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**LOAN NUMBER 9560-JO**  
**CFF TF NUMBER TF085811**

# **Loan Agreement**

**(Jordan Water Sector Efficiency Project)**

**between**

**HASHEMITE KINGDOM OF JORDAN**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between HASHEMITE KINGDOM OF JORDAN (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

WHEREAS (A) Following the launch of the Jordan Water Sector Financial Sustainability Roadmap approved by Cabinet of Ministers in November 2022, the Borrower has requested the Bank to extend a loan to assist in the financing of the Project, as part of a series of projects aimed to improve efficiency, service delivery and financial sustainability of the water sector of the Borrower;

(B) WHEREAS, the Co-financier intends to provide a Co-financing in the amount equivalent to fifty million Dollars (USD 50,000,000) to the Borrower through a Co-financing Agreement to assist in the financing the expenditures associated with the activities related to the Jordan Water Sector Efficiency Project described in Schedule 1 (“Project”) and further elaborated in the table in Section III.A of Schedule 2 to this Agreement;

(C) WHEREAS, various donors have contributed resources to the Bank for the establishment of a multi-donor trust fund, called the “Global Concessional Financing Facility” or “GCFF”, that can be utilized for the making of grants to member countries of the World Bank, in conjunction with lending operations of the World Bank and for the furtherance of the achievement, where consistent with the assistance strategy of the World Bank for a given country, of defined sectoral results;

(D) Under the terms of a Financial Procedures Arrangement with the Trustee of the Global Concessional Financing Facility dated May 15, 2023, the executive administration of the GCFF has agreed to make a grant to the Borrower in the amount of fifty million Dollars (\$50,000,000) (the Concessional Portion of the Loan as defined in the Appendix to this Agreement), as co-financing for the Project, and in conjunction with a Financing to be made available from the Borrower for the same Project; and

(E) Accordingly, funding from the Global Concessional Financing Facility was received by the Bank for purposes of providing concessional to this Loan Agreement.

NOW THEREFORE, 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) apply to and form 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, a loan in the amount of two hundred and fifty million Dollars (\$250,000,000) (“Loan”) to assist in financing the Program, such Loan consisting of the following:
- (a) a non-concessional portion of the Loan in an amount of two hundred million Dollars (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion (“Non-Concessional Portion of the Loan”); and
  - (b) a concessional portion of the Loan in an amount of fifty million Dollars (\$50,000,000) (“Concessional Portion of the Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Non-Concessional Portion of the Loan. The Front-end Fee shall not be applied to the Concessional Portion of the Loan.
- 2.03. (a) The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance of the Non-Concessional Portion of the Loan.
- (b) The Commitment Charge shall not be applied to the Concessional Portion of the Loan.
- 2.05. (a) The interest rate for the Non-Concessional Portion of the Loan is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- (b) The Concessional Portion of the Loan shall be made on a grant basis. The interest rate shall not be applied to the Concessional Portion of the Loan.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Non-Concessional Portion of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

## **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall, through MoWI, carry out Part 3.1 of the Project (“MoWI Respective Parts of the Project”), and the Borrower shall, through MoWI and MOPIC, cause the WAJ to carry out Parts 1, 2, 4 of the Project (“WAJ Respective Parts of the Project”) and JVA to carry out Part 3.2 of the Project (“JVA Respective Parts of the Project”), all in accordance

with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is four (4) months from the Effective Date, or such later date to be agreed with the Bank.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The WAJ Subsidiary Agreement has been executed and delivered, and all conditions precedent to its effectiveness or to the right of WAJ to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled; and
  - (b) The JVA Subsidiary Agreement has been executed and delivered, and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its minister responsible for planning and international cooperation.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

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

- (b) the Borrower's Electronic Address is:

E-mail:  
[mop@mop.gov.jo](mailto:mop@mop.gov.jo)

6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Facsimile:	E-mail:
1-202-477-6391	jcarret@worldbank.org

AGREED as of the Signature Date.

**HASHEMITE KINGDOM OF JORDAN**

By

*Zeina Toukan*

**Authorized Representative**

**Name:** Zeina Toukan

**Title:** Minister of Planning and International Cooperation

**Date:** 16-Jul-2023

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

*Jean-Christophe Carret*

**Authorized Representative**

**Name:** Jean-Christophe Carret

**Title:** Country Director

**Date:** 16-Jul-2023

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the efficiency of water services in Jordan.

The Project consists of the following parts:

#### Part 1. Sustainable Non-Revenue Water (NRW) Reduction

##### 1.1. *Sustainable non-revenue water reduction*

Supporting the reduction of Non-Revenue Water (“NRW”) in selected governorates through (a) rehabilitation or replacement of the water supply network including reconfiguring the network into hydraulically isolated District Metered Areas (DMAs), replacement of household connections, installation of customer and bulk meters, regulation and maintenance of water pressure within the network, and systematic leakage identification and repairs; and (b) support to preparatory studies and activities for NRW sub-projects.

