

LOAN GUARANTEE ASSISTANCE

**Agreement Between the
UNITED STATES OF AMERICA
and JORDAN**

Signed at Amman August 14, 2013



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966
(80 Stat. 271; 1 U.S.C. 113)—

“. . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

JORDAN

Loan Guarantee Assistance

*Agreement signed at Amman August 14, 2013;
Entered into force October 26, 2013.*

LOAN GUARANTEE AGREEMENT
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE HASHEMITE KINGDOM OF JORDAN

This Agreement (“Agreement”) is between the United States of America (the “United States Government”) and the Hashemite Kingdom of Jordan (“Jordan” or the “Borrower”) (together “the Parties”).

ARTICLE I. Purpose

Section 1.01. Purpose. The United States Government, acting through the United States Agency for International Development (“USAID”), plans to provide guarantees (“Loan Guarantees” or “Guarantees”) for certain payment obligations with regard to new debt that Jordan is expected to incur. This guarantee assistance program intends to reinforce Jordan’s economic reform program, as supported by the IMF and USAID, support Jordan’s continued access to the capital markets, and provide external financing to Jordan at affordable rates. The purpose of this Agreement is to set forth the rights and obligations of the Parties with respect to the guarantee assistance program described herein.

ARTICLE II. The Guarantee

Section 2.01. Guarantee Obligations. Subject to the terms herein, USAID shall issue guarantees with respect to the payment obligations of the Borrower for Eligible Notes (as defined in Section 2.02 below). The Guarantees will guarantee one hundred percent (100%) of the Borrower’s repayment of principal under Eligible Notes in an amount not to exceed an aggregate principal amount of one billion two hundred and fifty million United States Dollars (U.S. \$1,250,000,000) together with interest due thereon, for a period up to seven (7) years from the date of issuance.

The Guarantees shall be issued in accordance with Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (Div. I, P.L. 112-74), as applied to FY 2013 funding by section 1706(j) of the Further Continuing Appropriations Act, 2013 (Div. F, P.L. 113-6) (“the Act”). Such guarantees constitute, as a matter of domestic U.S. law, obligations of the United States of America, and the full faith and credit of the United States of America is pledged for the full payment and performance of such guarantee obligations. The Standard Terms and Conditions of the Guarantees issued hereunder shall be mutually agreed upon and shall be published by the United States Government in Title 22, Chapter II, of the United States Code of Federal Regulations for the benefit of the holders of Eligible Notes as defined in Section 2.02 (“Noteholders”).

Section 2.02. Eligible Notes and Terms. “Eligible Notes” are United States Dollar-denominated notes or bonds issued by the Borrower: (a) for the purposes of this Agreement, (b) purchased by “Eligible Underwriters,” as defined in Section 2.03, and (c) under such terms and conditions, documents and agreements as are in form and substance mutually agreed upon by USAID, the Eligible Underwriters and the Borrower, including, without limitation, offering circulars, note purchase or underwriting agreements, global notes and a fiscal agency agreement (such agreements in their final definitive documentation being referred to herein as the “Debt Agreements”).

Except as otherwise agreed in writing, Eligible Notes shall have a term or maturity of seven (7) years with interest paid on a regular basis and principal paid at maturity.

Section 2.03. Eligible Underwriters. Except as otherwise agreed in writing, “Eligible Underwriters” are those institutions that: (a) purchase Eligible Notes directly from the Borrower with a view toward distribution to investors, (b) maintain a principal place of business in the United States and are subject to regulation under the laws of the United States (including registration as a broker-dealer under the Securities Exchange Act of 1934, as amended, and membership in the Financial Industry Regulatory Authority), and (c) are financially capable of serving as an underwriter for the issuance of Eligible Notes.

Section 2.04. Installments. Except as otherwise agreed in writing, Eligible Notes and the Guarantees issued hereunder shall each be made in one (1) installment.

Section 2.05. Final Date for Borrowing. The Guarantees shall be issued at the same time as the issuance of the Eligible Notes (the “Closing Date”) and shall be evidenced on the reverse side of the global notes evidencing the Eligible Notes. Unless otherwise agreed by the Parties in writing, the final date for the Closing Date (and for the issuance of a Guarantee under this Agreement) shall be thirty (30) days after the entry into force of this Agreement as set out in Section 7.01, and the final date to request the issuance of Guarantees under this Agreement shall be ten (10) days before the Closing Date.

