

**PROGRAM IMPLEMENTATION AGREEMENT**

**BY AND BETWEEN**

**THE HASHEMITE KINGDOM OF JORDAN,  
ACTING THROUGH  
THE MINISTRY OF PLANNING  
AND INTERNATIONAL COOPERATION,**

**MILLENNIUM CHALLENGE ACCOUNT – JORDAN, AND**

**THE MINISTRY OF WATER AND IRRIGATION,**

**AND**

**THE UNITED STATES OF AMERICA,  
ACTING THROUGH  
THE MILLENNIUM CHALLENGE CORPORATION**

**Dated as of November 30, 2010**

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# PROGRAM IMPLEMENTATION AGREEMENT

## PREAMBLE

This PROGRAM IMPLEMENTATION AGREEMENT (this “*Agreement*”), is made on November 30, 2010 by and between the Hashemite Kingdom of Jordan (“*Jordan*” or the “*Government*”), acting through the Ministry of Planning and International Cooperation, the Millennium Challenge Account – Jordan Limited Liability Company (“*MCA-Jordan*”), and the Ministry of Water and Irrigation (“*MWI*”), and the United States of America, acting through the Millennium Challenge Corporation (“*MCC*”) (collectively with the Government, the “*Parties*” and individually, a “*Party*”).

## RECITALS

WHEREAS, the Millennium Challenge Compact between the United States of America, acting through MCC, and the Government signed on October 25, 2010 (the “*Compact*”) sets forth the general terms on which MCC will provide assistance of up to Two Hundred and Seventy-Five Million One Hundred Thousand United States Dollars (US\$275,100,000.00) to the Government for a program to reduce poverty through economic growth in Jordan;

WHEREAS, the Government has designated MCA-Jordan to carry out certain rights and obligations of the Government under the Compact and related agreements and is designating MWI in this Agreement to carry out certain rights and obligations of the Government under the Compact; and

WHEREAS, the Parties wish to specify further the terms for implementing the Compact and the Program;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

## ARTICLE 1.

### GENERAL RESPONSIBILITIES OF THE PARTIES

#### Section 1.1 Definitions.

Capitalized terms used in this Agreement and not defined in this Agreement have the meanings provided in the Compact. All other capitalized terms have the meanings provided in Schedule 1.

#### Section 1.2 Role of the Government.

(a) Government Responsibilities. The Government will promptly take all necessary or appropriate actions to carry out all of its obligations under the Compact, this Agreement, and any other Supplemental Agreement (including any post-Compact Term activities, audits or other responsibilities), and delegate its rights and responsibilities to entities, including MCA-Jordan,

adequate to enable them (each a “*Permitted Designee*”) to oversee and manage the implementation of the Program on behalf of the Government.

(b) Government Undertakings. The Government hereby affirms as follows:

(i) Power, Authorization, Etc. The Government has the power and authority to execute, deliver and perform its obligations under this Agreement and under each other agreement, certificate, or instrument contemplated hereby or by the Compact.

(ii) Impoundment; Liens or Encumbrances. The Government will ensure that (1) no Program Assets are subject to any impoundment, rescission, sequestration, liquidation or to any provision of law now or hereafter in effect in Jordan that would have the effect of allowing any such impoundment, rescission or sequestration, and (2) no Program Asset is subject to any lien, attachment, enforcement of judgment, pledge, or encumbrance of any kind (each a “*Lien*”), except with MCC’s prior written approval. In the event any Lien not so approved is imposed, the Government will promptly seek the release of such Lien and, if such Lien is required by a final and non-appealable court order, will pay any amounts due in order to obtain such release; *provided, however*, that the Government must apply national funds (and not Program Assets) to satisfy any such obligation.

### Section 1.3 Role of MCA-Jordan.

(a) Designation of MCA-Jordan.

(i) Pursuant to Section 3.2(b) of the Compact, the Government has designated MCA-Jordan as the primary agent of the Government to implement the Program and to exercise and perform the Government’s right and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and their activities, allocating resources and managing procurements (the “*Designated Rights and Responsibilities*”). The Government will remain ultimately responsible for the performance of the Government’s obligations under or in relation to the Compact and this Agreement. MCA-Jordan hereby acknowledges and consents to the designation to it under the Compact.

(ii) The Government will ensure that MCA-Jordan is and remains throughout the Compact Term duly organized, sufficiently staffed and empowered to exercise the Designated Rights and Responsibilities.

(iii) The “Accountable Entity” referenced in the Program Guidelines will be deemed to refer to MCA-Jordan, and all obligations assigned to the “Accountable Entity” in the Program Guidelines will be obligations of MCA-Jordan.

(b) Additional Government Undertakings with Respect to MCA-Jordan. The Government hereby affirms to MCC as follows:

(i) Power and Authorization. MCA-Jordan has the power and authority to (1) bind the Government to the full extent of the Designated Rights and Responsibilities; (2) execute and deliver each agreement, certificate, or instrument contemplated hereby or by the Compact;

and (3) perform its obligations under this and each such other agreement, certificate, or instrument contemplated by this Agreement or the Compact.

(ii) Government Responsibilities. MCA-Jordan (1) will properly and fully carry out the Designated Rights and Responsibilities (including all obligations specified as MCA-Jordan obligations in the Compact, this Agreement, the As-Samra Implementation Agreement or any other Supplemental Agreement); (2) except as provided in Section 2.9(a) or with respect to an Implementing Entity, will not assign, delegate or otherwise transfer any of the Designated Rights and Responsibilities without the prior written consent of MCC; and (3) will not undertake any activities, duties or responsibilities other than the Designated Rights and Responsibilities without the prior written consent of MCC.

