

No. 8907

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
JORDAN**

**Development Credit Agreement—*Second Agricultural Credit Project* (with annexed Development Credit Regulations No. 1, as amended, and Project Agreement between the Association and the Agricultural Credit Corporation).
Signed at Washington, on 9 May 1967**

Official text: English.

Registered by the International Development Association on 10 January 1968.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
JORDANIE**

Contrat de crédit de développement — *Deuxième projet relatif au crédit agricole* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié, et le Contrat relatif au Projet entre l'Association et l'Agricultural Credit Corporation). Signé à Washington, le 9 mai 1967

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 10 janvier 1968.

No. 8907. DEVELOPMENT CREDIT AGREEMENT¹ (*SECOND AGRICULTURAL CREDIT PROJECT*) BETWEEN THE HASHEMITE KINGDOM OF JORDAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 9 MAY 1967

AGREEMENT, dated May 9, 1967, 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;

WHEREAS by a development credit agreement, dated December 12, 1963,² between the Borrower and the Association (hereinafter called the First Development Credit Agreement), the Association made a development credit to the Borrower in an aggregate principal amount in various currencies equivalent to \$3,000,000 to assist in the financing of the first part of such program; 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 herewith between the Association and the Corporation;

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, as amended February 9, 1967,³ 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) :

¹ Came into force on 3 October 1967, upon notification by the Bank to the Government of Jordan.

² United Nations, *Treaty Series*, Vol. 492, p. 3.

³ See p. 60 of this volume.

(a) Sections 6.01, 6.02 and 6.03 are amended by inserting the words “ or the Project Agreement ” after the words “ the Development Credit Agreement ”; and the words “ or the Corporation ” after the word “ Borrower ”.

(b) 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 terms, wherever used in this Agreement or in the Regulations, shall have the following meanings :

1. “ Project Agreement ” means the project agreement of even date herewith between the Association and the Corporation and shall include any amendments thereof made by agreement among the Borrower, the Corporation and the Association.
2. “ Dinars ” means dinars in the currency of the Borrower.

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 the date of this Agreement.

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.

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 withdrawn in semi-annual installments payable on each February 1 and August 1 commencing August 1, 1977 and ending February 1, 2017, each installment to and including the installment payable on February 1, 1987 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.

Section 2.07. The currency of the United Kingdom of Great Britain and Northern Ireland in hereby specified for the purposes of paragraph (a) of Section 3.02 of the Regulations.

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 to this Agreement. The specific allocation of the proceeds of the Credit and the methods and procedures for procurement of the goods to be financed out of such proceeds 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 in accordance with sound agricultural, engineering and financial practices and under capable and efficient management appointed in consultation with the Association.

(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 funds, services, facilities and resources other than the proceeds of the Credit which shall be required for the carrying out of the Project and all other operations of the Corporation.

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 positions 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, 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 (k) 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 (*k*) 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.

(*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.

(*c*) A substantial change shall have been made in the Corporation's legal framework without the Association's consent.

Section 5.03. The Borrower and the Association hereby agree that for the purposes of the First Development Credit Agreement and this Agreement, respectively, an event referred to in paragraph (*b*) of Section 5.02 of the Regulations applicable to one of the two Agreements shall be deemed to be an event under paragraph (*b*) of Section 5.02 of the Regulations applicable to the other 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 the Corporation shall 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. The date of August 10, 1967 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 October 31, 1971 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, D.C. 20433
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 Farhan SHUBEILAT

Authorized Representative

International Development Association :

By A. BROCHES

General Counsel

SCHEDULE

DESCRIPTION OF PROJECT

The Project consists of :

A. The use of the proceeds of the Credit augmented by funds derived from the Corporation's own resources to make loans to farmers totalling approximately \$5 million equivalent (about 1.8 million Dinars) for the following purposes :

1. Land reclamation and improvement;
2. Tree crop establishment;
3. Farm water supply development;
4. Purchases of farm machinery;
5. On-farm development within irrigation schemes; and
6. Such other purposes as shall be agreed from time to time between the Corporation and the Association.

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

The Project is expected to be executed within a period not exceeding four years from the date of this Agreement.