ARTICLE III. Fiscal Agent

Section 3.01. Fiscal Agent. The fiscal agent for the Borrower shall be approved by USAID and shall perform its duties pursuant to the terms of a fiscal agency agreement that is agreed to by the Borrower, the fiscal agent and USAID. The costs for such services shall be paid by the Borrower and may be paid from the proceeds of the Eligible Notes made available at the Closing Date.

ARTICLE IV. Conditions Precedent

Section 4.01. Borrower’s Conditions Precedent.

- (a) Procedural Requirements and Documentation. No later than ten (10) days prior to the Closing Date and except as otherwise agreed by USAID in writing, the Borrower shall deliver, in form and substance satisfactory to USAID, the following:
 - (i) a legal opinion from the Jordanian Minister of Justice attesting to the validity and enforceability of the Debt Agreements and related agreements, if any, and stating that such agreements have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Borrower;
 - (ii) all documents required by the terms of the Debt Agreements and any related agreements to satisfy the conditions precedent therein;
 - (iii) the duly completed and signed Certificate and Request for Issuance of Guarantees in the form of Annex I;
 - (iv) a statement of the name of the person holding the office specified in Section 6.06 and of any additional

- representatives, together with a specimen signature of each person so designated; and
- (v) such other documents and representations as USAID may reasonably request with respect to the transactions contemplated by this Agreement.
 - (b) Additional Conditions. Additional conditions precedent to the issuance of any Guarantees are attached as Annex II. The United States Government shall determine whether the conditions have been satisfied consistent with Annex II.

Section 4.02. United States Government's Conditions Precedent. On or prior to the issuance of the Guarantees, USAID shall deliver, in form and substance satisfactory to the Borrower and/or the Eligible Underwriters, such documents, certificates and opinions as may be reasonably required by the Debt Agreements.

Section 4.03. Satisfaction of Conditions Precedent and Notification. The issuance of the Guarantees shall be subject to the satisfaction of the conditions precedent set forth in Sections 4.01 and 4.02 above.

ARTICLE V. Special Covenants

Section 5.01. Reimbursement and Subrogation. The Borrower agrees that if USAID makes any payment on the Borrower's behalf to or for the benefit of the Noteholders pursuant to the Guarantees, whether or not the Noteholders have applied to USAID for such payment and whether or not an event of default has occurred under the terms of a Debt Agreement, the Borrower shall promptly reimburse USAID for such payment. USAID shall promptly inform the Borrower of any such payment. In the event of a default, by operation of this Agreement and any existing applicable common law rights as may exist, USAID shall become subrogated to all the rights of the Noteholders against the Borrower.

Section 5.02. Late Payment Charge. In the event of a late payment of amounts due USAID, either directly or by way of reimbursement for amounts USAID has paid on behalf of the Borrower, a late payment charge shall accrue on all such amounts. This late payment charge shall accrue to USAID under the same terms and conditions as late payment charges due the Noteholders as such charges, if any, are prescribed in the Eligible Notes.

Section 5.03. Use of Proceeds. The Borrower shall not use the proceeds from the issuance of Eligible Notes for military or paramilitary purposes.

ARTICLE VI. General Provisions

Section 6.01. Consultation. The Parties shall cooperate to assure that the purpose of this Agreement will be accomplished. With respect to matters relating to the selection of Eligible Underwriters, the issuance of Eligible Notes, the Debt Agreements and related matters, the Parties shall consult through their representatives identified in Section 6.06. The Parties shall settle any issues that arise from the interpretation or implementation of this Agreement through consultations and negotiations through diplomatic channels.

Section 6.02. Reports, Books and Records, Audit and Review. The Borrower shall:

(a) furnish to the United States Government such information and reports relating to the Eligible Notes, the Debt Agreements, the Guarantees and this Agreement as may be reasonably requested.

(b) maintain, in accordance with generally accepted accounting principles and practices consistently applied in Jordan, books and records relating to the Eligible Notes, the Debt Agreements, and this Agreement. Such books and records shall be reviewed by the Jordanian Audit Bureau to the extent provided in the applicable laws of Jordan and shall be maintained for a minimum of three years after the Eligible Notes have been fully repaid by the Borrower.

(c) afford authorized representatives of the United States Government the opportunity at all reasonable times to review such books, records and other documents described in this section.

Section 6.03. Other Payments. The Borrower affirms that no payments or other benefits have been received and agrees that none will be received by any official of the Borrower in connection with the procurement of goods or services financed under the Eligible Notes except fees, taxes or similar payments legally required in the territory of the Borrower.

