

No. 17733

**UNITED STATES OF AMERICA
and
JORDAN**

**Loan Agreement—*Village Development Project* (with
annex). Signed at Amman on 28 June 1975**

**First Amendment to the above-mentioned Agreement.
Signed at Washington on 9 June 1977**

Authentic texts: English.

Registered by the United States of America on 17 April 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
JORDANIE**

**Accord de Prêt—*Projet relatif au développement rural*
(avec annexe). Signé à Amman le 28 juin 1975**

**Premier Amendement à l'Accord susmentionné. Signé à
Washington le 9 juin 1977**

Textes authentiques: anglais.

Enregistrés par les États-Unis d'Amérique le 17 avril 1979.

LOAN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE HASHEMITE KINGDOM OF JORDAN
(VILLAGE DEVELOPMENT PROJECT)

A.I.D. Loan No. 278-K-013

Date: June 28, 1975

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¹ Came into force on 28 June 1975 by signature.

LOAN AGREEMENT dated the 28 day of June 1975 between the HASHEMITE KINGDOM OF JORDAN (“Borrower”) and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (“A.I.D.”).

Article I. THE LOAN

Section 1.01. THE LOAN. Upon the terms and conditions stated herein, A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed eight million six hundred and fifty thousand United States dollars (\$8,650,000) (“Loan”) to assist the Borrower in carrying out the Village Development Project (“Project”) referred to in Section 1.02. The Loan shall be used exclusively to finance the Foreign Exchange Costs (“Foreign Exchange Costs”) and the Local Currency Costs (“Local Currency Costs”) of goods and services required for the project. Goods and services authorized to be financed hereunder are hereinafter referred to as “Eligible Items”. The aggregate amount of disbursements under the Loan is hereinafter referred to as “Principal”.

Section 1.02. THE PROJECT. The Project shall consist of the Jordan Valley Commission acting with the cooperation of other governmental entities performing the following activities in the Jordan Valley:

- a) Construction of schools and other buildings and facilities in the Jordan Valley;
- b) The installation of a water distribution system in the central sector of the Valley;
- c) Grading and graveling of roads and asphalt paving of settlement streets;
- d) Surveying, grading and leveling of housing plots;
- e) Establishment of erosion control areas;
- f) Procurement of commodities and equipment for the project;
- g) Mortgage lending financing through the Housing Bank to Valley residents to construct new housing or upgrade existing housing.

The Project is more fully described in Annex I, attached hereto, which Annex may be modified by written agreement between the Borrower and A.I.D.

Article II. LOAN TERMS

Section 2.01. INTEREST. The Borrower shall pay to A.I.D. interest, which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter, on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each respective disbursement (as such date is defined in Section 6.05) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 2.02. REPAYMENT. The Borrower shall repay the Principal to A.I.D. within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments of principal and

interest. The first installment of Principal shall be due and payable nine and one-half (9^{1/2}) years after the date on which the first interest payment is due in accordance with Section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

Section 2.03. APPLICATION, CURRENCY, AND PLACE OF PAYMENT. All payments of interest and Principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the order of the "Agency for International Development" and shall be deemed paid when received by the Office of the Controller, Agency for International Development, Washington, D.C., USA 20523.

Section 2.04. PREPAYMENT. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

Section 2.05. RENEGOTIATION OF THE TERMS OF THE LOAN. The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of Jordan.

Article III. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.01. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT. Prior to the first disbursement or to the issuance of the first Letter of Commitment or other authorization of disbursement under the Loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- a) An opinion of the Minister of Justice of the Hashemite Kingdom of Jordan or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms and that the person signing the Agreement on behalf of the Borrower has the authority to act as the representative of the Borrower in all matters pertaining to this Loan and Agreement, including the authority to designate other representatives pursuant to Section 8.02;
- b) A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 8.02, and a specimen signature of each person specified in such statement;
- c) Evidence that a law has been issued by the Borrower which permits the Jordan Valley Commission to acquire title to all lands necessary for the implementation of the Project;
- d) An executed agreement between the Jordan Valley Commission and the Ministry of Public Works for supervision of all construction activities;