(iii) Government Representations. MCA-Jordan will confirm each representation that it makes on behalf of the Government in any agreement, certificate or instrument delivered by MCA-Jordan with all necessary Permitted Designees prior to providing such representation to MCC.

(iv) Autonomy. The Government will ensure that (1) no decision of MCA-Jordan is modified, supplemented, unduly influenced or rescinded by any governmental authority, except by a final and non-appealable judicial decision or as required pursuant to Section 1.3(b)(v); and (2) the authority of MCA-Jordan will not be expanded, restricted or otherwise modified, except in accordance with this Agreement and the Compact.

(v) Constitution and Governance of MCA-Jordan. MCA-Jordan will conduct its operations and management in accordance with the Articles of Association and the Memorandum of Association of MCA-Jordan (the “*Bylaws*”), the other Governing Documents and the Governance Guidelines.

(vi) Ownership of MCA-Jordan. The Government will at all times maintain direct ownership of all shares in MCA-Jordan and will not assign or transfer any such shares (or any interest therein or benefit thereof) or grant any interest in or pledge any such shares (or any interest therein or benefit thereof).

(vii) Funded Agreements. MCA-Jordan will provide the Fiscal Agent (and MCC if it so requests) a copy of each agreement that is funded (directly or indirectly) with MCC Funding, regardless of whether MCC has approval rights with respect to such agreement.

(viii) Insurance; Performance Guaranties. MCA-Jordan will, to MCC’s satisfaction, cause all Program Assets to be insured (including, without limitation, through self-insurance) and will arrange such other appropriate insurance to cover against risks or liabilities associated with the operations of the Program, including by requiring Providers to obtain adequate insurance and to post adequate performance bonds or other guaranties. With MCC’s prior consent, MCC Funding may be used to pay the costs of obtaining such insurance. MCA-Jordan (or, as appropriate and with MCC’s prior approval, another entity) will be named as the payee on any such insurance and the beneficiary of any such guaranty or bonds. If not already named as the insured party, MCA-Jordan (and MCC, if it so requests) will be named as additional insureds on any such insurance (except, with respect to Program Assets funded under

the As-Samra Expansion Project, as may be otherwise provided in the As-Samra Implementation Agreement and the As-Samra Transaction Documents). The Government will promptly notify MCC of the payment of any proceeds from claims paid under such insurance or guaranty, and will ensure that such proceeds will be used to replace or repair any lost or damaged Program Assets; *provided, however*, that, at MCC's election, such proceeds will be deposited in a Permitted Account as designated by MCA-Jordan or as otherwise directed by MCC.

(ix) MCA-Jordan Indemnity. If MCA-Jordan is held liable under any indemnification or other similar provision of any agreement, then the Government will pay such indemnity in full on behalf of MCA-Jordan and will do so with national funds (and not with Program Assets). In addition, the Government will indemnify and hold harmless each member of MCA-Jordan's Board (including each Observer), each member of any Stakeholder Committee and each of MCA-Jordan's Officers, employees and agents from any claim, loss, action, liability, cost, damage or expenses incurred by such person in the performance of its duties on behalf of MCA-Jordan; *provided, however*, that the Government will have no obligation to indemnify any such person if and to the extent that any such claims, losses, actions, liabilities, costs, damages or expenses are attributable to the fraud, gross negligence or willful misconduct of such person; and *provided, further*, that the Government will apply national funds to satisfy its obligations under this Section 1.3(b)(ix) and no MCC Funding, accrued interest thereon, or Program Asset may be applied by the Government in satisfaction of its obligations under this Section 1.3(b)(ix).

#### Section 1.4 Role of MWI; As-Samra Expansion Project.

(a) Designation of MWI.

(i) To the extent any portion of the As-Samra Expansion Project is funded with MCC Funding, and without prejudice or limitation to the Government's designation of MCA-Jordan as the primary agent of the Government for purposes of the Program and to exercise the Designated Rights and Responsibilities pursuant to Section 3.2(b) of the Compact and Section 1.3 of this Agreement, the Government hereby designates MWI to implement the As-Samra Expansion Project and to exercise and perform the Designated Rights and Responsibilities in respect of the As-Samra Expansion Project (the "***As-Samra Designated Rights and Responsibilities***"). MWI has the authority to bind the Government with regard to all As-Samra Expansion Project activities. The designation to MWI by this Section 1.4(a)(i) will not relieve the Government or MCA-Jordan of any obligations or responsibilities under the Compact, this Agreement or any related agreement, for which the Government remains fully responsible. MCC and MWI each hereby acknowledges and consents to the designation to MWI in this Section 1.4(a)(i).

(ii) The Government will ensure that MWI (1) is and remains throughout the Compact Term duly organized, sufficiently staffed and empowered to exercise the As-Samra Designated Rights and Responsibilities; and (2) coordinates with MCA-Jordan with respect to the As-Samra Expansion Project.

(b) Execution of Implementation Agreement. The Government will ensure that MWI and MCA-Jordan execute an implementation agreement, in form and substance satisfactory to

MCC (the “*As-Samra Implementation Agreement*”), pursuant to which, among other things, MWI will agree:

(i) to implement the As-Samra Expansion Project in accordance with (1) the Compact, (2) this Agreement, (3) any agreement governing the use of Program Funding, (4) the Fiscal Accountability Plan, (5) the Audit Plan, and (6) any portion of the Implementation Plan applicable to the As-Samra Expansion Project;

(ii) to exercise certain of its rights and discretions under the As-Samra Project Agreement and the other As-Samra Transaction Documents (including certain rights to grant any consent or waiver thereunder or agree to any amendment, supplement or modification thereof) only with the prior consent of MCC or in compliance with the instructions of MCC; and

(iii) to provide certain information, reports and other notices to MCC in respect of the implementation of the As-Samra Expansion Project.

