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LOAN NUMBER 8232-JO

# Loan Agreement

(Micro, Small, and Medium Enterprise Development For Inclusive Growth Project)

between

HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated March 12, 2013

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LOAN NUMBER 8232-JO

**LOAN AGREEMENT**

AGREEMENT dated March 12, 2013, between the HASHEMITE KINGDOM OF JORDAN ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of seventy million United States Dollars (\$70,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower's Representative for purposes of taking any action required or permitted to be pursuant to this Section is the Governor of the Project Implementing Entity or any authorized designated person by the Governor.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.05. The Payment Dates are September 15 and March 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; and (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

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

- 4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

- 4.02. The Additional Event of Acceleration consist of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of six (6) months after notice of the event has been given by the Bank to the Borrower.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Borrower and the Project Implementing Entity.
  - (b) The Project Operational Manual, satisfactory to the Bank, has been finalized and adopted by the Project Implementing Entity.
- 5.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is its Minister in charge of planning and international cooperation.

6.02. The Borrower's Address is:

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

Facsimile:  
962-6-464-9341

6.03. The Bank's Address is:

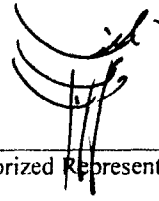
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Amman, Hashemite, as of the day and year first above  
written. Kingdom of Jordan

HASHEMITE KINGDOM OF JORDAN

By:



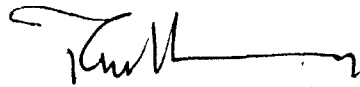
Authorized Representative

Name: Jafar Abed Hassan

Title: Minister of Planning and  
International Cooperation

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

By:



Authorized Representative

Name: Foma Benoit

Title: Director, Middle East Department

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to contribute to the improvement of access to finance for micro, small and medium enterprises in the Hashemite Kingdom of Jordan.

The Project consists of the following part:

1. Lines of Credits

Provision of PFI Loans to eligible PFIs for the purposes of on-lending as Sub-loans to Eligible Beneficiaries or MFIs for the carrying out of Sub-projects.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Borrower shall cause the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Project Operational Manual, the Project Agreement and the ESMF and shall ensure that the Project Implementing Entity does not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual, Project Agreement and ESMF, without prior approval of the Bank.

##### B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity, as a loan under a subsidiary agreement between the Borrower and the Project Implementing Entity, under terms and conditions approved by the Bank ("Subsidiary Agreement") which shall include *inter alia* the following: (a) repayment of the principal amount of the Loan's currency; (b) interest rate charged on such principal amount withdrawn and outstanding from time to time in accordance with Article II of this Agreement and Article III of the General Conditions; (c) payment of any further charges as may be required by the Borrower; and (d) foreign exchange risk to be borne by the Project Implementing Entity.
2. The Borrower shall fulfill its obligations and exercise its rights under the 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 Subsidiary Agreement or any of its provisions.

##### C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

##### D. PFI Agreements

1. The Borrower shall cause the Project Implementing Entity to enter into a PFI Agreement with each PFI on the terms and conditions set forth in the Project Operational Manual and eligibility criteria and procedures acceptable to the



Bank, and monitor compliance by each PFI with the terms and conditions of each PFI Agreement. The Project Implementing Entity shall exercise its rights under each PFI Agreement in such manner as to protect the interests of the Project Implementing Entity, Borrower, and the Bank and to accomplish the purposes of the Loan.2. Each PFI Agreement shall be entered into on terms and conditions approved by the Bank which shall include the following:

- (a) The PFI Loan:
  - (i) may be denominated and repayable in Jordanian Dinars or foreign currency;
  - (ii) shall be charged interest on the principal amount withdrawn and outstanding from time to time; and
  - (iii) shall be repayable over a period not exceeding fifteen (15) years from the date of disbursement of the PFI Loan, inclusive of a grace period not exceeding five (5) years.
- (b) The Project Implementing Entity shall obtain rights adequate to protect its interests and those of the Bank and the Borrower, including the right to:
  - (i) suspend or terminate the right of the PFI to use the proceeds of the PFI Loan, or declare to be immediately due and payable or obtain a refund of all or any part of the amount of the PFI Loan then withdrawn, upon the PFI's failure to perform any of its obligations under the PFI Loan Agreement; and
  - (ii) require each PFI to:
    - (A) carry out its obligations under PFI Loans with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower;
    - (B) provide, promptly as needed, the resources required for the purpose;
    - (C) cause the Eligible Beneficiaries to procure the goods, works and services to be financed out of the Sub-loans in accordance with the provisions of this Agreement;

- (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives;
  - (E)
    - (1) 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 Sub-project; and
    - (2) 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, the Bank and the Project Implementing Entity;
  - (F) enable the Borrower, the Bank and the Project Implementing Entity to inspect the Sub-project, its operation and any relevant records and documents; and
  - (G) prepare and furnish to the Borrower, the Bank and the Project Implementing Entity all such information as the Borrower or the Bank or the Project Implementing Entity shall reasonably request relating to the foregoing.
3. The Borrower shall ensure that the Project Implementing Entity fulfills its obligations and exercise its rights under each PFI Agreement in such manner as to protect the interests of the Borrower, the Bank and the Project Implementing Entity and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any PFI Agreement or any of its provisions.

