to be established pursuant to Section 3.05 of this Guarantee Agreement) to approve a sub-lending project, the Guarantor shall promptly pay to whichever of the Borrower, YAAD or NIR will make the sub-loan for such sub-lending project a contribution towards such sub-loan of twenty per cent (20%) of the total cost of such sub-lending project (excluding land).

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 or of the Bank of Israel or any other institution acting as the central bank 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 sub-divisions or of any agency of the Guarantor or of any such political sub-division.

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 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, the Project Agreements,¹ the Trust Deed 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 coordinate their operations, and to conduct their affairs, all in accordance with sound agricultural, administrative and financial policies and practices, and for such purpose:

(a) The Guarantor shall, in consultation with the Borrower, establish, and thereafter maintain until completion of the Project, a project coordination committee which shall (i) advise on overall policy for granting sub-

¹ See p. 252 and 264 of this volume.

loans, (ii) approve sub-lending projects, (iii) coordinate the services to be provided by the various organizations participating in the carrying out of the Project, (iv) assist in the introduction of standardized loan application, supervision and reporting procedures with respect to sub-loans, (v) follow up on the status of loan applications submitted to the sub-lenders, and (vi) generally advise and assist in the implementation of the Project.

(b) The Guarantor shall appoint as members of the Project Coordination Committee one senior official from each of the following departments of its Ministry of Agriculture: (i) Credit, (ii) Planning and Development, and (iii) Extension; one senior official from, and to be nominated by, each of the Borrower, YAAD and NIR; and one senior official from its Ministry of Finance. The Guarantor's Minister of Agriculture shall appoint an additional member of the Project Coordination Committee who shall act as chairman.

(c) The Guarantor shall make available to the Project Coordination Committee all funds, facilities, services and other resources which shall be necessary to enable such Committee to carry out its functions, other than secretarial services to be provided by the Borrower pursuant to Section 5.10 of the Loan Agreement.

Section 3.06. The Guarantor covenants that it will not take, or cause or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any such political subdivisions to take, any action which would prevent or materially interfere with the performance by the Borrower of its obligations contained in the Loan Agreement or by YAAD or NIR of their respective obligations contained in the Project Agreements or by any one of them of its obligations contained in the Subsidiary Loan Agreements and will take or cause to be taken all reasonable action necessary or appropriate to enable the Borrower, YAAD and NIR to perform such obligations.

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 and such other person or persons as he may appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions.

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
Jerusalem, Israel

Cable address:

Ozar
Jerusalem

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.

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.

State of Israel:

By S. ALEXANDRONI
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
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 October 21, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the BANK) and ISRAEL BANK OF AGRICULTURE LIMITED (hereinafter called the Borrower), a company duly incorporated with limited liability under the Companies Ordinance of the State of Israel (hereinafter called the Guarantor).

WHEREAS (A) The Borrower is constituted with the principal object, *inter alia*, of establishing and conducting an agricultural bank in Israel and for the development thereof, financing of development projects in all branches of agriculture;

(B) The Borrower has requested the Bank to assist in the financing of the Project described in Schedule 3 to this Agreement by making the Loan as hereinafter provided;

(C) YAAD Agricultural Development Bank Limited (hereinafter called YAAD) and NIR Limited (hereinafter called NIR), each being a company duly incorporated with limited liability under the Companies Ordinance of the Guarantor and carrying on the business of an agricultural bank, will participate in the carrying out of the Project, and for such purpose of the Borrower will make available to YAAD and NIR, respectively, parts of the proceeds of the Loan, as hereinafter provided;

(D) The Borrower, YAAD and NIR intend to contract from the Guarantor a loan (hereinafter called the Government Loan) in an aggregate principal amount of thirty-five million Israel Pounds (£35,000,000) to assist in the financing of the Project, on the terms and conditions to be set forth in agreements (hereinafter called the Government Loan Agreements) to be entered into amongst them;

WHEREAS the Bank is willing, on the basis *inter alia* of the foregoing, to make to the Borrower the Loan for the Project in an amount in various currencies equivalent to twenty million dollars (\$20,000,000) upon the terms and conditions set forth hereinafter and in project agreements of even date herewith¹ between the Bank and YAAD and between the Bank and NIR, and provided that the Guarantor guarantee the Loan upon the terms and conditions of a guarantee agreement of even date herewith² between the Guarantor and the Bank;

NOW THEREFORE, the parties hereto hereby agree as follows:

¹ See p. 252 and 264 of this volume.

² See p. 204 of this volume.

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, 1969,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 4 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this 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) "AGREXCO" means Agricultural Export Company Limited, a company duly incorporated with limited liability under the Companies Ordinance of the Guarantor;

(b) "Subsidiary Loan Agreements" means the agreements to be entered into by the Borrower with YAAD and NIR, respectively, pursuant to Section 5.05 of this Agreement, as such agreements may be amended from time to time with the approval of the Bank;

(c) "Project Agreements" means the agreements of even date herewith entered into by the Bank with YAAD and NIR, respectively, providing for the carrying out of parts of the Project, as such agreements may be amended from time to time;

(d) "Project Coordination Committee" means the committee referred to in Section 3.05 of the Guarantee Agreement;

(e) "Trust Deed" means the trust deed to be executed by the Borrower upon the request of the Bank pursuant to Section 5.06 of this Agreement, and shall include any deed or instrument supplemental thereto;

(f) "Israel Pounds" and the letters "I£" mean the currency of the Guarantor;

(g) "sub-loan" means a loan made or proposed to be made within the scope of Parts A to E of Schedule 3 to this Agreement by the Borrower, YAAD or NIR out of the proceeds of the Loan, the Government Loan and the resources to be made available for such purpose by the Borrower, YAAD or NIR, as the case may be, pursuant to Section 5.01 (d) of this Agreement;

(h) "sub-borrower" means an eligible beneficiary of a sub-loan, as described in Parts A to E of Schedule 3 to this Agreement;

(i) "sub-lending project" means a project included in Parts A to E of Schedule 3 to this Agreement to which the proceeds of a sub-loan are to be applied;

¹ See p. 214 of this volume.

(j) “subsidiary”, in relation to the Borrower, means any company the majority of the outstanding voting stock of which is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and any one or more of its subsidiaries.

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 twenty million dollars (\$20,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for sub-lending projects and to be financed under this Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account, in respect of the reasonable cost of goods and services required for sub-lending projects and to be financed under this Agreement, the equivalent of fifty per cent (50%) (or such other percentage 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 sub-borrowers on account of sub-loans.

Section 2.04. The Closing Date shall be June 30, 1974 or such other date as shall be agreed between the Bank and the Borrower.

