

No. 6423

**INTERNATIONAL DEVELOPMENT
ASSOCIATION
and
JORDAN**

Development Credit Agreement—*Amman Water Supply Project* (with related letters, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Municipality of Amman). Signed at Washington, on 22 December 1961

Official text: English.

Registered by the International Development Association on 13 December 1962.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
JORDANIE**

Contrat de crédit de développement — *Projet relatif à l'approvisionnement en eau de la ville d'Amman* (avec lettres y relatives et, en annexe, le Règlement n°1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Municipalité d'Amman). Signé à Washington, le 22 décembre 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 13 décembre 1962.

No. 6423. DEVELOPMENT CREDIT AGREEMENT¹ (*AMMAN WATER SUPPLY PROJECT*) BETWEEN THE HASHEMITE KINGDOM OF JORDAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 22 DECEMBER 1961

AGREEMENT, dated December 22, 1961, between THE HASHEMITE KINGDOM OF JORDAN (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Municipality of Amman have requested the Association to assist in the financing of a water supply project for the Municipality of Amman ; and

WHEREAS the Municipality of Amman will, with the Borrower's assistance, carry out a water supply project for Amman and, as part of such assistance, the Borrower will make available to the Municipality the proceeds of the credit provided for herein ; 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 date² herewith between the Municipality of Amman and the Association ;

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, 1961,³ 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) :

- (a) Section 6.02 is amended by inserting the words "or the Project Agreement" after the words "the Development Credit Agreement".

¹ Came into force on 25 April 1962, upon notification by the Association to the Government of Jordan.

² See p. 40 of this volume.

- (b) The term "goods" as defined in paragraph 10 of Section 9.01 shall include any property required for the Project.

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 :

- (a) "Amman" means the Municipality of Amman, a municipality of the Borrower, or any successor thereof.
- (b) "Project Agreement" means the project agreement of even date herewith between Amman and the Association and shall include any amendments thereof made by agreement between Amman and the Association.

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 two million dollars (\$2,000,000).

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 cost of goods required for carrying out the Project ; and

(b) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under the foregoing paragraph ; provided, however, that :

- (i) no withdrawals shall be made on account of expenditures prior to the date of this Agreement ; and
- (ii) notwithstanding any other provision of this Agreement, unless the Association shall otherwise agree, the Borrower shall not be entitled to make withdrawals from the Credit Account in respect of goods required to carry out the part of the Project described in part B of Schedule 1¹ of this Agreement until there shall have been furnished to the Association evidence satisfactory to it establishing the need for the facilities included in such part of the Project.

¹ See p. 34 of this volume.

Section 2.04. Withdrawals from the Credit Account on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each May 15 and November 15 commencing November 15, 1971 and ending May 15, 2011, each instalment to and including the instalment payable on May 15, 1981 to be one-half of one per cent of such principal amount, and each instalment thereafter to be one and one-half per cent of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule I to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods 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 with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

(b) The Borrower shall take or cause to be taken all action which shall be necessary on its part to enable Amman to perform all the covenants and agreements on the part of Amman to be performed as set forth in 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 by Amman of such covenants and agreements.

Section 4.02. (a) The Borrower shall make arrangements satisfactory to the Borrower, Amman and the Association for lending to Amman the proceeds of the Credit on terms and conditions which shall at all times be satisfactory to the Association.

(b) The Borrower shall make or cause to be made available promptly as needed all other sums which shall be required for the carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Borrower, Amman and the Association.

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 position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.04. 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, issue, 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