

No. 7381

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
JORDAN**

**Development Credit Agreement—*Water Supply Projects*
(with related letter and annexed Development Credit
Regulations No. 1). Signed at Washington, on 12 De-
cember 1963**

Official text: English.

Registered by the International Development Association on 12 August 1964.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
JORDANIE**

**Contrat de crédit de développement — *Projets relatifs à
l'approvisionnement en eau* (avec lettre connexe et, en
annexe, le Règlement n° 1 sur les crédits de développe-
ment). Signé à Washington, le 12 décembre 1963**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 12 août 1964.

No. 7381. DEVELOPMENT CREDIT AGREEMENT¹ (*WATER SUPPLY PROJECTS*) 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).

Article I

DEVELOPMENT CREDIT REGULATIONS; SPECIAL 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, 1961,² 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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the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“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account: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.

¹ Came into force on 17 April 1964, upon notification by the Association to the Government of Jordan.

² See p. 88 of this volume.

“(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 8.03 shall be amended to read as follows :

“SECTION 8.03. *Effective Date or Dates.* Notwithstanding the provisions of Section 8.01 and except as shall be otherwise agreed by the Association and the Borrower, the Development Credit Agreement shall come into force and effect in whole or, if the Association shall otherwise agree, in part in respect of Part A or Part B or Part C or Part D of the Project on the date or dates upon which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 8.01 as to the Part or Parts of the Project in question.”

(e) For the purposes of this Agreement the term “goods” as defined in paragraph 10 of Section 9.01 shall include any other property required for the Project.

(f) Paragraph 11 of Section 9.01 shall be amended to read as follows :

“11. The terms “Effective Date” or “Effective Dates” mean the date or dates on which the Development Credit Agreement shall come into force and effect in whole or in part as provided in Section 8.03.”

Section 1.02. Wherever used in this Agreement or in the Schedule thereto, unless the context otherwise requires, the following terms shall have the following meanings :

(a) The term “CWA” means the Central Water Authority, an agency of the Borrower, created and functioning pursuant to Law No. 59 of 1959 of the Borrower, or any successor thereto.

(b) The term “Water District” means the water district of the Borrower comprising, at this time, the Municipalities of Ramallah and El Bira and certain neighboring towns and villages, and all other municipalities, towns and villages which shall later become included therein by joining the Water Board, or any successor or successors to the Water District.

(c) The term "Water Board" means the Water Supply Board of the Water District, created or to be created as required by Section 4.10 (a) of this Agreement, or any successor or successors to the Water Board.

(d) The term "Zarqa" means the Municipality of Zarqa, a municipality of the Borrower, or any successor thereto.

(e) The term "Part C Municipalities" means the Municipalities of Irbid, Mafraq, Ramtha and Husn, municipalities of the Borrower, or any successor or successors thereto.

(f) The term "Irbid" means the Municipality of Irbid, a municipality of the Borrower, or any successor thereto.

(g) The term "Part C Water Transmission Main" means the water transmission main provided for in paragraphs (c) and (d) of Part C of the Project.

(h) The term "Nablus" means the Municipality of Nablus, a municipality of the Borrower, or any successor thereto.

(i) The term "Supplementary Accord" means the accord or accords between the Borrower and CWA referred to in Section 4.01 of this Agreement.

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 five hundred thousand dollars (\$3,500,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and, as this Agreement becomes effective in respect of any Part of the Project, shall credit to such Credit Account the amount of the Credit set forth in Section 4.01 in respect of such Part of the Project. 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 Borrower and the Association shall otherwise agree :

(a) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account (i) amounts expended for the reasonable cost of goods and services to be financed out of the proceeds of the Credit, and (ii) if the Association shall so agree such amounts as shall be required to meet payments to be made for the reasonable cost of goods and services to be financed out of the proceeds of the Credit.

(b) No withdrawals shall be made on account of expenditures prior to November 1, 1962.