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 withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and one-fourth per cent ($7\frac{1}{4}\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Section 2.09. 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. Notwithstanding the provisions

of Section 8.06 of the General Conditions, the form of Bonds provided for in the General Conditions shall be appropriately modified to take account of the floating charge created by this Agreement or the Trust Deed, as the case may be.

Section 2.10. The Managing Director 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 III

FLOATING CHARGE

Section 3.01. As security for the payment of the principal of, and premium (if any) and interest and other charges on, the Loan and the Bonds, the Borrower hereby charges in favor of the Bank the whole of its undertaking and assets (including its goodwill) wheresoever and whatsoever present and future, excepting only Treasury Deposits relating to Debenture Issues Nos. 6 and 7 in principal amounts of three million Israel Pounds (£3,000,000) and five million five hundred thousand Israel Pounds (£5,500,000), respectively, together with interest and linking increments accruing thereon. The charge created by this Section shall be a floating charge and shall rank *pari passu* with the charge securing the debentures or series of debentures of the Borrower outstanding on the date of this Agreement.

Section 3.02. (a) On the principal of the Loan and of all the Bonds becoming due and payable immediately under the provisions of Section 9.01 of this Agreement, the security hereby constituted shall become enforceable and the Bank shall be entitled to take such steps as it shall deem proper in order to enforce the said security and to collect and recover the amounts due under the Loan Agreement and the Bonds from the Borrower and in particular, but without derogating from the generality of the foregoing, to appoint a receiver and/or manager, with the leave of court, over the whole or any part of the aforesaid undertaking and assets of the Borrower upon such terms as to remuneration and otherwise as the Bank shall think fit.

(b) A receiver and/or manager so appointed shall be the agent of the Borrower and shall have power to do all or any of the following things, namely:

- (i) To take possession of and get in all or any part of the undertaking and assets of the Borrower as are hereby charged to the Bank;
- (ii) To carry on or concur in carrying on the business of the Borrower and for that purpose to borrow money secured on the property hereby charged in priority to the charge hereby created or otherwise;
- (iii) To sell or concur in selling any such property and assets as aforesaid, or otherwise transfer, dispose of or deal therewith or concur in transferring, disposing or dealing therewith on such terms in the interests of the Bank as he shall think fit;

- (iv) To make any arrangement or compromise which he shall think expedient; and
- (v) To execute and do all such acts, instruments and things as may appear necessary or proper for or in relation to any of the purposes aforesaid PROVIDED ALWAYS that nothing herein contained shall make the Bank liable to such receiver or manager aforesaid in respect of his remuneration, costs, charges or otherwise.

(c) The net profits of carrying on the said business of the Borrower and the net proceeds of any sale, transfer, disposition or other dealing or of any compromise or arrangement as aforesaid, shall be applied by the receiver and/or manager as follows:

- (i) Firstly, in the payment of all costs, charges and expenses of and incidental to the appointment of the receiver and/or manager and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the receiver and/or manager and all outgoings properly paid by him;
- (ii) Secondly, in or towards the payment to the Bank of all costs and expenses, including legal fees and advocates' fees, incurred by it in or about the enforcement of the security hereby created;
- (iii) Thirdly, but subject to the rights of the holders of any security ranking *pari passu* with the security hereby created, in or towards payment of interest owing under the Loan Agreement and the Bonds;
- (iv) Fourthly, but subject as aforesaid, in or towards payment of the principal monies payable under the Loan Agreement and the Bonds; and
- (v) Fifthly, the surplus (if any) shall be paid over to the Borrower.

Section 3.03. The Borrower shall be entitled to charge the assets charged by Section 3.01 of this Agreement to secure, by way of floating charge ranking *pari passu* with the charge created by Section 3.01 of this Agreement, (i) additional debentures or series of debentures to be issued by the Borrower, and (ii) additional loans to the Borrower; provided, however, that the aggregate amount of the unredeemed debentures (taking into account the linking terms thereof) issued by the Borrower and so secured (including the Loan, the Bonds, and any loans to the Borrower so secured) outstanding at the time of the issue of such additional debentures or series of debentures or at the time of the securing of any such loan or loans shall not, together with such additional debentures or series of debentures or such loan or loans, as the case may be, exceed twice the aggregate amount of the paid-up share capital of the Borrower together with its reserve funds for the time being.

Section 3.04. Save as provided in Section 3.03, the Borrower shall not without the prior written consent of the Bank create any lien on its aforesaid undertaking or assets or any part thereof ranking prior to or *pari passu* with the floating charge in favor of the Bank created under Section 3.01 of this Agreement; 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 3.05. The primary obligation of the Borrower to pay the aggregate amount of the principal of, and the premium (if any) and interest and other charges on, any part of the Loan or the Bonds in the currency provided for in the Loan Agreement or in the Bonds (in this Section called the “stipulated currency”) shall in no circumstances be affected or impaired by any alteration in the rate of exchange from time to time prevailing between the stipulated currency and any other currency whether such alteration shall occur before or on or after the date of maturity of such part of the Loan or the Bonds or other date upon which the security constituted by Section 3.01 of this Agreement shall become enforceable, so that the primary obligation shall not be deemed to have been discharged or satisfied by any tender of or recovery of judgment expressed in any currency other than the stipulated currency except to the extent to which such tender or judgment shall result in the effective payment of the said aggregate amount in the stipulated currency, and accordingly the primary obligation shall continue enforceable for the purpose of recovering in the stipulated currency the amount (if any) by which any such effective payment shall fall short of the said aggregate amount.

Article IV

PROJECT FUND; PROJECT ACCOUNT; GOVERNMENT LOAN ACCOUNT

Section 4.01. (a) Without restriction or limitation upon any other provision of this Agreement, the Borrower shall establish a special Project fund (hereinafter called the Project Fund) to be used exclusively for the purposes set forth in paragraphs (b) and (c) of this Section 4.01.

(b) The Borrower shall deposit in the Project Fund all amounts as shall be from time to time received by the Borrower on account of the proceeds of the Loan.

(c) The Borrower, YAAD and NIR shall be entitled, respectively, to be reimbursed from the Project Fund the equivalent of fifty per cent (50%) (or such other percentage as may be established from time to time by agreement between the Borrower and the Bank) of such amounts as shall have been paid by them to sub-borrowers on account of sub-loans.

(d) The Borrower shall maintain or cause to be maintained a separate and special consolidated Project account (hereinafter called the Project Account) and records thereof adequate to reflect, in accordance with consistently maintained sound accounting practices, the operations and financial condition of the Project Fund and of the Borrower, YAAD and NIR with respect to all sub-lending transactions within the framework of the Project.

