

No. 6423

**INTERNATIONAL DEVELOPMENT
ASSOCIATION
and
JORDAN**

Development Credit Agreement—*Amman Water Supply Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Municipality of Amman). Signed at Washington, on 22 December 1961

Official text: English.

Registered by the International Development Association on 13 December 1962.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
JORDANIE**

Contrat de crédit de développement — *Projet relatif à l'approvisionnement en eau de la ville d'Amman* (avec lettres y relatives et, en annexe, le Règlement n°1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Municipalité d'Amman). Signé à Washington, le 22 décembre 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 13 décembre 1962.

No. 6423. DEVELOPMENT CREDIT AGREEMENT¹ (*AMMAN WATER SUPPLY PROJECT*) BETWEEN THE HASHEMITE KINGDOM OF JORDAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 22 DECEMBER 1961

AGREEMENT, dated December 22, 1961, between THE HASHEMITE KINGDOM OF JORDAN (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Municipality of Amman have requested the Association to assist in the financing of a water supply project for the Municipality of Amman ; and

WHEREAS the Municipality of Amman will, with the Borrower's assistance, carry out a water supply project for Amman and, as part of such assistance, the Borrower will make available to the Municipality the proceeds of the credit provided for herein ; and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date² herewith between the Municipality of Amman and the Association ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

CREDIT REGULATIONS ; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,³ with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

- (a) Section 6.02 is amended by inserting the words "or the Project Agreement" after the words "the Development Credit Agreement".

¹ Came into force on 25 April 1962, upon notification by the Association to the Government of Jordan.

² See p. 40 of this volume.

- (b) The term "goods" as defined in paragraph 10 of Section 9.01 shall include any property required for the Project.

Section 1.02. Unless the context otherwise requires, the following terms, wherever used in this Agreement or in the Regulations, shall have the following meanings :

- (a) "Amman" means the Municipality of Amman, a municipality of the Borrower, or any successor thereof.
- (b) "Project Agreement" means the project agreement of even date herewith between Amman and the Association and shall include any amendments thereof made by agreement between Amman and the Association.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to two million dollars (\$2,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. Except as the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and of the Regulations, to withdraw from the Credit Account:

(a) such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project ; and

(b) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under the foregoing paragraph ; provided, however, that :

- (i) no withdrawals shall be made on account of expenditures prior to the date of this Agreement ; and
- (ii) notwithstanding any other provision of this Agreement, unless the Association shall otherwise agree, the Borrower shall not be entitled to make withdrawals from the Credit Account in respect of goods required to carry out the part of the Project described in part B of Schedule 1¹ of this Agreement until there shall have been furnished to the Association evidence satisfactory to it establishing the need for the facilities included in such part of the Project.

¹ See p. 34 of this volume.

Section 2.04. Withdrawals from the Credit Account on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 15 and November 15 commencing November 15, 1971 and ending May 15, 2011, each instalment to and including the instalment payable on May 15, 1981 to be one-half of one per cent of such principal amount, and each instalment thereafter to be one and one-half per cent of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 1 to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

(b) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable Amman to perform all the covenants and agreements on the part of Amman to be performed as set forth in the Project Agreement and shall

not take, or permit any agency of the Borrower to take, any action that would prevent or interfere with the performance by Amman of such covenants and agreements.

Section 4.02. (a) The Borrower shall make arrangements satisfactory to the Borrower, Amman and the Association for lending to Amman the proceeds of the Credit on terms and conditions which shall at all times be satisfactory to the Association.

(b) The Borrower shall make or cause to be made available promptly as needed all other sums which shall be required for the carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Borrower, Amman and the Association.

Section 4.03. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit 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 Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

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

Section 4.04. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.05. This Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty

days, or (ii) if any event specified or referred to in paragraph (b) or paragraph (j) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 5.02 (j) of the Regulations, the following additional event is specified : Amman shall have failed to perform any covenant or agreement of Amman under the Project Agreement.

Article VI

EFFECTIVE DATE ; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations :

(a) The execution and delivery of the Project Agreement on behalf of Amman have been duly authorized or ratified by all necessary governmental and municipal action.

(b) Except as the Association may otherwise agree, all necessary acts, consents and approvals to be performed or given by the Borrower and Amman or otherwise in order to authorize the carrying out of the Project, with all necessary powers and rights in connection therewith, have been performed or given.

(c) The arrangements referred to in Section 4.02 (a) of this Agreement, in terms satisfactory to the Borrower, Amman and the Association, have been made.

(d) Arrangements satisfactory to the Borrower, Amman and the Association have been made by Amman for the establishment and functioning of a department of Amman with responsibility for carrying out and operating the Project and for operating the other water supply plant and facilities of Amman, with such powers, separation of accounts and functions, management and staff as are necessary for the diligent and efficient carrying out and operation of the Project and the operation of such plant and facilities.