Section 2.04. Notwithstanding any other provision of this Agreement, unless the Association shall otherwise agree :

(a) The Borrower shall not be entitled to make withdrawals from the Credit Account in respect of goods and services required to carry out :

- (i) Part A of the Project until the Borrower has submitted to the Association written assurances that : (1) the Municipalities of Ramallah and El Bira will follow financial and managerial policies satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in such Municipalities until such time as the transfer required by Section 4.11 (a) shall have been completed; and (2) the Municipality of Jerusalem will purchase such amounts of water from the Water Board at such times and prices as shall, in the judgment of the Borrower and the Association, produce additional revenues for the Water Board which, together with its other revenues from sales of water, will make Part A of the Project financially viable;
- (ii) Part B of the Project until : (1) the three existing wells of the Zarqa water supply system have been tested and the yields are, in the opinion of the Association, satisfactory for development thereof; and (2) the Borrower has submitted to the Association written assurances that Zarqa will follow financial and managerial policies satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in Zarqa until such time as the transfer required by Section 4.11 (b) shall have been completed;
- (iii) Part C of the Project until the Borrower has submitted to the Association written assurances that the Part C Municipalities will follow financial and managerial policies satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in such Municipalities until such time as the transfer required by Section 4.11 (c) shall have been completed; and
- (iv) Part D of the Project until the Borrower has submitted to the Association written assurances that Nablus will follow financial and managerial policies

satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water, and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in Nablus until such time as the transfer required by Section 4.11 (d) shall have been completed.

(b) The Borrower shall not be entitled to make withdrawals from the Credit Account in respect of goods and services required to carry out the improvements in the distribution systems of the Municipalities of Mafraq and Ramtha and construction of the new distribution system in the Municipality of Husn, as provided for in Part C of the Project, until the Borrower has submitted to the Association detailed cost estimates and engineering designs, satisfactory to the Association, for such improvements and construction.

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 May 15, 1974 and ending November 15, 2013, each instalment to and including the instalment payable on November 15, 1983 to be one-half of one per cent ($\frac{1}{2}$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) 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 and services required to carry out the Project described in the Schedule to this Agreement. The specific goods and services to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods and services shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used in the territories of the Borrower.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall enter into the Supplementary Accord, whereby provision will be made for making available to CWA out of the Credit Account, on terms and conditions satisfactory to the Borrower and the Association : up to, respectively, the equivalent of \$800,000, \$780,000, \$920,000 and \$1,000,000, out of the proceeds of the Credit for the purpose of financing the carrying out, respectively, of Parts A, B, C and D of the Project.

(b) The Borrower shall not change or assign the Supplementary Accord other than for purposes of compliance with Section 4.11 or give any waiver of any material provision thereof, without the prior consent of the Association.

(c) The Borrower shall promptly and effectively exercise every power, right and recourse available to it to cause CWA, and the Water Board, Zarqa, the Part C Municipalities and Nablus after the transfers required by Section 4.11 to perform all their obligations under the Supplementary Accord.

Section 4.02. (a) The Borrower shall cause the Project to be carried out and operated with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

(b) The Borrower shall at all times make or cause to be made available promptly as needed all sums other than 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 and the Association.

Section 4.03. (a) Upon request from time to time by the Association, the Borrower shall cause to be furnished promptly 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.

(b) The Borrower shall : (i) 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 CWA and the Water Board and Zarqa and the Part C Municipa-

lities and Nablus with respect to the Project and the operations and financial condition with respect to the Project of CWA and the Water Board and Zarqa and the Part C Municipalities and Nablus; (ii) enable the Association's representatives to inspect the Project, the goods, all water supply plant and facilities (including distribution facilities) operated by CWA in respect of the Project, and by the Water Board, Zarqa, the Part C Municipalities and Nablus, and any relevant records and documents; and (iii) 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 with respect to the Project between the Borrower and CWA and the Water Board and Zarqa and the Part C Municipalities and Nablus, the operations and financial condition with respect to the Project of CWA, the Water Board, Zarqa, the Part C Municipalities and Nablus, and the operation of all water supply plant and facilities (including distribution facilities) operated by CWA in respect of the Project and by the Water Board, Zarqa, the Part C Municipalities and Nablus.

Section 4.04. (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 4.05. 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 4.06. This 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.