- e) An executed contract for technical assistance approved by A.I.D. for project implementation and engineering and construction management with individuals or a firm acceptable to A.I.D.;
- f) An executed technical assistance contract approved by A.I.D. with a village planning consultant or firm, acceptable to A.I.D., to assist the Jordan Valley Commission in coordinating, modifying and implementing plans for village development;
- g) Written assurances from the Ministries of Education, Social Affairs and Health and the Domestic Water Corporation that they will provide the funds and staff necessary to operate and maintain the facilities to be built under the Project;
- h) Such other information as A.I.D. may reasonably request.

Section 3.02. ADDITIONAL CONDITIONS PRECEDENT. a) Prior to the initial disbursement for any construction financed by the Fixed Amount Reimbursement Method, including school classroom construction, if financed by such method, an agreement shall be entered into between the Jordan Valley Commission and A.I.D. concerning the implementation of the Fixed Amount Reimbursement Method, including methods and procedures for determining the fixed amount to be reimbursed pursuant to Section 6.03 hereof.

b) Prior to disbursements for construction financed other than under the Fixed Amount Reimbursement Method, the Borrower shall submit or cause to be submitted the following in form and substance satisfactory to A.I.D., except as A.I.D. may otherwise agree in writing:

1. An executed contract satisfactory to A.I.D. with an engineering firm acceptable to A.I.D. for the design of the facilities to be built;
2. A written commitment by the Jordan Valley Commission to acquire or cause to be acquired sufficient engineering staff for the purposes of project engineering and construction supervision;
3. The Government's plan, and timetable for execution of the plan, for the turnover of municipal buildings and commercial facilities to the recipient communities;
4. The Domestic Water Corporation's plan, and timetable for implementation of the plan, to establish offices and shops in the Jordan Valley for the maintenance of the water transmission and distribution system and the collection of water-use charges.

c) Prior to disbursements for upgrading the concrete casting plant, the Borrower shall submit, or cause to be submitted, the following in form and substance satisfactory to A.I.D.:

1. An analysis showing the existence of an effective demand for concrete panels and/or cement blocks sufficient to warrant the proposed expenditure for improvement of the plant;
2. A plan for the upgrading of the plant, including the requirements for equipment and personnel and the administrative/accounting system to be introduced and a schedule for accomplishing the upgrading of the plant;
3. Assurances by the Jordan Valley Commission that the Jordan Valley Commission will turn over or lease the facility to another Governmental or

private organization, once the plant improvement program has been completed, including a timetable for such turnover or lease.

d) Prior to disbursement of funds for the mortgage lending program, the Borrower shall submit or cause to be submitted, the following in form and substance satisfactory to A.I.D.:

1. An executed contract for technical assistance services to the Housing Bank;
2. A building code for residential construction in the Jordan Valley;
3. An executed agreement between the Jordan Valley Commission and the Housing Bank for administration of the A.I.D.-financed mortgage lending program including operating rules and lending policies.

e) Prior to disbursement of funds for the afforestation program for soil erosion control, the Borrower shall submit, or cause to be submitted, the following in form and substance satisfactory to A.I.D.:

1. A plan, including an implementation schedule and cost estimate for the afforestation program;
2. An executed agreement between the Jordan Valley Commission and the Forestry Service setting forth the responsibilities of each party in the implementation of the afforestation program.

Section 3.03. TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO DISBURSEMENT. *a)* If all of the conditions specified in Section 3.01 shall not have been met within four months from the date of this Agreement, or by such later dates as A.I.D. may agree to in writing, A.I.D. may at its option at any time thereafter cancel the then undisbursed balance of the Loan or terminate this Agreement by giving written notice to the Borrower.

b) If all of the conditions precedent specified in Section 3.02 shall not have been met within six months from the date of this Agreement or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the amount of the Loan and/or may terminate this Agreement by giving written notice to the Borrower.

c) In the event of a termination hereunder, upon the giving of notice, the Borrower shall immediately repay the Principal then outstanding and shall pay any accrued interest and, upon receipt of such payments in full, this Agreement and all obligations of the parties hereunder shall terminate.

