Loan Agreement

(Economic Opportunities For Jordanians and Syrian Refugees Program)

between

THE HASHEMITE KINGDOM OF JORDAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated October 9, 2016
LOAN AGREEMENT

AGREEMENT dated October 9, 2016, between THE HASHEMITE KINGDOM OF JORDAN ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS, (A) following an international effort to provide development support to countries most affected by refugees in the Middle East region; and having satisfied itself as to the feasibility and priority of the Program aimed at providing economic opportunities to Jordanians and Syrian refugees, as further described in Schedule 1 to this Agreement, the Borrower has requested the Bank to extend a loan to assist in the financing of the Program;

(B) funding from the Concessional Financing Facility was received by the Bank for purposes of providing concessionality to this Agreement;

(C) under the terms of a Financial Procedures Arrangement with the Trustee of the Concessional Financing Facility dated August 10, 2016, the Bank has agreed to provide additional funds to the Borrower (the Concessional Portion of the Loan as hereinafter defined) as part of an integrated lending operation under the terms of this Agreement; and

(D) the Borrower has also obtained from the Association, on an exceptional basis, a credit in the amount of one hundred million Dollars (USD $100,000,000) ("Credit"), which Credit has been contributed for the Program by the Association under the Financing Agreement (as hereinafter defined);

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) 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 extend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, a Loan in the amount of two hundred million United States Dollars (USD $200,000,000) to assist in financing the program described in Schedule 1 to this Agreement ("Program"), consisting of the following:

(a) a non-concessional portion of the Loan in an amount of one hundred forty-nine million United States Dollars (USD $149,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Non-Concessional Portion of the Loan"); and
2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Non-Concessional Portion of the Loan.

2.04. (a) The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn 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 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 Non-Concessional Portion 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 Balance of the Non-Concessional Portion of the Loan remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.

(b) The Concessional Portion of the Loan shall be made on a grant basis.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Non-Concessional Portion of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Non-Concessional Portion 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 Non-Concessional Portion of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Non-Concessional Portion 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 Non-Concessional Portion of the Loan withdrawn and outstanding from a Variable Rate based on a 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 Non-Concessional Portion 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 Spread; and (iii) the setting of limits on the
Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Non-Concessional Portion of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(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.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

2.09. Without limitation upon the provisions of paragraph (a) of Section 2.08 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Non-Concessional Portion of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the objective of the Program. To this end, the Borrower shall carry out the Program in accordance with the provisions of Article V of the General Conditions.

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 Program 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 any legislation, license or other legal instrument related to the implementation of the Program has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the achievement of the objective of the Program, or the ability of the Borrower to implement the Program.

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 60 days after notice of the event has been given by the Bank to the Borrower.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following namely that, the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. 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 responsible for 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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Washington D.C., United States of America as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

By

Authorized Representative

Name: Imad Najib Falhaoury
Title: Minister of Planning and International Cooperation

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Hafiz Ghanem
Title: Regional Vice President
SCHEDULE 1

Program Description

The objective of the Program is to improve economic opportunities for Jordanians and Syrian refugees in the Borrower’s territory.

The Program is part of the Borrower’s program, namely the Jordan Compact Program and consists of the following activities:

Part A. Improving Labor Market

Carrying out a program of activities aimed at improving the access of Jordanians and Syrian refugees to the labor market in Jordan through, *inter alia*: (1) implementing required reforms and procedures for the issuance of work permits to Syrian refugees and legalizing their work; and (2) disclosing reports on selected environmental and social conditions at the factory level.

Part B. Improving the Investment Climate

Carrying out reforms to improve the business environment in the Borrower’s territory, through *inter alia*: (1) institutionalizing business reforms; (2) creating systems to identify required reforms and appropriate implementation tools; (3) ensuring the private sector involvement in dialogue and processing of reforms; and (4) facilitating the establishment and functioning of SMEs and home-based enterprises.

Part C. Improving Investment Promotion

Carrying out a program of activities aimed at encouraging investors to develop enterprises in the Borrower’s territory though, *inter alia*: (1) facilitating access to information and sites visits; and (2) strengthening the investment promotion capacity of JIC.
SCHEDULE 2
Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation on the provisions of Part A of this Section I, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Borrower shall maintain at all times during Program implementation, with terms of reference, mandate, composition and resources satisfactory to the Bank, the Program Management Unit to be responsible for: (i) the overall management, coordination, reporting, monitoring, and evaluation of Program implementation; (ii) hiring and interfacing with independent verification agencies; (iii) carrying out the technical audits; and (iv) facilitating financial audits for the Program, all in accordance with the provisions of this Agreement and the Program Operational Manual.