(c) Additional Government Undertakings with Respect to the As-Samra Expansion Project. The Government hereby affirms to MCC as follows:

(i) Implementation Agreement. The Government will ensure that MWI and MCA-Jordan each complies with its respective obligations under the As-Samra Implementation Agreement.

(ii) Power and Authorization. MWI has the power and authority to (1) bind the Government to the full extent of the As-Samra Designated Rights and Responsibilities; (2) execute and deliver the As-Samra Implementation Agreement and any amendments, supplements or modifications thereto; (3) execute and deliver each agreement, certificate, or instrument contemplated by this Agreement, the As-Samra Implementation Agreement, or the Compact; and (4) perform its obligations under this and each such other agreement, certificate, or instrument contemplated by this Agreement, the As-Samra Implementation Agreement, or the Compact.

(iii) Government Responsibilities. MWI (1) will properly and fully carry out the As-Samra Designated Rights and Responsibilities (including all obligations specified as MWI’s obligations in this Agreement, the As-Samra Implementation Agreement, and any other Supplemental Agreement); and (2) will not assign, delegate or otherwise transfer any of the As-Samra Designated Rights and Responsibilities without the prior written consent of MCC.

(iv) Government Representations. MWI will confirm each representation that it makes on behalf of the Government in any agreement, certificate or instrument delivered by MWI with all necessary Permitted Designees prior to providing such representation to MCC.

(v) Insurance. MWI will, to MCC’s satisfaction, cause all Program Assets under the As-Samra Expansion Project to be insured in accordance with the As-Samra Implementation Agreement and the As-Samra Project Agreement. The proceeds paid under any such insurances will be applied in accordance with the As-Samra Implementation Agreement and the As-Samra Transaction Documents, including, as the case may be, to refund to MCC the MCC Funding used to acquire the applicable assets of the As-Samra Expansion Project if such proceeds are required to be paid to MWI (or MCC) under the As-Samra Transaction Documents.

(vi) MWI Indemnity. If MWI is held liable under any indemnification or other similar provision of any agreement entered into in connection with the As-Samra Designated Rights and Responsibilities or otherwise in connection with the As-Samra Expansion Project, then the Government will pay such indemnity in full on behalf of MWI and will do so with national funds and no MCC Funding, accrued interest thereon, or Program Asset may be applied by the Government in satisfaction of its obligations under this Section 1.4(c)(vi).

(vii) Claims. The settlement or approval of any claim, or variation that could result in a claim, arising under the As-Samra Project Agreement during the Compact Term will be subject to MCC's prior written approval.

(d) Refund of Funding. MCC may require the Government to pay to MCC in United States Dollars the value of any insurance proceeds or other monies that are required to be refunded to MCC or MWI under the As-Samra Project Agreement within thirty (30) days after MWI's or, as the case may be, MCA-Jordan's receipt of the MCC's request for repayment or, if earlier, MWI's or, as the case may be, MCA-Jordan's receipt of the corresponding monies. The Government, MCA-Jordan or MWI, as applicable, will not use MCC Funding, accrued interest thereon or Program Assets to make such payment.

#### Section 1.5 General Provisions Annex.

(a) In connection with the As-Samra Expansion Project, MWI will comply with the terms of the General Provisions Annex such that references to the "Contract Party" are deemed to be references to MWI.

(b) Unless otherwise instructed by MCC, each of MCA-Jordan and MWI will include in each agreement (a "**Program Agreement**") executed by it with a third party (a "**Counter-party**") that will receive any portion of MCC Funding (i) a covenant that such Counter-party will comply with (1) the General Provisions Annex and (2) any instruction received by it from MCC in respect of the performance by such Counter-party of the General Provisions Annex notwithstanding any other instruction given by MCA-Jordan or, as applicable, MWI; and (ii) a right of MCA-Jordan or, as applicable, MWI to terminate such Program Agreement if such Counter-party fails to comply with the General Provisions Annex or any such instruction of MCC.

(c) Each of MCA-Jordan and MWI will exercise all rights relating to the General Provisions Annex under a Program Agreement to which it is a party in accordance with the instructions of MCC.

## ARTICLE 2.

### IMPLEMENTATION FRAMEWORK

Section 2.1 Implementation Plan. The framework for implementation of the Program will be further elaborated in a set of documents, in form and substance approved by MCC, consisting of (i) a Work Plan, (ii) a Detailed Financial Plan, (iii) an Audit Plan, and (iv) a Procurement Plan (each, an "**Implementation Plan Document**" and collectively the "**Implementation Plan**"). MCA-Jordan will submit its proposed Implementation Plan for review and approval by MCC

before the initial Disbursement of Program Funding and at least on an annual basis thereafter (or in such other interval as may be required by the Program Guidelines). MCC will review the proposed Implementation Plan and as necessary may request MCA-Jordan to submit clarifications or adjustments. MCA-Jordan will submit an updated Implementation Plan or updated Implementation Plan Document during any quarter in which significant changes or modifications are made to a Project or to the Program, or when MCA-Jordan determines that the expected results, targets and milestones for the specified year are not likely to be achieved; *provided, however*, that an updated Detailed Financial Plan will be submitted each quarter. In such instances, MCA-Jordan will submit to MCC for approval a proposed revised Implementation Plan or updated Implementation Plan Document (as applicable) on the same date as the next Periodic Report is due. MCA-Jordan will ensure that the implementation of the Program is conducted in accordance with the Implementation Plan.

(a) Work Plan. MCA-Jordan will develop and implement a work plan, in form and substance satisfactory to MCC, for the overall administration of the Program (the “**Work Plan**”).