(e) The Borrower shall maintain or cause to be maintained a separate and special Government Loan account for the Project (hereinafter called the Govern-

ment Loan Account) and records thereof adequate to reflect, in accordance with consistently maintained sound accounting practices, the status of the portion of the Government Loan received by the Borrower.

Article V

EXECUTION OF THE PROJECT

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency, in conformity with sound agricultural, administrative and financial policies and practices, and under the supervision of competent and experienced management.

(b) The Borrower shall exercise its rights in relation to each sub-loan in such manner as to protect the interests of the Bank and the Borrower.

(c) 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 to it of principal of sub-loans to the extent that such proceeds are not required for purposes of servicing the Loan and the Government Loan.

(d) Except as the Bank and the Borrower may otherwise agree, the Borrower shall ensure that (i) each sub-borrower receiving a sub-loan from the Borrower will contribute out of his own resources not less than twenty per cent (20%) of the total cost of the sub-lending project proposed by him (excluding land), (ii) in respect of each such sub-lending project the Borrower will provide financing of not less than a further such twenty per cent (20%) out of its own resources, as part of the sub-loan, in addition to the proceeds of the Government Loan representing a further such twenty per cent (20%) which will be made available by the Guarantor to the Borrower for such purpose pursuant to Section 2.02 (b) of the Guarantee Agreement, and (iii) the proceeds of the Loan to be included in any such sub-loan will not exceed forty per cent (40%) of such total cost.

(e) Except as the Bank shall otherwise agree, the Borrower shall submit to the Bank, for review and prior approval, any sub-loan in excess of the equivalent of three hundred thousand dollars (\$300,000) or which, together with any outstanding balance of such other sub-loan or sub-loans as shall have been made to the same sub-borrower, exceed in the aggregate such amount.

Section 5.02. Pursuant to Section 5.01 of this Agreement, the Borrower, before making any sub-loan, will complete a thorough appraisal of the loan application and satisfy itself that the sub-borrower 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 sub-loan. 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.

Section 5.03. (a) The Borrower shall at all times charge a yearly rate of interest on sub-loans made by the Borrower of nine per cent (9%) or such other rate as shall be agreed from time to time between the Bank and the Borrower.

(b) Except as the Bank and the Borrower may otherwise agree, the repayment periods (including grace periods) for sub-loans will not exceed:

	<i>Grace Period (years)</i>	<i>Total Repayment Period (including Grace Period) (years)</i>
(i) Greenhouses for flowers	2	10
(ii) Sub-tropical fruit plantations	7	15
(iii) Farmers' cooperative, kibbutzim and moshavim handling facilities	2	10
(iv) AGREXCO handling facilities	3	15
(v) Irrigation equipment and minor civil works	3	15

(c) The Borrower undertakes that, unless the Bank shall otherwise agree, any sub-loan by the Borrower will be made under the procedures described in Schedule 5 to this Agreement and on terms whereby the Borrower shall obtain, by written agreement or by other appropriate legal means, rights adequate to protect the interests of the Borrower and rights which the Bank shall deem adequate to protect the interests of the Bank, including: (i) the right to require the sub-borrower to carry out and operate the sub-lending project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the sub-loan shall be used exclusively in the carrying out of the sub-lending project; (iii) the right of the Bank and the Borrower to inspect such goods and the farms, sites, works, and construction included in the sub-lending project, the operation thereof and any relevant records and documents; (iv) the right to require that the sub-borrower shall take out and maintain such insurance, against risks and in such amounts, as shall be consistent with sound agricultural and business practices and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of the goods financed out of the proceeds of the sub-loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the sub-borrower to replace or repair

such goods; (v) the right to obtain all such information as the Bank and the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the sub-borrower; and (vi) the right of the Borrower to suspend and terminate access by the sub-borrower to the use of the proceeds of the sub-loan upon failure by such sub-borrower to perform its obligations under its agreement with the Borrower.

Section 5.04. Without the prior approval of the Bank, the Borrower shall not amend (i) its Memorandum or Articles of Association, provided, however, that such approval shall not be required for any amendment to increase the authorized capital of the Borrower or to create new classes of shares, or (ii) its security, lending and supervision procedures described in Schedule 5 to this Agreement.

Section 5.05. For the purpose of enabling YAAD and NIR to participate in sub-lending operations to be carried out under the Project, Subsidiary Loan Agreements in form and substance satisfactory to the Bank shall be entered into between the Borrower and YAAD and between the Borrower and NIR, respectively, providing, *inter alia*, for relending by the Borrower to YAAD and NIR out of the proceeds of the Loan, at the same rate of interest as that payable by the Borrower to the Bank in terms of Section 2.06 of this Agreement.

Section 5.06. The Borrower shall, on the written request of the Bank, execute and deliver in favor of trustees in Israel acceptable to the Bank a Trust Deed in the form of the trust deeds used by the Borrower at the time of such request to secure its debentures (with the addition of language similar to that in Section 3.05 of this Agreement and with forms of Bonds substantially as provided in this Agreement and in the General Conditions), or in such other form as the Bank and the Borrower shall agree, to constitute by way of security for the Loan, the Bonds and interest thereon and other charges in connection therewith, a floating charge upon all of the Borrower's undertaking and assets (including its goodwill, but excluding Treasury Deposits relating to Debenture Issues Nos. 6 and 7 as hereinbefore mentioned) ranking *pari passu* with the debentures or series of debentures of the Borrower then outstanding. The Borrower shall obtain all necessary consents for the valid execution and delivery of such Trust Deed and shall duly register, or cause to be registered, such Trust Deed together with such other documents as may be necessary or proper in order to render the same fully effective in accordance with its terms. The Borrower shall thereafter provide the Bank with an opinion satisfactory to the Bank of counsel acceptable to the Bank showing that the foregoing requirements of this Section have been complied with. At the time of the registration of such Trust Deed the Bank and the Borrower shall take all action necessary to discharge the floating charges created by Section 3.01 of this Agreement. The Borrower shall comply with the requirements of this Section promptly and in any

case within ninety days of receiving such written request from the Bank. All expenses of complying with this Section shall be paid by the Borrower.

Section 5.07. If a Trust Deed is delivered pursuant to Section 5.06 of this Agreement, the Borrower shall duly perform all obligations to be performed by it under the Trust Deed.

Section 5.08. If a Trust Deed is delivered pursuant to Section 5.06 of this Agreement, the Borrower shall not consent to any action taken at any meeting of bondholders or by written instrument pursuant to the provisions of the Trust Deed which would change the terms of the Bonds or adversely affect the holders thereof or the Bank unless the Bank shall have expressed in writing its approval of such action or such consent.