14.

Section 6.02. The following are specified as additional matters, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association :

(a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Amman and constitutes a valid and binding obligation of Amman in accordance with its terms.

(b) That all acts, consents and approvals of the Borrower and Amman or otherwise to be performed or given in order to authorize the construction of the Project, with all necessary powers and rights in connection therewith, have been duly and validly performed or given.

(c) That the arrangements referred to in Section 4.02 (a) of this Agreement are valid and are binding on the Borrower and Amman.

Section 6.03. A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1966, or such other date as may from time to time be agreed between the Borrower and the Association.

Section 7.02. The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Jordan Development Board
P.O.Box 555
Amman
Jordan

Alternative address for cablegrams and radiograms :

JODB
Amman

For the Association :

International Development Association
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D. C.

Section 7.03. The Vice President of the Jordan Development Board of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF the parties hereto acting through their representatives thereunto duly authorized have caused this Development Credit 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.

The Hashemite Kingdom of Jordan :

By Y. HAIKAL
Authorized Representative

International Development Association :

By W. A. B. ILIFF
Vice-President

SCHEDULE I

DESCRIPTION OF THE PROJECT

The Project consists of the construction and operation of improved and expanded facilities of the Amman municipal water system. The following facilities and services will be included in the Project :

Part A

Several new deep wells to increase the total water supply from a capacity of approximately 620 cubic meters per hour to approximately 1,500 cubic meters per hour ; pumping stations at the new wells ; major improvements and reinforcements to the existing transmission and distribution mains ; additional distribution storage capacity of approximately 3,000 cubic meters ; superchlorination, dechlorination, retention and highlift pumping facilities at Wadi Sir and Ain Ghazal and the necessary connections therefor ; necessary water testing laboratory facilities ; and management services during the period of construction and an initial period of operation.

Part B

Additional water treatment facilities, as the need is demonstrated, at Wadi Sir and Ain Ghazal.

The construction of the facilities is expected to be completed by December 31, 1964.

LETTERS RELATING TO THE CREDIT DEVELOPMENT AGREEMENT

JORDAN EMBASSY
WASHINGTON, D. C.

December 22, 1961

International Development Association
1818 H Street, N.W.
Washington 25, D. C.

Credit No. 18 JO (Amman Water Supply Project)
Currency of Payment

Gentlemen :

We refer to the Development Credit Agreement (*Amman Water Supply Project*) of even date¹ between us and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided in such Agreement shall be payable in the currency of the United Kingdom of Great Britain and Northern Ireland.
- (ii) If at any time we shall desire that, commencing with a given future payment date such principal and service charges shall be payable in an eligible currency other than that specified in (i) (or other than one designated under this clause (ii)) we shall deliver to the Association, not less than 3 nor more than 5 months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty day period, be payable in the currency so selected.
- (v) Any designation or selection of a currency pursuant to the foregoing provisions shall be subject, in turn, to the provisions of this letter.

¹ See p. 22 of this volume.

(vi) For purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely convertible or freely exchangeable by it for currencies of other members of the Association for the purposes of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

The Hashemite Kingdom of Jordan :

By Y. HAIKAL
Authorized Representative

Confirmed :

International Development Association :

By Joseph RUCINSKI

JORDAN EMBASSY
WASHINGTON, D. C.

December 22, 1961

International Development Association
1818 H Street, N.W.
Washington 25, D. C.

Credit No. 18 JO (Amman Water Supply Project)
Relending

Gentlemen :

With reference to Section 4.02 (a) of the Development Credit Agreement of even date between us, we wish to confirm to you that the Government of Jordan will relend the proceeds of the Credit or the equivalent thereof to Amman on the following terms :

(a) Interest : 4 % per annum.

(b) Amortization : 23 years with a 3 year period of grace.

These terms may be modified from time to time by agreement between us.

Would you please confirm that the foregoing terms are satisfactory to the Association by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

The Hashemite Kingdom of Jordan :

By Y. HAIKAL
Authorized Representative

Confirmed :

International Development Association :

By Joseph RUCINSKI

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.]

PROJECT AGREEMENT
(AMMAN WATER SUPPLY PROJECT)

AGREEMENT, dated December 22, 1961, between the MUNICIPALITY OF AMMAN (hereinafter called Amman) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement of even date¹ herewith (hereinafter called the Credit Agreement) between The Hashemite Kingdom of Jordan (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower a development credit in various currencies equivalent to two million dollars (\$2,000,000), on the terms and conditions set forth in the Credit Agreement, but only on condition that Amman agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth ; and

WHEREAS Amman, in consideration of the Association's entering into the Credit 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 Project Agreement, unless the context shall otherwise require, the several terms defined in the Credit Agreement and in the Regulations² (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF AMMAN

Section 2.01. (a) Amman shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

¹ See p. 22 of this volume.

² See above.