(b) Detailed Financial Plan. The Multi-Year Financial Plan Summary for the Program, which is set forth in Annex II to the Compact, shows the estimated annual contribution of MCC Funding to administer, monitor and evaluate the Program and to implement each Project (the “**Multi-Year Financial Plan**”). Except as MCC agrees otherwise in writing, MCA-Jordan will develop and implement for each quarter for the upcoming year and on an annual basis for each year of the remaining years of the Compact, a detailed financial plan (substantially in the form of the “Detailed Financial Plan” posted on the MCC Website and as approved by MCC), setting forth funding requirements for the Program (including administrative costs) and for each Project, broken down to the sub-activity level (or lower, where appropriate), and projected both on a commitment and cash requirement basis (each a “**Detailed Financial Plan**”).

(c) Audit Plan. MCA-Jordan will develop and implement a plan, in accordance with the Audit Guidelines, for the audit of the expenditures of the entities that are subject to audit pursuant to the Audit Guidelines (the “**Audit Plan**”). The Audit Plan will be in form and substance satisfactory to MCC and will be developed no later than sixty (60) days before the end of the first period to be audited.

(d) Procurement Plan. MCA-Jordan will prepare periodic procurement plans for acquiring the goods, works, and consultant and non-consultant services needed to implement the Compact (each a “**Procurement Plan**”). Each Procurement Plan will be prepared and updated in accordance with the MCC Program Procurement Guidelines. In addition, no later than six months after the Compact enters into force as provided in Article 7 of the Compact, MCA-Jordan will develop and implement a bid challenge system (“**BCS**”) that provides suppliers, contractors and consultants that are interested parties the ability to seek review of procurement actions and decisions. The organization, rules and procedures of such BCS will be subject to MCC approval. Upon MCC’s approval of the BCS, MCA-Jordan will publish the BCS on the MCA-Jordan Website.

Section 2.2 Fiscal Accountability Plan. Except as MCC agrees otherwise, MCA-Jordan will develop and implement a manual (as approved by MCC) setting forth the principles, mechanisms and procedures (the “**Fiscal Accountability Plan**”) that MCA-Jordan will use to ensure

appropriate fiscal accountability for the use of MCC Funding, including the process to ensure that open, fair, and competitive procedures will be used in a transparent manner in the administration of grants or cooperative agreements and in the procurement of goods, works and services. The Fiscal Accountability Plan will also include, among other things, requirements with respect to (a) budgeting, (b) accounting, (c) cash management, (d) financial transactions (receipts and payments), (e) opening and managing Permitted Accounts, (f) personnel and payroll, (g) travel and vehicle use, (h) asset and inventory control, (i) audits, and (j) reporting. The Fiscal Accountability Plan will be revised periodically, subject to review and approval by MCC.

Section 2.3 M&E Plan. Unless MCC agrees otherwise, no later than ninety (90) days after the Compact enters into force as provided in Article 7 of the Compact, MCA-Jordan will develop and implement an M&E Plan that will serve as the primary governing document for monitoring and evaluation activities for the Program over the Compact Term. The M&E Plan will be developed and updated in accordance with the MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs.

Section 2.4 Environmental and Social Accountability.

(a) Unless MCC and the Government agree otherwise in writing, MCA-Jordan will ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by MCC Funding comply with the MCC Environmental Guidelines, including the provisions related thereto in Annex I to the Compact.

(b) Unless MCC and the Government agree otherwise in writing, MCA-Jordan will ensure that activities undertaken, funded, or otherwise supported in whole or in part (directly or indirectly) by MCC Funding comply with the MCC Gender Policy. MCA-Jordan will on an annual basis, review and update the Social and Gender Integration Plan as needed to reflect lessons learned and project-specific analysis.

Section 2.5 MCC Program Procurement Guidelines. In accordance with Section 3.6 of the Compact, MCA-Jordan will comply with the MCC Program Procurement Guidelines in the procurement (including solicitation) of all goods, works and services and the award and administration of contracts in furtherance of the Compact. In addition, the Government will ensure that any bid challenges are conducted in accordance with the MCC Program Procurement Guidelines and the BCS.

Section 2.6 Notice to Providers; Incorporation.

(a) MCA-Jordan will notify all Providers (and all other entities or individuals receiving MCC Funding in connection with the Program) of the requirements of Section 2.7 of the Compact and will include, or ensure the inclusion of, the requirements of Section 2.7 of the Compact in all agreements with a Provider if MCC is not a party to such agreements.

(b) MCA-Jordan will include, or ensure the inclusion of, the requirements of:

(i) Sections 2.1(c) and 2.7(c) of this Agreement and Section 3.7 of the Compact and paragraphs (b), (c), and (d) of Section 3.8 of the Compact in all agreements

financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Covered Provider that is not a non-profit organization domiciled in the United States, on the other hand;

(ii) Section 3.7 of the Compact and paragraphs (b) and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Provider that does not meet the definition of a Covered Provider, on the other hand; and

(iii) Section 3.7 of the Compact and paragraphs (b), (c), and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Covered Provider that is a non-profit organization domiciled in the United States, on the other hand.