Section 3.04. NOTIFICATION OF MEETING CONDITIONS PRECEDENT TO DISBURSEMENT. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement have been met.

Article IV. GENERAL COVENANTS AND WARRANTIES

Section 4.01. EXECUTION OF THE PROJECT. *a)* The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, economic and accounting practices.

b) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications thereto, approved by A.I.D. pursuant to this Agreement.

The Borrower shall at all times employ suitably qualified and experienced engineering consultants to be professionally responsible for the certification and inspection of work and, whenever necessary, suitably qualified and competent construction contractors to carry out the Project.

c) The Borrower shall ensure or cause to be ensured that the electric power needs of the Project are met.

Section 4.02. FUNDS AND RESOURCES TO BE PROVIDED BY THE BORROWER. The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective execution, maintenance, and repair of the Project.

Section 4.03. CONTINUING CONSULTATION. The Borrower and A.I.D. shall cooperate fully to assure that the purposes of this Agreement will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project and other matters relating to the Loan and the Project.

Section 4.04. MANAGEMENT. The Borrower shall provide qualified and experienced management for the Project acceptable to A.I.D. and it shall train such staff as may be appropriate for the maintenance of the Project.

Section 4.05. OPERATION AND MAINTENANCE. The Borrower shall maintain and repair the Project in conformity with sound engineering, financial, and administrative practices, and in such manner as to ensure the continuing and successful achievement of the purposes of the Project.

Section 4.06. TAXATION. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within Jordan. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Jordan, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan; provided, however, that this Section 4.06 shall not apply to taxes levied upon the income of citizens and companies of Jordan.

Section 4.07. UTILIZATION OF GOODS AND SERVICES. a) Goods and services financed under the Loan shall be used exclusively for the Project, except as A.I.D. may otherwise agree in writing.

b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

Section 4.08. DISCLOSURE OF MATERIAL FACTS AND CIRCUMSTANCES. The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Project and the discharge of its obligations under this Agreement. The Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's obligations under this Agreement.

Section 4.09. COMMISSIONS, FEES, AND OTHER PAYMENTS. a) The Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

b) The Borrower warrants and covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder, except fees, taxes, or similar payments legally established in Jordan.

Section 4.10. MAINTENANCE AND AUDIT OF RECORDS. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

- a) The receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;
- b) The nature and extent of solicitations of prospective suppliers of goods and services acquired;
- c) The basis of the award of contracts and orders to successful bidders; and
- d) The progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

Section 4.11. REPORTS. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Project as A.I.D. may reasonably request.

Section 4.12. INSPECTION. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Project, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of Jordan for any purpose relating to the Loan.

Article V. PROCUREMENT

Section 5.01. PROCUREMENT FROM ELIGIBLE SOURCES. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 6.01 shall be used exclusively to finance the procurement for the Project of goods and services, including ocean shipping and marine insurance but excluding automobiles manufactured outside the United States, having both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

Section 5.02. PROCUREMENT FROM JORDAN. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Sections 6.02 and 6.03 shall be used exclusively to finance the procurement for the Project of goods and services having both their source and origin in the Hashemite Kingdom of Jordan.

Section 5.03. ELIGIBILITY DATE. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

Section 5.04. GOODS AND SERVICES NOT FINANCED OR REIMBURSED UNDER THE LOAN. Goods and services procured for the Project, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

Section 5.05. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS. The definitions applicable to the eligibility requirements of Sections 5.01, 5.02 and 5.04 will be set forth in detail in Implementation Letters.

