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A.I.D. Loan No. 278-W-010

LOAN AGREEMENT

BETWEEN

THE HASHEMITE KINGDOM OF JORDAN

AND THE

UNITED STATES OF AMERICA

YARMOUK-DEAD SEA ROAD PROJECT

Dated: July 1, 1974

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LOAN AGREEMENT dated 1st day of July, 1974 between the HASHEMITE KINGDOM OF JORDAN ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

ARTICLE I

The Loan

SECTION 1.01. The Loan. Subject to the terms and conditions of this Agreement, A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed two Million Nine Hundred Thousand United States Dollars (\$2,900,000) ("Loan"), to assist the Borrower in carrying out the Yarmouk-Dead Sea Road Project referred to in Section 1.02 ("Project"). The Loan shall be used exclusively to finance United States dollar costs of goods and services required for the Yarmouk-Dead Sea Road Project ("Dollar Costs") and local currency costs of goods and services required for the Yarmouk-Dead Sea Road Project ("Local Currency Costs"). The aggregate amount of disbursements under the Loan is hereinafter referred to as "Principal."

SECTION 1.02. The Project. The Yarmouk-Dead Sea Road Project shall consist of reconstructing, widening and resurfacing, and thereby upgrading, the entire 104.83 kilometers of the road from Adasiya in the north to the Amman-Dead Sea Road Junction in the south to a primary highway classification with a uniform carriageway of 7.2 meters with a paved shoulder, on either side of the road, of 2 meters wide. The roadway will have a 5 centimeter thick wearing surface, and the shoulder

will have a single seal surface treatment. There will be 7.66 kilometers of new construction between Kufrein Junction and the Amman-Naur-Jerusalem Highway, and the single lane bridge over the Zarqa River will be replaced by a two lane structure. The Project is more fully described in Annex I, attached hereto, which Annex may be modified by written agreement between the Borrower and A.I.D.

ARTICLE II

Loan Terms

SECTION 2.01. Interest. The Borrower shall pay A.I.D. interest, which shall accrue at the rate of two percent (2%) per annum for ten years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter, on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance shall accrue from the date of each disbursement (as such date is defined in Section 7.04) and shall be computed on the basis of a 365-day year. Interest shall be payable semi-annually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 2.02. Repayment. The Borrower shall repay the Principal to A.I.D. within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) level semi-annual installments of principal and interest. The first installment of Principal shall be due and payable nine and one-half (9½) years after the date on which the first interest payment is due. A.I.D. shall provide the

Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 2.03. Application, Currency, and Place of Payment.

All payments of interest and Principal hereunder shall be made in United States dollars and shall 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, all such payments shall be made to the order of the "Agency for International Development" and shall be deemed paid when received by the Office of the Controller, SER/FM/DCD, Washington, D.C. 20523.

SECTION 2.04. Prepayment. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Any such prepayment shall be applied to the installments of Principal in the inverse order of their maturity.

SECTION 2.05. Renegotiation of the Terms of the Loan. The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, acceleration of the repayment of the Principal in the event that there is any significant improvement in the internal and external economic and financial position and prospects of Jordan.

ARTICLE III

Conditions Precedent to Disbursement

SECTION 3.01. Conditions Precedent to Initial Disbursement.

Prior to the first disbursement or to the issuance of the first Letter of Commitment under the Loan, the Borrower shall, except as A.I.D.

may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of the Minister of Justice of the Hashemite Kingdom of Jordan or of other counsel acceptable to A.I.D. that this Agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms and that the person signing the Agreement on behalf of the Borrower has the authority to act as the representative of the Borrower in all matters pertaining to this Loan and Agreement, including the authority to designate other representatives pursuant to Section 9.02;

(b) A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 9.02, and a specimen signature of each person specified in such statement;

(c) Evidence that the Borrower has made satisfactory arrangements for keeping complete and accurate records concerning the costs of the Yarmouk-Dead Sea Road Project;

(d) An agreement executed by the Jordan Valley Commission and Ministry of Public Works setting forth the precise duties, relationships, and responsibilities of the Jordan Valley Commission and the Ministry of Public Works in the execution of the Project;