**E. Sub-projects Selection**

The Borrower shall cause the Project Implementing Entity to ensure that PFIs:

- (a) Select Eligible Beneficiaries or MFI which comply with the eligibility criteria set forth in the Project Operational Manual which shall include, but not be limited to, that the Eligible Beneficiaries or MFIs shall have an ownership, management and financial structure consistent with the laws and regulations of the Borrower.

- (b) Screen and select Sub-projects in accordance with the selection and eligibility criteria set forth in the Project Operational Manual and EMSF. The following Sub-projects shall not be eligible for financing, as further set forth in the Project Operational Manual:
  - (i) any Sub-projects involving non-eligible expenditures (as such term is defined in the Project Operational Manual);
  - (ii) any Sub-projects affecting international waterways, natural habitats, disputed areas or indigenous peoples;
  - (iii) any Sub-projects involving the conversion or degradation of forest areas;
  - (iv) any Sub-projects involving the involuntary taking of land or involuntary resettlement resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, or involving the involuntary restriction of access to legally designated parks and protected areas;
  - (v) any Sub-projects involving the construction and rehabilitation of dams; and
  - (vi) any Sub-projects that would be classified as 'Category A' in accordance with the Banks policies and procedures.
- (c) Ensure that no Eligible Beneficiary or MFI shall receive Sub-loans for an aggregate amount greater than fifteen percent (15%) of the PFI Loan from the same PFI except as approved in writing by the Bank.

**F. Sub-loan Agreements**

- 1. Each Sub-loan Agreement between a PFI and an Eligible Beneficiary or MFI shall be entered into on the terms and conditions set forth in the Project Operational Manual and eligibility criteria and procedures acceptable to the Bank, and the PFI shall monitor compliance by each Eligible Beneficiary or MFI with the terms and conditions of each Sub-loan Agreement; and shall exercise its rights under each Sub-loan Agreement in such manner as to protect the interests of the Borrower, the Bank and the Project Implementing Entity and to accomplish the purposes of the Loan. Each Sub-loan Agreement shall include the following:
  - (a) The Sub-loan may be denominated and repayable in Jordanian Dinars or foreign currency.

- (b) The PFI shall obtain rights adequate to protect its interests and those of the Borrower and the Bank, including the right to:
  - (i) suspend or terminate the right of the Eligible Beneficiary to use the proceeds of the Sub-loan, or declare to be immediately due and payable or obtain a refund of all or any part of the amount of the Sub-loan then withdrawn, upon the Eligible Beneficiary's failure to perform any of its obligations under the Sub-loan Agreement; and
  - (ii) require each Eligible Beneficiary to:
    - (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;
    - (B) provide, promptly as needed, the resources required for the purpose;
    - (C) procure the goods, works and services to be financed out of the Sub-loan in accordance with the provisions of this Agreement;
    - (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives;
    - (E)
      - (1) maintain a financial management system and prepare financial statements in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and
      - (2) at the Bank's or the Borrower's or the Project Implementing Entity's reasonable request, 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, the Bank and the Project Implementing Entity;

- (F) enable the Borrower, the Bank, the Project Implementing Entity and the PFI to inspect the Sub-project, its operation and any relevant records and documents; and
  - (G) prepare and furnish to the Borrower, the Bank, the Project Implementing Entity and the PFI all such information as the Borrower or the Bank or the Project Implementing Entity or the PFI shall reasonably request relating to the foregoing.
2. Notwithstanding the forgoing, for purposes of a Sub-loan to an MFI, the PFI shall ensure that the MFI shall: (i) screen and select Eligible Beneficiaries; and (ii) make available the proceeds of the Sub-loan to Eligible Beneficiaries in accordance with the Project Operational Manual and on terms and conditions set forth in this Agreement.
  3. The PFI shall exercise its rights under each Sub-loan 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 Borrower and the Bank shall otherwise agree, the PFI shall not assign, amend, abrogate or waive any Sub-loan Agreement or any of its provisions.

**G. Safeguards**

The Borrower shall cause the Project Implementing Entity to ensure the Project is carried out in accordance with the ESMF and shall not amend, suspend, abrogate, repeal or waive any provision of the ESMF without prior approval of the Bank. The Borrower shall cause the Project Implementing Entity to ensure that adequate information on the implementation of the ESMF is included in the Project Reports referred to in Section II.A. of this Schedule.

