



Treaty Series No. 65 (1979)

Exchange of Notes
concerning a Loan by the Government
of the United Kingdom of Great
Britain and Northern Ireland to the
Government of the Hashemite Kingdom
of Jordan

(United Kingdom/Jordan Loan 1979)

Amman, 14 March 1979

[The Agreement entered into force on 14 March 1979]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
August 1979*

LONDON

HER MAJESTY'S STATIONERY OFFICE

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**EXCHANGE OF NOTES
CONCERNING A LOAN BY THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND TO THE GOVERNMENT OF THE
HASHEMITE KINGDOM OF JORDAN**

No. 1

*Her Majesty's Ambassador at Amman to the
President of the National Planning Council of Jordan*

*British Embassy,
Amman
14 March 1979*

Your Excellency,

United Kingdom/Jordan Loan 1979

I have the honour to inform you with reference to the recent discussions between our Governments concerning development assistance, that it is the intention of the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") to make available to the Government of the Hashemite Kingdom of Jordan (hereinafter referred to as "the Government of Jordan") by way of a loan a sum not exceeding £10,000,000 (ten million pounds sterling) hereinafter called 'the loan') in connection with Civil Construction works that are the subject of a Contract between the Arab Potash Company Ltd. and the Civil Works contractor (hereinafter referred to as the "Contractor").

2. Save to the extent to which the Government of the United Kingdom shall notify the Government of Jordan otherwise in writing, the loan allocations shall be made in accordance with the following paragraphs of this Note.

3. The Government of Jordan shall on lend the funds provided out of the loan to the Arab Potash Company at a rate of interest of 8% per annum over not more than 20 years, except that during the period of implementation (1978-1985) the Arab Potash Company may defer payment to the Government of Jordan of an interest differential of 4% which shall be capitalised until the project is implemented.

4. Subject to the overall limit shown in paragraph 1 and subject to paragraph 8 of this Note, drawings from the loan shall be applied to payments due under the Contract and the loan management charges of the Crown Agents for Oversea Governments and Administrations (hereinafter referred to as the "Crown Agents").

Payments shall be made in London and if the requests submitted are in Jordanian Dinars, the sums payable shall be the sterling equivalent. In calculating the sterling equivalent the rate of exchange shall be the rate applicable on the day on which payment is made.

Payments under the Contract shall become due and payable as follows :

(i) In respect of the advance payment of 15% of the contract price of JD 26,332,355 stated in the Letter of Acceptance, on signing of this agreement :

(a) reimbursement to the Government of Jordan, the sterling equivalent of that part of the downpayment already made to the Contractor. The sum shall be the sterling equivalent, of JD 3,000,000.

(b) to the Contractor, the balance of the advance payment not already paid. The sum shall be the sterling equivalent of JD 2,449,853.

The amounts shall be payable provided that the conditions specified in Clause 60(7) of Part II of the Conditions of Contract have been met in full.

(ii) In respect of the monthly statements submitted by the Contractor to the Engineer and certified by the Engineer in accordance with the Conditions of the Contract; the remainder of the loan not expended on the advance payment and the Crown Agents' charges shall be used to meet the certified payments in the initial months of the contract.

Initial Procedure

5. For the purposes of these arrangements, the Government of Jordan shall, by a request in the form set out in Appendix A to this Note, open a special account (hereinafter referred to as "the Account") with the Crown Agents. The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request.

6. As soon as the Account is opened, and before taking any other steps required by these arrangements for obtaining any part of the loan, the Government of Jordan shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents. The Crown Agents acting on behalf of the Government of Jordan shall at the same time and as often as any change is made therein, notify the Government of the United Kingdom of the names of the officers of the Crown Agents who are duly authorised to sign on its behalf the Requests for Drawing, and shall furnish a specimen signature in duplicate of each such officer.

7. To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom accept,

(a) a request from the Contractor for payment in accordance with paragraph 4 of this Note; or

(b) reimbursement of charges incurred by the Government of Jordan under Section B of paragraph 8.

the Government of the United Kingdom shall, on receipt of the request from the Crown Agents acting on behalf of the Government of Jordan in the form set out in Appendix B to the Note, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.