(e) Evidence that the Borrower has obtained all rights-of-way necessary for the temporary detours and permanent construction of the Project;

(f) A definitive construction schedule for the Project, established by or on behalf of the Jordan Valley Commission, which schedule (i) indicates the construction work that is to be performed by the construction contractor and the construction work that is to be performed, by force account, by the Ministry of Public Works and (ii) is coordinated with the construction schedule of the East Ghor Canal Extension Project so that the irrigation pipes for the East Ghor Canal Extension Project are installed under the Yarmouk-Dead Sea Road prior to road construction in relevant areas;

(g) An executed contract for certain engineering services pertaining to certification and inspection of work, with an engineering firm satisfactory to A.I.D.;

(h) Detailed schedules and proposed arrangements, including draft invitations for bids in conformity with the A.I.D. Capital Project Guidelines, prepared by the Ministry of Public Works for all engineering, planning and design and all construction of the facilities required to complete the Yarmouk-Dead Sea Road Project;

(i) Evidence that arrangements for construction supervision services satisfactory to A.I.D. have been completed; and

(j) Such additional plans, specifications, or other documents or submissions as A.I.D. may request.

SECTION 3.02. Terminal Date for Meeting Conditions Precedent to Disbursement. If all of the conditions specified in Section 3.01 shall not have been met within five months from the date of this Agreement,

or by such later dates as A.I.D. may agree to in writing, A.I.D. may at its option at any time thereafter cancel the then undisbursed balance of the Loan or terminate this Agreement by giving notice to the Borrower. Upon the giving of such notice of termination the Borrower shall immediately repay any Principal then outstanding and pay any accrued interest. This Agreement and all obligations of the parties hereunder shall terminate either (a) upon receipt of such Principal and interest payments in full or (b) if there is no Principal then outstanding nor any interest then accrued, upon the giving of such notice of termination.

SECTION 3.03. Notification of Meeting of Conditions Precedent to Disbursement. A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement have been met.

ARTICLE IV

General Covenants and Warranties

SECTION 4.01. Execution of the Project.

(a) The Borrower shall carry out the Yarmouk-Dead Sea Road Project with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative, economic and accounting practices.

(b) The Borrower shall cause the Yarmouk-Dead Sea Road Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, and other arrangements, and with all modifications therein, approved by A.I.D. pursuant to this Agreement. The Borrower shall at all times employ suitably qualified and experienced engineering consultants to be professionally responsible for the certification

and inspection of work, and whenever necessary, suitably qualified and competent construction contractors and force account personnel to carry out the Project.

SECTION 4.02. Funds and Resources to be Provided by the Borrower. The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective execution, maintenance, and repair of the Yarmouk-Dead Sea Road Project, including but not limited to the amount provided for in Article V of this Agreement.

SECTION 4.03. Continuing Consultation. The Borrower and A.I.D. shall cooperate fully to assure that the purposes of this Agreement will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of Yarmouk-Dead Sea Road Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Yarmouk-Dead Sea Road Project and other matters relating to the Project.

SECTION 4.04. Management. The Borrower shall provide qualified and experienced management for the Yarmouk-Dead Sea Road Project acceptable to A.I.D., and it shall train such staff as may be appropriate for the maintenance of the Project.

SECTION 4.05. Operation and Maintenance. The Borrower shall maintain, and repair the Yarmouk-Dead Sea Road Project in conformity with sound engineering, financial, and administrative practices

and in such manner as to insure the continuing and successful achievement of the purposes of the Project.

SECTION 4.06. Taxation. This Agreement, the Loan, and any evidence of indebtedness issued in connection herewith shall be free from, and the Principal and interest shall be paid without deduction for and free from, any taxation or fees imposed under the laws in effect within Jordan. To the extent that (a) any contractor, including any consulting firm, any personnel of such contractor financed hereunder, and any property or transactions relating to such contracts and (b) any commodity procurement transaction financed hereunder, are not exempt from identifiable taxes, tariffs, duties, and other levies imposed under laws in effect in Jordan, the Borrower shall, as and to the extent prescribed in and pursuant to Implementation Letters, pay or reimburse the same under Section 4.02 of this Agreement with funds other than those provided under the Loan; provided, however, that this Section 4.06 shall not apply to taxes levied upon the income of citizens and companies of Jordan.