2. Program Operational Manual

(a) The Borrower shall, not later than four (4) months after the Effective Date, prepare an operational manual for the Program, in form and substance acceptable to the Bank, containing detailed: (i) administrative, procurement, financial management, and monitoring and evaluation procedures; (ii) environmental and social management systems and complaints and grievance redress mechanism; (iii) Program Action Plan; (iv) arrangements for verification of achievement of the DLRs (including the Verification Protocol); (v) process and procedures for
determining Syrian refugees’ status; and (vi) coordination and oversight arrangements for the Program.

(b) The Borrower shall: (i) furnish said manual to the Bank for its review; (ii) afford the Bank a reasonable opportunity to exchange views with the Borrower on said manual; and (iii) thereafter adopt such Program operational manual as shall have been approved by the Bank ("Program Operational Manual").

(c) The Borrower: (i) shall ensure that the Program is carried out in accordance with the Program Operational Manual; and (ii) shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of its provisions without the prior written agreement of the Bank.

3. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Borrower shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner acceptable to the Bank. Except as the Bank may agree after consultation with the Borrower, the Borrower shall ensure that the Program Action Plan is not amended, waived, suspended, terminated or abrogated.

Section II. Excluded Activities

The Borrower shall ensure that the Program excludes any activities which:

A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) works, estimated to cost $1,000,000 equivalent or more per contract; (2) goods, estimated to cost $1,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost $1,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost $300,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

The Borrower shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Program Financial Audits

1. Without limitation on the generality of Section I.A of this Schedule 2 and Section 5.09 of the General Conditions, the Borrower shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Unless otherwise agreed with the Bank, each audit of the Financial Statements shall cover the
period of one 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.

2. The Borrower shall, not later than six (6) months after the Effective Date, hire and thereafter maintain at all times during Program implementation, external auditors whose qualifications, experience, and terms of reference shall be acceptable to the Bank.

C. Verification Protocol

1. The Borrower shall:
   (a) not later than 3 months after the Effective Date, recruit independent verification agencies under terms of reference satisfactory to the Bank to be responsible for preparing and providing verifications reports certifying the achievement of DLR (3) which is set forth in Section IV.A.2 of this Schedule;
   (b) ensure that the Audit Bureau prepares and provides verifications reports certifying the achievement of DLRs (1), (2), (4) and (5), which are set forth in Section IV.A.2 of this Schedule;
   (c) ensure that the PMU prepares the consolidated implementation report after the verification of compliance of said DLRs; and
   (d) furnish a report on the results of said verification of compliance process of such scope and in such details as the Bank shall request.

2. Said verification reports shall be based on on-desk review of the documentation available and on-site verification in a representative sample of areas targeted by the Program.