Section 4.07. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause CWA, the Water Board, Zarqa, the Part C Municipalities and Nablus to : (i) use all goods purchased in whole or in part with the proceeds of the Credit exclusively in the carrying out and operation of the Project; and (ii) obtain title to all such goods free and clear of all encumbrances.

Section 4.08. (a) Except as the Association shall otherwise agree, the Borrower shall cause CWA : (i) in the construction of the facilities included in the Project to employ competent and experienced consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Association; and (ii) to employ, for all works included in the Project and to be constructed under contract, contractors acceptable to the Borrower and the Association, employed under contracts satisfactory to the Borrower and the Association.

(b) The Borrower shall cause CWA in the operation of the Part C Water Transmission Main, and the Water Board, Zarqa, the Part C Municipalities and Nablus in the operation of the Project, to utilize, to an extent and upon terms and conditions satisfactory to the Association, the assistance of competent and experienced consultants acceptable to the Association or, if and to the extent that the Association shall otherwise agree, of CWA, on such technical, managerial, accounting and other matters (with the exception of the operation of the Part C Water Transmission Main) as shall be agreed upon between the Borrower and the Association.

Section 4.09. (a) The Borrower shall insure or cause to be insured with good and reputable 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 sites of the Project, and shall be for such amounts, as shall be consistent with sound commercial practices. Such insurance shall be payable in : (i) the currency in which the cost of the goods insured thereunder shall be payable; or (ii) a freely convertible currency.

(b) The Borrower shall, in respect of all water supply plant and facilities operated by the Water Board, Zarqa, the Part C Municipalities and Nablus, take out and maintain, or cause to be taken out and maintained, 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 4.10. (a) Except as the Borrower and the Association shall otherwise agree, the Borrower shall, for the purpose of operating and maintaining Part A of the Project and all water supply plant and facilities (including distribution facilities) of the Water District establish the Water Board which will at all times : (i) function under rules and regulations in form and substance satisfactory to the Association and (ii) have such powers, separation of accounts and functions, management and staff as are necessary for the diligent and efficient operation and maintenance of Part A of the Project and all water supply plant and facilities (including distribution facilities) of the Water District.

(b) The Borrower shall cause Zarqa, Irbid and Nablus to establish, for the purpose of operating and maintaining the parts of the Project to be operated and maintained by them and of operating their water supply plant and facilities, a department of each of them which will at all times : (i) function under rules and regulations in form and substance satisfactory to the Association and (ii) have such powers, functions, management and staff, separation of accounts and funds, and safeguards against diversion of funds for purposes other than water supply purposes, as are necessary for the diligent and efficient operation and maintenance of the part of the Project and the plant and facilities to be operated and maintained by each of them.

Section 4.11. Except as the Borrower and the Association shall otherwise agree :

(a) On such date or dates as shall be agreed upon by the Borrower and the Association, the Borrower shall : (i) cause CWA to transfer to the Water Board, for operation and maintenance, the facilities included in Part A of the Project and all assets and liabilities relating thereto including the financial obligations in respect of such Part A of the Project arising out of the Supplementary Accord; (ii) cause the Municipalities of Ramallah and El Bira to transfer to the Water Board, for operation and maintenance, all water supply plant and facilities (including distribution facilities) of such Municipalities and all assets and liabilities relating thereto; and (iii) take all steps necessary to ensure that such transfers are made on terms and conditions which will enable the Borrower to cause the Water Board to perform its obligations in respect of such Part A of the Project and all water supply plant and facilities referred to in (ii) above.

(b) As and when the facilities included in Part B of the Project are commissioned for operation, the Borrower shall : (i) cause CWA to transfer to Zarqa, for operation and maintenance, such facilities and all assets and liabilities relating thereto including the financial obligations arising out of the Supplementary Accord in respect of such Part B of the Project; and (ii) take all steps necessary to ensure that such transfer is made on terms and conditions which will enable the Borrower to cause Zarqa to perform its obligations in respect of such Part B of the Project.