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

**A. Project Reports**

The Borrower shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall ensure that the Project Implementing Entity prepares interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank, and the Borrower shall ensure that the Project Implementing Entity furnishes such reports to the Bank not later than forty-five (45) days after the end of each calendar semester.
3. The Borrower shall ensure that the Project Implementing Entity shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

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

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

The following methods of procurement may be used for goods, works and non-consulting services: Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank in accordance with paragraph 3.13 of the Procurement Guidelines, as set forth in the Project Operational Manual.

**C. Particular Methods of Procurement of Consultants' Services**

The following method of procurement may be used for consultants' services: Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank in accordance with paragraph 3.13 of the Consultant Guidelines, as set forth in the Project Operational Manual.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

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

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

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) PFI Loans	69,825,000	100%
(2) Front-end Fee	175,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>70,000,000</b>	<b>100%</b>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed fourteen million United States Dollars (\$14,000,000) equivalent may be made for payments made prior to this date but on or after February 28, 2013 for Eligible Expenditures.
2. The Closing Date is December 31, 2015.



**SCHEDULE 3**

**Amortization Schedule**

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

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each September 15 and March 15 Beginning March 15, 2018 through September 15, 2042	2%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
4. "Eligible Beneficiaries" means micro, small and medium enterprises as defined in the Borrower's laws and regulations, established and operating within the territory of the Borrower, which meet the eligibility criteria outlined in Section I.E of Schedule 2 to this Agreement, as further set forth in the Project Operational Manual.
5. "Environmental and Social Management Framework" or ESMF" means the framework document prepared for the Project, dated September 30, 2012, disclosed in country on September 30, 2012 and on the IBRD 's *Infoshop* on October 24, 2012, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental and social impacts to levels acceptable to the Bank, and setting forth policies and procedures for environmental screening.
6. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
7. "Microfinance Institutions" or "MFI" means non-banks microfinance institutions including but not limited to for-profit companies, not-for-profit companies, non-governmental organizations, to which a Sub-loan has been made or proposed to be made in accordance with Section I.F of this Agreement and the Project Operational Manual, for the purposes of on-lending to Eligible Beneficiaries.
8. "Participating Financial Institutions" or "PFI" means a regulated financial institution, established and operating within the territory of the Borrower, which meets the eligibility criteria for PFIs set forth and contained in the Project Operational Manual.

9. "PFI Agreement" means an agreement entered into between the Project Implementing Entity and a PFI on terms and conditions set forth in Section I.D.2 of Schedule 2 to this Agreement, Project Operational Manual for the purposes of financing a PFI Loan.
10. "PFI Loan" means a loan made, in accordance with criteria set forth in the Project Operational Manual, by the Project Implementing Entity to a PFI out of the proceeds of the Loan for the purpose of on-lending as Sub-loans to Eligible Beneficiaries.
11. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
12. "Project Implementing Unit" or "PIU" means the Project Implementing Entity's unit referred to in Section I.A of Schedule 2 of the Project Agreement designated by the Project Implementing Entity to be responsible for Project Implementation.
13. "Project Implementing Entity" means the Central Bank of Jordan, established and operating under the Project Implementing Entity's Legislation.
14. "Project Implementing Entity's Legislation" means the Borrower's Law Number 23 of the year 1971 pursuant to which the Project Implementing Entity is established and operating.
15. "Project Operational Manual" means the operational manual to be adopted by the Project Implementing Entity, and referred to in Section I.A. of Schedule 2 to this Agreement, satisfactory to the Bank, describing and setting forth procedures for implementation of the Project and institutional arrangements, consistent with the provisions of this Agreement and the Project Agreement and with applicable laws and regulations and including, among other things, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, other fiduciary and administrative arrangements, the selection methods and eligibility criteria for PFIs, Eligible Beneficiaries, and procedures, transaction, control, and clearance processes and the implementation mechanisms and necessary terms for PFI Loans, Sub-Loans and Sub-projects, and templates of PFI Agreements, as the same may be amended from time to time by agreement with the Bank.

16. "Sub-loan" means a loan made or proposed to be made, pursuant to the provisions of a Sub-loan Agreement and in accordance with the criteria and procedures set forth in Section I.F of Schedule 2 to this Agreement and the Project Operational Manual, by a PFI to an Eligible Beneficiary or an MFI out of the proceeds of a PFI Loan for the purpose of financing a Sub-project.
17. "Sub-loan Agreement" means an agreement entered into between a PFI and an Eligible Beneficiary or an MFI on the terms and conditions set forth in Section I.F.1 of Schedule 2 to this Agreement and the Project Operational Manual for the purpose of financing a Sub-loan.
18. "Sub-project" means economic activities carried out by an Eligible Beneficiary to be funded from a Sub-loan in accordance with criteria set forth in the Project Operational Manual.
19. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.