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 may specify from time to time by notice to the Borrower to: (a) pay the Front-end Fee; and (b) finance the results ("Disbursement Linked Results" or "DLRs") achieved by the Borrower, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of the Non-Concessional Portion of the Loan Allocated (expressed in USD)</th>
<th>Amount of the Concessional Portion of the Loan Allocated (expressed in USD)</th>
<th>Disbursement Calculation Formula (Amounts Allocated proportionally between the Loan and the Credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI #1: number of work permits (WP) issued to Syrians refugees.</td>
<td>DLR#1.1: 20,000 issued between April 8, 2016 and October 31, 2016.</td>
<td>9,933,333</td>
<td>3,400,000</td>
<td>DLR#1.1: US$1000 for each WP issued between April 8, 2016 and October 31, 2016, up to a maximum of US$20,000,000.</td>
</tr>
<tr>
<td></td>
<td>DLR#1.2: 5,000 by December 31, 2016.</td>
<td>17,383,333</td>
<td>5,950,000</td>
<td>DLR#1.2: US$7000 for each additional WP issued before December 31, 2016, incremental to the 20,000 provided for under DLR#1.1, up to a maximum of US$35,000,000.</td>
</tr>
<tr>
<td></td>
<td>DLR#1.3: 55,000 in CY17.</td>
<td>12,416,667</td>
<td>4,250,000</td>
<td>DLR#1.3: US$455 for each additional WP issued each CY, up to a maximum of US$25,000,000.</td>
</tr>
<tr>
<td></td>
<td>DLR#1.4: 90,000 CY18.</td>
<td>12,416,667</td>
<td>4,250,000</td>
<td>DLR#1.4: US$278 for each additional WP issued in CY18, up to a maximum of US $25,000,000.</td>
</tr>
<tr>
<td></td>
<td>DLR#1.5: 130,000 in CY19.</td>
<td>12,416,667</td>
<td>4,250,000</td>
<td>DLR#1.5: US$193 for each additional WP issued in CY19, up to a maximum of US $25,000,000.</td>
</tr>
<tr>
<td>(2) DLI #2: annual public disclosure by Better Work Jordan report on factory level compliance with a list of at least 29</td>
<td>DLR#2.1 to DLR#2.4: Better Work Jordan report published every CY.</td>
<td>2,483,333</td>
<td>850,000</td>
<td>US$5,000,000 per CY, from CY17 to CY20.</td>
</tr>
<tr>
<td>(3) DLI #3: Establishment and implementation of selected simplified and predictable regulations for the private sector including household businesses.</td>
<td>DLR#3.1: A reform establishing a predictability process for issuance of business regulations has been identified and adopted following an inclusive public-private dialogue and a measurement system (including baseline identification) has been prepared.</td>
<td>7,450,000</td>
<td>2,550,000</td>
<td>DLR#3.1: US$15,000,000 by Closing Date.</td>
</tr>
<tr>
<td></td>
<td>DLR#3.2: One key business regulatory reform has been identified following an inclusive public-private dialogue; and a measurement system covering the time, cost and complexity of the compliance process has been prepared (including baseline identification).</td>
<td>7,450,000</td>
<td>2,550,000</td>
<td>DLR#3.2: 15,000,000 by Closing Date.</td>
</tr>
<tr>
<td></td>
<td>DLR#3.3: 1000 officially established household enterprises of which 100 are Syrian refugee owned and 100 female owned.</td>
<td>9,933,333</td>
<td>3,400,000</td>
<td>DLR#3.3: US$200,000 for each additional 10 household enterprises officially established of which at least one owned by a Syrian refugee household and one owned by a female, up to a maximum of US$20,000,000 by Closing Date.</td>
</tr>
<tr>
<td></td>
<td>DLR#3.4: 70% of business regulations mandatory to the private sector have been issued following the predictability process adopted under DLR#3.1.</td>
<td>4,966,667</td>
<td>1,700,000</td>
<td>DLR#3.4: US$10,000,000 by Closing Date.</td>
</tr>
<tr>
<td></td>
<td>DLR#3.5: Regulatory burden on businesses has decreased by 30% following implementation of business</td>
<td>4,966,667</td>
<td>1,700,000</td>
<td>DLR#3.5: US$10,000,000 by Closing Date.</td>
</tr>
<tr>
<td>(4) DLI #4:</td>
<td>Increase in number of enterprises on the Custom Golden List.</td>
<td>DLR#4.1: 300 enterprises newly added to the Custom Golden List by Closing Date.</td>
<td>9,933,333</td>
<td>3,400,000</td>
</tr>
<tr>
<td>(5) DLI #5:</td>
<td>Number of investments benefiting from investment facilitation by JIC.</td>
<td>DLR#5.1: Removing the minimum capital requirement for foreign investments.</td>
<td>7,172,488</td>
<td>2,455,012</td>
</tr>
<tr>
<td>(5) DLI #5:</td>
<td>Number of investments benefiting from investment facilitation by JIC.</td>
<td>DLR#5.2: 530 investments benefiting from investment facilitation by JIC.</td>
<td>22,350,000</td>
<td>7,650,000</td>
</tr>
<tr>
<td>(6) Front-end Fee</td>
<td>to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions (renumbered as such pursuant to paragraphs 3 and 5 of Section II of the Appendix to this Agreement and relating to Capitalizing Front-end Fee and Interest.</td>
<td>[column to be left blank]</td>
<td>277,512</td>
<td>94,988</td>
</tr>
</tbody>
</table>

| TOTAL AMOUNT | $149,000,000 | $51,000,000 |

B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account unless each withdrawal is made on a *pari passu* basis and at a 74.50%: 25.50% 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 purposes of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this Agreement and relating to Program Expenditures, for DLRs (DLR#1.1 and DLR#5.1) achieved prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $22,350,000 from the Non-Concessional Portion of the Loan and $7,650,000 from the Concessional Portion of the Loan, respectively may be made for such DLRs achieved prior to this date but on or after April 8, 2016; and

(c) for any DLR under Category (1) through category (5) (except DRL#1.1 and DLR#5.1) until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw:
   (i) an amount not to exceed $37,250,000 from the Non-Concessional Portion of the Loan, and
   (ii) $12,750,000 from the Concessional Portion of the Loan, respectively as an advance; provided, however, that if the DLRs in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance (or portion of such advance as determined by the Bank in accordance with the provisions of paragraph (3) of this Part B) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.