(c) As and when the distribution facilities included in Part C of the Project are commissioned for operation, the Borrower shall : (i) cause CWA to transfer to each of the Part C Municipalities, for operation and maintenance as part of the distribution system of each of them, such distribution facilities and all assets and liabilities relating thereto including the financial obligations arising out of the Supplementary Accord in respect of such distribution facilities; and (ii) take all steps necessary to ensure that such transfers are made on terms and conditions which will enable the Borrower to cause each of the Part C Municipalities to perform its obligations in respect of such distribution facilities and distribution system.

(d) As and when the facilities included in Part D of the Project are commissioned for operation, the Borrower shall : (i) cause CWA to transfer to Nablus, for operation and maintenance, such facilities and all assets and liabilities relating thereto including the financial obligations arising out of the Supplementary Accord in respect of such Part D of the Project; and (ii) take all steps necessary to ensure that such transfer is made on terms and conditions which will enable the Borrower to cause Nablus to perform its obligations in respect of such Part D of the Project.

Section 4.12. The Borrower shall cause CWA in respect of the Part C Water Transmission Main and of the other parts of the Project until such time as the transfers required by Section 4.11 shall have been completed, and the Water Board, Zarqa, the Part C Municipalities and Nablus, at all times to : (a) carry on their operations and conduct their affairs in respect of their water supply systems under capable and efficient management satisfactory to the Association and in accordance with sound business, financial and public utility practices; and (b) operate, maintain, renew and repair their water supply plant and facilities in accordance with sound engineering and public utility practices.

Section 4.13. The Borrower shall cause the Water Board, Zarqa, the Part C Municipalities and Nablus in respect of the water supply systems operated by each of them, and CWA in respect of the Part C Water Transmission Main and of the other parts of the Project until such time as the transfers required

by Section 4.11 shall have been completed, to set and maintain water rates adequate to provide sufficient revenue to : (a) cover operating expenses, including taxes if any, and interest payments on borrowings, and provide for adequate maintenance and depreciation based on realistic valuations of assets; (b) meet repayments on long-term indebtedness to the extent that any such repayments exceed the provisions for depreciation; (c) finance the normal year-to-year extensions of their water supply systems and provide a reasonable part of the cost of future major expansion.

Section 4.14. The Borrower shall cause the accounts of the Water Board, of CWA with respect to the Project, and of Zarqa, the Part C Municipalities and Nablus with respect to their water supply operations to be certified annually by an outside accountant acceptable to the Association and shall promptly after their preparation and not later than seven months after the close of their fiscal year transmit or cause to be transmitted to the Association certified copies of such accounts and a signed copy of such accountant's report.

Section 4.15. Except as the Borrower and the Association shall otherwise agree, the Borrower shall not permit the Water Board, or Zarqa or each of the Part C Municipalities or Nablus in respect of its water supply operations, to incur any long-term indebtedness unless the net revenues from the water supply operations of the entity or municipality in question for any twelve consecutive months out of the fifteen-month period last preceding the date of such incurrence shall not be less than 1.5 times the maximum debt service requirements on all its long-term indebtedness (including that part of the Credit transferred to the entity or municipality in question pursuant to the provisions of Section 4.11) in any succeeding fiscal year. For the purposes of this Article :

(a) the term "long-term indebtedness" shall mean all indebtedness maturing by its terms more than one year after the date on which it is originally incurred and shall include the assumption and guarantee of indebtedness; but, it shall not include : (i) as to the Water Board, indebtedness undertaken for major works pursuant to a sound financial plan approved by the Association, or (ii) as to Zarqa, the Part C Municipalities and Nablus, any indebtedness incurred for purposes other than water supply operations;

(b) debt shall be deemed to be incurred on the date of execution and delivery of a contract or loan agreement;

(c) the term "net revenues" shall mean, as to the Water Board, gross revenues from all sources and, as to Zarqa, the Part C Municipalities and Nablus, gross revenues from all water supply operations, adjusted to take account of rates in effect at the time of incurrence of debt even though they were not in effect during the twelve consecutive months to which such revenues relate,

less operating, administrative and maintenance expenses, including provision for taxes, if any, but before provision covering depreciation, interest and other charges on debt; and

(d) the term "debt service requirements" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on indebtedness.

