Loan Agreement

(Emergency Project to Assist Jordan Partially Mitigate Impact of Syrian Conflict)

between

HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 28, 2013
LOAN NUMBER 8283-JO

LOAN AGREEMENT

AGREEMENT dated July 28, 2013, between HASHEMITE KINGDOM OF JORDAN ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred and fifty million United States Dollars ($150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall, through MoF, carry out the Project in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister in charge of planning and international cooperation.

5.02. The Borrower’s Address is:

Ministry of Planning and International Cooperation
Post office Box 555
Amman, 11118
Hashemite Kingdom of Jordan

Facsimile:

4649341-4642247

5.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Amman, Hashemite Kingdom of Jordan, as of the day and year first above written.

HASHEMITE KINGDOM OF JORDAN

By

Authorized Representative

Name: Dr. Ibrahim Saif

Title: Minister of Planning and International Cooperation and Minister of Tourism and Antiquities

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Authorized Representative

Name: Ferid Belhaj

Title: Director
The objective of the Project is to help the Borrower maintain access to essential healthcare services and basic household needs for the Jordanian population affected by the large and increasing influx of Syrian refugees.

The Project consists of the following parts:

Part A. Maintaining Access to Essential Healthcare Services

1. Carrying out a program of activities designed to sustain provision of basic health services to Beneficiaries; such program to include acquisition of Eligible Vaccines and Drugs for Beneficiaries and health facilities respectively, as provided for in the Rational Drug List.

2. Financing of medical treatments' costs incurred by Jordanian patients referred to Non-MOH Facilities.

Part B. Supporting Household Basic Needs

Carrying out a program of activities designed to support the provision of basic household commodities by the Borrower through the financing of Bread and LPG Cylinders Subsidies.

Part C. Project Monitoring, Auditing and Verification

Support to the Borrower in the areas of Project monitoring, verification and auditing.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall vest overall implementation of the Project in its MoF.

2. Notwithstanding Section I.A.1 of Schedule 2 of the Project, the Borrower shall maintain, throughout project implementation period, JPD with a mandate, procedures, staffing and resources satisfactory to the Bank to be responsible for procurement under Part A.1 of the Project.

B. Anti-Corruption

1. All contracts procured in accordance with Section III.C of Schedule 2 to this Agreement shall be carried out in accordance with Modified Anti-Corruption Guidelines.

2. The Borrower shall ensure that the Project (except for contracts specified in 1 above) is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) after the end of each quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. The audit of the Financial Statements shall cover the period of the Project. The audited Financial Statements for such period shall be furnished to the Bank not later than three months after the end of such period.
4. The Borrower shall recruit, not later than three (3) months after the Effective Date, (a) the external auditor referred to in Section 5.09 (b) of the General Conditions in accordance with Section III of Schedule 2 of this Agreement and pursuant to terms of reference satisfactory to the Bank; said external auditor to further perform audits of payments made prior to this date but on or after June 30, 2012, for Eligible Expenditures; and (b) an external firm, whose qualifications, experience and terms of reference shall be acceptable to the Bank, to perform financial and technical audits referred to in Section V.1 of this Agreement.

Section III. Procurement

A. General

1. Goods. All goods (except goods under Part A.1 of the Project for an amount equal to or less than $5,000,000) and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods.

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods (except goods under Part A.1 of the Project for an amount equal to or less than $5,000,000) shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting.

C. Procurement of Goods under Part A.1 of the Project for an amount equal or lesser than $5,000,000. Notwithstanding the provisions of Section III.B.1 and Section III.B.2 of this Agreement, all goods required under Part A.1 of the Project for contracts of an amount equal or less than $5,000,000 and to be financed out of the proceeds of the Loan shall be procured in accordance with JPD Procurement Procedures, subject to the following additional provision namely that, bidding opportunities for contracts above $500,000 shall be advertised in a timely manner through the United Nations Development Business (UNDB) website and the JPD website.
D. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection Based on the Consultants’ Qualification; (c) Single-source Selection of consulting firms; and (d) Single-source procedures for the Selection of Individual Consultants.

E. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.
### Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Eligible Vaccines and Medicines, Medical treatments' costs, Bread and LPG Cylinders Subsidies, Consultants' Services (including audits) for the Project</td>
<td>149,625,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>375,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>150,000,000</td>
<td></td>
</tr>
</tbody>
</table>

#### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed sixty million United States Dollars ($60,000,000 million) equivalent may be made for payments made prior to this date but on or after June 30, 2012, for Eligible Expenditures under Part A.1 and Part B of the Project.

2. The Closing Date is July 31, 2014.

#### Section V. Other Undertakings

1. The Borrower shall ensure, prior to making any payments for medical treatments’ costs under Part A.2 of the Project that said medical treatments’ costs have been technically and financially audited by an external firm.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15, Beginning May 15, 2018 through November 15, 2037</td>
<td>2.44%</td>
</tr>
<tr>
<td>On May 15, 2038</td>
<td>2.40%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and
outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
APPENDIX

Section I. Definitions


2. “Beneficiaries” means residents in the Borrower’s territory.

3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “Eligible Vaccines and Drugs” means vaccines and drugs provided for in the Rational Drug List.


7. “Joint Procurement Department” or “JPD” means the joint procurement department created by the Borrower’s Law n. 91 of 2002 on Medicine and Medical Supplies, aimed at improving the efficiency, economy and transparency of pharmaceutical procurement in the Borrower’s territory, as amended from time to time.

8. “Jordan Food and Drug Administration” means the Borrower’s independent public administration created by Law n. 31 of 2003 responsible for all related national food and drugs matters.

9. “JPD Procurement Procedures” means the procurement procedures applicable by JPD as provided for under the Borrower’s Law n. 91 of 2002.

10. “Kg” means Kilograms.

11. “Non-MoH Facilities” means healthcare facilities, including hospitals not administered by the MoH.

12. “Modified Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011, with the modifications set forth in Section II of this Appendix.

13. “MoF” means the Borrower’s ministry in charge of finance.

15. "Rational Drug List" means the list of drugs issued by the Jordan Food and Drug Administration as updated from time to time.


17. "Procurement Plan" means the Borrower's procurement plan for the Project, dated June 5, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

18. "Bread and LPG Cylinders Subsidies" means the difference between the total cost and selling price of flour and 12.5 Kg LPG Cylinder, respectively.

Section II. Modifications to the Anti-Corruption Guidelines

1. Paragraph 9 shall be amended by inserting the following new Paragraph 9(a) and re-lettered following paragraphs:

   "(a) take all appropriate measures to ensure that the Project is carried out in accordance with these Guidelines."

2. Paragraph 9(d) is deleted in their entirety.

3. Paragraph 9(e) is modified to read:

   "(i) take timely and appropriate action to investigate all credible and material allegations or other indications of fraud and corruption; (ii) promptly, upon the completion of any such investigation, report to the Bank the findings thereof, including making available all documentary and other evidence arising therefrom, and allow the Bank to review relevant books and records and to meet relevant persons; and (iii) if the Borrower or the Bank determines that any person or entity has engaged in fraud or corruption in connection with the Project, take timely and appropriate action, in accordance with the Borrower's laws and regulations and satisfactory to the Bank, to remedy or otherwise address the situation and prevent its recurrence; and".

4. Paragraph 9(g) is hereby added after Paragraph 9(f) and reads as follows:

   "ensure that any person or entity debarred or suspended by the Bank is not awarded a contract under or otherwise allowed to participate in the Project during the period of such debarment or suspension."

5. Paragraph 10 is deleted in its entirety.