##### 1.2. *Modernized systems for sustaining NRW reduction*

- (a) Enhancing the operational capacity of the central NRW Unit in providing advisory services and regulatory oversight on NRW levels in all governorates; and
- (b) Strengthening the institutional capacity and NRW operations of the Water Companies, including, *inter alia*, (i) planning of updates for achieving the NRW goals, (ii) strengthening operation management through asset management, operation and maintenance planning and implementation, improvement of business processes such as accounting, procurement, project management, risk management and compliance and supply-chain operations; (iii) provision of support for NRW in water systems, including implementation of GIS, SCADA, and other monitoring technologies; and (iv) training on NRW reduction systems.

##### 1.3. *Community engagement to improve financial sustainability, collections efficiency, and demand control*

Strengthening the operational efficiency and financial sustainability of WAJ and WCs through (a) communication and outreach to stakeholders on water scarcity and subsidy reduction; (b) training and outreach to select communities; and (c) development and implementation of Customer Relationship Management Plans based on improved stakeholder outreach mechanisms.

#### Part 2. Increased energy efficiency and reduced energy supply costs

2.1. *Improving energy efficiency and use of renewable energy in the existing water systems*

Supporting reduction in electricity use by improving energy efficiency and expanding renewable energy in the water sector through carrying out of: (a) feasibility, design and supervision consultancies; (b) work to implement selected actions on energy efficiency and renewable energy; and (c) energy audits, detailed designs and other studies to: (i) identify additional energy efficiency actions needed in the water sector and/or (ii) enable reduction in peak energy demand.

**Part 3. Water security measures to underpin efficiency improvements**

3.1. *Strengthening water allocation and drought management systems*

- (a) Supporting the development of a drought management system, through, *inter alia*: (i) the operationalization of a drought monitor for the regular and periodic monitoring of drought conditions, including seasonal forecast information, (ii) the preparation of vulnerability assessments to identify most affected groups or sectors to different levels of drought intensity; and (iii) the preparation of preparedness and contingency plans that outline drought mitigation and response actions for the hydro system and irrigation system in pilot area based on assessed vulnerabilities and on drought intensity levels;
- (b) Promoting the improvement of information management systems, through, *inter alia*: (i) the preparation and adoption of data-sharing protocols; (ii) improvements to existing water information platforms to enable water sector data and information interoperability and exchange, analysis, visualization, and decision-support functionality;
- (c) Supporting the establishment of an information systems operation and maintenance plan and a capacity development program for relevant MoWI staff; and
- (d) Supporting the improvement of water allocation systems through strengthening information systems for gathering, sharing, processing and analyzing water availability and demand data.

3.2. *Safeguarding existing water storage*

Providing technical assistance for the development of climate-related risk safety assessment tools to strengthen dam safety, and advancing the rehabilitation of water storage systems for the regulation and maintenance of safe provision of bulk water for municipal supply and irrigation, through: (a) development of a national inventory and database of dams; (b) development and application of a risk and resilience indexing tool; (c) development of dam designs and conduct of environmental and social assessments for priority rehabilitation projects; (d)

development and implementation of sediment management plans for prioritized dams; and (e) provision of equipment to improve related operations, forecasting capabilities and emergency preparedness.

#### **Part 4. Institutional strengthening for water sector efficiency**

##### *4.1. Project management*

Facilitating the WAJ-PMU's Project implementation, administration, management, monitoring and evaluation, environment and social standards, maintenance of a Grievance Mechanism.

##### *4.2. PBC Verification and audit support*

Providing technical assistance for the review and verification of results associated with Performance-Based Conditions, and for the support of financial audit required for Project fiduciary oversight.

#### **Part 5. Contingency Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

###### 1. *MoWI and MOPIC*

- (a) The Borrower shall vest the overall responsibility of Project implementation, coordination, monitoring and evaluation (including reporting aspects) of the Project in the Ministry of Water and Irrigation (“MoWI”) and the Ministry of Planning and International Cooperation (“MOPIC”) as further detailed in the POM.
- (b) Without limitation to the foregoing, the Borrower shall, through MoWI, carry out Part 3.1 of the Project, with the day-to-day support of WAJ-PMU, with due diligence and efficiency, in accordance with the terms of this Agreement and the Project Operations Manual.

###### 2. *WAJ Project Management Unit (“WAJ-PMU”)*

- (a) The Borrower, through MOWI and MOPIC, shall cause WAJ to maintain throughout Project implementation, the Project Management Unit (“WAJ-PMU”), responsible for the day-to-day implementation (including financial management, procurement, technical assistance, and environmental and social aspects) of the Project, with functions, responsibilities and sufficient resources acceptable to the Bank.
- (b) By not later than six (6) months after the Effective Date, or such later date as agreed by the Bank, the Borrower, through MOWI and MOPIC, shall cause WAJ to contract or assign for the WAJ-PMU the following additional staff, with qualifications and terms of reference satisfactory to the Bank and as set forth in the Project Operations Manual (“POM”) for the implementation of the Project including: project manager, financial management, procurement, technical, and environmental and social specialists.

###### 3. *Oversight and Coordination Committee (“OC Committee”)*

The Borrower shall, no later than three (3) months after the Effective Date, or such later date as agreed by the Bank, establish and maintain, throughout Project implementation, an oversight and coordination committee chaired by MOPIC (“Oversight and Coordination Committee” or “OC Committee”) with composition, terms of reference and roles and responsibilities acceptable to the Bank. The OC Committee shall meet at least once a year and provide, *inter alia*, overall strategic guidance and Project oversight, review implementation and evaluation reports prepared by the Steering Committee, resolve inter-

ministerial and inter-agency issues, as applicable, and ensure good governance and accountability of the Project Implementing Entities.

