

No. 7381

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
JORDAN**

**Development Credit Agreement—*Water Supply Projects*
(with related letter and annexed Development Credit
Regulations No. 1). Signed at Washington, on 12 De-
cember 1963**

Official text: English.

Registered by the International Development Association on 12 August 1964.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
JORDANIE**

**Contrat de crédit de développement — *Projets relatifs à
l'approvisionnement en eau* (avec lettre connexe et, en
annexe, le Règlement n° 1 sur les crédits de développe-
ment). Signé à Washington, le 12 décembre 1963**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 12 août 1964.

No. 7381. DEVELOPMENT CREDIT AGREEMENT¹ (*WATER SUPPLY PROJECTS*) 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).

Article I

DEVELOPMENT CREDIT REGULATIONS; SPECIAL 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, 1961,² 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 *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the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“ (b) The proceeds of the Credit shall be withdrawn from the Credit Account: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.

¹ Came into force on 17 April 1964, upon notification by the Association to the Government of Jordan.

² See p. 88 of this volume.

“(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 8.03 shall be amended to read as follows :

“SECTION 8.03. *Effective Date or Dates.* Notwithstanding the provisions of Section 8.01 and except as shall be otherwise agreed by the Association and the Borrower, the Development Credit Agreement shall come into force and effect in whole or, if the Association shall otherwise agree, in part in respect of Part A or Part B or Part C or Part D of the Project on the date or dates upon which the Association dispatches to the Borrower notice of its acceptance of the evidence required by Section 8.01 as to the Part or Parts of the Project in question.”

(e) For the purposes of this Agreement the term “goods” as defined in paragraph 10 of Section 9.01 shall include any other property required for the Project.

(f) Paragraph 11 of Section 9.01 shall be amended to read as follows :

“11. The terms “Effective Date” or “Effective Dates” mean the date or dates on which the Development Credit Agreement shall come into force and effect in whole or in part as provided in Section 8.03.”

Section 1.02. Wherever used in this Agreement or in the Schedule thereto, unless the context otherwise requires, the following terms shall have the following meanings :

(a) The term “CWA” means the Central Water Authority, an agency of the Borrower, created and functioning pursuant to Law No. 59 of 1959 of the Borrower, or any successor thereto.

(b) The term “Water District” means the water district of the Borrower comprising, at this time, the Municipalities of Ramallah and El Bira and certain neighboring towns and villages, and all other municipalities, towns and villages which shall later become included therein by joining the Water Board, or any successor or successors to the Water District.

(c) The term "Water Board" means the Water Supply Board of the Water District, created or to be created as required by Section 4.10 (a) of this Agreement, or any successor or successors to the Water Board.

(d) The term "Zarqa" means the Municipality of Zarqa, a municipality of the Borrower, or any successor thereto.

(e) The term "Part C Municipalities" means the Municipalities of Irbid, Mafraq, Ramtha and Husn, municipalities of the Borrower, or any successor or successors thereto.

(f) The term "Irbid" means the Municipality of Irbid, a municipality of the Borrower, or any successor thereto.

(g) The term "Part C Water Transmission Main" means the water transmission main provided for in paragraphs (c) and (d) of Part C of the Project.

(h) The term "Nablus" means the Municipality of Nablus, a municipality of the Borrower, or any successor thereto.

(i) The term "Supplementary Accord" means the accord or accords between the Borrower and CWA referred to in Section 4.01 of this Agreement.

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 five hundred thousand dollars (\$3,500,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and, as this Agreement becomes effective in respect of any Part of the Project, shall credit to such Credit Account the amount of the Credit set forth in Section 4.01 in respect of such Part of the Project. 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 Borrower and the Association shall otherwise agree :

(a) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Credit Account (i) amounts expended for the reasonable cost of goods and services to be financed out of the proceeds of the Credit, and (ii) if the Association shall so agree such amounts as shall be required to meet payments to be made for the reasonable cost of goods and services to be financed out of the proceeds of the Credit.

(b) No withdrawals shall be made on account of expenditures prior to November 1, 1962.

Section 2.04. Notwithstanding any other provision of this Agreement, unless the Association shall otherwise agree :

(a) The Borrower shall not be entitled to make withdrawals from the Credit Account in respect of goods and services required to carry out :

- (i) Part A of the Project until the Borrower has submitted to the Association written assurances that : (1) the Municipalities of Ramallah and El Bira will follow financial and managerial policies satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in such Municipalities until such time as the transfer required by Section 4.11 (a) shall have been completed; and (2) the Municipality of Jerusalem will purchase such amounts of water from the Water Board at such times and prices as shall, in the judgment of the Borrower and the Association, produce additional revenues for the Water Board which, together with its other revenues from sales of water, will make Part A of the Project financially viable;
- (ii) Part B of the Project until : (1) the three existing wells of the Zarqa water supply system have been tested and the yields are, in the opinion of the Association, satisfactory for development thereof; and (2) the Borrower has submitted to the Association written assurances that Zarqa will follow financial and managerial policies satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in Zarqa until such time as the transfer required by Section 4.11 (b) shall have been completed;
- (iii) Part C of the Project until the Borrower has submitted to the Association written assurances that the Part C Municipalities will follow financial and managerial policies satisfactory to the Association (including policies regarding incurrence of debt for water supply purposes, water rates, purchase and sale of water and separation of accounts) in the operation and maintenance of existing water supply plant and facilities (including distribution facilities) in such Municipalities until such time as the transfer required by Section 4.11 (c) shall have been completed; and
- (iv) Part D of the Project until the Borrower has submitted to the Association written assurances that Nablus will follow financial and managerial policies