Section 5.09. The Borrower shall take such steps satisfactory to the Bank as shall be necessary to protect itself against risk of loss resulting from changes in the rate of exchange between any of the various currencies used in its operations.

Section 5.10. The Borrower shall, from time to time, select a representative to be appointed by the Guarantor to the Project Coordination Committee pursuant to Section 3.05 of the Guarantee Agreement, cooperate fully with the said Committee in such manner as to enable it to fulfill its functions effectively and provide such secretarial services as the said Committee may reasonably require.

Section 5.11. The Borrower shall cause each of its subsidiaries, if any, and each of the subsidiaries established or acquired after the date of this Agreement, if any, to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or can be applicable thereto, as though such obligations were binding upon each of such subsidiaries.

Section 5.12. Except as the Bank shall otherwise agree, the goods and services to be financed under Category II (b) of the allocation of the proceeds of the Loan as set out in Schedule 1 to this Agreement shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as shall be agreed between the Bank and the Borrower.

Article VI

RECORDS

Section 6.01. (a) The Borrower shall maintain records adequate to record the progress of the Project and of each sub-lending project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

(b) The Borrower shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal

year, including such accounts and statements of the Project Fund, the Project Account and the Government Loan Account, audited by independent auditors acceptable to the Bank in accordance with sound auditing principles consistently applied; (ii) furnish to the Bank, as soon as available but in any case not later than three months after the end of each such year, certified copies of its audited financial statements for such year, including such statements relating to the Project Fund, the Project Account, and the Government Loan Account, and an audit report by the said auditors of such scope and in such detail as the Bank shall reasonably request; (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower, including such statements relating to the Project Fund, the Project Account and the Government Loan Account, and the audit thereof as the Bank shall from time to time reasonably request.

Article VII

CONSULTATION; INFORMATION

Section 7.01. The Borrower 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 Fund, the Project Account, the Government Loan Account, the sub-loans, the sub-borrowers, the sub-lending projects, and the administration, operations and financial condition of the Borrower.

Section 7.02. The Bank and the Borrower shall cooperate 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 party, exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower, the Project Fund, the Project Account, the Government Loan Account and the sub-borrowers, and other matters relating to the purpose of the Loan.

Section 7.03. The Bank and the Borrower shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by either of them of its obligations under the Loan Agreement or the performance by any party to a Project Agreement, Subsidiary Loan Agreement, Government Loan Agreement or sub-loan agreement of its obligations thereunder.

Article VIII

TAXES

Section 8.01. Subject to such exemptions as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement or otherwise, 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 the Loan Agreement, the Guarantee Agreement, the Project Agreements, the Trust Deed 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 8.02. 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 the Loan Agreement, the Guarantee Agreement, the Project Agreements, the Trust Deed or the Bonds.

Article IX

REMEDIES OF THE BANK

Section 9.01. If any event specified in Section 7.01 of the General Conditions or in Section 9.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Section 9.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) an order is made or a resolution passed for the winding up of the Borrower, YAAD or NIR;
- (b) if a Trust Deed is delivered pursuant to Section 5.06 of this Agreement, the security constituted by the Trust Deed shall have become enforceable;
- (c) YAAD shall have failed to perform any of its obligations under the Project Agreement or Subsidiary Loan Agreement entered into by it, and such failure shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower; and
- (d) NIR shall have failed to perform any of its obligations under the Project Agreement or Subsidiary Loan Agreement entered into by it, and such failure shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

Article X

EFFECTIVE DATE; TERMINATION

Section 10.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

(a) Except as the Bank shall otherwise agree, all necessary acts, consents and approvals to be performed or given by the Guarantor, its political subdivisions or agencies or by any agency of any political subdivision or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower contained in the Loan Agreement and the Subsidiary Loan Agreements and to enable YAAD and NIR to perform all of their covenants, agreements and obligations contained in the Project Agreements and Subsidiary Loan Agreements and to enable the Government, the Borrower, YAAD and NIR to perform all of their covenants, agreements and obligations contained in the Government Loan Agreements, together with all necessary powers and rights in connection therewith, have been performed or given.

(b) The Borrower shall have duly registered, or caused to be registered, the Loan Agreement together with such other documents as may be necessary or proper in order to render the floating charge provided for by Section 3.01 of this Agreement fully effective in accordance with its terms.

(c) The execution and delivery of the Project Agreement on behalf of YAAD shall have been duly authorized or ratified by all necessary corporate and governmental action.

(d) The execution and delivery of the Project Agreement on behalf of NIR shall have been duly authorized or ratified by all necessary corporate and governmental action.

(e) The Project Coordination Committee shall have been established, and its chairman and members appointed, in accordance with Section 3.05 of the Guarantee Agreement.

(f) Subsidiary Loan Agreements shall have been entered into in accordance with Section 5.05 of this Agreement, and the execution and delivery thereof on behalf of the parties thereto shall have been duly authorized or ratified by all necessary corporate and governmental action.

(g) The Government Loan Agreements shall have been entered into in accordance with Section 2.02 of the Guarantee Agreement, and the execution and delivery thereof on behalf of the parties thereto shall have been duly authorized or ratified by all necessary corporate and governmental action.

Section 10.02. The following are specified as additional matters, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

- (a) That the Project Agreement between the Bank and YAAD has been duly authorized or ratified by, and executed and delivered on behalf of, YAAD and constitutes a valid and binding obligation of YAAD in accordance with its terms;
- (b) That the Project Agreement between the Bank and NIR has been duly authorized or ratified by, and executed and delivered on behalf of, NIR and constitutes a valid and binding obligation of NIR in accordance with its terms;
- (c) That the Subsidiary Loan Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and YAAD, in the one case, and the Borrower and NIR, in the other case, and constitute valid and binding obligations of the Borrower, YAAD and NIR in accordance with their terms;
- (d) That the Government Loan Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto respectively and constitute valid and binding obligations of the said parties in accordance with their terms;
- (e) That all acts, consents and approvals referred to in Section 10.01 (a) of this Agreement, together with all necessary powers and rights in connection therewith, have been duly and validly performed or given and that no other such acts, consents or approvals are required in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower contained in the Loan Agreement and Subsidiary Loan Agreements and to enable YAAD and NIR to perform all of their covenants, agreements and obligations contained in the Project Agreements and Subsidiary Loan Agreements and to enable the Government, the Borrower, YAAD and NIR to perform all of their covenants, agreements and obligations contained in the Government Loan Agreements;
- (f) That the Borrower has satisfied the conditions referred to in Section 8.01 of this Agreement.