Section 4.16. The Borrower shall take or cause to be taken all action which shall be necessary on its part to : (a) insure protection of the Druz and Sheshan springs included in Part C of the Project against pumpage of water beyond the overflow rates thereof; and (b) safeguard such springs against damage by hydrological explorations and borings and all other acts which may adversely affect the aquifers now supplying water to such springs.

Section 4.17. Except as the Borrower and the Association shall otherwise agree, the Borrower covenants that : (a) all sources of water to be developed after the date of this Agreement for the purpose of supplying water to any of the municipalities, towns or villages included in the Water District or to any of the other municipalities, towns or villages (including the Municipality of Jerusalem) located in an area which could be served by the Water Board shall be developed only by CWA; and (b) as and when any such source is commissioned for operation, it will cause CWA to transfer to the Water Board, for operation and maintenance, such source, and all facilities and financial liabilities relating thereto, such transfer to be made on such terms and conditions as shall enable the Borrower to cause the Water Board to perform its obligations in respect thereof and of Part A of the Project as required by this Agreement.

Section 4.18. The obligations in respect of the Project arising out of this Article shall forthwith terminate : (a) as to the Water Board, upon termination of the Supplementary Accord in respect of Part A of the Project; (b) as to Zarqa, upon termination of the Supplementary Accord in respect of Part B of the Project; (c) as to CWA in respect of the operation of the Part C Water Transmission Main and as to the Part C Municipalities, upon termination of the Supplementary Accord in respect of Part C of the Project; and (d) as to Nablus, upon termination of the Supplementary Accord in respect of Part D of the Project.

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.

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 Supplementary Accord have been duly authorized or ratified by all necessary governmental and corporate action.

(b) Except as the Association may otherwise agree, all necessary acts, consents and approvals to be performed or given by the Borrower and CWA, and the Municipalities of Ramallah and El Bira, and Zarqa, the Part C Municipalities and Nablus or otherwise to be performed or given in order to authorize the carrying out of the Project, with all necessary powers and rights in connection therewith, have been performed or given.

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 Supplementary Accord has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and CWA respectively and is valid and enforceable in accordance with its terms.

(b) That all acts, consents and approvals of the Borrower and CWA, and the Municipalities of Ramallah and El Bira, and Zarqa, the Part C Municipalities and Nablus or otherwise to be performed or given in order to authorize the carrying out of the Project, with all necessary powers and rights in connection therewith have been duly and validly performed or given.

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 in respect of amounts of the Credit for Parts A and B of the Project shall be December 31, 1965; and the Closing

Date in respect of amounts of the Credit for Parts C and D of the Project shall be December 31, 1966, or such other date or dates 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 THE PROJECT

Part A

This part of the Project consists of the construction of new facilities for, and the expansion of existing facilities of, the water supply system of the Water District and the operation of all such facilities under a unified administration.

This part of the Project includes :

- (a) At Ein Samiya Spring, collection works and wells with pumps and housing, surge tank and cattle watering trough, and piping and chlorination facilities therefor;
- (b) Improvement of access road to Ein Samiya Spring;
- (c) Two booster pumping stations, electric power line, water transmission main and facilities, as required to raise the water from the surge tank to a new distribution reservoir at El Bira;
- (d) At El Bira, a distribution reservoir of adequate capacity and water transmission mains from the reservoir, as required to supply water to Ramallah and El Bira and to the Municipality of Jerusalem;
- (e) Branch feeder mains to neighboring towns and villages situated in the vicinity of the main transmission lines;
- (f) Acquisition of easements, rights-of-way and other rights-in-rem; and
- (g) Technical and management assistance on study, design, and supervision of construction and operation of this part of the Project, and on organization and operations of the Water Board.

This part of the Project will be constructed by CWA and operated by the Water Board.

The construction of facilities included in Part A of the Project is expected to be completed by April 1, 1965.

Part B

This part of the Project consists of the construction of new facilities for, and the expansion of existing facilities of, the water supply system of Zarqa, and the operation of all such facilities by Zarqa.