DEVELOPMENT CREDIT REGULATIONS No. 1 DATED JUNE 1, 1961, AS AMENDED FEBRUARY 9, 1967

Article I

PURPOSE; APPLICATION TO DEVELOPMENT CREDIT AGREEMENTS

SECTION 1.01. *Purpose.* The purpose of these Regulations is to set forth certain terms and conditions generally applicable to development credits granted by the Association directly to its members.

SECTION 1.02. *Application of Regulations.* Any development credit agreement between the Association and a member may provide that the parties thereto accept the provisions of these Regulations. To the extent so provided, these Regulations shall apply to such agreement and shall govern the rights and obligations thereunder of the parties thereto with the same force and effect as if they were fully set forth therein. No revocation or amendment of these Regulations shall be effective in respect of any development credit agreement unless the parties thereto shall so agree.

SECTION 1.03. *Inconsistency with Development Credit Agreements.* If any provision of a development credit agreement is inconsistent with a provision of these Regulations, the provision of the agreement shall govern.

Article II

CREDIT ACCOUNT; SERVICE CHARGES; REPAYMENT; PLACE OF PAYMENT

SECTION 2.01. *Credit Account.* The amount of the Credit shall be credited to a Credit Account which the Association shall open on its books in the name of the Borrower. The amount of the Credit may be withdrawn from the Credit Account as provided in the Development Credit Agreement and in these Regulations.

SECTION 2.02. *Service Charges.* A service charge at the rate specified in the Development Credit Agreement shall be payable on the principal amount of the Credit withdrawn from the Credit Account and outstanding from time to time. A service charge at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum shall be payable on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 and outstanding from time to time.

SECTION 2.03. *Computation of Service Charges.* Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 2.04. *Repayment.* (a) The principal amount of the Credit withdrawn from the Credit Account shall be repayable in installments as provided in the Development Credit Agreement.

(b) The Borrower shall have the right to repay in advance of maturity all or any part of the principal amount of one or more maturities of the Credit specified by the Borrower.

SECTION 2.05. *Place of Payment.* The principal of, and service charges on, the Credit shall be paid at such places as the Association shall reasonably request.

Article III

CURRENCY PROVISIONS

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.

SECTION 3.02. *Currencies in which Principal and Service Charges are Payable.* (a) The Borrower shall pay the principal amount of, and service charges on, the Credit in the currency specified in the Development Credit Agreement for the purposes of this Section or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraphs (c) or (e) of this Section.

(b) For the purposes of this Section, the term “eligible currency” means the currency of any member of the Association which the Association from time to time determines to be freely convertible or freely exchangeable by the Association for currencies of other members of the Association for the purposes of its operations.

(c) If at any time the Borrower 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 so specified or than one theretofore designated pursuant to this paragraph (c) or selected pursuant to paragraph (e) below, the Borrower 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.

(d) If at any time the Association shall determine that a currency payable pursuant to the provisions of this Section is not an eligible currency, the Association shall so notify the Borrower in writing and furnish the Borrower with a list of eligible currencies.

(e) Within thirty days from the date of such notice, the Borrower shall notify the Association in writing of its selection from such list of a currency 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.

SECTION 3.03. *Amount of Repayment.* The principal amount of the Credit repayable shall be the equivalent (determined as of the date, or the respective dates, of repayment) of the value of the currency or currencies withdrawn from the Credit Account expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960, determined as of the respective dates of withdrawal; provided, however :

- (i) that if a uniform proportionate reduction in the par values of the currencies of all its members is made by the International Monetary Fund, the principal amount of the Credit then outstanding and repayable after such reduction shall be reduced by the same proportion; and
- (ii) that if the Association shall at any time determine that there has been a substantial reduction in the par value or the foreign exchange value of one or more major currencies of members of the Association in terms of United States dollars of the weight and fineness in effect on January 1, 1960, which in the opinion of the Association shall justify a general reduction in the principal amount repayable on development credits then outstanding, the principal amount of the Credit then outstanding and repayable after such determination shall be reduced by such proportion as the Association shall decide.

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.