#### Section 2.7 Reports; Notices.

(a) Unless MCC agrees otherwise in writing, MCA-Jordan will periodically provide to MCC, in form and substance satisfactory to MCC, the reports and information required by the Reporting Guidelines (each, a “**Periodic Report**”). MCA-Jordan will provide the Periodic Reports to MCC on the schedule specified in the Reporting Guidelines, and the Periodic Reports will be consistent with the Reporting Guidelines in all respects. As of the date hereof, the following Periodic Reports are required to be submitted under the Reporting Guidelines:

(i) On a quarterly basis:

(1) a narrative report setting forth the proposed use for the Disbursement in the upcoming quarter together with an explanation of the use of funds of the previous quarter and any adjustments to the Implementation Plan, substantially in the form of the “Narrative Report” posted on the MCC Website;

(2) a quarterly financial report of MCA-Jordan’s financial activities during the preceding quarter and documentation supporting any proposed cash requirements for the upcoming quarter, substantially in the form of the “Form of Quarterly Financial Report” posted on the MCC Website (the “**Quarterly Financial Report**”);

(3) an updated Detailed Financial Plan;

(4) a procurement performance report, setting forth a cumulative summary of executed procurement actions compared to the Procurement Plan approved by MCC for the preceding quarter, substantially in the form of the “Procurement Performance Report” posted on the MCC Website;

(5) a conditions precedent report, describing progress toward meeting conditions precedent to Disbursements proposed for the upcoming quarter, substantially in the form of the “Conditions Precedent Report” posted on the MCC Website; and

(6) an indicator tracking table, setting forth the performance indicators contained in the M&E Plan and tracking MCA-Jordan's progress against said indicators, substantially in the form of the "Indicator Tracking Table" posted on the MCC Website.

(b) On October 30 of each year of the Compact Term (or within thirty (30) days of any written request by MCC), MCA-Jordan will provide to MCC an annual supplemental report containing the following information:

(i) the progress made by the Government toward achieving the Compact Goal, Program Objective and Project Objectives;

(ii) additional information on accomplishments not presented in the Periodic Reports;

(iii) developments in Compact implementation related to the consultative process, donor coordination, and lessons learned; and

(iv) any report or document required to be delivered to MCC in connection with the Program under the MCC Environmental Guidelines, any Audit Plan, or any Implementation Plan Document.

(c) MCA-Jordan will furnish, or use its best efforts to furnish, to MCC an audit report in a form satisfactory to MCC for each audit required under the Compact, other than audits arranged for by MCC, no later than ninety (90) days after the end of the period under audit, or such other time as may be agreed by MCC from time to time.

(d) If at any time during the Compact Term, the Government materially reallocates or reduces the allocation in its national budget or any other governmental authority of Jordan at a departmental, municipal, regional or other jurisdictional level materially reallocates or reduces the allocation in its budget of the normal and expected resources that the Government or such governmental authority, as applicable, would have otherwise received or budgeted, from external or domestic sources, or fails to timely distribute an allocation budgeted for the activities contemplated under the Compact or the Program, the MCA-Jordan must notify MCC in writing within thirty (30) days of such reallocation, reduction, or failure to distribute, such notification to contain information regarding the amount of the reallocation, reduction, or failure to distribute, the affected activities, and an explanation for the reallocation or reduction.

(e) In addition to the Periodic Reports, MCA-Jordan will provide to MCC within thirty (30) days of a written request by MCC, or as otherwise agreed by MCC and MCA-Jordan in writing, such other reports, documents or information as MCC may request from time to time related to the Program, including any component of the Implementation Plan, the Fiscal Accountability Plan, the Program Guidelines or any Disbursement.

(f) MCA-Jordan will submit the Periodic Reports and any other reports required hereunder electronically if requested by MCC or otherwise required by the Reporting Guidelines.

(g) MCA-Jordan will furnish MCC with a report, in form and substance satisfactory to MCC, during the first calendar quarter of each year regarding the Government's contribution

to the objectives of the Program required by Section 2.6(a) of the Compact. The report will cover the preceding fiscal year and the projected contributions for the current fiscal year.

Section 2.8 Transactions Subject to MCC Approval. Each of the following transactions, activities, agreements, and documents requires MCC's prior written approval:

- (a) Disbursements;
- (b) the Implementation Plan (including each element or component thereof), the Fiscal Accountability Plan and the M&E Plan, and any modification of any of the foregoing;
- (c) the As-Samra Transaction Documents, agreements between the Government and MCA-Jordan (or, with respect to the As-Samra Expansion Project, MWI), and agreements in which any of the following are appointed, hired or otherwise engaged (each of the foregoing, a "**Material Agreement**"):
  - (i) Auditor or Reviewer;
  - (ii) Fiscal Agent;
  - (iii) Procurement Agent;
  - (iv) Bank;
  - (v) Implementing Entity;
  - (vi) Outside Project Manager; and
  - (vii) a member of the Board (including any Observer) or any Officer of MCA-Jordan (including agreements regarding compensation for any such person);
- (d) any modification, termination or suspension of a Material Agreement, or any action that would have equivalent effect;
- (e) any agreement or transaction of MCA-Jordan (or, with respect to the As-Samra Expansion Project, MWI) that is not arm's-length;
- (f) any pledge of any MCC Funding or any Program Assets, or any incurrence of material indebtedness, or any guarantee, directly or indirectly of any indebtedness;
- (g) any decree, legislation, regulation, charter, contractual arrangement or other document establishing or governing (other than public laws of general application to all public institutions), or relating to the formation, organization or governance of, MCA-Jordan (including the Bylaws and any staffing plan), and any amendment, supplement, modification, repeal or other alteration thereof or thereto (each, a "**Governing Document**");
- (h) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change of MCA-Jordan, including any revocation or modification of or supplement to any Governing Document related thereto;

- (i) any change in character or location of any Permitted Account;
- (j) (i) any change of any member of the Board (including any Observer), of the member serving as the chairperson or in the composition or size of the Board, and the filling of any vacant seat of any member of the Board (including any Observer); (ii) any change of any Officer of MCA-Jordan or in the composition or size of its management unit, and the filling of any vacant position of any Officer of MCA-Jordan; and (iii) any material change in the composition or size of any Stakeholder Committee;
- (k) any decision by MCA-Jordan to engage, accept or manage any funds from any donor agencies or organizations in addition to MCC Funding during the Compact Term, or to engage in any activities or undertake any duties or responsibilities other than the Designated Rights and Responsibilities;
- (l) any change in the composition or size of the Board of Directors or the Stakeholders Committee of MCA-Jordan;
- (m) any action that may be taken pursuant to Article (15)1 of the Memorandum of Association of MCA-Jordan; and
- (n) any decision to amend, supplement, replace, terminate or otherwise change any of the foregoing documents or arrangements.