8. Save to the extent (if any) to which the Government of the United Kingdom shall notify the Government of Jordan otherwise in writing, drawings from the loan shall be used as provided in paragraph 4 of this Note only and according to the procedures set out in Sections A and B.

Section A

Before any payments are made the Government of Jordan shall ensure that the Crown Agents, acting on their behalf, obtain a copy of the contract from the Contractor. For payments made under the contract, withdrawals from the Account shall be made on receipt by the Crown Agents of a Payment Certificate from the Contractor, in the form set out in Appendix C to this Note certifying that the payment is properly due under the term and conditions set out in paragraph 4 above. For payments under paragraph 4(i) the Payment Certificate shall be accompanied by a copy of a bankers guarantee.

Section B

For payment of sterling charges and commissions payable in the United Kingdom to the Crown Agents in respect of their services on behalf of the Government of Jordan in connection with the loan, the Crown Agents shall debit the Account for these payments and shall inform the Government of Jordan of the amounts so debited.

9. The loan shall not be used to meet the cost of any taxes, fees, import or customs duties imposed directly or indirectly by the Government of Jordan on goods and services provided.

10. Unless the Government of the United Kingdom otherwise agrees the period for the disbursement of this loan shall expire on 31 March 1981.

11. If any moneys that have been paid out of the Account are subsequently refunded to the Government of Jordan, either by the Contractor or by a Guarantor, the Government of Jordan shall pay the equivalent in sterling of such sums into the Account.

12. Any balance remaining in the Account six months after the last date for disbursement of the loan shall be remitted to the Government of the United Kingdom.

13. The Government of Jordan shall ensure the provision of such finance additional to the loan as may be required to complete the project and shall ensure that it is provided during the same period as the loan and in accordance with any programme of disbursement mutually agreed by the Government of the United Kingdom and the Government of Jordan.

14. In the event of the project not being completed, the Government of the United Kingdom has the right to recover immediately any sum paid out of the loan.

15. The Government of Jordan shall permit authorized personnel of the Government of the United Kingdom to inspect the project for which the loan is allocated, whilst under construction, and shall furnish such personnel with any information relating to the use of the loan that they may reasonably require.

16. The Government of Jordan shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed under the loan. The repayments shall be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment only the amount then outstanding need be paid:

Instalments

<i>Date Due</i>	<i>Amount</i>
15 September 1984 and 15 March and 15 September thereafter until 15 March 2004.	£250,000

Notwithstanding these provisions the Government of Jordan shall be free to repay at any earlier time to the Government of the United Kingdom in pounds sterling in London any part of the loan that is outstanding.

17. The Government of Jordan shall pay interest, to the Government of the United Kingdom in pounds sterling in London, on drawings from the loan, in accordance with the following provisions:

- (a) the rate of interest in respect of each drawing shall be 4% (four per cent) per annum commencing from the draw-down date of the relevant drawing;
- (b) interest shall be calculated on a day to day basis on the balance of the total drawings from the loan for the time being outstanding, after deduction of the total repayments made under the provisions of paragraph 16, the drawings being reduced in chronological order by such repayments for the purposes of the calculation.
- (c) The first payment of accrued interest shall be made on 15 September 1979 and subsequent payments shall be made on 15 March and on 15 September in each year, save that if no drawing has been made by 15 September, interest shall only be payable on the 15 March or 15 September next following the first drawing.

18. The Government of Jordan shall advise the Government of the United Kingdom not less than three months before the first payment of interest in sterling becomes due under the terms of this Note, of the name and address of the agent in London through whom payments of interest in sterling shall be made. At the same time a standing authority shall be issued to the agent to make payments of the amounts of interest in sterling as advised by the Government of the United Kingdom on the dates specified in this Note and a copy of the authority must be sent to the Government of the United Kingdom.