Section 10.03. The date January 31, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article XI

ADDRESSES

Section 11.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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.

For the Borrower:

Israel Bank of Agriculture Limited
83 Hachashmonaim St.
Tel Aviv, Israel

Cable address:

Isagbank
Tel Aviv

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 J. BURKE KNAPP
Vice President

Israel Bank of Agriculture Limited:

By M. MEIRAV
Authorized Representative

SCHEDULE I

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each category:

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>
I. Sub-loans for Export Crop Development:	
(a) Greenhouses for Flowers—Part A of the Project	4,600,000
(b) Fruit Plantations—Part B of the Project	1,900,000
II. Sub-loans for Export Handling Facilities:	

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>
(a) for farmers' cooperative societies, kibbutzim and moshavim—Part C of the Project	2,900,000
(b) for AGREXCO—Part D of the Project	1,700,000
III. Sub-loans for Water Development—Part E of the Project	<u>8,900,000</u>
TOTAL	<u><u>20,000,000</u></u>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of expenditures prior to the date of this Agreement, except that withdrawals may be made in respect of Categories I, II (a) and III on account of expenditures incurred after July 1, 1970 in an aggregate amount not exceeding \$1,500,000 equivalent.

3. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above, if the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor may be reallocated by the Bank at the request of the Borrower by increasing correspondingly the amount of the Loan allocated to another Category or Categories.

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>
December 15, 1974	475,000	June 15, 1981	755,000
June 15, 1975	495,000	December 15, 1981	785,000
December 15, 1975	510,000	June 15, 1982	810,000
June 15, 1976	530,000	December 15, 1982	840,000
December 15, 1976	550,000	June 15, 1983	870,000
June 15, 1977	570,000	December 15, 1983	905,000
December 15, 1977	590,000	June 15, 1984	935,000
June 15, 1978	610,000	December 15, 1984	970,000
December 15, 1978	635,000	June 15, 1985	1,005,000
June 15, 1979	655,000	December 15, 1985	1,040,000
December 15, 1979	680,000	June 15, 1986	1,080,000
June 15, 1980	705,000	December 15, 1986	1,120,000
December 15, 1980	730,000	June 15, 1987	1,150,000

* To the extent that any portion 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 portion 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 ¼%
More than three years but not more than six years before maturity	2 ½%
More than six years but not more than eleven years before maturity	4%
More than eleven years but not more than fifteen years before maturity	6%
More than fifteen years before maturity	7 ¼%

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project is a part of the Guarantor's Five-Year Agricultural Development Plan, designed mainly to assist in increasing agricultural exports, and consists of a program of sub-loans to be made by the three agricultural banks—the Borrower, YAAD and NIR—to finance investments in:

- PART A. *Greenhouses for Flowers:*** the construction by kibbutzim, moshavim and individual farmers of hothouses on approximately 48 hectares for roses and greenhouses, on approximately 24 hectares for carnations, the provision of removable plastic covering against hail for approximately 70 hectares of gladioli, and the improvement of approximately 20 hectares of existing hothouses, including the installation of heating, ventilation and irrigation systems.
- PART B. *Fruit Plantations:*** the planting by kibbutzim, moshavim and individual farmers of approximately 750 hectares of avocados, 280 hectares of mangoes, 800 hectares of tangerines and 800 hectares of grapefruit, including the installation of irrigation systems.
- PART C. *Export Handling Facilities for farmers' cooperative societies, kibbutzim and moshavim:*** the provision of harvesting, sorting, grading and packing facilities, including the construction and equipping of 12 packing plants (2 for flowers, 9 for fruit and 1 for off-season vegetables), and the acquisition of about 25 packing machines and ancillary equipment for various vegetables and 30 combine harvesters and ancillary equipment.
- PART D. *Export Handling Facilities for AGREXCO:*** the construction and equipment of a modern, fully automated handling plant at Lod Airport and an increase in storage and handling facilities (particularly cold storage) at Ashdod Port.

PART E. *Water Development*: high priority water development on a small and medium scale in different parts of the country to improve and extend water distribution systems and to provide drainage in some 170 moshavim and 80 kibbutzim, and the construction of about 34 small storage reservoirs.

The Project is expected to be completed by December 31, 1973.

SCHEDULE 4

MODIFICATIONS OF GENERAL CONDITIONS

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. By the deletion of Section 5.01.
2. By the deletion of paragraph (j) of Section 9.04 and the substitution therefor of the following paragraph:

“(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties under the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder, provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to article III of the Loan Agreement, the Trust Deed or the Bonds, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim.”

SCHEDULE 5

SECURITY, LENDING AND SUPERVISION PROCEDURES

1. Every sub-borrower must submit to the bank concerned:
 - (a) audited balance sheets and income and expenditure statements for the past five years;
 - (b) an estimate of operations for the next 3-5 years;
 - (c) a detailed plan of operations for the following year, which includes details of inputs and outputs (in physical and money terms) and their timing, as well as investments required and method of financing.

Copies of the above are submitted to the Regional Offices of the Ministry of Agriculture for submission to the Central Supervised Credit Unit of the Ministry.

2. The Regional Office of the Ministry checks the plan of operations and makes its recommendations as regards the annual investment plan to the Supervised Credit Unit of the Ministry, to the bank concerned and to the settlement union to which the farm is affiliated.

3. The bank concerned scrutinizes the plan and recommendations and decides on the measures to be taken.

4. Past performance and the plan of operations are discussed by a "judgment committee" composed of representatives of the Regional Office of the Ministry of Agriculture, the Central Supervised Credit Union of the Ministry, the settlement union and the bank concerned. This committee recommends to the bank concerned and the Central Supervised Credit Unit the amount to be invested.

5. The Loan Committee and Board of Directors of the bank concerned consider the above recommendations and make their decision.

6. A detailed cashflow is prepared taking into account resources and requirements of long-term and seasonal financing.

7. Short-term credit is provided directly by the Borrower for its customers, by Bank Leumi Le-Israel for YAAD customers and by Bank Hapoalim for NIR customers.

8. The bank concerned obtains details of charges registered on the sub-borrower's assets and on proceeds from sale of produce, and registers a floating charge, unlimited in amount, on the sub-borrower's total assets.