SECTION 4.07. Utilization of Goods and Services.

(a) Goods and services financed under the Loan shall be used exclusively for the Yarmouk-Dead Sea Road Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, or at such other time as goods financed under the Loan can no longer usefully be employed for the Project, the Borrower may use or dispose of such goods in such manner as A.I.D. may agree to in writing prior to such

use or disposition.

(b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION 4.08. Disclosure of Material Facts and Circumstances.

The Borrower represents and warrants that all facts and circumstances that it has disclosed or caused to be disclosed to A.I.D. in the course of obtaining the Loan are accurate and complete, and that it has disclosed to A.I.D., accurately and completely, all facts and circumstances that might materially affect the Yarmouk-Dead Sea Road Project and the discharge of its obligations under this Agreement. The Borrower shall promptly inform A.I.D. of any facts and circumstances that may hereafter arise that might materially affect, or that it is reasonable to believe might materially affect, the Project or the discharge of the Borrower's obligations under this Agreement.

SECTION 4.09. Commissions, Fees, and Other Payments.

(a) The Borrower warrants and covenants that in connection with obtaining the Loan, or taking any action under or with respect to this Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid nor will there be paid or agreed to be paid by any other person or entity, commissions, fees, or other payments of any kind, except as regular compensation to the Borrower's full-time officers and employees or as compensation for bona fide professional, technical, or comparable services. The

Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical, or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment is deemed unreasonable by A.I.D., the same shall be adjusted in a manner satisfactory to A.I.D.

(b) The Borrower warrants and covenants that no payments have been or will be received by the Borrower, or any official of the Borrower, in connection with the procurement of goods and services financed hereunder except fees, taxes, or similar payments legally established in Jordan.

SECTION 4.10. Maintenance and Audit of Records. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating both to the Yarmouk-Dead Sea Road Project and to this Agreement. Such books and records shall, without limitation, be adequate to show:

(a) The receipt and use made of goods and services acquired with funds disbursed pursuant to this Agreement;

(b) The nature and extent of solicitations of prospective suppliers of goods and services acquired;

(c) The basis of the award of contracts and orders to successful bidders; and

(d) The progress of the Project.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five years after the

date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Agreement have been paid, whichever date shall first occur.

SECTION 4.11 Reports. The Borrower shall furnish to A.I.D. such information and reports relating to the Loan and to the Yarmouk-Dead Sea Road Project as A.I.D. may request.

SECTION 4.12. Inspection. The authorized representatives of A.I.D. shall have the right at all reasonable times to inspect the Yarmouk-Dead Sea Road Project, the utilization of all goods and services financed under the Loan, and the Borrower's books, records, and other documents relating to the Project and the Loan. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall permit representatives of A.I.D. to visit any part of Jordan for any purpose relating to the Loan.

SECTION 4.13. Investment Guaranty Project Approval by Borrower. The Borrower agrees that the construction work to be financed under this Agreement is a project approved by the Borrower pursuant to the Agreement between the Government of the Hashemite Kingdom of Jordan and the United States of America on the subject of investment guaranties. No further approval by the Government of the Hashemite Kingdom of Jordan shall be required to permit the United States or Overseas Private Investment Corporation under that agreement to issue investment guaranties covering a contractor's investment in that project.

ARTICLE V

Special Covenants

SECTION 5.01 Borrower's General Contribution. Borrower covenants to contribute to the Yarmouk-Dead Sea Road Project not less than the

equivalent of nine hundred and fifty thousand United States Dollars (\$950,000).

SECTION 5.02. The Jordan Valley Commission. Except as A.I.D. may otherwise agree in writing, the Yarmouk-Dead Sea Road Project shall be implemented by the Jordan Valley Commission or by such other body, or agency or institution as may be designated by the Jordan Valley Commission.