Section 5.06. PLANS, SPECIFICATIONS, AND CONTRACTS. Except as A.I.D. may otherwise agree in writing:

a) The Borrower shall furnish to A.I.D., promptly upon preparation, all plans, specifications, construction schedules, bid documents, and contracts relating to the Project, and any modifications thereto, whether or not the goods and services to which they relate are financed under the Loan.

b) All of [the] plans, specifications, and construction schedules furnished pursuant to subsection (a) above shall be approved by A.I.D. in writing.

c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance, which approval shall not be unduly delayed or unreasonably withheld. All plans, specifications and other documents

relating to goods and services financed under the Loan shall be in terms of United States standards and measurements.

d) The following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their executions: (i) contracts for engineering and other professional services; (ii) contracts for construction services; (iii) contracts for such other services as A.I.D. may specify; and (iv) contracts for such equipment and materials as A.I.D. may specify. In the case of any of the above contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

Section 5.07. SHIPPING AND INSURANCE. a) Goods financed under the Loan shall be transported to the country of the Borrower on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

b) (i) *Gross tonnage.* At least fifty percent (50%) of the gross tonnage of all commodities (computed separately for dry bulk carriers, dry cargo liners and tankers) financed hereunder which may be transported on ocean vessels shall be transported on privately owned United States—flag commercial vessels.

(ii) *Revenue.* Additionally, at least fifty percent (50%) of the gross freight revenue generated by all shipments financed hereunder and transported to Jordan on dry cargo liners shall be paid to or for the benefit of privately owned United States—flag commercial vessels.

(iii) *Compliance.* Compliance with the requirements of (i) and (ii) above must be achieved with respect to cargo transported from U.S. ports and also to cargo transported from non-U.S. ports, computed separately.

(iv) *Reporting.* Within ninety (90) days following the end of each calendar quarter, or such other period as A.I.D. may specify in writing, the Borrower shall furnish A.I.D. with a statement, in form and substance satisfactory to A.I.D., reporting on compliance with the requirements of this Section.

c) No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods unless such charter has been approved by A.I.D.

d) If, in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the country of the Borrower, by statute, decree, rule, or regulation, favors any marine insurance company of any country over any marine insurance company authorized to do business in any State of the United States of America, goods procured from the United States and financed under the Loan shall, during the continuance of such discrimination, be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any State of the United States of America.

e) The Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their transit to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed. Any indemnification received by the Borrower under such insurance shall be used to replace or repair

any material damage or loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book and shall be otherwise subject to the provisions of this Agreement.

Section 5.08. NOTIFICATION TO POTENTIAL SUPPLIERS. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

Section 5.09. REASONABLE PRICE. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters. No part of the Loan may be used for the procurement of bulk commodities at prices higher than the market price prevailing in the United States at the time of such purchase.

Section 5.10. EMPLOYMENT OF THIRD-COUNTRY NATIONALS. The employment of personnel to perform services under construction contracts financed under the Loan shall be subject to requirements with respect to third-country nationals prescribed in Implementation Letters.

Section 5.11. UNITED STATES GOVERNMENT-OWNED EXCESS PROPERTY. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representatives. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods other than Excess Property, financed under the Loan and after having sought such A.I.D. assistance, the Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can be made available are not technically suitable for use in the Project.

Section 5.12. INFORMATION AND MARKING. Borrower shall give publicity to the Loan and the Project as a program of United States aid, identify the Project site, and mark goods financed under the Loan, as prescribed in Implementation Letters.

Article VI. DISBURSEMENTS

Section 6.01. DISBURSEMENTS FOR UNITED STATES DOLLAR COSTS. Upon satisfaction of applicable conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks satisfactory to A.I.D. committing A.I.D. to

reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

Section 6.02. DISBURSEMENT FOR LOCAL CURRENCY COSTS. Upon satisfaction of the conditions precedent set forth in Section 3.01 and, as applicable, Section 3.02, the Borrower, from time to time, may request disbursement by A.I.D. in Jordanian dinars. Such disbursement shall be made to reimburse the Borrower for local currency costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement, upon submission to A.I.D. of such supporting documentation as A.I.D. may prescribe in Implementation Letters. The rate of exchange for determining the dollar equivalent of the approved amount for reimbursement shall be the highest rate of exchange (i.e. the largest number of Jordanian dinars) at which Jordanian dinars may be bought with United States dollars in Jordan on the date of disbursement as defined in Section 6.05. The exchange rate shall be that rate established by the Central Bank of Jordan.