SECTION 3.05. *Valuation of Currencies.* Whenever it shall be necessary for the purpose of the Development Credit Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Association.

Article IV

WITHDRAWAL OF PROCEEDS OF CREDITS

SECTION 4.01. *Withdrawal from the Credit Account.* The Borrower shall be entitled to withdraw from the Credit Account amounts expended or to be expended for the Project in accordance with the provisions of the Development Credit Agreement and of these Regulations. Except as shall be otherwise agreed between the Borrower and the Association no withdrawals shall be made on account of expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

SECTION 4.02. *Special Commitments by the Association.* Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Association and the Borrower, the Association may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods to be financed under the Development Credit Agreement notwithstanding any subsequent suspension or cancellation.

SECTION 4.03. *Applications for Withdrawal or for Special Commitment.* When the Borrower shall desire to withdraw any amount from the Credit Account or to request the Association to enter into a special commitment pursuant to Section 4.02, the Borrower shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter in this Article

provided, shall, except as the Association and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Project.

SECTION 4.04. *Supporting Evidence.* The Borrower shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have permitted any withdrawal requested in the application.

SECTION 4.05. *Sufficiency of Applications and Documents.* Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Borrower is entitled to withdraw from the Credit Account the amount applied for and that the amount to be withdrawn from the Credit Account is to be used only for the purposes specified in the Development Credit Agreement.

SECTION 4.06. *Payment by the Association.* Payment by the Association of amounts which the Borrower is entitled to withdraw from the Credit Account shall be made to or on the order of the Borrower.

Article V

CANCELLATION AND SUSPENSION

SECTION 5.01. *Cancellation by the Borrower.* The Borrower may by notice to the Association cancel any amount of the Credit which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Credit in respect of which the Association shall have entered into a special commitment pursuant to Section 4.02.

SECTION 5.02. *Suspension by the Association.* If any of the following events shall have happened and be continuing, the Association may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account :

(a) A default shall have occurred in the payment of principal or service charges or any other payment required under the Development Credit Agreement or any other development credit agreement or any guarantee agreement between the Borrower and the Association.

(b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under the Development Credit Agreement.

(c) A default shall have occurred in the payment of principal or interest or any other payment required under any loan agreement or guarantee agreement between the Bank and the Borrower, or any bonds or other obligations issued thereunder.

(d) The Association (i) shall have suspended in whole or in part the right of the Borrower to make withdrawals under any development credit agreement between the Borrower and the Association because of a default on the part of the Borrower, or (ii) shall have suspended in whole or in part the right of the borrower to make withdrawals under any development credit agreement with the Association guaranteed by the Borrower because of a default on the part of the Borrower.

(e) The Bank (i) shall have suspended in whole or in part the right of the Borrower to make withdrawals under any loan agreement between the Borrower and the Bank because of a default on the part of the Borrower, or (ii) shall have suspended in whole or in part the right of the borrower to make withdrawals under any loan agreement with the Bank guaranteed by the Borrower because of a default on the part of the Borrower.

(f) An extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under the Development Credit Agreement.

(g) The Borrower shall have been suspended from membership in or ceased to be a member of the Association.

(h) The Borrower shall have ceased to be a member of the International Monetary Fund or shall have become ineligible to use the resources of said Fund under Section 6 of Article IV of the Articles of Agreement of said Fund or shall have been declared ineligible to use said resources under Section 5 of Article V, Section 1 of Article VI or Section 2 (a) of Article XV of the Articles of Agreement of said Fund.

(i) After the date of the Development Credit Agreement and prior to the Effective Date any event shall have occurred which would have entitled the Association to suspend the Borrower's right to make withdrawals from the Credit Account if the Development Credit Agreement had been effective on the date such event occurred.

(j) The Borrower shall have failed to fulfill an obligation to make payment of principal, interest, service charge or any other payment required under the Development Credit Agreement or any other development credit agreement between the Borrower and the Association or under any loan agreement or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement, notwithstanding the fact that such payment is made by a third party.

(k) Any other event specified in the Development Credit Agreement for the purposes of this Section shall have occurred.

The right of the Borrower to make withdrawals from the Credit Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Association shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Association in respect of any other or subsequent event described in this Section.