SECTION 5.03. The Ministry of Public Works

(a) The Ministry of Public Works will be responsible for the preparation of plans, specifications, contracts, schedules, bid documents, and any modifications thereof, and for the supervision of construction of the Yarmouk Dead Sea Road Project, under the direction of the Jordan Valley Commission, pursuant to the Agreement between the Ministry of Public Works and the Jordan Valley Commission executed in accordance with Section 3.01 (d) of this Agreement. The Ministry of Public Works shall assure that all construction work of the Project, whether actually performed by the Ministry of Public Works or supervised by it, is performed in accordance with the construction schedule under Section 3.01 (f) of this Agreement.

(b) The Ministry of Public Works will be responsible for performing construction service in widening with force account 55 kilometers of 7 meter carriageway (with 1 meter shoulders) to 11.2 meters (7.2 meter carriageway and 2 meter shoulders) and the application of a single seal coat on the 2 meter shoulders.

SECTION 5.04. Maintenance Budget. Borrower covenants to make, and to cause the appropriate authorities to make, adequate provisions in their respective budgets annually for the cost of maintaining the Yarmouk-Dead Sea Road Project. The amounts so provided shall be in addition to amounts Borrower provides in its own budget for the maintenance of other roads in Jordan and in addition to amounts contributed under Section 5.01 hereof.

ARTICLE VI

Procurement

SECTION 6.01. Procurement from Eligible Sources. Except as A.I.D. may otherwise agree in writing, disbursements made pursuant to Section 7.01 shall be used exclusively to finance the procurement for the Yarmouk-Dead Sea Road Project of goods and services, including ocean shipping and marine insurance but excluding automobiles manufactured outside the United States, having both their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

SECTION 6.02. Procurement from Jordan. Disbursements made pursuant to Section 7.02 shall be used exclusively to finance the procurement for the Yarmouk-Dead Sea Road Project of goods and services having both their source and origin in the Hashemite Kingdom of Jordan.

SECTION 6.03. Eligibility Date. Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

SECTION 6.04. Goods and Services Not Financed under Loan.

Goods and services procured for the Yarmouk-Dead Sea Road Project, but not financed under the Loan, shall have their source and origin in countries included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed for such goods and services.

SECTION 6.05. Implementation of Procurement Requirements.

The definitions applicable to the eligibility requirements of Sections 6.01, 6.02, and 6.04 will be set forth in detail in Implementation Letters.

SECTION 6.06. Plans, Specifications, and Contracts

(a) Except as A.I.D. may otherwise agree in writing, the Borrower shall furnish to A.I.D. promptly upon preparation, all plans, specifications, construction schedules, bid documents, and contracts relating to the Yarmouk-Dead Sea Road Project, and any modifications therein, whether or not the goods and services to which they relate are financed under the Loan.

(b) Except as A.I.D. may otherwise agree in writing, all of the plans, specifications, and construction schedules furnished pursuant to subsection (a) above shall be approved by A.I.D. in writing.

(c) All bid documents and documents related to the solicitation of proposals relating to goods and services financed under the Loan shall be approved by A.I.D. in writing prior to their issuance, which approval shall not be unduly delayed or unreasonably withheld. All plans, specifications and other documents relating to goods and

services financed under the Loan shall be in terms of United States standards and measurements, except as A.I.D. may otherwise agree in writing.

(d) The following contracts financed under the Loan shall be approved by A.I.D. in writing prior to their execution: (i) contracts for engineering and other professional services, (ii) contracts for construction services, (iii) contracts for such other services as A.I.D. may specify, and (iv) contracts for such equipment and materials as A.I.D. may specify. In the case of any of the above contracts for services, A.I.D. shall also approve in writing the contractor and such contractor personnel as A.I.D. may specify. Material modifications in any of such contracts and changes in any of such personnel shall also be approved by A.I.D. in writing prior to their becoming effective.

(e) Consulting firms used by the Borrower for the Yarmouk-Dead Sea Road Project but not financed under the Loan, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Borrower for the Project but not financed under the Loan shall be acceptable to A.I.D.