This part of the Project includes :

- (a) Construction and testing of wells, at a site about six kilometers north of Zarqa and a site adjacent to the Zarqa springs, and development thereof as a satisfactory water source for Zarqa;
- (b) Individual well pumps with housing, piping, and collection sump or sumps near the well field;
- (c) A booster pumping station, chlorination facilities, and accessories to the foregoing, with provision for subsequent installation of additional pumps when required;

- (d) Transmission line for supplying adequate electric power to the well and booster pumps, electrical controls and cables;
- (e) Steel water transmission mains for conducting water from the booster pumps to reservoirs at Zarqa;
- (f) A reservoir at Zarqa, and improvements of and extensions to the existing water distribution system in Zarqa;
- (g) A water meter repair shop at Zarqa;
- (h) Maintenance of existing water sources and facilities of the Zarqa water supply system for stand-by use;
- (i) Acquisition of easements, rights-of-way and other rights-in-rem; and
- (j) Technical and management assistance on design and supervision of construction and operation of this part of the Project, and on organization and operations (including accounting and technical aspects) of the Water Department of Zarqa.

This part of the Project will be constructed by CWA and operated by Zarqa.

The construction of facilities included in Part B of the Project is expected to be completed by April 1, 1965.

Part C

This part of the Project consists of the construction of new facilities for, and the expansion of existing facilities of, the water supply systems of the Part C Municipalities.

This part of the Project includes :

- (a) Collection works, including pipes, pumps, accessories and a tank at Druz and Sheshan springs in Azraq;
- (b) A booster pumping station with chlorination facilities, and accessories;
- (c) Reconditioning and installation of the salvaged steel petroleum pipeline and accessories presently belonging to the Borrower for operation as water transmission main from Druz and Sheshan springs to Irbid through Hawara, and accessories thereto, all to be cathodically protected if required;
- (d) A water transmission main from Hawara to Ramtha and accessories;
- (e) A steel reservoir near Husn;
- (f) Seven desert watering stations;
- (g) Improvements and extensions to the water distribution system of, and construction of a reservoir in, Irbid;
- (h) Renovation of the pumping facilities at the existing Irbid water sources;
- (i) Improvements and extensions to the distribution systems of Mafraq and Ramtha;

- (j) A distribution system at Husn;
- (k) Acquisition of easements, rights-of-way and other rights-in-rem; and
- (l) Technical and management assistance on design and supervision of construction of the Part C Water Transmission Main and the Irbid distribution system and on the organization and operations (including accounting and technical aspects) of CWA in respect of the Part C Water Transmission Main, the operations of the Water Department of the Municipality of Irbid and the water supply operations of the Part C Municipalities (other than Irbid).

This part of the Project will be constructed by CWA, the Water Transmission Main will be operated by CWA, and the distribution systems will be operated by the Part C Municipalities.

The construction of facilities included in Part C of the Project is expected to be completed by April 1, 1966.

Part D

This part of the Project consists of the construction of new facilities for, and expansion of existing facilities of, the water supply system of Nablus.

This part of the Project includes :

- (a) A well field at Anabta about 17 kilometers northwest of Nablus;
- (b) Individual well pumps with housing, piping, collection reservoir and accessories;
- (c) Booster pumping stations, anti-surge equipment, chlorination, and a transmission main to deliver the water to Nablus;
- (d) Transmission line for supplying adequate electrical power to the pumps, with electrical controls and cables;
- (e) Construction of a reservoir of adequate capacity at Nablus;
- (f) Modifications of and improvements to existing sources of water, and related pumping facilities;
- (g) Extensions and improvements to the water distribution system, including house meters;
- (h) Acquisition of easements, rights-of-way and other rights-in-rem; and
- (i) Technical and management assistance on design and supervision of construction and operation of this part of the Project and on organization and operations (including accounting and technical aspects) of the Water Department of Nablus.

This part of the Project will be constructed by CWA and operated by Nablus.

The construction of facilities included in Part D of the Project is expected to be completed by April 1, 1966.

LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

JORDAN EMBASSY
WASHINGTON, D.C.

December 12, 1963

Currency of Repayment Letter

International Development Association
Washington, D.C.

Dear Sirs :

We refer to the Development Credit Agreement (*Water Supply Projects*) of even date 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.
- (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 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 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.*]