4. *Steering Committee*

Without limitation to the provisions above, the Borrower shall, no later than three (3) months after the Effective Date, or such later date as agreed by the Bank, establish and maintain, throughout Project implementation, a technical committee chaired by the MOWI (“Steering Committee”) with composition, terms of reference and roles and responsibilities acceptable to the Bank. The Steering Committee shall meet regularly and provide, *inter alia*, technical advice and Project implementation oversight, adopt the Annual Work Programs, and prepare implementation and evaluation reports to be submitted to the OC Committee.

**B. Jordan Valley Authority for Part 3.2 of the Project**

1. The Borrower, through MOPIC, shall cause the Jordan Valley Authority (“JVA”) to carry out of the JVA Respective Parts of the Project through a subsidiary agreement (the “JVA Subsidiary Agreement”), on terms and conditions acceptable by the Bank, and as further set in the POM.
2. The Borrower shall exercise its rights under the JVA Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the JVA Subsidiary Agreement or any of its provisions.

**C. Water Authority of Jordan**

1. The Borrower, through MOPIC, shall cause the WAJ to carry out the WAJ Respective Parts of the Project through a subsidiary agreement between the Borrower and WAJ, under terms and conditions approved by the Bank (“WAJ Subsidiary Agreement”).
2. Without limitation to the foregoing, to facilitate the carrying out of WAJ Respective Parts of the Project, the WAJ Subsidiary Agreement shall include the following:
  - (a) the terms to make part of the proceeds of the Loan available to WAJ;
  - (b) the on-granting terms and conditions to be included in the contractual arrangements between WAJ and each Water Company (“WC”) to facilitate the carrying out of Parts 1 and 2 of the Project, on terms and conditions acceptable by the Bank (“WC Cooperation Agreements”), which shall include, *inter alia*, the following:

- (i) the obligation of each WC to maintain, throughout Project implementation adequate staffing and personnel for the implementation of the Project, as further detailed in the Project Operations Manual;
  - (ii) the obligation of each WC to carry out the Parts 1 and 2 of the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, engineering, managerial, financial, environmental, social and technical standards and practices, including but not limited to Anti-Corruption Guidelines, Procurement Regulations, Social and Environmental Standards, and provide promptly as needed, the facilities, services and other resources required for the implementation of its Respective Parts of the Project;
  - (iii) the obligation of each WC to establish, no later than six (6) months after the Effective Date, or such later date as agreed by the Bank, and thereafter maintain throughout Project implementation, a project implementation unit within each WC (“WC Project Implementation Unit”) with composition, terms of reference and roles and responsibilities acceptable to the Bank and set forth in the POM, to be responsible for the day-to-day coordination and supervision of the Project activities at the WC level, and as set forth in the POM.
- (c) the obligation of WAJ to maintain, throughout Project implementation adequate staffing and personnel for the implementation of the Project, as further detailed in the Project Operations Manual;
  - (d) the obligation of WAJ to carry out the WAJ Respective Parts of the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, engineering, managerial, financial, environmental, social and technical standards and practices, including but not limited to Anti-Corruption Guidelines, Procurement Regulations, Social and Environmental Standards, and provide promptly as needed, the facilities, services and other resources required for the implementation of the WAJ Respective Parts of the Project;
  - (e) the obligation of WAJ to: (i) exchange views with the Borrower, and the Bank with regard to the progress of the Project, and the performance of its obligations under WAJ Subsidiary Agreement; and (ii) assist the Borrower in complying with its obligations referred to in Section II of this Schedule;
  - (f) the obligation of WAJ to promptly inform the Borrower and the Bank of any condition which interferes or threatens to interfere with the progress of the WAJ Respective Parts of the Project;
  - (g) the obligation of WAJ to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the WAJ Respective Parts of the Project; and

(ii) at the request of the Borrower or the Bank, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; and

3. The Borrower shall exercise its rights under the WAJ Subsidiary Agreement, cause WAJ to exercise its rights under the WC Cooperation Agreements and the PCs, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the WAJ Subsidiary Agreement or any of its provisions, and shall cause WAJ not to assign, amend, abrogate or waive the WC Cooperation Agreements, the PCs, or any of their provisions.

#### **D. Project Operations Manual**

1. The Borrower through MoWI and MOPIC shall cause WAJ, through the WAJ-PMU: no later than four (4) months after the Effective Date, or such later date as agreed by the Bank, prepare and adopt, and ensure the carrying out of the Project in accordance to a manual acceptable to the Bank (“Project Operations Manual” or “POM”) satisfactory to the Bank, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:
  - i. detailed description of the Project, institutional arrangements and implementation arrangements for the Project;
  - ii. management and oversight of financial management and procurement;
  - iii. monitoring, evaluation, reporting, and governance procedures for the Project;
  - iv. management and oversight of environmental, social and occupational, health and safety;
  - v. a financial management manual including financial management responsibilities and duties, the flow of funds, budgeting, accounting, financial reporting, and financial and technical auditing;
  - vi. application of the Anti-Corruption Guidelines;
  - vii. detailed arrangements for verification of achievement of the PBCs (including the Verification Protocol); and
  - viii. reporting requirements and related templates.

