

No. 924

**UNITED NATIONS
(UNITED NATIONS DEVELOPMENT PROGRAMME)
and
INTERNATIONAL FINANCE CORPORATION**

Agreement for a Jordan Duplex Paper Project (with attachment). Signed at Washington on 13 April 1984 and at New York on 25 April 1984

Authentic text: English.

Filed and recorded by the Secretariat on 25 April 1984.

**ORGANISATION DES NATIONS UNIES
(PROGRAMME DES NATIONS UNIES
POUR LE DÉVELOPPEMENT)
et
SOCIÉTÉ FINANCIÈRE INTERNATIONALE**

Accord pour un projet de cartonnerie en Jordanie (avec pièce jointe). Signé à Washington le 13 avril 1984 et à New York le 25 avril 1984

Texte authentique : anglais.

Classé et inscrit au répertoire par le Secrétariat le 25 avril 1984.

AGREEMENT¹ BETWEEN UNITED NATIONS DEVELOPMENT PROGRAMME AND INTERNATIONAL FINANCE CORPORATION FOR JORDAN DUPLEX PAPER PROJECT

Dated April 25, 1984

Agreement Number UNDP 4
(Jordan)

This Agreement, entered into by and between the UNITED NATIONS DEVELOPMENT PROGRAMME (hereinafter called "UNDP") and INTERNATIONAL FINANCE CORPORATION, an affiliate of the World Bank (hereinafter called "IFC"),

WITNESSETH:

WHEREAS, at its twenty-ninth session, the Governing Council of UNDP, under its Decision 82/9, established a Facility to assist the governments of its member recipient countries to finance pre-investment feasibility studies, primarily in the least-developed countries, and at the same time approved the establishment of a special account of \$1 million from UNDP's Special Programme Resources for this purpose for the third programming cycle (1982-1986);

WHEREAS, the Facility is to be used only where the cost of such studies cannot be met out of a country's UNDP Indicative Planning Figure;

WHEREAS, a condition of UNDP's provision of such financing is that the cost of each study is to be reimbursed to UNDP's account for the Facility upon an investment having been made in the project for which the study was made; and

WHEREAS, UNDP and the Government of Jordan have signed a Project Document whereby the Government has requested that certain funds from the Facility be used to finance the particular study referred to herein;

NOW, THEREFORE, UNDP and IFC agree as follows:

1. IFC, in connection with its consideration of financing the Duplex Paper Project in Jordan (hereinafter referred to as the "Investment Project"), will undertake the investment feasibility study (hereinafter referred to as the "Study") which is described in Attachment A. The purpose of the Study is to provide data necessary to assist IFC in making a prompt decision on whether or not to finance the Investment Project.

2. UNDP will make available an amount of up to sixty-two thousand U.S. dollars (US\$62,000) from the Facility for the purpose of providing financing of the costs of the Study incurred by IFC. UNDP's liability to finance the costs of the Study is limited to the dollar amount referred to in this paragraph.

3. The Study will be conducted by IFC or by consultants engaged by IFC, which will be solely responsible as an independent contractor for all aspects of the Study. Consultants will be engaged in accordance with IFC's financial regulations, rules, practices and procedures, to the extent they are appropriate. Where such sources do not provide the required guidance, UNDP regulations, rules and direc-

¹ Came into force on 25 April 1984 by signature, in accordance with paragraph 9 (a).

tives shall apply. If requested by IFC, other arrangements for engaging consultants by UNDP's Office for Projects Execution will be as agreed between UNDP and IFC.

4. The Study is expected to be completed within two months of its commencement. If the Study does not commence within ninety (90) days of the date of this Agreement, UNDP may, after consultation with IFC, terminate or suspend its commitment to finance the Study without any financial liability on the part of UNDP.

5. In order to facilitate UNDP's administration of the financing of the Study, IFC will provide the following information to UNDP:

- (a) Written notice of the date and manner of commencement of the Study, including a copy of any consultant's agreement;
- (b) Relevant information on the status and progress of the Study, as requested by UNDP;
- (c) Written notice of the date of completion of the Study;
- (d) A copy of the final report resulting from the Study;
- (e) Written notice of IFC's decision whether or not to proceed with the Investment Project; and
- (f) If IFC proceeds to finance the Investment Project, written notice of IFC's receipt from the proposed borrower of the first request for disbursement of funds with respect to the Investment Project, and the anticipated date of such disbursement.