Section 6.03. REIMBURSEMENT FOR PREDETERMINED COSTS FOR UNITS OF WORK COMPLETED. Upon satisfaction of the Conditions Precedent set forth in Section 3.01 and, as applicable, Section 3.02, the Borrower may, from time to time, submit a request for reimbursement to A.I.D. A.I.D. shall reimburse the Borrower an agreed upon portion of the predetermined cost expressed in Jordanian dinars for units of work completed, pursuant to the agreement required by Section 3.02(a). Such reimbursement shall be made in Jordanian dinars. The rate of exchange for determining the dollar equivalent of the approved amount for reimbursement shall be the highest rate of exchange (i.e. the largest number of Jordanian dinars) at which Jordanian dinars may be bought with United States dollars in Jordan on the date of disbursement as defined in Section 6.05. The rate of exchange shall be that rate established by the Central Bank of Jordan.

Each request for reimbursement shall contain a certification that (a) the units of work for which reimbursement is sought have been completed according to approved plans and specifications and (b) that reimbursement has not and will not be obtained from any other source. All certifications submitted with such requests shall be subject to verification by A.I.D. If any units of work are found not satisfactorily completed in accordance with the previously approved plans and specifications, or to have been reimbursed from another source, A.I.D. will deduct the requested amount for that unit of work from the reimbursement request before approving the request. The form and substance of each request for reimbursement shall be described in detail in Implementation Letters.

Section 6.04. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

Section 6.05. DATE OF DISBURSEMENT. Disbursements by A.I.D. shall be deemed to occur in the case of disbursements or reimbursements pursuant to

Sections 6.01, 6.02, or 6.03, on the date on which A.I.D. makes a disbursement to the Borrower, to its designee or to a banking institution pursuant to a Letter of Commitment.

In the event of a disbursement under Section 6.04 hereof, the date of disbursement shall be designated in the documentation by which the parties agree to such disbursement, provided that in the absence of such designation, the date of disbursement shall be the date upon which A.I.D. makes payment with respect to goods or services or delivers property into the control of the Borrower or its designee.

Section 6.06. TERMINAL DATE FOR DISBURSEMENT. Except as A.I.D. and the Borrower may otherwise agree in writing, no disbursement of loan funds shall be made against documentation submitted after December 31, 1978, and no loan funds shall be disbursed after June 30, 1978. After the latter date, A.I.D. may at any time or times reduce the amount of the A.I.D. assistance hereunder by all or any part to the extent documentation was not received by the former date, in which case liability for payment for any goods and services not paid for will rest with the Borrower.

Article VII. CANCELLATION AND SUSPENSION

Section 7.01. CANCELLATION BY BORROWER. The Borrower may, with prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

Section 7.02. EVENTS OF DEFAULT; ACCELERATION. If any one or more of the following events ("Events of Default") shall occur:

- a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement,
- b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency, or
- c) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan, guaranty, or other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies,

then A.I.D., at its option, may give the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter and, unless the Event of Default is cured within such sixty (60) days, (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately and (ii) the amount of any subsequent disbursements made under then outstanding Letters of Commitment or otherwise shall become due and payable as soon as made.

Section 7.03. SUSPENSION OF DISBURSEMENTS. In the event that at any time:

- a) An Event of Default has occurred,

- b) An event occurs that A.I.D. determines makes it improbable either that the purposes of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement,
- c) Any disbursement would be in violation of the legislation governing A.I.D., or
- d) The Borrower shall have failed to pay when due any interest or any installment of Principal or any other payment required under any other loan, guaranty, or other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies,

then A.I.D., at its option, may (i) suspend or cancel any outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit, giving notice to the Borrower promptly thereafter; (ii) decline to make disbursements other than under outstanding Letters of Commitment; (iii) decline to issue additional Letters of Commitment; and (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside Jordan, are in a deliverable state, and have not been offloaded in ports of entry of Jordan. Any disbursement made under the Loan with respect to such transferred goods shall be deducted from Principal in the manner of a prepayment of Principal.