SECTION 6.07. Reasonable Price. No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters. No part of the Loan may be used

for the procurement of bulk commodities at prices higher than the market price prevailing in the United States at the time of such purchase.

SECTION 6.08. Employment of Third-Country Nationals Under Supervision Assistance Contracts. The employment of personnel to perform services under construction contracts financed under the Loan shall be subject to requirements with respect to third-country nationals prescribed in Implementation Letters.

SECTION 6.09. Shipping and Insurance.

(a) Goods financed under the Loan shall be transported to the country of the Borrower on flag carriers of any country included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of shipment. No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D. - financed goods or (ii) which has been chartered for the carriage of A.I.D. - financed goods unless such charter has been approved by A.I.D.

(b) At least fifty percent (50%) of the gross tonnage of all goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners, and tankers) which shall be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels, and at least fifty percent (50%) of the gross freight revenues generated by all shipments financed under the Loan and transported to Jordan on dry cargo liners shall be paid to or for the benefit of private United States flag commercial vessels, unless A.I.D.

shall determine that such vessels are not available at fair and reasonable rates for United States flag commercial vessels.

(c) If in connection with the placement of marine insurance on shipments financed under United States legislation authorizing assistance to other nations, the country of the Borrower, by statute, decree, rule, or regulation, favors any marine insurance company of any country over any marine insurance company authorized to do business in any state of the United States of America, goods financed under the Loan shall during the continuance of such discrimination be insured against marine risk in the United States of America with a company or companies authorized to do a marine insurance business in any state of the United States of America.

(d) Unless A.I.D. otherwise agrees in writing, the Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their transit to the point of their use in the Yarmouk-Dead Sea Road Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed. Unless A.I.D. otherwise agrees in writing, any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods or shall be used to pay for the procurement of goods for the Yarmouk-Dead Sea Road Project. Any such replacements shall be of the same source and origin and otherwise subject to the provisions

of this Agreement.

SECTION 6.10. Notification to Potential Suppliers. In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

SECTION 6.11. United States Government-Owned Excess Property. The Borrower shall utilize, with respect to goods financed under the Loan to which the Borrower takes title at the time of procurement, such reconditioned United States Government-owned Excess Property as may be consistent with the requirements of the Yarmouk-Dead Sea Road Project and as may be available within a reasonable period of time. The Borrower shall seek assistance from A.I.D. and A.I.D. will assist the Borrower in ascertaining the availability of and in obtaining such Excess Property. A.I.D. will make arrangements for any necessary inspection of such property by the Borrower or its representative. The costs of inspection and of acquisition, and all charges incident to the transfer to the Borrower of such Excess Property, may be financed under the Loan. Prior to the procurement of any goods, other than Excess Property, financed under the Loan and after having sought such A.I.D. assistance, the Borrower shall indicate to A.I.D. in writing, on the basis of information then available to it, either that such goods cannot be made available from reconditioned United States Government-owned Excess Property on a timely basis or that the goods that can

be made available are not technically suitable for use in the Project.

SECTION 6.12. Information and Marking. Borrower shall give publicity to the Loan and the Yarmouk-Dead Sea Road Project as a program of United States aid, identify the Project site, and mark goods financed under the Loan, as prescribed in Implementation Letters.

ARTICLE VII

Disbursements

SECTION 7.01. Disbursements for United States Dollar Costs.

Upon satisfaction of applicable conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States bank or banks for payments made to contractors or suppliers, through letters of credit or otherwise, for United States dollar costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be subject to presentation of such supporting documentation as A.I.D. may prescribe in Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of Borrower and may be financed under the Loan.

SECTION 7.02. Disbursements for Local Currency Cost.

Upon satisfaction of applicable conditions precedent, the Borrower may, from time to time, request disbursement by A.I.D. of Jordanian currency in reimbursement for local currency costs of goods and services, procured for the Project in accordance with the terms and conditions of this Agreement, by submitting to A.I.D. such supporting documentation as A.I.D. may prescribe in Implementation Letters. Except as A.I.D. may otherwise agree in writing, such disbursements

hereunder in Jordanian currency shall be deemed United States dollar disbursements in the lowest amount of United States' dollars which would have had to be paid in Jordan under a lawful rate of exchange in Jordan for delivery of such amount of Jordanian currency on the date of disbursement.