2. The Borrower shall, and shall cause the Project Implementing Entities to, carry out the Project in accordance with the requirements set forth in the POM; and
3. The Borrower shall not assign, amend, abrogate, or waive the POM or any of its provisions, except with the prior written approval of the Bank. In case of any conflict between the terms of the POM and those of this Agreement, the terms and conditions of this Agreement shall prevail.

**E. Annual Work Programs**

1. The Borrower, Steering Committee, shall cause WAJ, through the WAJ-PMU, not later than September 30 in each calendar year during Project implementation, prepare and furnish to the Bank, a program of Project activities proposed for implementation in the following calendar year, including: (a) a detailed timetable for the sequencing and implementation of said activities; and (b) the types of expenditures required for such activities, a proposed financing plan and a budget (“Annual Work Program”).
2. The Borrower, through the Steering Committee, shall exchange views with and seek approval of the Bank on each such proposed annual work program and shall thereafter carry out such program of activities for such following year as shall have been agreed between the Borrower and the Bank.
3. Only those activities which are included in an Annual Work Program shall be implemented. Except with the prior and written concurrence of the Bank, the Annual Work Program shall not be waived, amended, or otherwise modified to include new activities.

**F. Environmental and Social Standards**

1. The Borrower shall, and shall cause the Project Implementing Entities to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall, and shall cause the Project Implementing Entities to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause the Project Implementing Entities to, ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- 3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 4. The Borrower shall, and shall cause the Project Implementing Entities to, ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower shall, and shall cause the Project Implementing Entities to, establish, publicize, maintain and operate an accessible Grievance Mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower shall, and shall cause the Project Implementing Entities to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

**G. Contingent Emergency Response**

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Borrower shall ensure that:
  - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements

for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;

- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
  - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Bank.
3. The Borrower shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

#### **H. Verification of Achievement of PBCs**

1. For purposes of implementing PBC#1 to PBC#5 under Part 1.2, Part 1.3, Part 3.1 and Part 3.2 of the Project, the Borrower shall cause WAJ to engage an independent verification agency by no later than six (6) months after the Effective Date, with such qualifications and experience as determined in the Verification Protocol and acceptable to the Bank (“Verification Agent”).

2. The Borrower shall cause the Verification Agent to carry out a verification process for the achievement of PBCs which are set forth in the table in Schedule 4 to this Agreement, and furnish to the Bank, not later than sixty (60) days after the verification of compliance of said PBCs, reports on the results of said verification of compliance process of such scope and in such detail as the Bank shall reasonably request.

**Section II. Project Monitoring Reporting and Evaluation**

The Borrower, through MoWI and MOPIC shall cause WAJ, through the WAJ-PMU to furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) Eligible PBC Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Non-Concessional Portion of the Loan Allocated (expressed in USD)</b>	<b>Amount of the Concessional Portion of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) WAJ - Goods, works, non-consulting services, and consulting services, Training and WAJ-PMU Operating Costs for Parts 1, 2, 4 of the Project	161,519,038	40,480,962	100% until signing date of the Co-financing Agreement and thereafter 83.31% as reflected in Part B.1 (a) of Section III to the Schedule 2 of this Agreement



(2) MoWI – Goods, non-consulting services, and consulting services, Training for Part 3.1 of the Project	3,997,996	1,002,004	100% until signing date of the Co-financing Agreement and thereafter 83.31% as reflected in Part B.1 (a) of Section III to the Schedule 2 of this Agreement
(3) JVA – goods, non-consulting services, and consulting services, Training for Part 3.2 of the Project	7,995,992	2,004,008	100% until signing date of the Co-financing Agreement and thereafter 83.31% as reflected in Part B.1 (a) of Section III to the Schedule 2 of this Agreement
(4) Eligible PBC Expenditures, under Part 1.2, Part 1.3 Part 3.1 and Part 3.2 of the Project	25,986,974	6,513,026	Up to 100% until signing of the Co-financing Agreement and thereafter up to 83.31% as reflected in Part B.1 (a) of Section III to the Schedule 2 of this Agreement and as allocated to each PBC as set forth in Schedule 4 (or such lesser percentage as represents the total Eligible PBC Expenditures paid by the Borrower)
(5) Emergency Expenditures under Part 5 of the Project	0	0	100%
(6) Front-end Fee	500,000	0	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Interest Rate Cap or Interest Rate Collar premium	0	0	Amount payable pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	200,000,000	50,000,000	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of this Section, no withdrawal shall be made:
  - (a) for payments under Categories (1) through (5) unless each withdrawal is made on a *pari passu* basis as follows: (i) 79.96%/20.04% ratio between the amount of the Non-Concessional Portion of the Loan allocated and the amount of the Concessional Portion of the Loan allocated until the Co-financing Agreement is signed and (ii) thereafter, 66.61%/16.69% ratio between the amount of the Non-Concessional Portion of the Loan allocated and the amount of the Concessional Portion of the Loan allocated;
  - (b) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$799,599 for the Non-Concessional Portion of the Loan and \$200,401 for the Concessional Portion of the Loan may be made for payments made prior to this date but on or after January 1, 2023, for Eligible Expenditures under Category (1); or
  - (c) for payments under Category (4) with respect to each PBC, as set forth in Schedule 4, for which a withdrawal request has been submitted, until and unless the Borrower has also submitted evidence satisfactory to the Bank, to be verified by (i) the Audit Bureau that payments for Eligible PBC Expenditures have been made in accordance and in compliance with the procedures set forth in the POM; and (ii) by the Verification Agent confirming the achievement of the respective PBC or PBCs; all in accordance and in compliance with the procedures set forth in the POM and the Verification Protocol;
  - (d) for Emergency Expenditures under Category (5), unless and until all of the following conditions have been met in respect of said expenditures:
    - (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Financing amounts under Category (5); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
    - (ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the PBCs referred to in Schedule 4 to this Agreement has not been achieved, the Bank may, by notice to the Borrower: (i) reallocate all or a portion of the proceeds of the Financing then allocated to said PBC to any other PBC or any other Category; and/or (ii) cancel all or a portion of the proceeds of the Financing then allocated to said PBC.