Section 7.04. CANCELLATION BY A.I.D. Following any suspension of disbursements pursuant to Section 7.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D., at its option, may, at any time or times thereafter, cancel all or any part of the Loan that is not then disbursed, including outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or bank payments made other than under irrevocable Letters of Credit.

Section 7.05. CONTINUED EFFECTIVENESS OF AGREEMENT. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

Section 7.06. REFUNDS. a) In case any disbursement is not supported by valid documentation or is not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedy provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty days after receipt of a request therefor. Such refund shall be made available first, in accordance with the provisions of this Agreement, to pay for the procurement of goods and services for the Project; the remainder, if any, of any such refund in United States dollars to A.I.D. in such manner shall be applied to the remaining installments of Principal in the inverse order of their maturity. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

b) In the event that A.I.D. receives a refund from a contractor, supplier, bank, or other third party with respect to goods or services financed under the Loan and such refund relates to an unreasonable price for goods or services, to goods that did not conform with specifications, or to services that were inadequate, A.I.D. shall first make such refund available, in accordance with the

provisions of this Agreement, to pay for the procurement of goods and services for the Project; the remainder, if any, of such refund shall be applied to the remaining installments of Principal in the inverse order of their maturity.

Section 7.07. EXPENSES OF COLLECTION. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

Section 7.08. NON-WAIVER OF REMEDIES. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers, or remedies.

Article VIII. MISCELLANEOUS

Section 8.01. COMMUNICATIONS. a) Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such party at the following address:

To Borrower:

Mail address:

Jordan Valley Commission
Amman, Jordan

Cable address:

Same

To A.I.D. (three copies):

Mail address:

Office of Capital Development
Bureau for Near East and South Asia
Agency for International Development
Department of State
Washington, D.C. 20523

Cable address:

A.I.D.
Washington, D.C.

Borrower, in addition, shall provide the American Embassy, Amman, with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice.

b) Except as A.I.D. may otherwise agree in writing, (i) all notices, requests, communication, and documents submitted to A.I.D. hereunder shall be in English and (ii) if the original of any such communication or document is in other than English, a copy in the language of the original shall also be submitted.

Section 8.02. REPRESENTATIVES. For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of President, Jordan Valley Commission, and A.I.D. will be represented by the individual holding or acting in the office of A.I.D. Representative,

USAID/Jordan. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D. Until receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this Section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

Section 8.03. IMPLEMENTATION LETTERS. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

Section 8.04. PROMISSORY NOTES. At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

Section 8.05. TERMINATION UPON FULL PAYMENT. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, Borrower and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

For the Hashemite Kingdom of Jordan:

By: OMAR A. DOKHGAN

Title: President, Jordan Valley Commission

For the United States of America:

By: THOMAS R. PICKERING

Title: Ambassador, U.S. Embassy

ANNEX I

PROJECT DESCRIPTION

The Government of Jordan has as its long-term objective the development of 36 settlements, distributed in linear fashion along the main north-south road of the East Bank of the Jordan Valley.

The project consists of (a) the construction of 9 clinics, 17 schools (170 classrooms), 8 municipal buildings, 11 commercial buildings, 1 social development center; (b) installation of water distribution system for 13 communities in the central sector of the Jordan Valley; (c) grading and graveling of about 50 kilometers of farm roads and asphalt paving of approximately 28 kilometers of settlement streets to a width of 4 meters on both 12 and 18 meter rights of way; (d) surveying, grading and leveling of about 900 housing plots; (e) establishment of erosion control areas and soil conservation activities in and around 17 priority settlements; (f) provision of furniture and equipment for the classrooms and clinics; (g) provision of \$2 million to finance mortgage lending to Valley residents to construct new housing or upgrade existing housing; (h) technical assistance (to be grant funded) to the Jordan Valley Commission to assist the Commission in Project implementation and (i) technical assistance (to be grant funded) to the administrator of the mortgage lending aspect of the Project.

FIRST AMENDMENT¹ TO LOAN AGREEMENT² BETWEEN THE UNITED STATES OF AMERICA AND THE HASHEMITE KINGDOM OF JORDAN FOR JORDAN VALLEY VILLAGE DEVELOPMENT

Dated: June 9, 1977

Loan 013A
A.I.D. Loan No. 278-0183

LOAN AGREEMENT AMENDMENT dated June 9, 1977, between the HASHEMITE KINGDOM OF JORDAN (“Borrower”) and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (“A.I.D.”).