6. (a) UNDP will account separately for the amount referred to in paragraph 2 required to finance the Study and will make disbursements to IFC in accordance with the following schedule:

- (i) Fifty per cent (50%) upon receipt of notice from IFC that the Study has commenced, as contemplated by paragraph 5 (a); and
- (ii) Fifty per cent (50%) within one month after the submission of the Study's final report and evidence satisfactory to UNDP of expenditures incurred and duly certified by IFC.

(b) Disbursement to IFC by UNDP will be made into an account designated by IFC.

7. (a) If IFC notifies UNDP, pursuant to paragraph 5 (e), that it intends to proceed with financing the Investment Project, IFC will reimburse UNDP, in U.S. dollars, the total amount disbursed by UNDP pursuant to paragraph 6 concurrently with IFC's first disbursement of funds for the Investment Project. However, if such disbursement of funds shall not have occurred within twenty-four (24) months from the date of this Agreement, IFC will consult with UNDP from time to time as necessary to keep UNDP fully informed of the reasons for the delay in disbursement and the efforts being made to resolve any existing problems.

(b) If IFC notifies UNDP that it does not intend to proceed with financing the Investment Project, whether pursuant to paragraph 5 (e) or, after an initial positive notification, upon the failure to implement an appropriate agreement, IFC will specify, to the extent requested by UNDP, the reasons for IFC's adverse decision. In any such case, IFC shall have no obligation to reimburse the costs of the Study to UNDP, unless IFC subsequently finances the Investment Project. Should any other financial institution or agency subsequently use the Study in deciding to finance the Investment Project, IFC will endeavor to assist UNDP in recovering the costs of the Study from such institution or agency.

(c) If IFC does not elect to finance the Investment Project, IFC will not take any action that will interfere with UNDP's further use of the Study.

8. In no event will IFC charge any party interest in respect of the financing UNDP has provided for the Study.

9. (a) This Agreement shall enter into force upon signature by the Parties hereto and shall continue in force until UNDP receives full reimbursement of the sums disbursed by UNDP pursuant to paragraph 6, unless sooner terminated under sub-paragraph (d) below.

(b) This Agreement or any date referred to herein may be modified only by written agreement between the Parties hereto. Any relevant matter for which no provision is made in this Agreement, or any controversy between the Parties hereto, shall be settled in keeping with the relevant agreement between IFC and UNDP or the relevant resolutions and decisions of the appropriate organs of the United Nations, as may be necessary in the particular case. Each Party will also give full and sympathetic consideration to any proposal advanced by the other under this sub-paragraph.

(c) Nothing in or relating to this Agreement or the Study shall be deemed a waiver of any of the privileges and immunities of the UNDP, the United Nations (including its subsidiary organs), or IFC. It is understood that performance hereunder shall be subject to the confidentiality requirements of all Parties.

(d) This Agreement may be terminated by either Party by written notice to the other, provided that such termination shall become effective with respect to on-going activities only with the concurrence of both Parties.

(e) This Agreement shall survive its expiration or termination to the extent necessary to permit an orderly settlement of accounts between the Parties.

IN WITNESS WHEREOF the authorized representatives of the Parties hereto have signed this Agreement in New York, New York, on the dates indicated beneath their respective signatures.

International Finance Corporation:

By: [Signed]
Name: M. V. DEHEJIA
Title: Vice President
Date: April 13, 1984

United Nations Development Programme:

By: [Signed]
Name: B. KHADER
Title: Officer-in-charge, RBAS
Date: 25 April 1984

A T T A C H M E N T A

JORDAN: DUPLEX PAPER PROJECT

TERMS OF REFERENCE

A. *Objectives and General Guidelines*

The proposed project is to produce 15,000 tpa of high quality folding box board and will include a converting plant to produce 4,500 tpa of finished, printed boxes. The objectives of the consulting work is to provide a sound technical and cost assessment of the project at two alternative locations, in order to permit final decisions by the sponsors on whether or not to proceed with the project and at which location. The assessment will place particular emphasis on key technical choices relating to processes, water usage, effluent treatment and power generation.

Throughout the assignment the consultant will:

- (a) Bear in mind that the project should be based on simpler plant and technology which is versatile and possesses as low a capital cost as possible, consistent with meeting market requirements.
- (b) Build on work already done on the project, and keep the sponsors fully informed of results at each stage of the work, especially any findings which may significantly alter the feasibility of the project.
- (c) Ensure that all technical and cost information is prepared and presented to permit valid comparisons between the two locations.

