

LOAN GUARANTEE

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

Signed at Amman May 31, 2015

with

Annexes



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

*Agreement signed at Amman May 31, 2015;
Entered into force June 24, 2015.
With annexes.*

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”) and the Hashemite Kingdom of Jordan (“Jordan” or the “Borrower”) (together “the Parties”).

ARTICLE I. Purpose

Section 1.01. Purpose. The United States, 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 International Monetary Fund 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 and-a-half billion United States Dollars (U.S. \$1,500,000,000) together with interest due thereon, for a period up to ten (10) years from the date of issuance.

The Guarantees shall be issued in accordance with Section 7034(r) of the Department of State, Foreign Operations, and Related Programs Appropriations

Act, 2015 (Div. J, P.L. 113-235) (“the Act”). The 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 published by the United States 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 form being referred to herein as the “Debt Agreements”).

Except as otherwise agreed in writing by the Parties, Eligible Notes shall have a term or maturity of up to ten (10) years with interest paid on a regular basis and principal paid at maturity.

Section 2.03. Eligible Underwriters. Except as otherwise agreed in writing by the Parties, “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 issued 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 Guarantees 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 in writing 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. Except as otherwise agreed by USAID in writing, no later than ten (10) days prior to the Closing Date 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 Loan 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 those 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 shall determine whether the conditions have been satisfied consistent with Annex II.

Section 4.02. United States' 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 consistent with the terms set forth in Sections 4.01 and 4.02 above, and, prior to the issuance of any Guarantees, USAID shall provide the Borrower with written notification that the issuance of the Guarantees can proceed.

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 the Debt Agreements ("Default"), the Borrower shall promptly reimburse USAID for such payment. USAID shall promptly inform the Borrower of any such payment, and shall endeavor to do so in writing.

If (i) USAID makes any such payment described above and the Borrower has not repaid USAID that full amount within thirty (30) days of USAID making such payment; (ii) USAID makes a similar payment on Borrower's behalf for any other outstanding debt issued by Jordan and guaranteed by USAID ("Prior Debt") and the Borrower has not repaid USAID the full amount of such similar payment within thirty (30) days of USAID making such payment; or (iii) the Borrower informs USAID that it does not intend to service the Debt Agreements or the corresponding debt agreements for the Prior Debt ("Prior Debt Agreements") in full, USAID has the right, but not the obligation, without notice or consent, to accelerate the debt owed to USAID by the Borrower as if the Borrower had defaulted on all future payments due under the Debt Agreements and the Prior Debt Agreements. Before exercising this right, USAID shall endeavor to inform the Borrower promptly in writing. If USAID exercises this right, the net present value of all unpaid principal and interest due under the Debt Agreements and the Prior Debt Agreements shall be immediately due and payable to USAID and, in return, USAID shall assume the obligation to make all further payments due to the fiscal agent under the Debt Agreements and Prior Debt Agreements.

For the avoidance of doubt, nothing in the foregoing provisions shall affect the terms and conditions of the Guarantees or of the similar guarantees associated with Prior Debt.

In the event of a Default, in addition to any common law rights that may apply, by operation of this Agreement, 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 ensure that the purpose of this Agreement will be accomplished. With respect to matters relating to the selection of Eligible Underwriters and the fiscal agent referred to in Section 3.01, the issuance of Eligible Notes, the Debt Agreements and related matters, the Parties shall consult through their representatives identified in Section 6.06.

Section 6.02. Reports, Books and Records, Audit and Review. The Borrower shall so long as the Eligible Notes shall be outstanding, or any claim under the Guarantees is outstanding, and for a period of three (3) years thereafter:

(a) furnish to the United States 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.

(c) afford authorized representatives of the United States 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 shall 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 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 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 Agreements 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 implementation of the technical and financial aspects of this Agreement, the Borrower shall be represented by the individual holding or acting in the office of the Secretary General of the Ministry of Finance of Jordan, and the United States shall be represented by the individual holding or acting in the office of Director, Office of Development Credit, USAID.

(b) 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. [·], 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:

United States Agency for International Development
Office of Development Credit, Room 2.10
1300 Pennsylvania Avenue, N.W.
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 now or in the future.

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 thirty-first day of May, 2015, 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

to the

LOAN GUARANTEE AGREEMENT

BETWEEN THE UNITED STATES OF AMERICA

AND THE HASHEMITE KINGDOM OF JORDAN

Jordan/USAID Loan Guarantee No. [·]

CERTIFICATE AND REQUEST FOR ISSUANCE OF LOAN GUARANTEES

The Hashemite Kingdom of Jordan (“Borrower”), pursuant to the Loan Guarantee Agreement dated as of _____, 2015, 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. \$ 1,500,000,000 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 areas of macroeconomic stability, energy sector reform, financial sector reform, investment, debt sustainability, and fiscal transparency, as well as a plan and commitment to issue unenhanced sovereign debt. Except as otherwise agreed by USAID in writing, these conditions shall be satisfied, demonstrated in form and substance satisfactory to USAID, no later than fourteen (14) days prior to the Closing Date and the issuance of Guarantees.

1. The Ministry of Finance of Jordan (MOF) shall provide to USAID the macro-fiscal data required for submission to the International Monetary Fund (IMF) under the Stand-by Arrangement (SBA) at the same time such data is provided to the IMF. These data shall include revised targets for the National Electric Power Company (NEPCO) operating balance. The MOF shall also provide USAID with any additional data USAID may request regarding the quantitative performance criteria and performance against the indicative targets defined for the Sixth Review of the SBA sufficient to demonstrate Jordan has implemented and maintained policies focused on reducing its macroeconomic vulnerabilities. Jordan shall provide to USAID written confirmation that Jordan will maintain efforts following the Sixth Review to reduce macroeconomic vulnerabilities consistent with the IMF program.

2. The Ministry of Energy and Mineral Resources of Jordan (MEMR) shall provide to USAID documentation confirming that MEMR has concluded at least two solar power purchase power agreements for provision of renewable energy.
3. The MOF shall develop a plan to resolve any accounts payable between the NEPCO, the Government of Jordan, the Jordan Petroleum Refinery Company and the electricity distribution companies. The MOF shall provide a copy of the plan and a letter to USAID confirming the Minister of Finance's approval of the plan.
4. Jordan shall provide to USAID a copy of the Jordanian Cabinet of Ministers' approval of Jordan's new draft secured lending law.
5. Jordan shall provide to USAID a copy of the Jordanian Cabinet of Ministers' approval of key by-laws for the investment law. These bylaws shall provide further clarity for domestic and foreign investors as to the structure of the investment commission, the responsibilities and obligations of the "one-stop shop" mechanism, and the incentives to be offered for prospective investors.
6. Jordan shall provide to USAID a copy of the Jordanian Cabinet of Ministers' approval of by-laws for the new Public-Private Partnerships law.
7. Jordan shall provide to USAID a Public Debt Management framework approved by the MOF that covers both domestic and external debt, and contains a strategy to deepen local debt markets including through the future establishment of a secondary debt market in Jordan.
8. In furtherance of Jordan's expressed desire to reenter international markets so as to reduce its dependence on donor finance over the medium-term and to demonstrate to investors that it is making progress in reforming its economy, the MOF shall provide to USAID a letter in which Jordan commits to issue unenhanced sovereign debt internationally in parallel with this U.S. guaranteed issuance, or no later than four months after this U.S. guaranteed issuance. The letter shall specify the underwriters and legal

counsel selected to handle the transaction and include a notional timeline, size, and maturity for such issuance.

Upon the satisfaction of the conditions contained in this Annex II, USAID shall provide Borrower with written notification thereto.