9. The sub-borrower signs an irrevocable Power of Attorney to register a first mortgage on his immovable property.

10. A guarantee of the settlement's Mutual Aid Fund, normally fixed at 10% of the amount to be lent, is obtained.

11. The sub-borrower gives irrevocable instructions (a) to his marketing agents to transfer all payments to his account with the Borrower, Bank Leumi or Bank Hapoalim as the case may be, and (b) to Bank Leumi and Bank Hapoalim to transfer to YAAD or NIR all loan repayments on maturity. This system of obtaining collateral avoids the necessity of obtaining additional securities for each individual sub-loan.

12. Disbursement of the sub-loan is made on the basis of a report submitted by the sub-borrower, and checked by the appropriate technical and field officers, indicating the investments made in accordance with the agreed annual plan.

13. The supervision of the execution of the annual plan is as follows:

(a) a detailed cashflow statement is submitted by the sub-borrower monthly or bi-monthly and is compared with the plan, any marked deviation being investigated immediately;

- (b) the Regional Office of the Ministry of Agriculture checks quarterly, on the farm, the progress of the projected investments and reports accordingly;
- (c) the sub-borrower reports semi-annually on actual results of production and outlays and includes a forecast to the year's end as compared to the original annual farm plan;
- (d) an audited balance sheet must be submitted 3-6 months after the end of the year;
- (e) bank credit staff visit each farm at least twice a year. One of the visits is made on receipt of the semi-annual report.

14. The provisions of paragraphs 1 (a) and (b) and 13 (d) of this Schedule 5 shall not be applicable to individual farmers.

PROJECT AGREEMENT

AGREEMENT, dated October 21, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and YAAD AGRICULTURAL DEVELOPMENT BANK LIMITED (hereinafter called YAAD).

WHEREAS by a loan agreement of even date herewith¹ (hereinafter called the Loan Agreement) between Israel Bank of Agriculture Limited (hereinafter called the Borrower) and the Bank, the Bank has agreed to make available to the Borrower a loan in various currencies equivalent to twenty million dollars (\$20,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that YAAD agrees to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth; and

WHEREAS YAAD, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE, the parties hereto hereby agree as follows:

Article I

DEFINITIONS

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

EXECUTION OF THE PROJECT

Section 2.01. (a) YAAD shall participate in carrying out the Project with due diligence and efficiency, in conformity with sound agricultural, administrative and

¹ See p. 214 of this volume.

financial policies and practices, and under the supervision of competent and experienced management.

(b) YAAD shall exercise its rights in relation to each sub-loan in such manner as to protect the interests of the Bank and YAAD.

(c) YAAD shall make adequate provision satisfactory to the Bank for the utilization, in YAAD's agricultural credit program, of the proceeds of repayment to it of principal of sub-loans to the extent that such proceeds are not required for purposes of servicing the part of the Loan to be relented by the Borrower to YAAD and the portion of the Government Loan to be received by YAAD from the Guarantor.

(d) Except as the Bank and YAAD may otherwise agree, YAAD shall ensure that (i) each sub-borrower receiving a sub-loan from YAAD will contribute out of his own resources not less than twenty per cent (20%) of the total cost of the sub-lending project proposed by him (excluding land), (ii) in respect of each such sub-lending project YAAD will provide financing of not less than a further such twenty per cent (20%) out of its own resources, as part of the sub-loan, in addition to the proceeds of the Government Loan representing a further such twenty per cent (20%) which will be made available by the Guarantor to YAAD for such purpose pursuant to Section 2.02 (b) of the Guarantee Agreement,¹ and (iii) the proceeds of the Loan to be included in any such sub-loan will not exceed forty per cent (40%) of such total cost.

(e) Except as the Bank shall otherwise agree, YAAD shall submit to the Borrower, for review and prior approval by the Bank, any sub-loan in excess of the equivalent of three hundred thousand dollars (\$300,000) or which, together with any outstanding balance of such other sub-loan or sub-loans as shall have been made to the same sub-borrower, exceed in the aggregate such amount.

Section 2.02. Pursuant to Section 2.01 of this Agreement, YAAD, before making any sub-loan, will complete a thorough appraisal of the loan application and satisfy itself that the sub-borrower 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 sub-loan. In particular, YAAD 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.

Section 2.03. (a) YAAD shall at all times charge a yearly rate of interest on sub-loans made by YAAD of nine per cent (9%) or such other rate as shall be agreed from time to time between the Bank and YAAD.

¹ See p. 204 of this volume.

(b) Except as the Bank and YAAD may otherwise agree, the repayment periods (including grace periods) for sub-loans will not exceed:

	<i>Grace Period (years)</i>	<i>Total Repayment Period (including Grace Period) (years)</i>
(i) Greenhouses for flowers	2	10
(ii) Sub-tropical fruit plantations	7	15
(iii) Farmers' cooperative, kibbutzim and moshavim handling facilities	2	10
(iv) AGREXCO handling facilities	3	15
(v) Irrigation equipment and minor civil works	3	15

(c) YAAD undertakes that, unless the Bank shall otherwise agree, any sub-loan by YAAD will be made under the procedures described in Schedule 5 to the Loan Agreement and on terms whereby YAAD shall obtain, by written agreement or by other appropriate legal means, rights adequate to protect the interests of YAAD and rights which the Bank shall deem adequate to protect the interests of the Bank, including: (i) the right to require the sub-borrower to carry out and operate the sub-lending project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the sub-loan shall be used exclusively in the carrying out of the sub-lending project; (iii) the right of the Bank and YAAD to inspect such goods and the farms, sites, works, and construction included in the sub-lending project, the operation thereof and any relevant records and documents; (iv) the right to require that the sub-borrower shall take out and maintain such insurance, against risks and in such amounts, as shall be consistent with sound agricultural and business practices and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of the goods financed out of the proceeds of the sub-loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the sub-borrower to replace or repair such goods; (v) the right to obtain all such information as the Bank and YAAD shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the sub-borrower; and (vi) the right of YAAD to suspend and terminate access by the sub-borrower to the use of the proceeds of the sub-loan upon failure by such sub-borrower to perform its obligations under its agreement with YAAD.

Section 2.04. Without the prior approval of the Bank, YAAD shall not amend (i) its Memorandum or Articles of Association, provided, however, that such approval shall not be required for any amendment to increase the authorized capital of YAAD or to create new classes of shares, or (ii) its security, lending and supervision procedures described in Schedule 5 to the Loan Agreement.

Section 2.05. For the purpose of enabling YAAD to participate in sub-lending operations to be carried out under the Project, a Subsidiary Loan Agreement in form and substance satisfactory to the Bank shall be entered into between the Borrower and YAAD providing, *inter alia*, for relending by the Borrower to YAAD out of the proceeds of the Loan, at the same rate of interest as that payable by the Borrower to the Bank in terms of Section 2.06 of the Loan Agreement.