SECTION 7.03. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

SECTION 7.04. Date of Disbursement. Disbursements by A.I.D. shall be deemed to occur on the date on which A.I.D. makes a payment either directly to the Borrower or its designee or to a bank pursuant to a Letter of Commitment.

SECTION 7.05. Terminal Dates for Commitment and Disbursement. Except as A.I.D. may otherwise agree in writing, no Letter of Commitment or amendment thereto shall be issued in response to requests received by A.I.D. more than three years after the date of this Agreement and no disbursement shall be made against documentation received more than 42 months after the date of this Agreement.

ARTICLE VIII

Cancellation and Suspension

SECTION 8.01. Cancellation by Borrower. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the loan which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse, or which has not then been utilized through the issuance of irrevocable letters

of Credit or through bank payments made other than under irrevocable Letters of Credit.

SECTION 8.02. Events of Default; Acceleration. If any one or more of the following events ("Events of Default") shall occur:

(a) The Borrower shall have failed to pay when due any interest or installment of Principal required under this Agreement;

(b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency; or

(c) The Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan, guaranty, or other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies, then A.I.D., at its option, may give the Borrower notice that all or any part of the unrepaid Principal shall be due and payable sixty (60) days thereafter, and, unless the Event of Default is cured within such sixty (60) days, (i) such unrepaid Principal and any accrued interest hereunder shall be due and payable immediately, and (ii) the amount of any subsequent disbursements made under then outstanding Letters of Commitment of otherwise shall become due and payable as soon as made.

SECTION 8.03. Suspension of Disbursements. In the event that at any time:

(a) an Event of Default has occurred;

(b) an event occurs that A.I.D. determines makes it improbable

either that the purposes of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement;

(c) any disbursement would be in violation of the legislation governing A.I.D.; or

(d) the Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan, guaranty, or other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies,

then A.I.D., at its option, may: (i) suspend or cancel outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit or through bank payments made other than under irrevocable letters of credit, giving notice to the Borrower promptly thereafter; (ii) decline to make disbursements other than under outstanding Letters of Commitment; (iii) decline to issue additional Letters of Commitment; and (iv) at A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside Jordan, are in a deliverable state, and have not been offloaded in ports of entry of Jordan. Any disbursement made under the Loan with respect to such transferred goods shall be deducted from Principal in the manner of a prepayment of Principal.

SECTION 8.04. Cancellation by A.I.D. Following any suspension of

disbursements pursuant to Section 8.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D., at its option, may, at any time or times thereafter, cancel all or any part of the Loan that is not then disbursed, including outstanding Letters of Commitment to the extent that they have not been utilized through the issuance of irrevocable letters of credit or bank payments made other than under irrevocable letters of credit.

SECTION 8.05. Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

SECTION 8.06. Refunds.

(a) In case any disbursement is not supported by valid documentation or is not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedy provided for under this Agreement, may require the Borrower to refund such amount to A.I.D. within thirty days after receipt of a request therefor. In the event that such disbursement was originally made in local currency and if A.I.D. determines that the amount of such refund can be used to pay the local currency costs of goods and services for the Project, A.I.D. will accept such refund in local currency; otherwise such refund must be made in U.S. dollars. Such refund shall

be made available first, in accordance with the provisions of this Agreement, to pay for the procurement of goods and services for the Project; the remainder, if any, of any such refund in United States dollars to A.I.D. in such manner shall be applied to the remaining installments of Principal in the inverse order of their maturity. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from a contractor, supplier, bank, or other third party with respect to goods or services financed under the Loan and such refund relates to an unreasonable price for goods or services, to goods that did not conform with specifications, or to services that were inadequate, A.I.D. shall first make such refund available, in accordance with the provisions of this Agreement, to pay for the procurement of goods and services for the Project; the remainder, if any, of such refund shall be applied to the remaining installments of Principal in the inverse order of their maturity.