SECTION 5.03. *Cancellation by the Association.* If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days or (b) by the date specified in the Development Credit Agreement as the Closing Date an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Credit shall be cancelled.

SECTION 5.04. *Amounts Subject to Special Commitment Not Affected by Cancellation or Suspension by the Association.* No cancellation or suspension by the Association shall apply to amounts subject to any special commitment entered into by the Association pursuant to Section 4.02 except as expressly provided in such commitment.

SECTION 5.05. *Application of Cancellation to Maturities of the Credit.* Except as otherwise agreed between the Association and the Borrower, any cancellation shall be applied *pro rata* to the several installments of the principal amount of the Credit.

SECTION 5.06. *Effectiveness of Provisions after Suspension or Cancellation.* Notwithstanding any cancellation or suspension all the provisions of the Development Credit Agreement and these Regulations shall continue in full force and effect except as in this Article specifically provided.

Article VI

ENFORCEABILITY OF DEVELOPMENT CREDIT AGREEMENT; FAILURE TO EXERCISE RIGHTS; ARBITRATION

SECTION 6.01. *Enforceability.* The rights and obligations of the Association and the Borrower under the Development Credit Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Association nor the Borrower shall be entitled in any proceeding under this Article to assert any claim that any provision of these Regulations or the Development Credit Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Association or for any other reason.

SECTION 6.02. *Failure to Exercise Rights.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Development Credit Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

SECTION 6.03. *Arbitration.* (a) Any controversy between the parties to the Development Credit Agreement and any claim by either such party against the other arising under the Development Credit Agreement which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Association and the Borrower.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association; a second arbitrator shall be appointed by the Borrower; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of

the United Nations. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within 30 days after the giving of such notice, the adverse party shall notify the party instituting the proceeding of the name of the arbitrator appointed by such adverse party.

(e) If, within 60 days after the giving of such notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Development Credit Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties to the Development Credit Agreement and any claims by either party against the other party arising thereunder.

(k) The Association shall not be entitled to enter judgment against the Borrower upon the award, to enforce the award against the Borrower by execution or to pursue

any other remedy against the Borrower for the enforcement of the award, except as such procedure may be available against the Borrower otherwise than by reason of the provisions of this Section. If, within 30 days after counterparts of the award shall be delivered to the parties, the award shall not be complied with by the Association, the Borrower may take any such action for the enforcement of the award against the Association.

(l) Service of any notice or process in connection with any proceeding under this Section or (to the extent that such remedy shall be available) in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 7.01. The parties to the Development Credit Agreement waive any and all other requirements for the service of any such notice or process.

Article VII

MISCELLANEOUS PROVISIONS

SECTION 7.01. *Notices and Requests.* Any notice or request required or permitted to be given or made under the Development Credit Agreement and any agreement between the parties contemplated by the Development Credit Agreement shall be in writing. Except as otherwise provided in Section 8.03 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 such party's address specified in the Development Credit Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

SECTION 7.02. *Evidence of Authority.* The Borrower shall furnish to the Association sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article IV or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under the Development Credit Agreement, and the authenticated specimen signature of each such person.

SECTION 7.03. *Action on Behalf of the Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Development Credit Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Development Credit Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of the Development Credit Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Development Credit Agreement. The Association may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Development Credit Agreement effected by such

instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

SECTION 7.04. *Execution in Counterparts.* The Development Credit Agreement may be executed in several counterparts, each of which shall be an original. All such counterparts shall collectively be but one instrument.

Article VIII

EFFECTIVE DATE; TERMINATION

SECTION 8.01. *Conditions Precedent to Effectiveness of Development Credit Agreement.* The Development Credit Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that :

(a) the execution and delivery of the Development Credit Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action; and

(b) all other events specified in the Development Credit Agreement as conditions to its effectiveness have occurred.

SECTION 8.02. *Legal Opinions.* As part of the evidence to be furnished pursuant to Section 8.01, the Borrower shall furnish to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing :

(a) that the Development Credit Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and

(b) such other matters as shall be specified in the Development Credit Agreement.

