

No. 7184

---

**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
JORDAN**

**Development Credit Agreement—*Agricultural Credit Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Agricultural Credit Corporation). Signed at Washington, on 12 December 1963**

*Official text: English.*

*Registered by the International Development Association on 26 March 1964.*

---

**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT**

**et  
JORDANIE**

**Contrat de crédit de développement — *Projet relatif au crédit agricole* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Société de crédit agricole). Signé à Washington, le 12 décembre 1963**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 26 mars 1964.*

No. 7184. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*AGRICULTURAL CREDIT PROJECT*) BETWEEN THE HASHEMITE KINGDOM OF JORDAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 12 DECEMBER 1963

---

AGREEMENT, dated December 12, 1963, between THE HASHEMITE KINGDOM OF JORDAN (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Agricultural Credit Corporation, a statutory corporation of the Borrower (hereinafter called the Corporation), have requested the Association to assist in the financing of a lending program for agricultural development ; and

WHEREAS the Borrower will arrange for the granting of short-term agricultural loans to farmers and for the rendering, where necessary, of technical assistance to farmers ; and

WHEREAS the Corporation will, with the Borrower's assistance, carry out a program to provide medium and long-term loans for agricultural development ; and, as part of such assistance, the Borrower will make available to the Corporation the proceeds of the credit provided for herein ; and

WHEREAS the Corporation will further the lending program for agricultural development by assessing applications for and granting, where appropriate, loans to increase agricultural production and by supervising the administration of such loans and by supervising the procurement of materials and equipment purchased by means of such loans ; and

WHEREAS the Corporation requires additional funds in order to expand its lending program ; and

WHEREAS the Borrower has provided the Corporation with a substantial portion of the funds necessary for its operation ; 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 date<sup>2</sup> herewith between the Corporation and the Association ;

NOW THEREFORE the parties hereto hereby agree as follows :

---

<sup>1</sup> Came into force on 5 March 1964, upon notification by the Association to the Government of Jordan.

<sup>2</sup> See p. 22 of this volume.

*Article I*

## CREDIT REGULATIONS ; DEFINITION

*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,<sup>1</sup> 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 3.01 is deleted and the following new section is substituted therefor :

“SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn*

“(a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“(b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“(i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select ;

“(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(b) “A new Section 3.04 is inserted after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency*

“If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(c) Section 3.04 is renumbered as Section 3.05.

(d) Section 6.02 is amended by inserting the words “or the Project Agreement” after the words “the Development Credit Agreement”.

<sup>1</sup> See p. 20 of this volume.

(e) For the purposes of this Agreement, the term "goods" as defined in paragraph 10 of Section 9.01, shall include any easements or rights of way for irrigation projects financed under the Credit.

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

"Project Agreement" means the project agreement of even date herewith between the Corporation and the Association and shall include any amendments thereof made by agreement among the Borrower, the Corporation 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 three million dollars (\$3,000,000).

*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 foreign currency cost of goods and services required for carrying out the Project ;

(b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods and services required for carrying out the Project and not included in the foregoing ; and

(c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs ; provided, however, that no withdrawals shall be made on account of expenditures prior to October 1, 1963.

*Section 2.04.* 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 2.05.* Service charges shall be payable semi-annually on February 1 and August 1 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 1 and August 1 commencing February 1, 1974 and ending August 1, 2013, each installment to and including the installment payable on August 1, 1983 to be one-half of one per cent of such principal amount, and each installment 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 the Schedule<sup>1</sup> 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 and shall cause the Corporation to conduct its operations and affairs within a legal framework and regulations satisfactory to the Association and under capable and efficient management satisfactory to the Association and in accordance with sound agricultural, engineering and financial practices.

(b) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable the Corporation to perform all its obligations under 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 of such obligations by the Corporation.

*Section 4.02.* (a) The Borrower shall re-lend the proceeds of the Credit or the equivalent thereof to the Corporation on terms and conditions satisfactory to the Association.

(b) The Borrower shall make or cause to be made available promptly as needed all sums other than the proceeds of the Credit 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, the Corporation and the Association.

<sup>1</sup> See p. 18 of this volume.

*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 events are specified :

(a) The Corporation shall have failed to perform any of its obligations under the Project Agreement ; and

(b) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower shall have taken any action for the dissolution or disestablishment of the Corporation or for the suspension of its operations without the consent of the Association.

#### *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 the Corporation have been duly authorized or ratified by all necessary corporate and governmental action.

(b) The terms and conditions for the re-lending of the proceeds of the Credit, or the equivalent thereof, in accordance with Section 2.02 of the Project Agreement shall have been accepted and agreed upon by the Corporation and the Borrower.

*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, the Corporation and constitutes a valid and binding obligation of the Corporation in accordance with its terms.

(b) That the re-lending agreement referred to in Section 4.02 (a) of this Agreement is valid and binding on the Borrower and the Corporation.

*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.

*Section 6.04.* Upon termination of the Project Agreement in accordance with its terms, the obligations of the Borrower with respect to the Project shall forthwith terminate.

#### *Article VII*

##### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 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 or the Secretary General 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* Saad JUMA  
Authorized Representative

International Development Association :

*By* J. Burke KNAPP  
Vice President



## SCHEDULE

## DESCRIPTION OF PROJECT

The Project consists of the augmentation of the resources available to the Corporation not only with the proceeds of the Credit, but also with funds derived from the Corporation's operations and from other sources, and the use by the Corporation of such additional funds to make loans to increase agricultural production.