2. The Closing Date is December 31, 2028.

### SCHEDULE 3

#### Commitment-Linked Amortization Repayment Schedule

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”).

#### Level Principal Repayments

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each April 15 and October 15 Beginning April 15, 2028 through October 15, 2057	1.64%
On April 15, 2058	1.6%

## SCHEDULE 4

### Performance-Based Conditions

The following table specifies the Performance-Based Conditions (PBCs) and the allocation of the amounts of the Loan to each PBC under Category 2:

PBC	Description of achievement	Amount of the Non-Concessional Portion of the Loan Allocated (in USD)	Amount of the Concessional Portion of the Loan Allocated (in USD)	Disbursement Calculation Formula (as applicable)
<b>PBC#1: Modernized and systematized NRW planning and monitoring</b>	<p>PBC#1:</p> <p>(a) Digital systems for monitoring and reporting on NRW levels implemented and standard format report adopted, including improved estimates of commercial and physical losses</p> <p>(b) Semi-annual reports issued with the standard format for digital systems for monitoring and reporting on NRW levels for each WC</p>	3,331,664	835,003	<p>PBC#1</p> <p>(a) \$833,334</p> <p>(b) \$138,888 per WC report included in each semi-annual report; up to \$416,666 for every half-year , up to \$3,333,333</p> <p>Up to a total of \$4,166,667.</p>

<b>PBC#2: Improve utility performance and financial management</b>	<p>PBC#2.1: WC performance improvement through:</p> <p>(a) preparation of the draft 100-day and 5-year Strategic Plans by each WC based on a diagnostic framework at utility level, and approval of the draft 100-day Strategic Plans by the respective boards of WCs;</p> <p>(b) approval of the draft 5-year Strategic Plans by the respective boards of WCs; and determination of the Top Strategic Actions for implementation under PBC 2.2(c); and</p> <p>(c) implementation of Top Strategic Actions identified in the 5-year and/or 100-day Strategic Plans.</p>	12,260,521	3,072,812	<p>PBC#2.1:</p> <p>(a) \$875,004 of which \$291,668 per WC;</p> <p>(b) \$875,004 of which \$291,668 per WC ;</p> <p>(c) \$1,131,943.75 per year per Top Strategic Action completed per WC, up to \$13,583,325</p> <p>Up to a total of \$15,333,333</p>
	<p>PBC#2.2:</p> <p>WAJ causes WCs to increase their budgetary allocations for maintenance and sustainability for NRW</p>			<p>PBC#2.2:</p> <p>\$2,500,000;</p>
		1,998,998	501,002	

<p><b>PBC#3: Institutionalization of stakeholder engagement and community outreach</b></p>	<p>PBC#3: Preparation of Customer Relationship Management Action Plans are informed by customer feedback and willingness to pay surveys</p> <p>(a) Customer Relationship Management Action Plan approved by WC Board</p> <p>(b) at least 20% of the actions under the Customer Relationship Management Action Plan achieved by the end of 2026</p> <p>(c) at least 50% of the actions under the Customer Relationship Management Action Plan achieved by the end of 2027</p>	<p>2,398,798</p>	<p>601,202</p>	<p>PBC#3</p> <p>(a) \$83,333 per governorate up to \$1,000,000</p> <p>(b) \$83,333 per governorate up to \$1,000,000</p> <p>(c) \$83,333 per governorate up to \$1,000,000</p> <p>Up to a total of \$3,000,000</p>
<p><b>PBC#4: Water allocation systems modernized through strengthening annual water allocation planning and drought contingency planning</b></p>	<p>PBC#4:</p> <p>(a) MoWI prepares and adopts the yearly Water Allocation Plan based on improved water budget information,</p> <p>(b) MoWI establishes a technical committee and a stakeholder engagement mechanism for drought contingency planning</p>	<p>1,998,998</p>	<p>501,002</p>	<p>PBC#4:</p> <p>(a) \$333,333 per annual Water Allocation Plan prepared and adopted which meets target criteria, up to \$1,333,333</p> <p>(b) \$333,334</p>