Section 2.06. YAAD shall, from time to time, select a representative to be appointed by the Guarantor to the Project Coordination Committee pursuant to Section 3.05 of the Guarantee Agreement, and cooperate fully with the said Committee in such manner as to enable it to fulfill its functions effectively.

Section 2.07. YAAD shall cause each of its subsidiaries, if any, and each of the subsidiaries established or acquired after the date of this Agreement, if any, to observe and perform the obligations of YAAD hereunder to the extent to which such obligations shall or can be applicable thereto, as though such obligations were binding upon each of such subsidiaries.

Section 2.08. Except as the Bank shall otherwise agree, the goods and services to be financed under Category II (b) of the allocation of the proceeds of the Loan as set out in Schedule 1 to the Loan Agreement shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as shall be agreed between the Bank and YAAD.

Section 2.09. YAAD shall maintain or cause to be maintained a separate and special Government Loan account for the Project (hereinafter called the Government Loan Account) and records thereof adequate to reflect, in accordance with consistently maintained sound accounting practices, the status of the portion of the Government Loan received by YAAD.

Article III

RECORDS

Section 3.01. (a) YAAD shall maintain records adequate to record the progress of each sub-lending project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of YAAD. YAAD shall enable the Bank's representatives to examine such records.

(b) YAAD shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year, audited by independent auditors acceptable to the Bank in accordance with sound auditing principles consistently applied; (ii) furnish to the Bank, as soon as available but in any case not later than three months after the end of each such year, certified copies of its audited financial statements for such year, and an audit report by the said auditors of such scope and in such detail as the Bank shall reasonably request; (iii) furnish to the Bank such other information concerning the accounts and financial statements of YAAD and the audit thereof as the Bank shall from time to time reasonably request.

(c) Whenever so requested by the Borrower, YAAD shall make available to the Borrower its books and records relating to sub-lending transactions within the framework of the Project, to enable the Borrower to fulfill its obligation to maintain the Project Account referred to in Section 4.01 (d) of the Loan Agreement and for the audit thereof.

Article IV

CONSULTATION; INFORMATION

Section 4.01. YAAD shall furnish to the Bank all such information as the Bank shall reasonably request concerning the sub-loans, the sub-borrowers, the sub-lending projects, and the administration, operations and financial condition of YAAD.

Section 4.02. The Bank and YAAD shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and YAAD shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance of their respective obligations relating to the carrying out of the Project, the administration, operations and financial condition of YAAD and the sub-borrowers, and other matters relating to the purpose of the Loan.

Section 4.03. The Bank and YAAD shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the performance by either of them of its obligations under this Agreement or the performance by the Borrower or YAAD of its obligations under the Subsidiary Loan Agreement to be entered into between the Borrower and YAAD or the performance by any party to a Government Loan Agreement or a sub-loan agreement of its obligations thereunder.

Article V

EFFECTIVE DATE; TERMINATION

Section 5.01. This Project Agreement shall enter into force and effect on the Effective Date. If the Loan Agreement shall terminate pursuant to Section 7.01 of

the General Conditions, the Bank shall promptly notify YAAD of this event and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 5.02. This Project Agreement shall terminate and all obligations of the parties hereunder shall determine upon termination of the Loan Agreement.

Article VI

MISCELLANEOUS PROVISIONS

Section 6.01. No delay in exercising, or omission to exercise, any right, power, or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 6.02. Any notice, demand or request required or permitted to be given or made under this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such demand or request. The addresses so specified are:

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.

For YAAD:

YAAD Agricultural Development Bank Limited
91 Hachashmonaim St.
Tel Aviv, Israel

Section 6.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of YAAD may be taken or executed by its General Manager or such other person or persons as he shall designate in writing.

Section 6.04. YAAD shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of YAAD, take any action or execute any documents required or permitted to be taken or executed by YAAD pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

Section 6.05. This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

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 J. BURKE KNAPP
Vice President

YAAD Agricultural Development Bank Limited:

By J. Y. MORITZ
Authorized Representative

PROJECT AGREEMENT

AGREEMENT, dated October 21, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NIR LIMITED (hereinafter called NIR).

WHEREAS by a loan agreement of even date herewith¹ (hereinafter called the Loan Agreement) between Israel Bank of Agriculture Limited (hereinafter called the Borrower) and the Bank, the Bank has agreed to make available to the Borrower a loan in various currencies equivalent to twenty million dollars (\$20,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that NIR agrees to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth; and

WHEREAS NIR, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE, the parties hereto hereby agree as follows:

Article I

DEFINITIONS

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

¹ See p. 214 of this volume.

Article II

EXECUTION OF THE PROJECT

Section 2.01. (a) NIR shall participate in carrying out the Project with due diligence and efficiency, in conformity with sound agricultural, administrative and financial policies and practices, and under the supervision of competent and experienced management.

(b) NIR shall exercise its rights in relation to each sub-loan in such manner as to protect the interests of the Bank and NIR.

(c) NIR shall make adequate provision satisfactory to the Bank for the utilization, in NIR's agricultural credit program, of the proceeds of repayment to it of principal of sub-loans to the extent that such proceeds are not required for purposes of servicing the part of the Loan to be relented by the Borrower to NIR and the portion of the Government Loan to be received by NIR from the Guarantor.

(d) Except as the Bank and NIR may otherwise agree, NIR shall ensure that (i) each sub-borrower receiving a sub-loan from NIR will contribute out of his own resources not less than twenty per cent (20%) of the total cost of the sub-lending project proposed by him (excluding land), (ii) in respect of each such sub-lending project NIR will provide financing of not less than a further such twenty per cent (20%) out of its own resources, as part of the sub-loan, in addition to the proceeds of the Government Loan representing a further such twenty per cent (20%) which will be made available by the Guarantor to NIR for such purpose pursuant to Section 2.02 (b) of the Guarantee Agreement,¹ and (iii) the proceeds of the Loan to be included in any such sub-loan will not exceed forty per cent (40%) of such total cost.

(e) Except as the Bank shall otherwise agree, NIR shall submit to the Borrower, for review and prior approval by the Bank, any sub-loan in excess of the equivalent of three hundred thousand dollars (\$300,000) or which, together with any outstanding balance of such other sub-loan or sub-loans as shall have been made to the same sub-borrower, exceed in the aggregate such amount.

Section 2.02. Pursuant to Section 2.01 of this Agreement, NIR, before making any sub-loan, will complete a thorough appraisal of the loan application and satisfy itself that the sub-borrower 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 sub-loan. In particular, NIR 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.

¹ See p. 204 of this volume.

