

CONFORMED COPY

LOAN NUMBER 3562 LE

BdL Project Agreement

(Emergency Reconstruction and Rehabilitation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

BANQUE DU LIBAN

Dated March 8, 1993

LOAN NUMBER 3562 LE

BdL PROJECT AGREEMENT

AGREEMENT, dated March 8, 1993, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and BANQUE DU LIBAN (BdL).

WHEREAS (A) by the Loan Agreement of even date herewith between the Lebanese Republic (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred seventy five million dollars (\$175,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that BdL agree to undertake such obligations toward the Bank as are set forth in this Agreement;

WHEREAS (B) by an administration agreement to be entered into between the Borrower and BdL (the BdL Administration Agreement), the Borrower will make available to BdL twenty five million dollars (\$25,000,000) out of the proceeds of the loan provided for under the Loan Agreement on the terms and conditions set forth in said BdL Administration Agreement; and

WHEREAS BdL, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the

obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

#### ARTICLE II

##### Execution of the Project

Section 2.01. BdL declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Part E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, management and banking practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part E of the Project.

Section 2.02. For the purpose of carrying out Part E of the Project, BdL shall re-lend in dollars to the Participating Banks the proceeds of the Loan allocated to Part E of the Project under Participating Agreements, each such Agreement to be entered into between BdL and a Participating Bank in accordance with terms and conditions that shall have been approved by the Bank and which shall include those set forth in the Schedule to this Agreement.

Section 2.03. (a) BdL agrees that Sub-loans under Part E of the Project shall be made in accordance with the criteria and pursuant to the terms and conditions set forth in Part B of the Schedule to this Agreement.

(b) BdL shall exercise its rights under each Participating Agreement in such a manner as to (i) protect the interests of the Bank and of BdL; (ii) comply with its obligations under this Agreement and the BdL Administration Agreement; and (iii) achieve the objectives of Part E of the Project.

Section 2.04. BdL shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the BdL Project Agreement and Part E of the Project.

Section 2.05. (a) BdL shall, at the request of the Bank, exchange views with the Bank with regard to the progress of Part E of the project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Loan.

(b) BdL shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of Part E of the Project, the accomplishment of the purposes of the Loan, or the performance by BdL of its obligations under this Agreement and under the BdL Administration Agreement.

#### ARTICLE III

##### Management and Operations of BdL

Section 3.01. BdL shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and banking practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) BdL shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) BdL shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) relating to Part E of the Project for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies relating to Part E of the Project of its financial statements for such year as so audited; and (B) the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

#### ARTICLE V

Effective Date; Termination;

Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of BdL thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify BdL thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this 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, telex or radiogram to the party to which it is required or permitted to be given or made at such party's 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 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:Telex:

INTBAFRAD	248423 (RCA)
Washington, D.C.	82987 (FTCC)
	64145 (WUI) or
	197688 (TRT)

For BdL:

Banque du Liban  
Banque du Liban Street  
Beirut, Lebanon

Telex:  
923-20744

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of BdL, or by BdL on behalf of the Borrower under the Loan Agreement, may be taken or executed by the Governor of BdL or such other person or persons as the Governor of BdL shall designate in writing, and BdL shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. 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 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/ Caio Koch-Weser  
Regional Vice President  
Middle East and North Africa

BANQUE DU LIBAN

By /s/ Simon Karam  
Authorized Representative

SCHEDULE

Participating Loans and Sub-loans

Criteria, Principal Terms and Conditions

Part A: Participating Loans

1. Each Participating Loan shall be denominated in dollars, shall be made at an interest rate per annum equal to the BdL Lending Rate and shall be repayable to BdL in dollars over a period of fifteen (15) years.

2. Each Participating Bank shall apply such procedures and criteria as shall be satisfactory to the Bank in the appraisal of Housing Projects and disbursements of the Loan proceeds for purposes thereof.

3. Each Participating Bank shall maintain records and accounts adequate to monitor the progress under each Housing Project (including the cost thereof and the benefits to be derived therefrom) and reflect in accordance with sound accounting practices its operations and financial condition.

4. Each Participating Bank shall (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each of its fiscal years audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) shall furnish to the Bank and BdL as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and (iii) shall furnish to the Bank and BdL such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Bank or BdL shall from time to time reasonably request.

Part B: Sub-loans

1. Each Sub-loan shall be made to a Beneficiary who is determined to be creditworthy by the Participating Bank. The following criteria shall be used to establish creditworthiness: (i) income level; (ii) income stability, including identity of the head of household's employer and stability of employment; (iii) availability of resources to meet downpayment requirements; and (iv) availability of assets, other than the dwelling which is subject of the Sub-loan, to be offered as collateral.

2. Sub-loans shall be made exclusively, and in the following order of priority, to the following Beneficiaries:

(a) households displaced from either owned or rented dwellings that are either damaged or destroyed;

(b) households presently living in either owned or rented damaged dwellings, and willing to either repair the existing dwellings or construct new dwellings;

(c) households formed after December 31, 1975, presently sharing accommodation with other households in dwellings with a habitable area not exceeding one hundred forty (140) square meters; and

(d) households formed after December 31, 1975, presently living in rented dwellings but willing to construct new dwellings.

3. No Sub-loan shall be made to finance the repair or reconstruction of a rented or owned dwelling with a habitable area exceeding one hundred twenty-five (125) square meters.

4. Each Sub-loan shall be made on terms whereby the Participating Bank shall obtain, by written contract with the Beneficiary, rights adequate to protect the interests of the Bank, BdL and the Participating Bank, including the right to:

(a) require the Beneficiary to carry out and operate the Housing Project with due diligence and efficiency;

(b) require that the goods, works and services to be financed out of the proceeds of the Loan be purchased at a reasonable price;

(c) inspect, solely or jointly with representatives of the Bank, should the latter so request, such goods and the sites, works, plants and construction included in the Housing Project, the operation thereof and any relevant records and documents; and

(d) suspend or terminate the right of the Beneficiary to the use of the proceeds of the Loan upon failure by such Beneficiary to perform its obligations under its agreement with the Participating Bank.

5. Without prejudice to the provisions of Section 4 above, each Sub-loan shall be made on terms whereby the Participating Bank shall obtain collateral on the Beneficiary's land and the improvements thereon, or other forms of collateral, and immediately assign to BdL all of the Participating Bank's right, title and interest in and to said collateral.

6. Each Sub-loan shall be denominated in dollars and shall be repayable in dollars over a period of up to (a) five (5) years for Sub-loans to finance the repair of owned or rented damaged dwellings; and (b) fifteen (15) years for Sub-loans to finance the reconstruction of owned or rented dwellings or the construction of new dwellings.

7. Sub-loans shall be made at the Sub-loan Lending Rate. In determining the Sub-loan Lending Rate, the Participating Bank shall consider such variables as the Beneficiary's creditworthiness and the Sub-loan repayment period.

8. The principal amount of a Sub-loan shall not exceed forty thousand dollars (\$40,000) and shall be the equivalent of (i) forty percent (40%) of the estimated value of the dwelling for Sub-loans to finance the repair of owned or rented dwellings; (ii) eighty percent (80%) of the estimated value of the dwelling for Sub-loans to finance the reconstruction of owned or rented dwellings; and (iii) up to eighty percent (80%) of the estimated value of the dwelling, exclusive of the price of land, for Sub-loans to finance the construction of new dwellings. In all the above cases, the estimated value of the dwelling shall be determined by the Participating Bank.