	(c) MoWI prepares and approves the pilot Drought Contingency Plan			(c) \$416,666.50 per pilot Drought Contingency Plan approved, up to \$833,333  Up to a total of \$2,500,000
<b>PBC#5: Safeguarding surface water storage</b>	PBC#5:  (a) JVA develops the Dams Risk Indexing Tool and issues a Dams Risk Index Assessment using the Dams Risk Indexing Tool and the Board of JVA certifies JVA's risk index assessment  (b) JVA allocates budget for high-priority dams actions based on the Dams Risk Index Assessment under (a).	3,997,996	1,002,004	PBC#5:  (a) \$2,083,333  (b) \$2,916,667  All up to a total of \$5,000,000
<b>TOTAL</b>		<b>25,986,975</b>	<b>6,513,025</b>	

## SCHEDULE 5<sup>1</sup>

### A list of budget codes used for the Eligible Expenditures incurred by the Borrower

<b>PBC 1</b>	Budget Line: 8102 Water Authority 8001 Administration and Support Services 8002 Water Program 2111 Salaries, Wages and Allowances  2301 Ministry of Water and Irrigation 2111 Salaries, Wages and Allowances
<b>PBC 2</b>	Budget Line: 8102 Water Authority 8002 Water Program 2111 Salaries, Wages and Allowances  2301 Ministry of Water and Irrigation 2111 Salaries, Wages and Allowances
<b>PBC 3</b>	Budget Line: 8102 Water Authority 8002 Water Program 2111 Salaries, Wages and Allowances  2301 Ministry of Water and Irrigation 2111 Salaries, Wages and Allowances
<b>PBC 4</b>	Budget Line: 8102 Water Authority 8002 Water Program 2111 Salaries, Wages and Allowances  2301 Ministry of Water and Irrigation 2111 Salaries, Wages and Allowances  2302 Ministry of Water and Irrigation/Jordan Valley Authority 2111 Salaries, Wages and Allowances
<b>PBC 5</b>	2302 Ministry of Water and Irrigation/Jordan Valley Authority 2111 Salaries, Wages and Allowances

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<sup>1</sup> Placeholder Schedule for the determination of budget lines for Eligible PBC Expenditures.



## APPENDIX

### Section I. Definitions

1. “Annual Work Program” or “Annual Work Programs” means any or all of the work plans prepared annually by the Borrower in accordance with the provisions of Section I.E of Schedule 2 to this Agreement, as further detailed in the Project Operations Manual and as approved by the Bank.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
3. “Audit Bureau” means the Borrower’s national audit agency established pursuant to Law No. 28 of 1952, or any successor thereto acceptable to the Bank.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CERC Manual” means the manual referred to in Section I.G of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Project Implementation Manual.
6. “Co-financier” means *Agence Française de Développement*.
7. “Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, an amount of fifty million Dollars (\$50,000,000) to be provided by the Co-financier to assist in financing the Project.
8. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.
9. “Customer Relationship Management Action Plan” means the time-bound action plan acceptable to the Bank, containing a combination of practices, strategies and technologies that water companies use to manage and analyze customer interactions and service delivery with the goal of improving customer service relationships, and informed by customer engagement and detailed customer survey, for purposes of PBC#3.
10. “Dams Risk Indexing Tool” means the tool which characterizes dam safety risks in a systematic, qualitative, and relative manner to help evaluate and prioritize safety issues for individual dams and the portfolio of dams, for purposes of PBC#5.
11. “Dams Risk Index Assessment” means the assessment made through the Dams Risk Indexing Tool to identify and prioritize dam safety measures and remedial actions, identify knowledge gaps (e.g., dam records, hydrological data, instrumentation adequacy) and to evaluate the effects of risk reduction and dam safety enhancement measures on the overall risk profile of a dam, for purposes of PBC#5.

12. “District Metered Areas” or “DMA” means such portions of a water system for which all inflows and outflows (and variations in tank water volumes if any) are monitored for the detection of unusual demands that are generally caused by leaks.
13. “Drought Contingency Plan” means the plan to be prepared by MoWI, to determine drought impacts and triggering criteria for response measures for each drought stage, including any other preparation and recovery measures, and which reflects solicited feedback by concerned citizens on consulted aspects of the plans and envisaged response measures, for purposes of PBC#4.
14. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
15. “Eligible PBC Expenditures” means the Eligible Expenditures incurred by the Borrower for the implementation of Part 1.2, Part 1.3, Part 3.1 and Part 3.2 of the Project, financed through the budget codes listed under Schedule 5 to this Agreement.
16. “Emergency Action Plan” means the plan referred to in Section I.G.1(b) of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
17. “Emergency Expenditures” means the eligible expenditures set forth in the CERC Manual referred to in Section I.G.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Component.
18. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 22, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
19. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder

- Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
20. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
  21. “GIS” means Geographic Information System.
  22. “Global Concessional Financing Facility” and “GCFF” each means the financing facility established with a focus on providing concessional financing to middle income countries most affected by the presence of large numbers of refugees, with an initial focus on the Syrian refugee crisis as it impacts Jordan and Lebanon, and referred to in the *Preamble* to this Agreement.
  23. “Grievance Mechanism” means the grievance mechanism established, publicized, maintained and operated by the Borrower to receive and facilitate the resolution of concerns and grievances in relation to the Project, in accordance with the ESCP.
  24. “Jordan Valley Authority” or “JVA” means the Borrower’s Valley authority under MoWI as established and operating with a mandate for the integrated development of the Jordan Valley encompassing all aspects of life, under the Borrower’s Jordan Valley Development Law for year 1988, as amended.
  25. “Jordan Water Sector Financial Sustainability Roadmap” means the policy document prepared by the Borrower which outlines a set of policy and investment measures which target to close the sector’s operational deficit by 2029 and reduce debt accumulation.
  26. “JVA Respective Parts of the Project” means Part 3.2 of the Project.
  27. “JVA Subsidiary Agreement” means the cooperation agreement between the Borrower and JVA to be signed by these parties in order to implement JVA’s Respective Parts of the Project, as the same may be amended from time to time with the Bank’s prior written approval.
  28. “MOPIC” means the Borrower’s Ministry of Planning and International Cooperation, or any successor thereto.
  29. “MoWI” means the Borrower’s ministry of water and irrigation, or any successor thereto.
  30. “MoWI Respective Parts of the Project” means Part 3.1 of the Project.
  31. “Non-Revenue Water” or “NRW” means water that has been produced and is “lost” before it reaches the customer or is unaccounted for, either through real losses (e.g. through leaks, sometimes also referred to as physical losses) or apparent losses (e.g. through theft or metering inaccuracies).

32. “NRW Reduction Fund” means a fund to be allocated within the budget of the WAJ to fund performance improvement activities related to NRW reduction under the Project for purposes of PBC#2.3.
33. “NRW Unit” means the unit within MoWI responsible for determining NRW strategies, or any successor thereto satisfactory to the Bank.
34. “Oversight and Coordination Committee” or “OC Committee” means the committee established and operating for overall strategic guidance and Project oversight, in accordance with Section I.A.3 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
35. “Performance-Based Condition” or “PBC” means a performance-based condition referred to in Schedule 4 to this Agreement; and “PBCs” means more than one PBC.
36. “Performance-Based Contracts” or “PCs” means any such contract or arrangement to be signed between the Borrower and/or the Project Implementing Entities and the PC Beneficiaries under the Project, for the achievement of pre-determined performance standards, in accordance with Section I.F of Schedule 2 to this Agreement, and in terms and conditions satisfactory to the Bank, with at least twenty percent (20%) of the fees being linked to achievement of pre-determined performance standards, for purposes of PBC #2.
37. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
38. “Project Implementing Entities” means WAJ, with whom the Borrower shall enter into a WAJ Subsidiary Agreement, and JVA, with whom the Borrower shall enter into a JVA Subsidiary Agreement, all in terms and conditions satisfactory to the Bank.
39. “Project Operations Manual” or “POM” means the manual referred to in Section I.C of Schedule 2 to this Agreement, as adopted by the Borrower for the implementation of the Project, and as the same may be amended from time to time with the prior written approval of the Bank.
40. “SCADA” means Supervisory Control and Data Acquisition.
41. “Selected Governorates” means the governorates of Amman, Balqa, Irbid, Jerash, Ajloun, Mafraq, Aqaba, Karak, and Tafileh, and any other governorate as may be further determined according to the terms and conditions of the POM and acceptable to the Bank.
42. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

43. “Steering Committee” means the committee established and operating for the technical advice and Project implementation oversight, in accordance with Section I.A.4 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
44. “Strategic Plan” means the 100-day or 5-year Strategic Plans approved under PBC#2.1(a) and PBC#2.1(b), and “Strategic Plans” means more than one Strategic Plan.
45. “Top Strategic Actions” means such actions identified in the Strategic Plans that will improve the Companies’ corporate delivery mechanisms (including operational, managerial, and financial status) such as assets management, improvement of business processes, improvement of collections efficiency, digitalization of water supply systems, improving human resources management processes, or any other action acceptable to the Bank contributing to the utility performance improvement under PBC#2.1.
46. “Training” means expenditures for Project related study tours, tuitions, stipends, scholarships, training courses, seminars, workshops and other training activities not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel and *per diem* costs of trainees and trainers but excluding consulting services of trainers.
47. “Verification Agent” means the Audit Bureau, on an independent entity or entities satisfactory to the Bank listed in the Verification Protocol and referred to in Section I.H of Schedule 2 to this Agreement.
48. “Verification Protocol” means the PBC verification process referred to in Section I.H of Schedule 2 to this Agreement and set forth in the PIM.
49. “WAJ Project Management Unit” or “WAJ-PMU” means the unit within the administrative authority of WAJ in charge of the implementation, coordination and management of the Project, as referred to in Section I.A.2 of Schedule 2 to this Agreement as further detailed in the Project Operations Manual.
50. “WAJ Respective Parts of the Project” means Parts 1, 2, 4.1 and 4.2 of the Project.
51. “WAJ” means the Water Authority of Jordan, an autonomous corporate body with financial and administrative independence linked to MoWI, as established and operating under the Borrower’s Water Authority Law No.34 of 1983, later replaced by the Borrower’s Water Authority Law No.18 of 1988.
52. “WAJ Subsidiary Agreement” means the agreement between the Borrower and WAJ, as referred to in Section I.C of Schedule 2 to this Agreement and as further detailed in the Project Operations Manual, as the same may be amended from time to time with the prior written approval of the Bank.
53. “Water Allocation Plan” means the yearly plan which determines the amount of water available for the coming year, based on a calculation of water stored for that year including seasonal projections and water availability thresholds, and using the improved water

resources information systems as well as plans for distribution among bulk water delivery points (water demand centers including major municipal supply demand centers, irrigated agriculture, industry demand centers, and refugee camps) for purposes of PBC#4.