3. Notwithstanding the provisions of Part B.1(c) of this Section, if the DLRs under Category (1); (4); or DLRs# 3.4 under Category (3); or DLR #5.2 under Category (5) have not been achieved, the Bank may, by notice to the Borrower:
   (a) authorize: (i) the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Calculation Formula set out in the fifth column of the table in Section IV.A.2 of this Schedule; and (ii) the disbursement of previously undisbursed amounts allocated to the respective DLR, if and when the Bank shall be satisfied, on the basis of evidence satisfactory, that a partially achieved DLR for which a lesser amount has been disbursed pursuant to subparagraph (i) above has been fully achieved;
   (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or
   (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.

4. The Closing Date is January 31, 2021.

5. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Borrower has failed to provide evidence satisfactory to the Bank that the Withdrawn Loan Balance does not exceed the total amount of Program Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such excess
amount of the Withdrawn Loan Balance. The Bank shall cancel the refunded amount of the Withdrawn Loan Balance.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Non-Concessional Portion of the Loan and the percentage of the total principal amount of the Non-Concessional Portion of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Non-Concessional Portion of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Non-Concessional Portion of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) the Withdrawn Balance of the Non-Concessional Portion of the Loan 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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15</td>
<td></td>
</tr>
<tr>
<td>Beginning November 15, 2021</td>
<td>1.67%</td>
</tr>
<tr>
<td>Through November 15, 2050</td>
<td></td>
</tr>
<tr>
<td>On May 15, 2051</td>
<td>1.47%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Non-Concessional Portion of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Non-Concessional Portion 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 Non-Concessional Portion of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Balance of the Non-Concessional Portion of the Loan 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 Non-Concessional Portion of the Loan withdrawn within two 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 Balance of the Non-Concessional Portion of the Loan 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: (a) 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 (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Balance of the Non-Concessional Portion of the Loan 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


2. “Audit Bureau” means the Borrower’s national audit agency established pursuant to Law no. 28 of 1952, as the same may be amended from time to time.

3. “Better Work Jordan” means the Borrower’s national program in partnership with international organizations aimed at, *inter alia*, improving labor standards in selected private sector areas.

4. “CY” means the Borrower’s calendar year.

5. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

6. “Concessional Financing Facility” and “CFF” 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.

7. “Concessional Portion of the Loan” means the amount of the Loan referred to in Section 2.01(b) of this Agreement; which has been contributed for the Program from the CFF on grant basis.

8. “Credit” means the credit provided for in the Financing Agreement (as hereinafter defined), which has been contributed for the Program by the Association.

9. “Custom Golden List” means the Borrower’s list of entities approved for fast-track customs clearance.

10. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, and “DLIs” means more than one DLI.

11. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV, and DLRs means more than one DLR.

12. “Financing Agreement” means the agreement between the Borrower and the Association for the Program, of the same date as this Agreement, as such Financing Agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
13. “Financial Procedure Arrangement” means the arrangement between the Bank and the CFF referred to in the Preamble to this Agreement.


15. “Jordan Compact Program” means the Borrower’s program agreed upon with the international community to address the impact of the Syrian refugee crisis on Jordan and adopted on February 4, 2016 in London.

16. “Jordan Investment Commission” and “JIC” each means the Borrower’s commission established by Law no.30 of 2014 and responsible for promoting and support investments in Jordan, as the same may be amended from time to time.

17. “Loan” means the aggregate of the Concessional Portion of the Loan and the Non-Concessional Portion of the Loan as set forth in Section 2.01 of this Agreement.

18. “Program Action Plan” means the Borrower’s plan dated September 7, 2016 and referred to in Section I.C.3 of Schedule 2 to this Agreement, as may be amended from time to time with the written agreement of the Bank.