(b) Amman shall make available promptly as needed all sums which shall be required for the carrying out of the Project.

Section 2.02. Amman covenants that, except as the Association shall otherwise agree :

(a) in the construction of the facilities included in the Project, Amman will at all times employ competent and experienced consultants acceptable to, and upon terms and conditions satisfactory to, Amman and the Association ; and

(b) all works included in the Project to be constructed under contract will be constructed by contractors acceptable to Amman and the Association, employed under contracts satisfactory to Amman and the Association.

Section 2.03. (a) Amman shall at all times carry on its operations and conduct its affairs in respect of its water supply plant and facilities (i) under capable and efficient management satisfactory to the Association and (ii) in accordance with sound business, financial and public utility practices.

(b) Amman will operate, maintain, renew and repair its water supply plant and facilities in accordance with sound engineering and public utility practices.

Section 2.04. Except as Amman and the Association shall otherwise agree, (i) Amman shall cause all goods purchased in whole or in part with the proceeds of the Credit to be used exclusively in the carrying out and operation of the Project and (ii) Amman shall obtain title to all such goods free and clear of all encumbrances.

Section 2.05. Upon request from time to time by the Association, Amman shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

Section 2.06. Amman shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices all financial transactions between the Borrower and Amman with respect to the Project and the operations and financial condition with respect to the Project of the department of Amman responsible for the carrying out of the Project or any part thereof ; shall enable the Association's representatives to inspect the Project, the goods, all water supply plant and facilities operated by Amman and any relevant records and documents ; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods, all financial transactions between the Borrower and Amman with respect to the Project and the operations and financial condition with respect to the

Project of the department of Amman responsible for the carrying out of the Project or any part thereof.

Section 2.07. (a) Amman and the Association shall co-operate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request.

(b) Amman and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. Amman shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by Amman of its obligations under this Project Agreement or the obligations to be performed by it pursuant to the provisions of the Credit Agreement, or which shall increase or threaten to increase materially the estimated cost of the Project.

Section 2.08. Amman shall at all times maintain water rates adequate to provide sufficient revenue :

- (a) to cover operating expenses, including taxes, if any, and interest payments on borrowings, and to provide for adequate maintenance and depreciation based on realistic valuations of assets ;
- (b) to meet repayments on long-term indebtedness to the extent that any such repayments exceed the provisions for depreciation ;
- (c) to finance the normal year to year extensions of the water supply system and to provide a reasonable part of the cost of future major expansion.

Section 2.09. Amman undertakes that, for the purpose of carrying out and operating the Project and of operating its water supply plant and facilities, Amman will establish a department of Amman which will at all times (a) function under rules or regulations in form and substance satisfactory to the Association and (b) have such powers, separation of accounts and functions, management and staff as are necessary for the diligent and efficient carrying out and operation of the Project and the operation of such plant and facilities.

Section 2.10. (a) Amman shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Credit. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts, as shall be consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in a freely convertible currency.

(b) Amman shall take out and maintain, with good and reputable insurance companies, insurance against such risks and in such amounts as shall be consistent with sound public utility and business practices.

Section 2.11. Except as the Association shall otherwise agree, Amman shall not undertake the construction of the water treatment plants and related supply lines and

facilities described in part B of Schedule 1¹ of the Credit Agreement until evidence satisfactory to the Association shall have been furnished to it establishing the need for such plants in the Project.

Section 2.12. Amman shall not, during a period of ten years from the date of this Agreement, permit its department established pursuant to Section 2.09 to undertake any major works not included in the Project, except to the extent that any such works shall be undertaken pursuant to a sound financial plan approved by the Association.

Article III

EFFECTIVE DATE ; TERMINATION

Section 3.01. This Project Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 8.04 of the Regulations, the Association shall terminate the Credit Agreement, the Association shall promptly notify Amman thereof and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 3.02. If and when the entire principal amount of the Credit shall have been paid or caused to be paid by the Borrower (or shall have been cancelled), together with service charges which shall have accrued on the Credit, this Project Agreement and all obligations of Amman and of the Association hereunder shall forthwith terminate.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by 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 request. The addresses so specified are :

(a) For Amman :

The Lord Mayor of Amman
Amman
Jordan

Alternative address for cablegrams and radiograms :

Amman Municipality
Amman

¹ See p. 34 of this volume.

(b) For the Association :

International Development Association
1818 H Street, N.W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D. C.

Section 4.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of Amman may be taken or executed by the Lord Mayor of Amman or such other person or persons as he shall designate in writing.

Section 4.03. Amman shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of Amman, take any action or execute any documents required or permitted to be taken or executed by Amman pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

Section 4.04. This Project 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 have caused this Project Agreement to be signed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Municipality of Amman :

By Y. HAIKAL
Authorized Representative

International Development Association :

By W. A. B. ILIFF
Vice-President