Section 2.9 Role of Certain Entities in Implementation.

(a) Outside Project Manager. MCA-Jordan may engage qualified persons or entities to serve as outside project managers (each, an “***Outside Project Manager***”) in the event that it is advisable to do so for the proper and efficient day-to-day management of a Project; *provided, however,* that, if so required by the MCC Program Procurement Guidelines, the appointment or engagement of any Outside Project Manager will be made using a competitive selection process and, if required by the MCC Program Procurement Guidelines, will be subject to approval by the Board and by MCC prior to such appointment or engagement. Upon such approval, MCA-Jordan may delegate, assign, or contract to the Outside Project Managers such duties and responsibilities as it deems appropriate with respect to the management of the Implementing Entities and the implementation of the specific Projects; and *provided, further,* that MCA-Jordan will remain accountable for those duties and responsibilities and all reports delivered by the Outside Project Manager notwithstanding any such delegation, assignment or contract and the Outside Project Manager will be subject to the oversight of the Fiscal Agent and Procurement Agent. The Board may determine that it is advisable to engage one or more Outside Project Managers and instruct MCA-Jordan and, where appropriate, the Procurement Agent to commence and conduct the competitive selection process for such Outside Project Manager.

(b) Fiscal Agent. MCA-Jordan will engage a Fiscal Agent, who will be responsible for, among other things, (i) ensuring and certifying that Disbursements are properly authorized and documented in accordance with established control procedures set forth in the Fiscal Agent Agreement and the Bank Agreement; (ii) instructing the Bank to make Disbursements from a Permitted Account or requesting Disbursement be made directly to a provider as payment for goods, works or services in accordance with the Common Payment System or any alternate

payment system approved by MCC, as the case may be, and in each case following applicable certification by the Fiscal Agent; (iii) providing applicable certifications for Disbursement Requests; (iv) maintaining proper accounting of all MCC Funding financial transactions; and (v) producing reports on Disbursements in accordance with established procedures set forth in the Fiscal Agent Agreement or the Bank Agreement. MCA-Jordan will enter into an agreement with the Fiscal Agent, in form and substance satisfactory to MCC, which sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions (the “*Fiscal Agent Agreement*”).

(c) Auditors and Reviewers. MCA-Jordan will engage one or more auditors as contemplated in the Audit Guidelines (each, an “*Auditor*”). As requested by MCC in writing from time to time, MCA-Jordan will also engage an independent (i) reviewer to conduct reviews of performance and compliance under the Compact, which reviewer will have the capacity to (1) conduct general reviews of performance or compliance; (2) conduct environmental and social audits; and (3) conduct data quality assessments in accordance with the M&E Plan, as described more fully in Annex III to the Compact; and/or (ii) evaluator to assess performance as required under the M&E Plan (each, a “*Reviewer*”). MCA-Jordan will select the Auditor(s) and/or Reviewer(s) in accordance with the Audit Guidelines and the M&E Plan, as applicable. MCA-Jordan will enter into an agreement with each Auditor or Reviewer, in form and substance acceptable to MCC, that sets forth the roles and responsibilities of the Auditor or Reviewer with respect to the audit, review or evaluation, including access rights, required form and content of the applicable audit, review or evaluation and other appropriate terms and conditions (the “*Auditor / Reviewer Agreement*”).

(d) Procurement Agent. MCA-Jordan will engage a Procurement Agent to carry out and/or certify specified procurement activities in furtherance of the Compact and this Agreement. MCA-Jordan will enter into an agreement with the Procurement Agent, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Procurement Agent with respect to the conduct, monitoring and review of procurements and other appropriate terms and conditions (the “*Procurement Agent Agreement*”).

#### Section 2.10 Publicity and Transparency.

(a) Subject to Section 2.12, MCA-Jordan will give appropriate publicity to the Compact as a program to which the United States, through MCC, has contributed, including by identifying Program Activity sites, and marking Program Assets, all in accordance with the MCC “*Standards for Global Marking*.” Upon the termination or expiration of the Compact, the Government, upon MCC’s request, will cause the removal of any such references and markings on the MCA-Jordan Website or in any Government or MCA-Jordan publicity materials.

(b) MCA-Jordan will make information concerning implementation of the Compact publicly available, including by posting the following documents in English, on the website operated by MCA-Jordan (the “*MCA-Jordan Website*”), all to the extent contemplated by and in accordance with the Governance Guidelines: (i) Compact; (ii) this Agreement; (iii) minutes of the meetings of the Board, and minutes of the meetings of the Stakeholders Committees as they relate to MCA-Jordan; (iv) the M&E Plan, along with periodic reports on Program performance; (v) all environmental and social impact assessments for the Projects and supporting documents;

(vi) all audit reports by an Auditor and any periodic reports or evaluations by a Reviewer; (vii) all Disbursement Requests; (viii) all reports required to be submitted to MCC under the terms of this Agreement (including the quarterly reports pursuant to Section 2.7(a)(i)); (ix) all procurement policies and procedures (including standard documents, procurement plans, contracts awarded and the BCS) and any other procurement documents required to be made publicly available under the MCC Program Procurement Guidelines; (x) a copy of any legislation or other documents related to the formation, organization or governance of MCA-Jordan (except to the extent classified), including the Governing Documents and any amendments thereto; and (xi) such other materials as MCC may request; *provided, however*, that any press release or announcement regarding MCC or the fact that MCC is funding the Program or any other publicity materials referencing MCC will be subject to MCC's prior approval and must be consistent with any instructions provided by MCC in relevant Implementation Letters.