B. *Familiarization*

The consultant will:

- (a) Acquaint himself fully with the draft report (March 1983) on the project, the market study, the Jordan Electricity Authority (JEA) review of power generation alternatives, the National Resource Authority (NRA) and Jordan Valley Authority (JVA) reports on water availability and quality at the two locations, and background data on Jordan Paper and Cardboard Factories Ltd. (JPCF).
- (b) Visit Washington, D.C., and meet with IFC for background briefing on the project including the concept, details of work already carried out, basis for existing equipment cost estimates, experience with similar IFC projects, etc.

Following this familiarization, which is expected to take no more than one week, the consultant will visit Jordan for about four weeks to undertake items C to E described below.

C. *First Location*

The first alternative location is at JPCF where the project would be integrated with JPCF's existing plant and facilities. The output from the project under this alternative will include 4,000 tpa of fluting in addition to the production mentioned in item A above.

1. *Assessment of Existing JPCF Situation*

To provide the basis for defining the optimum method of integrating the project with JPCF's existing plant and facilities, the consultant will fully familiarize himself with the existing situation at JPCF (layout, plant condition, water, power, effluent treatment, raw materials, operating performance, staffing and organization, end-products, etc.). The consultant will give his assessment of same.

2. *Optimum Method of Integration*

The consultant will recommend the optimum method of integration. This will include a description of the proposed process, main technical features, equipment and facilities and an

outline of staffing requirements, with reasons. In reaching his recommendations, special attention should be given to:

- (a) Potential for utilizing existing JPCF facilities, including significant upgrading/modernization and definition of key linkages.
- (b) Choice of water and effluent systems. The choice should include assessment of water recycling alternatives, and should recognize the central importance of ensuring simple and reliable operation of the system for the life of the project. Account should also be taken of the need for economic water use, potential future expansion requirements and capital/operating costs. This component will draw on the NRA report.
- (c) Power generation. In recommending and justifying the preferred method of power generation the consultant will take account of the same general criteria applying in (a) above, especially reliability and capital/operating cost. This component will draw on the study carried out by JEA.
- (d) Staffing and organization. The consultant will provide outline proposals on the general organizational structure and staffing necessary to efficiently operate the expanded project, including any necessary adjustments to existing JPCF arrangements.

3. *Operating and Capital Cost Estimates*

Drawing on information from existing JPCF operations and estimates in the draft project report, the consultant will provide estimates of:

- (a) Operating costs and underlying material consumption levels for the integrated project.
- (b) Capital costs including equipment, buildings and infrastructure.
- (c) Outline implementation and capacity build-up schedule.

As far as possible the consultant will separate the above estimates to permit comparison of each major profit center of the integrated project and its effect on JPCF's existing operations and results.

D. *Second Location*

The second alternative location is near Kaffrein in the Jordan Valley where the project would be undertaken as a greenfield enterprise. In assessing this alternative full use will be made of relevant existing information and the results of item C above. Emphasis will be on identifying significant differences from the first alternative and on comparing locations.

The consultant will visit the site and:

- (a) Determine the required features of the project. This will include a description of equipment, facilities, staffing and infrastructure (as was done for the first location). Special attention should be given to water availability and requirements in light of the JVA report; effluent water quantity and properties and optimum process for treatment if necessary to enable recycling for agricultural usage, power generation, and infrastructure and labor availability and requirements.
- (b) Estimate capital and operating costs.
- (c) Outline the implementation and capacity build-up schedule.
- (d) Comment on other significant factors likely to influence choice of location.
- (e) Recommend the preferred location.

E. *Other Aspects*

The consultant will review and comment on other aspects of the project common to both alternative locations including:

- (a) The market assessment, prices and proposed product mix.
- (b) Waste paper availability and collection.

Before leaving Jordan the consultant will explain his preliminary findings to the project sponsors.

F. Report and Subsequent Work

Within two weeks of his departure from Jordan the consultant will send to IFC and the Jordanian sponsors a draft report setting out his findings and recommendations, including reasons and supporting information.

The consultant will remain available for short follow-up discussions with IFC and representatives of the Jordanian sponsors, to be decided upon completion of the work, and before issuing the final report. These consultations and completion of the final report are expected to take no longer than two weeks.

Total duration of the assignment is thus expected not to exceed nine weeks.