The Government of Jordan shall also issue a standing authority to its agent through whom repayments of principal shall be made to make payments of the amounts in sterling on the dates specified in this Note, sending a copy of the authority to the Government of the United Kingdom.

19. If the foregoing proposals are acceptable to the Government of Jordan I have the honour to propose that the present Note, together with its Appendices, and Your Excellency's reply in that sense shall constitute an

Agreement between the Government of the United Kingdom and the Government of Jordan which shall enter into force on the date of your Excellency's reply, and which shall be known as the United Kingdom/Jordan Loan 1979.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

A. B. URWICK

APPENDIX A

Government of Jordan

The Crown Agents for Oversea
Governments and Administrations
4 Millbank
London
SW1P 3JD

Dear Sirs,

United Kingdom/Jordan Loan 1979

I confirm your appointment as agents of the Government of Jordan (hereinafter called "the Government") in connection with the management in the United Kingdom of the above mentioned loan which is for a sum not exceeding £10,000,000.

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled United Kingdom/Jordan Loan 1979 Account (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom of Great Britain and Northern Ireland on receipt of requests in the form shown in Appendix B to the Exchange of Notes between the Government of the United Kingdom and the Government of Jordan dated.....(a copy of which is attached hereto) and which you are authorised to present on behalf of the Government. The amount of the loan to be drawn on any one occasion will be sufficient, together with any balance which may be available in the Account, to cover the payments properly due from the loan in accordance with paragraphs 4 and 8 of the Exchange of Notes. It is possible that, as a result of refunds paid by the Contractor or Guarantors to the Government, payments into the Account will also be made by the Government themselves.

4. Payments from the Account are to be made only in respect of the amounts falling due under the provisions of paragraph 4 and in the manner and subject to the conditions described in paragraph 8 of the Exchange of Notes referred to above.

5. You are to send the Government at the end of each month a detailed statement showing all debits and credits to the Account during the month.

6. You are to send the Government of the United Kingdom specimen signatures of the Officers of the Crown Agents authorised to sign Requests for drawing on behalf of the Government.

7. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

8. A copy of this letter has been addressed to the Government of the United Kingdom.

Yours faithfully

For the Government of Jordan.....

APPENDIX B

United Kingdom/Jordan Loan 1979

Crown Agents for Oversea
Governments and Administrations
4 Millbank
London
SW1P 3JD

D.F. No.

REQUEST FOR DRAWING

Dear Sirs:

Please pay the sum of £..... to the United Kingdom/Jordan
Loan 1979 Account at the Crown Agents.

The sum shall, on payment into the Account, constitute a drawing on the
Loan.

The balance in hand is.....

Yours faithfully

.....
for the Crown Agents
on behalf of the Government of Jordan

Funding Approved.....ODM

Finance Department
Ministry of Overseas Development
Eland House
Stag Place
London
SW1E 5DH

APPENDIX C

United Kingdom/Jordan Loan 1979

PAYMENT CERTIFICATE

I hereby certify that the payments referred to below are properly due under the terms and conditions of paragraphs 4 and 8 of the United Kingdom/Jordan Loan 1979 and the contract between George Wimpey Construction UK Ltd and the Arab Potash Company Ltd of Jordan.

Date	Amount	Short description of goods, Works and/or services.
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I have the authority to sign this certificate on behalf of George Wimpey Construction UK Ltd.

Signed

Position held

for and on behalf of George Wimpey Construction UK Ltd.

Date.

No. 2

*The President of the National Planning Council of Jordan to
Her Majesty's Ambassador at Amman*

*National Planning Council,
Amman*

14 March 1979

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note dated March 14, 1979 which reads as follows:

[As in No. 1]

I have the honour to confirm that the foregoing proposals are acceptable to the Government of Jordan and that your Note, together with its Appendices, and this reply constitute an Agreement between our two Governments in this matter which shall enter into force today and shall be known as the United Kingdom/Jordan Loan 1979.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

Sincerely yours,

HANNA ODEH

[Appendices as in No. 1]

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