No. 7184

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
JORDAN

Development Credit Agreement—*Agricultural Credit Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Agricultural Credit Corporation). Signed at Washington, on 12 December 1963

Official text: English.

Registered by the International Development Association on 26 March 1964.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
JORDANIE

Contrat de crédit de développement — *Projet relatif au crédit agricole* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Société de crédit agricole). Signé à Washington, le 12 décembre 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 26 mars 1964.

No. 7184. DEVELOPMENT CREDIT AGREEMENT[1] *(AGRICULTURAL CREDIT PROJECT)* BETWEEN THE HASHEMITE KINGDOM OF JORDAN AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 12 DECEMBER 1963

AGREEMENT, dated December 12, 1963, 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 ; and

WHEREAS the Borrower will arrange for the granting of short-term agricultural loans to farmers and for the rendering, where necessary, of technical assistance to farmers ; and

WHEREAS the Corporation will, with the Borrower's assistance, carry out a program to provide medium and long-term loans for agricultural development ; and, as part of such assistance, the Borrower will make available to the Corporation the proceeds of the credit provided for herein ; and

WHEREAS the Corporation will further the lending program for agricultural development by assessing applications for and granting, where appropriate, loans to increase agricultural production and by supervising the administration of such loans and by supervising the procurement of materials and equipment purchased by means of such loans ; and

WHEREAS the Corporation requires additional funds in order to expand its lending program ; and

WHEREAS the Borrower has provided the Corporation with a substantial portion of the funds necessary for its operation ; 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[2] herewith between the Corporation and the Association ;

NOW THEREFORE the parties hereto hereby agree as follows :

[1] Came into force on 5 March 1964, upon notification by the Association to the Government of Jordan.

[2] See p. 22 of this volume.

Article I

CREDIT REGULATIONS ; DEFINITION

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,[1] 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 3.01 is deleted and the following new section is substituted therefor :

"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."

(*b*) "A new Section 3.04 is inserted after Section 3.03 as follows :

"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."

(*c*) Section 3.04 is renumbered as Section 3.05.

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

[1] See p. 20 of this volume.

(*e*) 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 term, wherever used in this Agreement or in the Regulations, shall have the following meaning :

"Project Agreement" means the project agreement of even date herewith between the Corporation and the Association and shall include any amendments thereof made by agreement among the Borrower, the Corporation 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 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 October 1, 1963.

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. 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 2.05. 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 in semi-annual installments payable on each February 1 and August 1 commencing February 1, 1974 and ending August 1, 2013, each installment to and including the installment payable on August 1, 1983 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.

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[1] 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 and shall cause the Corporation to conduct its operations and affairs within a legal framework and regulations satisfactory to the Association and under capable and efficient management satisfactory to the Association and in accordance with sound agricultural, engineering and financial practices.

(*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 sums other than the proceeds of the Credit 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, the Corporation and the Association.

[1] See p. 18 of this volume.