SECTION 8.03. *Effective Date.* Except as shall be otherwise agreed by the Association and the Borrower, the Development Credit Agreement shall come into force and effect on the date on which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 8.01.

SECTION 8.04. *Termination of Development Credit Agreement for Failure to Become Effective.* If the Development Credit Agreement shall not have come into force and effect by the date specified therein for the purposes of this Section, the Development Credit Agreement and all obligations of the parties thereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such later date.

SECTION 8.05. *Termination of Development Credit Agreement on Full Payment.* If and when the entire principal amount of the Credit and all charges which shall have accrued on the Credit shall have been paid, the Development Credit Agreement and all obligations of the parties thereunder shall forthwith terminate.

Article IX

DEFINITIONS; HEADINGS

SECTION 9.01. *Definitions.* Except where the context otherwise requires, the following terms have the following meanings wherever used in these Regulations or in a development credit agreement to which these Regulations have been made applicable :

1. The term " Association " means International Development Association.
2. The term " Bank " means International Bank for Reconstruction and Development.
3. The term " Development Credit Agreement " means the particular development credit agreement to which these Regulations shall have been made applicable, as amended from time to time; and such term includes these Regulations as thus made applicable, all agreements supplemental to the Development Credit Agreement and all schedules to the Development Credit Agreement.
4. The term " Credit " means the development credit provided for in the Development Credit Agreement.
5. The term " Borrower " means the member of the Association to which the Credit is granted.
6. The term " currency " means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in the territories of the government referred to. Whenever reference is made to the currency of the Borrower, the term " currency " includes the currencies of all territories on whose behalf at the time referred to the Borrower has accepted membership in the Association.
7. The term " dollars " and the sign " \$ " means dollars in currency of the United States of America.
8. The term " Credit Account " means the account on the books of the Association to which the amount of the Credit is to be credited as provided in Section 2.01.
9. The term " Project " means the project or projects or program or programs for which the Credit is granted, as described in the Development Credit Agreement and as the description thereof shall be amended from time to time by agreement between the Association and the Borrower.
10. The term " goods " means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.
11. The term " Effective Date " means the date on which the Development Credit Agreement shall come into force and effect as provided in Section 8.03.

12. The term "tax" and "taxes" shall include imposts, levies, fees and duties of any nature, whether in effect at the date of the Development Credit Agreement or thereafter imposed.

References in these Regulations to Articles or Sections are to Articles or Sections of these Regulations; references in a development credit agreement to Articles or Sections are to Articles or Sections of such agreement.

SECTION 9.02. *Headings.* The headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these Regulations.

PROJECT AGREEMENT
(SECOND AGRICULTURAL CREDIT PROJECT)

AGREEMENT, dated May 9, 1967, between the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and the AGRICULTURAL CREDIT CORPORATION (hereinafter called the Corporation).

WHEREAS by a development credit agreement of even date herewith¹ (hereinafter called the Development 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 Development 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 Development 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 Development Credit Agreement and in the Regulations² (as therein 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

¹ See p. 48 of this volume.

² See p. 60 of this volume.

position in accordance with sound agricultural, engineering and financial practices and under capable and efficient management appointed in consultation with 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 20,000 Dinars to be extended by the Corporation under the Project for any individual farmer or for any single scheme. The Corporation further agrees that it will not make any such loans without prior approval of the Association.

(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 the purposes of the Project on terms and conditions and in accordance with 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 and the Association.

Section 2.03. Except as the Association and the Corporation 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, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Corporation and all financial transactions between the Borrower and the Corporation with respect to the Project, 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 financed 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 Association and the Corporation 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 Development 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 build up and maintain a special reserve against bad or doubtful loans; and

(c) to accumulate adequate general reserves.

Section 2.08. 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 Development 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 proceeds 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 Development 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 Association :

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Indevas
Washington, D.C.

(b) For the Corporation :

Agricultural Credit Corporation
P.O. Box 77
Amman, Jordan

Alternative address for cablegrams and radiograms :

ACC
Amman

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.

International Development Association :

By A. BROCHES
General Counsel

Agricultural Credit Corporation :

By Farhan SHUBELAT
Authorized Representative
