

**No. 19468**

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**UNITED STATES OF AMERICA  
and  
ISRAEL**

**Loan and Grant Agreement. Signed at Washington on  
15 November 1979**

*Authentic text: English.*

*Registered by the United States of America on 9 December 1980.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
ISRAËL**

**Accord de prêt et de don. Signé à Washington le 15 novem-  
bre 1979**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 9 décembre 1980.*

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF ISRAEL AND THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA ACTING  
THROUGH THE AGENCY FOR INTERNATIONAL DEVELOP-  
MENT

Dated: November 15, 1979

A.I.D. Grant No. 271-K-614  
A.I.D. Loan No. 271-K-147

AGREEMENT, dated the 15th day of November 1979 between the GOVERNMENT OF ISRAEL ("Israel") and the GOVERNMENT OF THE UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D."), together referred to as the "Parties".

Whereas, A.I.D. intends to provide a total of seven hundred eighty-five million United States dollars (\$785,000,000) as cash assistance to Israel during Fiscal Year 1980, subject to the funds being made available by the Congress and the mutual agreement of the Parties to proceed, and

Whereas, Congress has not made the entire amount of such funds available at this time,

Now therefore, the Parties hereto agree as follows:

*Article I. THE ASSISTANCE*

To support the economic and political stability of Israel, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to Israel under the terms of this Agreement not to exceed one hundred thirty-five million United States dollars (\$135,000,000) (the "Grant") and to lend to Israel under the terms of this Agreement not to exceed sixty-five million United States dollars (\$65,000,000) (the "Loan").

The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan and Grant together are referred to as the "Assistance".

*Article II. LOAN TERMS*

*Section 2.1. INTEREST.* Israel will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement of the Loan and at the rate of three percent (3%) per annum thereafter on the outstanding balance of the Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in section 4.2) of each respective disbursement, and will be computed on the basis of a 365-day year. Interest will be payable in semiannual installments beginning no later than six (6) months after the first disbursement of the Loan hereunder, on a date to [be] specified by A.I.D.

*Section 2.2. REPAYMENT.* Israel will repay to A.I.D. the Principal of the Loan within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) semiannual installments of Principal and interest. The first installment of

<sup>1</sup> Came into force on 15 November 1979 by signature.

Principal under the Loan will be payable nine and one-half (9½) years after the date on which the first interest payment of the Loan is due in accordance with section 2.1.

A.I.D. will provide Israel with amortization schedules in accordance with this section after final disbursement under the Loan.

*Section 2.3. APPLICATION, CURRENCY AND PLACE OF PAYMENT.* All payments of interest and Principal hereunder will be made in U.S. dollars and will 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, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, and will be deemed made when received by the Office of Financial Management.

*Section 2.4. PREPAYMENT.* Upon payment of all interest and any refunds then due, Israel may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

*Section 2.5. RENEGOTIATION OF TERMS.* (a) Israel and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Israel which enable Israel to repay the Loan on a shorter schedule.

(b) Any request by Israel or A.I.D. to so negotiate will be made pursuant to section 6.1, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to section 6.1, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under sub-section (c). The negotiations will take place at the office of the Ministry of Finance in Israel.

*Section 2.6. TERMINATION ON FULL PAYMENT.* Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of Israel and A.I.D. relating to the Loan provision of this Agreement will cease. However, with respect to any obligation arising out of the disbursement of Grant funds, this Agreement will remain in full force and effect.

### *Article III. CONDITIONS PRECEDENT TO DISBURSEMENT*

*Section 3.1. CONDITIONS PRECEDENT.* Prior to the disbursement of the Assistance, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, Israel will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, Israel, and that it constitutes a valid and legally binding obligation of Israel in accordance with all of its terms; and

(b) A statement of the name of the person holding or acting in the office specified in section 6.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

*Section 3.2. NOTIFICATION.* When A.I.D. has determined that the conditions precedent specified in section 3.1 have been met, it will promptly notify Israel.

*Section 3.3. TERMINAL DATES FOR CONDITIONS PRECEDENT.* If all of the conditions specified in section 3.1 have not been met within ninety (90) days 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 terminate this Agreement by written notice to Israel.

#### *Article IV. DISBURSEMENT*

*Section 4.1. DISBURSEMENT OF THE ASSISTANCE.* Within thirty (30) days after satisfaction of conditions precedent, A.I.D. will deposit in a bank designated by Israel the sum of two hundred million United States dollars (\$200,000,000) of which (1) one hundred thirty-five million United States dollars (\$135,000,000) will be Grant funds; and (2) sixty-five million United States dollars (\$65,000,000) will be Loan funds.

*Section 4.2. DATE OF DISBURSEMENT.* Disbursement by A.I.D. will be deemed to occur on the dates A.I.D. makes deposits to the bank designated by Israel in accordance with section 4.1(a).

#### *Article V. SPECIAL COVENANTS*

*Section 5.1. NO USE FOR MILITARY PURPOSES.* It is the understanding of the Parties that the Assistance will not be used for financing military requirements of any kind, including the procurement of commodities or services for military purposes.

*Section 5.2. USE ONLY WITHIN PRE-1967 BOUNDARIES.* Program uses of the Assistance shall be restricted to the geographic areas which were subject to the Government of Israel administration prior to June 5, 1967.

#### *Article VI. MISCELLANEOUS*

*Section 6.1. COMMUNICATIONS.* Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To Israel:

Economic Minister  
Embassy of Israel  
1621 22nd Street, N.W.  
Washington, D.C. 20008

To A.I.D.:

Director, Office of Project Development  
Bureau for Near East  
Agency for International Development  
Washington, D.C. 20523

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of written notice.

*Section 6.2. REPRESENTATIVES.* For all purposes relevant to this Agreement, Israel will be represented by the individual holding or acting in the Office of Economic Minister, Embassy of Israel, and A.I.D. will be represented by the individual holding or acting in the office of Director, Office of Project Development, Bureau for Near East, each of whom, by written notice, may designate additional representatives for all purposes.

The names of the representatives of Israel, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

*Section 6.3. AMENDMENT.* This Agreement may be amended by the execution of written amendments by the authorized representatives of both parties.

IN WITNESS WHEREOF, Israel 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.

Government of Israel

*By:* [*Signed — Signé*]<sup>1</sup>

*Title:* Minister (Economic Affairs)

United States of America:

*By:* [*Signed — Signé*]<sup>2</sup>

*Title:* Assistant Administrator

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<sup>1</sup> Signed by Dan Halperin — Signé par Dan Halperin.

<sup>2</sup> Signed by Joseph Wheeler — Signé par Joseph Wheeler.