SECTION 8.07. Expenses of Collection. All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in Section 8.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

SECTION 8.08. Non-Waiver of Remedies. No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers, or remedies.

ARTICLE LX

Miscellaneous

SECTION 9.01 Communications.

(a) Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made, or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable, or radiogram to such party at the following addresses:

To Borrower:

Mail Address: Jordan Valley Commission
Amman, Jordan

Cable Address: Same

To A.I.D. (Three copies):

Mail Address: Office of Capital and Commercial
Development
Bureau for Supporting Assistance
Agency for International Development
Department of State
Washington, D.C. 20523

Cable Address: A.I.D.
Washington, D.C.

Borrower, in addition, shall provide the American Embassy, Amman, with a copy of each communication sent to A.I.D. Other addresses may be substituted for the above upon the giving of notice.

(b) Except as A.I.D. may otherwise agree in writing, (i) all notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in English, and (ii) if the original of any such communication or document is in other than English, a copy in the language of the original shall also be submitted.

SECTION 9.02. Representatives. The Borrower hereby designates the President of the Jordan Valley Commission as its plenary representative hereunder. The Borrower's plenary representative shall have authority to designate by written notice additional plenary representative. The Borrower's plenary representative hereunder, unless A.I.D. is given notice otherwise, shall have authority to agree on behalf of the Borrower to any modification of this Agreement. Each notice of designation of a plenary representative of the Borrower shall contain the name and specimen signature of each such representative so designated. Until receipt by A.I.D. of notice of revocation of the authority of any of the plenary representative of the Borrower designated pursuant to this Section, A.I.D. may accept the signature of any such representative or any instrument as conclusive evidence that any action effected by such instrument is duly authorized. A.I.D. shall be represented by the individual holding or acting in the office of A.I.D. Affairs Officer USAID/Jordan .

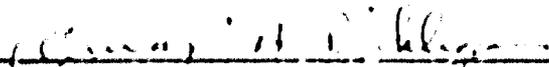
SECTION 9.03. Implementation Letters. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the Implementation of this Agreement.

SECTION 9.04. Promissory Notes. At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

SECTION 9.05. Termination Upon Full Payment. Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

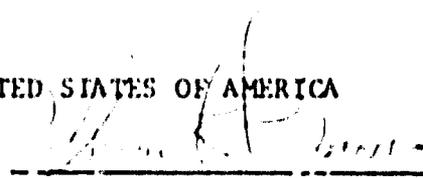
IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN

By: 
Omar Abdullah Dokhhan

Title: President, Jordan Valley Commission

UNITED STATES OF AMERICA

By: 
Thomas R. Pickering

Title: Ambassador, United States of America

ANNEX I
PROJECT DESCRIPTION

The road to be constructed under this project will be 104.83 kilometers long. The roadway surface will be 7.2 meters wide with 2.0 meter shoulders on both sides. The roadway will have a 5 centimeter thick wearing surface and the shoulder will have a single seal surface treatment.

The project consists of reconstructing, widening and resurfacing of the Yarmouk-Dead Sea Road in accord with the design and construction standards and specifications adopted by the Ministry of Public Works for primary highways. The project area is between Adasiya in the North and the Amman-Naur-Jerusalem junction in the South.

Between Kufrein junction and the Amman-Naur-Jerusalem highway the highway will be relocated to pass close to an existing dam. This relocation will be 7.66 km long.

The existing single lane bridge over the Zarqa River, will be replaced with a two lane bridge 31.48 meters long. The bridge will have a reinforced concrete deck supported by steel girders. The structural steel for this bridge was purchased under AID Loan 278-H-003, (Damiya Junction-North Shuneh Road). This project will provide funds only for the erection of the structural steel and the bridge deck.

The Ministry of Public Works will be responsible for widening with "Force Account" the existing 55 kilometer section of 7 meter carriageway (with 1 meter shoulders) to 11.2 meters (7.2 meter carriageway and 2 meter shoulders) and the application of a single seal coat on the two meter shoulders. A private construction contractor will apply the final surface treatment and complete the balance of the work included in this project.