Section 6.04. Remedies. If the United States Government determines that the terms of this Agreement have been breached or that the conditions precedent for issuing Guarantees set forth in this Agreement or any annex hereto are not satisfied, the United States Government may suspend or terminate the issuance of Guarantees not yet issued after providing notice to the Borrower, taking into account the Parties' preference for resolving any issues through diplomatic efforts. The issuance of any Guarantee by USAID, the payment by USAID to the Noteholders of any amounts pursuant to any

Guarantee, the delay or failure of USAID to make any claim for payment, or the delay or failure of USAID to give its written approval to any acceleration of debt by the Noteholders (if such a right of acceleration is provided for in the Eligible Notes) shall not operate as a waiver by USAID of any rights accruing to USAID under this Agreement, the Debt Agreement or any Guarantee.

Section 6.05. Implementation Letters. USAID may from time to time issue Implementation Letters further describing applicable procedures concerning its implementation of this Agreement, or recording the agreement of the Parties on details of implementation of this Agreement.

Section 6.06. Representatives.

(a) For purposes relevant to the immediate implementation of the technical and financial aspects of this Agreement, up to and including the issuance of the Eligible Notes, the Borrower shall be represented by the Secretary General of the Ministry of Finance of Jordan indicated in section 6.07.

(b) For purposes relevant to the ongoing management of the technical and financial aspects of this Agreement, including the ongoing management of Borrower's obligations under the Eligible Notes, the Borrower shall be represented by the Secretary General of the Ministry of Finance of Jordan indicated in section 6.07.

(c) The United States Government shall be represented in all regards relating to the implementation of this Agreement by the individual holding or acting in the office of Director, Office of Development Credit, USAID.

(d) Each Party, by written notice, may designate additional representatives. Either Party may accept as authorized any instrument signed by such representatives of the other Party in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 6.07. Communications. Any notice, request, document or other communication submitted by either Party to the other Party under this Agreement shall be in writing or by telegram or cable, shall refer to Jordan \ USAID Loan Guarantee No. 278-JG-001 A01, and shall be deemed duly given or sent when delivered to such Party at the following addresses:

To the Borrower:

Ministry of Finance – Hashemite Kingdom of Jordan
Attention: Secretary General
P.O. Box 85
Amman, Jordan 11118

To the United States Government:

United States Agency for International Development
Office of Development Credit, Room 2.10
1300 Pennsylvania Avenue NW, Washington, D.C. 20523-0214

with a copy to:

United States Agency for International Development
P.O. Box 354
Amman, Jordan 11118

All communications shall be in English, unless the Parties otherwise agree in writing.

Section 6.08. Taxation and Duties. This Agreement, the Eligible Notes and the proceeds therefrom shall be free from any taxation or fees imposed under laws in effect in Jordan.

Section 6.09. Annexes. The Annexes to this Agreement constitute an integral part of this Agreement.

ARTICLE VII. Entry into Force

Section 7.01. Entry Into Force. This Agreement shall enter into force on the date of the later notification in an exchange of written notifications in which the Parties notify each other that their respective domestic legal requirements for entry into force of the Agreement have been fulfilled.

DONE at Amman this 14th day of August, 2013, in duplicate, in the English language.

FOR THE UNITED STATES OF
AMERICA:

By: Beth S. Paige

Ms. Beth S. Paige
USAID Mission Director

FOR THE HASHEMITE
KINGDOM OF JORDAN:

By: Umayya Toukan

H.E. Mr. Umayya Toukan
Minister of Finance of the
Hashemite Kingdom of Jordan

ANNEX I

Hashemite Kingdom of Jordan

USAID Loan Guarantee No. 278-JG-001 A01

CERTIFICATE AND REQUEST FOR ISSUANCE OF LOAN GUARANTEES

The Hashemite Kingdom of Jordan (“Borrower”), pursuant to the Loan Guarantee Agreement dated as of _____, 2013, between the Borrower and the United States of America (the “Agreement”) hereby requests the issuance of Loan Guarantees (as defined in the Agreement) covering the principal amount of U.S. \$ 1,250,000,000 and related interest thereon. The estimated date for this action is _____. In connection with this request, the Borrower hereby certifies that it is in full compliance with the terms of the Agreement.