19. “Program Fiduciary, Environmental and Social Systems” means the Borrower’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

20. “Program Management Unit” and “PMU” each means the unit responsible for Program implementation and referred to in Section I.C.1 of Schedule 2 to this Agreement.

21. “Program Operational Manual” means the manual referred in Section II.C.2.(b) of Schedule 2 to this Agreement.

22. “SME” means small and medium enterprise; and “SMEs” means more than one SME.

23. “Verification Protocol” means the protocol for DLIs and DLRs verification referred to in Section III.C of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; the term “Eligible Expenditures” is modified to read “Program Expenditures” and the term “Loan Payment” is modified to read “Payment of the Non-Concessional Portion of the Loan”. Furthermore, wherever used in Sections 3.02 to 3.08; Section 3.10; Section 4.01; Section 4.02 to 4.05 (including the Title); and Section 9.05, the term “the Loan” is modified.
to read “the 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”.

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the amendments set forth below.

3. Section 2.02, Special Commitment by the Bank, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading “Applications for Withdrawal or for Special Commitment” is replaced with “Applications for Withdrawal”, and the phrase “or to request the Bank to enter into a Special Commitment” is deleted.

5. The section originally numbered as Section 2.04, Designated Accounts is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), Eligible Expenditures (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of the Legal Agreements”.

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), Financing Taxes, is modified to read: “To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan, as required to ensure consistency with such policy of the Bank.”

8. In Section 2.05 (originally numbered as Section 2.07), Refinancing Preparation Advance; Capitalizing Front End Fee and Interest, the term “the Loan” in paragraph (a) and the term “the Loan” after “other charges on” in paragraph (c), is deleted and replaced with “the Non-Concessional Portion of the Loan”.

9. Section 2.06 (originally numbered as Section 2.08), Reallocation, is modified to read:

“Notwithstanding any allocation of an amount of the Loan to a withdrawal category under the Loan Agreement, the Bank may, by notice to the Borrower, reallocate any other amount of the Loan to such category if the Bank reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.

10. Section 3.01. (Front-end Fee) is modified to read as follows:

“Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Non-Concessional Portion of the Loan at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Balance of the Non-Concessional Portion of the Loan at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

11. Section 7.01, Cancellation by the Borrower, is modified to read: "The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance."

12. Paragraph (d) of Section 7.03, Cancellation by the Bank, entitled "Misprocurement", is deleted, and subsequent paragraphs are relettered accordingly.

13. Section 7.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank, is deleted in its entirety, and subsequent Sections in Article VII and references to such Sections are renumbered accordingly.

14. In the Appendix, Definitions, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.

15. Wherever used in the following definitions of the terms "Conversion"; "Currency Conversion"; "Default Interest Period"; "Default Interest Rate"; "Default Variable Rate"; "Fixed Rate"; "Fixed Reference Rate"; "Fixed Spread"; "Interest Rate Cap"; "Interest Rate Conversion"; "Principal Payment Date"; "Reference Rate Reset Date"; "Screen Rate"; "Variable Rate"; "Variable Spread"; "Variable Spread Fixing Charge"; 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".

16. A new paragraph 19 is inserted with the following definition of "Commitment Charge", and the remaining paragraphs are renumbered accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

17. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

18. A new paragraph 73 is inserted with the following definition of "Non-Concessional Portion of the Loan Payment", and the remaining paragraphs are renumbered accordingly:

"73. "Non-Concessional Portion of the Loan" means portion of the Loan provided to the Borrower on non-concessional terms in the Loan Agreement."

19. In the renumbered paragraph 74 (originally paragraph 72), the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment
Charge are” after the word “interest”.

20. Renumbered paragraph 89 (originally paragraph 87), setting forth the definition of “Special Commitment” is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.

21. In the renumbered paragraph 94 (originally paragraph 92), the definition of “Unwithdrawn Loan Balance” is modified to read as follows:

“95. "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.”

22. In the renumbered paragraph 98 (originally paragraph 96), the definition of “Withdrawn Loan Balance” is modified to read as follows:

“96. “Withdrawn Loan Balance” means the amounts of the: (i) Non-Concessional Portion of the Loan withdrawn from the Loan Account and outstanding from time to time; plus (ii) Concessional Portion of the Loan withdrawn from the Loan Account from time to time.”

23. A new paragraph 99 is inserted with the following definition of “Withdrawn Balance of the Non-Concessional Portion of the Loan”, and the remaining paragraphs are renumbered accordingly:

“99. “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.”