

CONFORMED COPY

LOAN NUMBER 3301 IRN

(Earthquake Recovery Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

CENTRAL BANK OF THE ISLAMIC REPUBLIC OF IRAN

Dated March 21, 1991

LOAN NUMBER 3301 IRN

LOAN AGREEMENT

AGREEMENT, dated March 21, 1991, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and CENTRAL BANK OF THE ISLAMIC REPUBLIC OF IRAN (the Borrower).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Islamic Republic of Iran (the Guarantor) and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions), constitute an integral part of this Agreement. The General Conditions shall apply to this Agreement to the extent the provisions thereof are consistent with the provisions of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the term "Subsidiary Agreement" means the agreement to be entered into between the Borrower and the Guarantor pursuant to Section 3.01 of this Agreement, as the same may be amended from time to time.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of two hundred fifty million dollars (\$250,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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 The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in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 the Project and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be December 31, 1994 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay a commission on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Commission Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay the commission accrued on the principal amount outstanding during the preceding Commission Period, calculated at the rate applicable during such Commission Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Commission Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Commission Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may

be made by the Bank after July 1, 1989 bearing commission rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay a commission on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay the commission accrued on the principal amount outstanding during the preceding Commission Period, calculated at the rates applicable during such Commission Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Commissions and other charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. The Ministry of Economic Affairs and Finance of the Guarantor is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement.

(b) The Borrower shall make the proceeds of the Loan available to the Guarantor under a subsidiary agreement to be entered into between the Borrower and the Guarantor, under terms and conditions which shall have been approved by the Bank.

(c) The Borrower shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 2 to the Guarantee Agreement.

ARTICLE IV

Effective Date; Termination

Section 4.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Subsidiary Agreement has been executed on behalf of the Guarantor and Borrower.

Section 4.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Guarantor and Borrower and is legally binding upon the Guarantor and Borrower in accordance with its terms.

Section 4.03. The date sixty (60) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE V

Representative of the Borrower; Addresses

Section 5.01. The Governor of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 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.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For the Borrower:

Central Bank of the
Islamic Republic of Iran
P.O. Box 3368
Ferdowai Avenue
Tehran
Islamic Republic of Iran

Cable address:

MARKAZBANK

Telex:

3965-8 MZBK IR

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names 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 /s/ R. K. Chopra

Acting Regional Vice President
Europe, Middle East and North Africa

CENTRAL BANK OF THE
ISLAMIC REPUBLIC OF IRAN

By /s/ A. Mirakhor
Authorized Representative

SCHEDULE 1

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, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Equipment and materials for Part A of the Project	64,000,000))))	
(2) Equipment for Part B of the Project	64,000,000)))	100% of foreign expenditures
(3) Materials for Part C of the Project	94,000,000)))	
(4) Consultants' services, equip- ment and materials for Part D of the Project	8,000,000))))	
(5) Unallocated	20,000,000	
TOTAL	250,000,000 =====	

2. For the purposes of this Schedule, the term "foreign expenditures" means expenditures in the currency of any country other than that of the Guarantor for goods or services supplied from the territory of any country other than that of the Guarantor.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist in the (1) economic recovery through reconstruction and rehabilitation of agricultural and housing infrastructure within the Guarantor's provinces of Gilan and Zanzan damaged by the June 1990 earthquake, and (2) carrying out of a seismic risk prevention and mitigation program, which are part of the Guarantor's overall earthquake emergency reconstruction program.

The Project consists of the following parts, subject to such modifications thereof as the Guarantor, the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A:

Provision of equipment and materials for reconstruction and rehabilitation of agricultural facilities.

Part B:

Provision of equipment for reconstruction and rehabilitation of housing facilities.

Part C:

Provision of materials for self-help repair and reconstruction of private houses.

Part D:

Carrying out of a seismic risk prevention and mitigation program for the development and application of appropriate seismic designs, building codes and practices and earthquake risk assessment and reduction policies, and the dissemination of information relating thereto through public education and training activities, including the provision of technical services and seismic research equipment and materials therefor.

* * *

The Project is expected to be completed by June 30, 1994.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in Dollars)*
On each January 15 and July 15	
beginning on July 15, 1996 through January 15, 2006	12,500,000

* The figure in this column represents the dollar equivalent determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The commission rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20
More than three years but not more than six years	0.40

before maturity	
More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00