Section 2.03. (a) NIR shall at all times charge a yearly rate of interest on sub-loans made by NIR of nine per cent (9%) or such other rate as shall be agreed from time to time between the Bank and NIR.

(b) Except as the Bank and NIR may otherwise agree, the repayment periods (including grace periods) for sub-loans will not exceed:

	<i>Grace Period (years)</i>	<i>Total Repayment Period (including Grace Period) (years)</i>
(i) Greenhouses for flowers	2	10
(ii) Sub-tropical fruit plantations	7	15
(iii) Farmers' cooperative, kibbutzim and moshavim handling facilities	2	10
(iv) AGREXCO handling facilities	3	15
(v) Irrigation equipment and minor civil works	3	15

(c) NIR undertakes that, unless the Bank shall otherwise agree, any sub-loan by NIR will be made under the procedures described in Schedule 5 to the Loan Agreement and on terms whereby NIR shall obtain, by written agreement or by other appropriate legal means, rights adequate to protect the interests of NIR and rights which the Bank shall deem adequate to protect the interests of the Bank, including: (i) the right to require the sub-borrower to carry out and operate the sub-lending project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the sub-loan shall be used exclusively in the carrying out of the sub-lending project; (iii) the right of the Bank and NIR to inspect such goods and the farms, sites, works, and construction included in the sub-lending project, the operation thereof and any relevant records and documents; (iv) the right to require that the sub-borrower shall take out and maintain such insurance, against risks and in such amounts, as shall be consistent with sound agricultural and business practices and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of the goods financed out of the proceeds of the sub-loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the sub-borrower to replace or repair such goods; (v) the right to obtain all such information as the Bank and NIR shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the sub-borrower; and (vi) the right of NIR to suspend and terminate access by the

sub-borrower to the use of the proceeds of the sub-loan upon failure by such sub-borrower to perform its obligations under its agreement with NIR.

Section 2.04. Without the prior approval of the Bank, NIR shall not amend (i) its Memorandum or Articles of Association, provided, however, that such approval shall not be required for any amendment to increase the authorized capital of NIR or to create new classes of shares, or (ii) its security, lending and supervision procedures described in Schedule 5 to the Loan Agreement.

Section 2.05. For the purpose of enabling NIR to participate in sub-lending operations to be carried out under the Project, a Subsidiary Loan Agreement in form and substance satisfactory to the Bank shall be entered into between the Borrower and NIR providing, *inter alia*, for relending by the Borrower to NIR out of the proceeds of the Loan, at the same rate of interest as that payable by the Borrower to the Bank in terms of Section 2.06 of the Loan Agreement.

Section 2.06. NIR shall, from time to time, select a representative to be appointed by the Guarantor to the Project Coordination Committee pursuant to Section 3.05 of the Guarantee Agreement, and cooperate fully with the said Committee in such manner as to enable it to fulfill its functions effectively.

Section 2.07. NIR shall cause each of its subsidiaries, if any, and each of the subsidiaries established or acquired after the date of this Agreement, if any, to observe and perform the obligations of NIR hereunder to the extent to which such obligations shall or can be applicable thereto, as though such obligations were binding upon each of such subsidiaries.

Section 2.08. Except as the Bank shall otherwise agree, the goods and services to be financed under Category II (b) of the allocation of the proceeds of the Loan as set out in Schedule 1 to the Loan Agreement shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as shall be agreed between the Bank and NIR.

Section 2.09. NIR shall maintain or cause to be maintained a separate and special Government Loan Account for the Project (hereinafter called the Government Loan Account) and records thereof adequate to reflect, in accordance with consistently maintained sound accounting practices, the status of the portion of the Government Loan received by NIR.

Article III

RECORDS

Section 3.01. (a) NIR shall maintain records adequate to record the progress of each sub-lending project (including the cost thereof) and to reflect in accordance

with consistently maintained sound accounting practices the operations and financial condition of NIR. NIR shall enable the Bank's representatives to examine such records.

(b) NIR shall: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year, audited by independent auditors acceptable to the Bank in accordance with sound auditing principles consistently applied; (ii) furnish to the Bank, as soon as available but in any case not later than three months after the end of each such year, certified copies of its audited financial statements for such year, and an audit report by the said auditors of such scope and in such detail as the Bank shall reasonably request; (iii) furnish to the Bank such other information concerning the accounts and financial statements of NIR and the audit thereof as the Bank shall from time to time reasonably request.

(c) Whenever so requested by the Borrower, NIR shall make available to the Borrower its books and records relating to sub-lending transactions within the framework of the Project, to enable the Borrower to fulfil its obligation to maintain the Project Account referred to in Section 4.01 (d) of the Loan Agreement and for the audit thereof.

Article IV

CONSULTATION; INFORMATION

Section 4.01. NIR shall furnish to the Bank all such information as the Bank shall reasonably request concerning the sub-loans, the sub-borrowers, the sub-lending projects, and the administration, operations and financial condition of NIR.

Section 4.02. The Bank and NIR shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and NIR shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance of their respective obligations relating to the carrying out of the Project, the administration, operations and financial condition of NIR and the sub-borrowers, and other matters relating to the purpose of the Loan.

Section 4.03. The Bank and NIR shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the performance by either of them of its obligations under this Agreement or the performance by the Borrower or NIR of its obligations under the Subsidiary Loan Agreement to be entered into between the Borrower and NIR or the performance by any party to a Government Loan Agreement or a sub-loan agreement of its obligations thereunder.

Article V

EFFECTIVE DATE; TERMINATION

Section 5.01. This Project Agreement shall enter into force and effect on the Effective Date. If the Loan Agreement shall terminate pursuant to Section 7.01 of the General Conditions, the Bank shall promptly notify NIR of this event and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 5.02. This Project Agreement shall terminate and all obligations of the parties hereunder shall determine upon termination of the Loan Agreement.

Article VI

MISCELLANEOUS PROVISIONS

Section 6.01. No delay in exercising, or omission to exercise, any right, power, or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 6.02. Any notice, demand or request required or permitted to be given or made under this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such demand or request. The addresses so specified are:

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.

For NIR:

NIR Limited
28 a Rothschild Blvd.
Tel Aviv, Israel

Cable address:

NIR
Tel Aviv

Section 6.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of NIR may be taken or executed by its General Manager or such other person or persons as he shall designate in writing.

Section 6.04. NIR shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of NIR, take any action or execute any documents required or permitted to be taken or executed by NIR pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

Section 6.05. This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

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 J. BURKE KNAPP
Vice President

NIR Limited:

By RALPH COHEN
Authorized Representative