The elements of the Project are:

A. The granting by the Corporation of loans to farmers and agricultural enterprises totalling approximately \$4.5 million equivalent (about 1.6 million Jordanian dinars) for the following purposes :

1. Land reclamation and improvement ;
2. Establishment of tree crop plantations ;
3. Development and improvement of farm water supplies ;
4. Farm Machinery ;
5. Livestock production ;
6. Farm buildings and storage facilities ;
7. East Ghor on-farm development ; and
8. Such other purposes as shall be agreed from time to time between the Corporation and the Association ; and

B. The employment of technical experts and provision of extension service to farmers to whom loans are made.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

THE HASHEMITE KINGDOM OF JORDAN

December 12, 1963

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

Re : *Currency of Repayment*

Dear Sirs :

We refer to the Development Credit Agreement (*Agricultural Credit Project*) of even date<sup>1</sup> 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 for in such Agreement shall be payable in the currency of the United Kingdom of Great Britain and Northern Ireland.

---

<sup>1</sup> See p. 4 of this volume.

- (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 three nor more than five 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.
- (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 confirming this letter, retaining copies for your records, and returning others to us.

Very truly yours,

The Hashemite Kingdom of Jordan :

By Saad JUMA

Authorized Representative

*Confirmed:*  
International Development  
Association :  
By Alexander STEVENSON

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  
(AGRICULTURAL CREDIT PROJECT)

AGREEMENT, dated December 12, 1963, between the AGRICULTURAL CREDIT CORPORATION (hereinafter called the Corporation) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement of even date<sup>1</sup> 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 three million dollars (\$3,000,000), on the terms and conditions set forth in the Credit Agreement, but only on condition that the Corporation agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth ; and

WHEREAS the Corporation, 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 Regulations<sup>2</sup> (as so defined) shall have the respective meanings therein set forth.

*Article II*

PARTICULAR COVENANTS OF THE CORPORATION

*Section 2.01.* (a) The Corporation shall carry out the Project with due diligence and efficiency and shall at all times conduct its operations and affairs and maintain its financial position in accordance with sound agricultural, engineering and financial practices and under the supervision of experienced and competent management satisfactory to the Association, entrusted with such executive functions and duties as are established within its legal framework and regulations and assisted, during the execution of the Project, by advisors satisfactory to the Association ;

(b) The Corporation agrees to submit such information as the Association shall reasonably request about any proposed loan or loans exceeding in the aggregate the equivalent of \$100,000 to be extended by the Corporation from the proceeds of the Credit for any single scheme for either irrigation or storage of agricultural products. The Corporation further agrees that it will not make any such loans without prior approval of the Association; and

<sup>1</sup> See p. 4 of this volume.

<sup>2</sup> See p. 20 of this volume.

(c) The Corporation shall have its financial statements (balance sheet and related statement of earnings and expenses) prepared in a manner satisfactory to the Association and shall have its statements certified annually by an outside accountant acceptable to the Association and shall promptly after their preparation and not later than four months after the close of the Corporation's fiscal year transmit to the Association certified copies of such statements and a signed copy of such accountant's report.

*Section 2.02.* The Corporation shall lend the proceeds of the Credit, or the equivalent thereof, for agricultural purposes as loans, or portions of loans, pursuant to terms, conditions and procedures satisfactory to the Association and, in granting loans, the Corporation shall obtain rights adequate to protect its interests and the interests of the Borrower.

*Section 2.03.* Except as the Corporation and the Association shall otherwise agree, the Corporation shall cause all goods and services purchased in whole or in part with the proceeds of the Credit to be used exclusively in the territories of the Borrower in carrying out the Project.

*Section 2.04.* The Corporation shall maintain or cause to be maintained records adequate to identify the goods and services 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 the Corporation with respect to the Project and the operations and financial condition of the Corporation; shall enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit, all plants, farms, works, properties and equipment affected by loans extended by the Corporation, and any relevant records and documents.

*Section 2.05.* The Corporation shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the goods and services financed out of such proceeds, the Project, and the administration, operations and financial condition of the Corporation.

*Section 2.06 (a)* The Corporation 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.

(b) The Corporation and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. The Corporation 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 the Corporation of its obligations under this Project Agreement or the obligations to be performed by it pursuant to the provisions of the Credit Agreement.

*Section 2.07.* The Corporation shall at all times charge interest rates on all its loans such as to enable it :

(a) to cover all its operating expenditures and charges, including taxes, if any, and interest payments on borrowings ;

(b) to set up a special reserve against bad or doubtful loans ; and

(c) to accumulate adequate general reserves.

*Section 2.08.* (a) The Corporation shall insure or cause to be insured with responsible insurers goods imported by the Corporation and 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) The Corporation 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 business practices.

*Section 2.09.* The Corporation shall not, without the consent of the Association, contract any debt maturing more than one year after the date of its incurrence.

### *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 the Corporation 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 repaid by the Corporation to the Borrower in accordance with the agreement entered into between them pursuant to Section 4.02 (a) of the Credit Agreement, this Project Agreement and all obligations of the Corporation 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 the Corporation :

Agricultural Credit Corporation  
P.O. Box 77  
Amman  
Jordan

Alternative address for cablegrams and radiograms :

Agricultural Credit Corporation  
Amman

(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 the Corporation may be taken or executed by the Director General of the Corporation or such other person or persons as he shall designate in writing.

*Section 4.03.* The Corporation shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Corporation, take any action or execute any documents required or permitted to be taken or executed by the Corporation 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.

Agricultural Credit Corporation :

By Saad JUMA  
Authorized Representative

International Development Association :

By J. Burke KNAPP  
Vice President

---