54. “WC” or “Water Company” means any of the Miyahuna Water Company, a limited liability company established under the laws of the Borrower and bearing registration no. 13162 (for the central region, including greater Amman); Yarmouk Water Company, a limited liability company established under the laws of the Borrower and bearing registration no. 22404 (in the North); and Aqaba Water Company, a limited liability company established under the laws of the Borrower and bearing registration no. 8602 (in the South); and “Water Companies” means two or more of such water companies; all operating under their respective assignment and development agreements with WAJ.
55. “WC Cooperation Agreement” means the agreement between WAJ and each respective WC, as referred to in Section I.C.2(b) of Schedule 2 to this Agreement and as further detailed in the Project Operations Manual, as the same may be amended from time to time with the prior written approval of the Bank.
56. “WC Project Implementation Unit” means the unit within the administrative authority of each respective WC in charge of the implementation, coordination and management of their Respective Parts of the Project, as referred to in Section I.C.2(b) of Schedule 2 to this Agreement and as further detailed in the Project Operations Manual.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Wherever used throughout the General Conditions (other than throughout the Appendix), the term “Loan Payment” and “Loan Payments” are modified to read “Payment of the Non-Concessional Portion of the Loan” and “Payments of the Non-Concessional Portion of the Loan”, respectively. Furthermore, wherever used in Section 2.05; Sections 3.01 to 3.07; Section 4.01 to 4.06, Sections 7.05 to 7.08, Section 8.02, and Section 9.05, the term “*Loan*” is modified to read “*Non-Concessional Portion of the Loan*”; the term “*Unwithdrawn Loan Balance*” is modified to read “*Unwithdrawn Balance of the Non-Concessional Portion of the Loan*”; and the term “*Withdrawn Loan Balance*” is modified to read “*Withdrawn Balance of the Non-Concessional Portion of the Loan*”.
3. In the Appendix, **Definitions**, wherever used in the following definitions of the terms “Automatic Conversion to Local Currency”; “Automatic Rate Fixing Conversion”; “Commitment Linked Repayment Amortization Schedule”; “Conversion”; “Currency Conversion”; “Default Interest Period”; “Default Interest Rate”; “Default Variable Rate”; “Disbursed Amount”, “Disbursement-Linked Amortization Schedule”; “Fixed Rate”;

“Fixed Reference Rate”; “Fixed Spread”; “Installment Share”; “Interest Rate Cap”; “Interest Rate Collar”; “Interest Rate Conversion”; “Principal Payment Date”; “Reference Rate Reset Date”; “Variable Spread”; the term “*the Loan*” is modified to read “*the Non-Concessional Portion of the Loan*”; the term “*Unwithdrawn Loan Balance*” is modified to read “*the Unwithdrawn Balance of the Non-Concessional Portion of the Loan*”; and the term “*Withdrawn Loan Balance*” is modified to read “*Withdrawn Balance of the Non-Concessional Portion of the Loan*”.

4. In the Appendix, **Definitions**, the term “Withdrawn Loan Balance” in the definition of “Commitment Linked Repayment Amortization Schedule” is modified to read “*Withdrawn Balance of the Non-Concessional Portion of the Loan*”.
5. In the Appendix, **Definitions**, the definition of “Loan Account” is modified to read as follows:

““Loan Account” means the account or accounts opened by the Bank in its books in the name of the Borrower to which the amount of the Loan is credited.”
6. In the Appendix, **Definitions**, the definition of “Loan Payment” is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.
7. In the Appendix, **Definitions**, a new paragraph is inserted with the following definition of “Non-Concessional Portion of the Loan”, and the remaining paragraphs are renumbered accordingly:
8. “Non-Concessional Portion of the Loan” means portion of the Loan provided to the Borrower on non-concessional terms in the Loan Agreement.”
9. In the Appendix, **Definitions**, a new paragraph is inserted with the following definition of “Payment of the Non-Concessional Portion of the Loan” and the remaining paragraphs are renumbered accordingly:
10. “Payment of the Non-Concessional Portion of the Loan” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Balance of the Non-Concessional Portion of the Loan, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
11. In the Appendix, **Definitions**, a new paragraph is inserted with the following definition of “Unwithdrawn Balance of the Non-Concessional Portion of the Loan”, and the remaining paragraphs are renumbered accordingly:

““Unwithdrawn Balance of the Non-Concessional Portion of the Loan” means the amount of the Non-Concessional Portion of the Loan remaining unwithdrawn from the Loan Account from time to time.”

12. In the Appendix, **Definitions**, a new paragraph is inserted with the following definition of “Withdrawn Balance of the Non-Concessional Portion of the Loan”, and the remaining paragraphs are renumbered accordingly:

“ “Withdrawn Balance of the Non-Concessional Portion of the Loan” means the amounts of the Non-Concessional Portion of the Loan withdrawn from the Loan Account and outstanding from time to time.”