WHEREAS, on June 26, 1975,³ the Hashemite Kingdom of Jordan and A.I.D. entered into an agreement known as A.I.D. Loan No. 278-K-013² (“Loan Agreement”) providing for a loan of eight million six hundred and fifty thousand United States dollars (\$8,650,000) to assist the Hashemite Kingdom of Jordan in carrying out the Village Development Project, and

WHEREAS, the parties hereto now wish to amend that Loan Agreement to provide the additional amount of five million five hundred thousand United States dollars for a total loan amount of fourteen million one hundred and fifty thousand United States dollars (\$14,150,000),

NOW, THEREFORE, the parties do hereby agree that:

1. The Loan Agreement is amended as follows:

(a) Section 1.01 is amended by deleting the words “eight million six hundred and fifty thousand dollars (\$8,650,000)” and substituting therefor the words “fourteen million one hundred fifty thousand dollars (\$14,150,000)”.

(b) The following provision is added as Section 4.13 of the Loan Agreement:

“Section 4.13. COLLECTION OF DATA. The Borrower agrees to undertake sociological and economic studies necessary for the development of quantitative and qualitative base line data against which attitudinal, social, and economic changes in the Jordan Valley can be measured following physical completion of the project. Such information and analysis would be used also by appropriate GOJ authorities in subsequent planning and development activities in the Jordan Valley.”

2. Annex I to the Loan Agreement is amended to read as follows:

“PROJECT DESCRIPTION

“The Government of Jordan has as its long-term objective the development of 36 settlements, distributed in linear fashion along the main North-South road of the West Bank of the Jordan Valley.

¹ Came into force on 9 June 1977 by signature.

² See p. 4 of this volume.

³ Should read: “June 28, 1975”.

“The project consists of (a) construction of 10 clinics, 25 schools (384 schoolrooms, including libraries, chemistry/physics laboratories and other specialized rooms), 8 local administration buildings and 1 social development center; (b) installation of water distribution system in 26 communities in the central and northern sectors of the Jordan River Valley; (c) grading and paving of about 53 kilometers of farm roads; (d) asphalt paving of approximately 28 kilometers of settlement streets; (e) surveying and grading and leveling of about 600-700 housing plots; (f) provision of furniture, books and equipment for the schools, administrative and social centers and clinics; (g) provision of U.S. \$2.0 million to finance mortgage lending to Valley residents to construct new housing or upgrade existing housing; (h) construction of 300 residential units for GOJ employees who are to staff the schools, clinics, administrative centers, irrigation works, etc., being constructed; (i) technical assistance (grant funded from other funds) to the JVC to assist in project implementation; (j) technical assistance (grant funded from other funds) to the Administrator of the mortgage lending program; and (k) purchase of land by the GOJ for the construction sites.”

3. *Condition precedent.* Prior to the first disbursement or to the issuance of the first Letter of Commitment or other authorization of disbursement under this Amendment, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., (a) an opinion of the Minister of Justice of the Hashemite Kingdom of Jordan or of other counsel acceptable to A.I.D. that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms and that the person signing the First Amendment to the Loan Agreement on behalf of the Borrower has the authority to act as the representative of the Borrower in all matters pertaining to the Loan Agreement and First Amendment thereto, including the authority to designate other representatives pursuant to Section 8.02 of the Loan Agreement.

4. Except as specifically amended hereby, the Loan Agreement dated June 26, 1975,¹ between the Borrower and A.I.D. shall remain in full force and effect.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

The Hashemite Kingdom
of Jordan:

By: [Signed]
Name: OMAR A. DOKHGAN
Title: President, Jordan Valley Au-
thority

The United States of America:

By: [Signed]
Name: ALFRED D. WHITE
Title: Acting Assistant Adminis-
trator, Bureau for Near East

¹ Should read: “June 28, 1975”.