(c) Notwithstanding Section 2.10(b), information relating to procurements prior to the award of a contract and confidential information relating to MCA-Jordan's agreements with employees, contractors and consultants will be excluded from the information and documents made publicly available; *provided, however*, that MCC and MCA-Jordan will mutually determine whether any information to be excluded is confidential.

**Section 2.11 Government Contribution.** In accordance with Section 2.6(a) of the Compact, the Government will make an appropriate contribution, relative to its national budget and taking into account prevailing economic conditions, toward meeting the objectives of the Compact. Such contribution will be in addition to the Government's spending allocated toward such objectives in its budget for its fiscal year 2009. The Government's anticipated contributions from its national budget for fiscal years 2010 through 2015 are set forth in Schedule 3 to this Agreement. Such contributions remain subject to any legal requirements in Jordan for the budgeting and appropriation of such contributions, including approval of the annual budget by the Government. The Government's contribution may include in-kind and financial contributions (including obligations of the Government on any debt incurred toward meeting the Objectives).

**Section 2.12 Branding and Enforcement.**

(a) Subject to Section 5.7(d), MCC hereby grants MCA-Jordan a revocable, royalty-free, fully paid and non-exclusive right and license to use (i) the names "Millennium Challenge Corporation" and "MCC" and (ii) MCC's logo, in each case of (i) and (ii) solely in accordance with the MCC Standards for Global Marking. Any such use of the names and the logo will solely be for the benefit of MCC, and not inure to the benefit of MCA-Jordan. The use of MCC's names and logo will not create any agency or legal representation, and MCA-Jordan has no authority to bind MCC in any way.

(b) MCA-Jordan will (i) create its own logo, and (ii) use such logo as well as the names "Millennium Challenge Account – Jordan" and "MCA-Jordan," in each case of (i) and (ii) solely in accordance with the MCC Standards for Global Marking. Subject to Section 5.7(d), MCA-Jordan hereby grants MCC an irrevocable, royalty-free, fully paid and non-exclusive right and license to use (1) the names "Millennium Challenge Account – Jordan" and "MCA-Jordan," and (2) MCA-Jordan's logo.

(c) MCA-Jordan will take all reasonable steps to ensure that the names “Millennium Challenge Account-Jordan” and “MCA-Jordan,” as well as its own logo, will enjoy maximum protection under the laws now or hereafter in effect in Jordan throughout the term of this Agreement. This includes the registration of the names and the logo as a trademark, if appropriate, the monitoring of unauthorized use by third parties, and, in case of detection of unauthorized use, the enforcement of such rights. MCA-Jordan will inform MCC as soon as practicable if it becomes aware of any infringement, threat of infringement, or any other use by a third party that has not been authorized by MCC of any of (i) the names “Millennium Challenge Account – Jordan,” “MCA-Jordan” and/or MCA-Jordan’s logo; or (ii) the names “Millennium Challenge Corporation,” “MCC” and/or MCC’s logo. MCA-Jordan will provide MCC assistance to enforce MCC’s rights to the names “Millennium Challenge Corporation” and “MCC,” as well as to MCC’s logo.

### ARTICLE 3.

#### DISBURSEMENT OF MCC FUNDING

##### Section 3.1 Disbursement Process.

(a) Disbursement Requests. MCA-Jordan may request Disbursements to be made under the Compact by submitting a written request substantially in the form of the “Disbursement Request and Quarterly Financial Report” posted on the MCC Website (each a “*Disbursement Request*”), duly completed, to MCC not later than twenty (20) days (or such other period of time as may be agreed by MCC) prior to the commencement of each Disbursement Period. Requests for Disbursement of Program Funding and Compact Implementation Funding for any Disbursement Period will be made by separate Disbursement Requests using the applicable form. Unless MCC agrees otherwise, MCA-Jordan may submit only one Disbursement Request for Program Funding, and one Disbursement Request for Compact Implementation Funding, for each quarter (such quarter, or any other period of time as agreed by MCC, the “*Disbursement Period*”). Each Disbursement Request submitted must be accompanied by the Periodic Reports covering the corresponding Disbursement Period.

##### (b) Approval of Disbursement Requests; Release of Proceeds.

(i) Upon receipt of a Disbursement Request, MCC will determine the appropriate amount of the Disbursement to be made based on, among other things, (1) the progress achieved under the Implementation Plan, (2) the amount of funds required to complete the activities described in the accompanying Periodic Reports during the corresponding Disbursement Period, and (3) the satisfaction, waiver or deferral of applicable conditions to such Disbursement. MCC reserves the right to reduce the amount of any Disbursement below that proposed in a Disbursement Request in accordance with this Section 3.1(b) and Section 3.5.

(ii) Upon MCC’s approval of a Disbursement Request, the proceeds of the Disbursement may be transferred, at MCC’s sole election, (1) to a Permitted Account, or (2) directly to a provider as payment for goods, works or services received by MCA-Jordan in accordance with the Common Payment System or any alternate payment system approved by MCC; *provided, however*, that expenditures of such proceeds (including amounts transferred

directly to a provider) are authorized by MCA-Jordan, and the related payment complies, as certified by the Fiscal Agent, with the most recently approved Detailed Financial Plan and the standards and procedures set forth in the Fiscal Agent Agreement and the Fiscal Accountability Plan.

(c) Permitted Accounts.