Hashemite Kingdom of Jordan

BY: _____

TITLE: _____

DATE: _____

ANNEX II

to the

LOAN GUARANTEE AGREEMENT

BETWEEN THE UNITED STATES OF AMERICA

AND THE HASHEMITE KINGDOM OF JORDAN

Whereas this Loan Guarantee Agreement is intended by the Parties to support economic reform that will help revitalize economic activity and broaden economic opportunities for Jordanian citizens; and

Recognizing that Loan Guarantees issued under this Agreement would have the greatest effect if they are part of a broader reform initiative coordinated by the Hashemite Kingdom of Jordan (“Jordan”);

The following economic reform conditions address ongoing reforms in the energy and water sectors, support strengthening of the business environment, and promote the establishment of a solid macroeconomic framework. These conditions shall be satisfied no later than fourteen (14) days prior to the Closing Date and the issuance of Guarantees.

1. Jordan shall provide USAID with macro-fiscal data required for submission to the International Monetary Fund (IMF) and any additional data the United States may request regarding the quantitative performance criteria and indicative targets defined for the Second Review of the Stand-by Arrangement (SBA) sufficient to demonstrate that Jordan has implemented and maintained policies focused on reducing its macroeconomic vulnerabilities.
2. Jordan shall furnish to USAID evidence that it has adopted a bulk electricity tariff and retail tariff methodology that will provide the National Electric Power Company (NEPCO) with sufficient revenues to recover costs by 2017. This methodology shall include a tariff increase in 2013 that, in conjunction with any other relevant revenue measures, enables NEPCO to recover at least 115 million Jordanian Dinars (JD). The evidence shall include a copy of the methodology, including the revised electricity tariff schedule and any other

relevant revenue measures, that demonstrates that Jordan has satisfied this condition.

3. The Ministry of Energy and Natural Resources shall draft a scope of work and issue a request for proposals to conduct a full, independent regulatory audit of all electricity distribution companies according to international standards by an experienced audit team and shall provide USAID a copy of the announced scope of work and request for proposals.
4. Jordan shall provide USAID with a concept paper that has been approved by the Council of Ministers for creating a “fast-track” one-stop shop for renewable energy (RE) projects that will expedite licensing, permitting and incentive procedures to allow for approval of RE projects within six months of application.
5. Jordan shall affirm in writing to USAID that it has established a Public Private Partnership (PPP) unit within the Ministry of Finance with the goal of improving management of public-private partnerships and designated the head of the PPP unit to have the rank of Director and to report directly to the Minister of Finance. Jordan shall further draft terms of reference (TORs) and qualifications for four key professional staff at the PPP unit and provide USAID a copy of such TORs.
6. Jordan shall affirm in writing to USAID that it has conducted initial consultations with relevant stakeholders on a draft discussion strategy paper to reduce the water sector’s losses, both revenue and non-revenue, over the medium term. Jordan shall also provide to USAID a copy of the draft discussion strategy paper.
7. Jordan shall affirm in writing to USAID that it has established a system, as set out in the SBA, to report stocks of debt arrears quarterly, including pending invoices and claims for current and capital expenditures. Jordan shall provide to USAID a table detailing its stock of arrears as of the end of 2012.

DECLARATION

Whereas the Government of the Hashemite Kingdom of Jordan (the Jordanian Government) and the Government of the United States of America (the U.S. Government) desiring to enter into a loan guarantee assistance program (the Program) have successfully negotiated such an agreement;

Recognizing the need to continue to support Jordan as it undertakes economic reforms to address domestic and external challenges;

Recognizing that the U.S. Government hopes to reinforce both the Jordanian Government's economic reform program, as supported by the International Monetary Fund, the International Bank for Reconstruction and Development, and bilateral donors, as well as the Jordanian Government's continued access to capital markets at favorable rates;

Whereas Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012, Division I of Public Law 112-74, as amended by section 1706(j) of the Further Continuing Appropriations Act, 2013, Division F of Public Law 113-6, provides authority for the use of funds appropriated to the Economic Support Fund for the costs "of loan guarantees for Jordan";

The Jordanian Government and the U.S. Government hereby:

- welcome the signing today by their respective governments of a Loan Guarantee Agreement (the Agreement);
- wish to underscore the determination of their respective governments to move forward on the steps necessary to bring the Agreement into force; and
- look forward to the implementation of a U.S.-guaranteed Jordanian Government international bond offering.

This Declaration is signed in Amman, Jordan, on August 14, 2013.



Stephanie T. Williams
Chargé d' Affaires, U.S. Embassy Amman
United States of America



Dr. Abdalla Ensour
Prime Minister
Hashemite Kingdom of Jordan