(i) Any MCC Funding to be disbursed to a bank account must be deposited in an interest-bearing account established by MCA-Jordan in the local currency of Jordan (the “**Local Account**”) at a financial institution acceptable to MCC. The Local Account will be a Permitted Account. MCC and MCA-Jordan also may mutually agree in writing to the establishment of additional Permitted Accounts from time to time at financial institutions acceptable to MCC. MCA-Jordan will notify MCC promptly if any account information for a Permitted Account changes during the Compact Term and provide MCC with the updated information.

(ii) Unless otherwise authorized by MCC, no funds will be co-mingled in a Permitted Account other than MCC Funding and accrued interest and earnings thereon. MCC will have the right, among other things, to view any Permitted Account statements and activity directly on-line, and where such viewing is not feasible, MCA-Jordan will provide copies of such statements to MCC upon its request. Before any MCC Funding is deposited into a Permitted Account, MCA-Jordan will enter into an agreement, in form and substance satisfactory to MCC, with the financial institution approved by MCC to hold such Permitted Account (the “**Bank**”) that sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to such Permitted Account (the “**Bank Agreement**”). The Fiscal Agent will be the sole signatory on each Permitted Account.

(iii) MCC Funding held in a Permitted Account will accrue interest or other earnings in accordance with the Bank Agreement. On a quarterly basis and upon the termination or expiration of the Compact or the Bank Agreement, MCA-Jordan will ensure the transfer of all accrued interest to MCC.

(iv) Unless MCC agrees otherwise, if MCC Funding is held in any Permitted Account other than the Local Account, MCA-Jordan will ensure that such MCC Funding will be denominated in the currency of the United States of America prior to its expenditure or transfer to the Local Account. To the extent that any amount of MCC Funding held in U.S. Dollars must be converted into the currency of Jordan for any purpose, MCA-Jordan will ensure that such amount is converted consistent with the requirements of the Bank Agreement or any other applicable Supplemental Agreement.

Section 3.2 Conditions Precedent to Disbursement of Compact Implementation Funding. Prior to the initial Disbursement of Compact Implementation Funding or any subsequent Disbursement of Compact Implementation Funding, the applicable conditions set forth in Annex IV to the Compact must have been met to MCC’s satisfaction.

Section 3.3 Conditions Precedent to the Initial Disbursement of Program Funding. Unless waived or deferred by MCC, the conditions of this Section 3.3 and the conditions set forth in

Section 3.4 must have been met to MCC's satisfaction prior to the initial Disbursement of Program Funding:

- (a) Entry into Force. The Compact has entered into force as provided in Article 7 of the Compact.
- (b) Officers. Each of the Officers has been selected and engaged by MCA-Jordan and approved by MCC.
- (c) Fiscal Accountability Plan. MCA-Jordan has developed the Fiscal Accountability Plan (or an interim version).
- (d) Tax Decrees. MCA-Jordan has delivered the Cabinet Resolution and any other tax decree issued by the Council of Ministers necessary to give effect to Section 2.8 of the Compact.
- (e) Implementation Plan. MCA-Jordan has developed a complete Implementation Plan.

Section 3.4 Conditions Precedent to Each Disbursement of Program Funding. Unless waived or deferred by MCC, the following conditions must have been met to MCC's satisfaction prior to each Disbursement of Program Funding (including the initial Disbursement of Program Funding):

- (a) Deliveries. MCA-Jordan has delivered to MCC the following documents, in form and substance satisfactory to MCC:
  - (i) a completed Disbursement Request, together with the Periodic Reports covering the related Disbursement Period;
  - (ii) copies of any reports from any technical (including environmental) auditors engaged by MCA-Jordan for any Activity delivered since the previous Disbursement Request;
  - (iii) a certificate of MCA-Jordan, dated as of the date of such Disbursement Request, substantially in the form provided by MCC (the "*MCA Disbursement Certificate*");
  - (iv) a certificate of the Procurement Agent, substantially in the form provided by MCC (the "*Procurement Agent Disbursement Certificate*"); and
  - (v) a certificate of the Fiscal Agent, substantially in the form provided by MCC (the "*Fiscal Agent Disbursement Certificate*").
- (b) Other Conditions Precedent. MCC has determined in its sole discretion that:
  - (i) all applicable conditions precedent in Schedule 2 have been duly satisfied, deferred or waived as provided in this Agreement;

(ii) no material default or breach of any covenant, obligation or responsibility by the Government, MCA-Jordan or any Government entity has occurred and is continuing under this Agreement, the Compact or any other Supplemental Agreement;

(iii) the activities to be funded with such Disbursement will not violate any applicable law or regulation;

(iv) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan for any relevant Projects or Activities related to such Disbursement;

(v) there has been progress satisfactory to MCC on the M&E Plan and Social and Gender Integration Plan for the Program, relevant Project or Activity and substantial compliance with the requirements of the M&E Plan and Social and Gender Integration Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period);

(vi) all Government entities involved in the implementation of the Program, including the Implementing Entities, are coordinating successfully with MCA-Jordan and dedicating the necessary staff and other resources to ensure successful implementation of the Program;

(vii) there has been no material negative finding in any financial audit report delivered in accordance with the Compact and Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require);

(viii) any Taxes paid with MCC Funding through the date ninety (90) days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8(c) of the Compact;

(ix) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments or other obligations, and contributed all resources required from it, under the Compact, this Agreement and any other Supplemental Agreement;

(x) MCC does not have grounds for concluding that any matter certified to it in the related MCA Disbursement Certificate, Procurement Agent Disbursement Certificate or Fiscal Agent Disbursement Certificate is not as certified;

(xi) no act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, the Compact or MCC Funding in accordance with Section 5.1 of the Compact;

(xii) each of the Officers remains engaged, or if a position is vacant, MCA-Jordan is actively engaged, to MCC's satisfaction, in recruiting a replacement; and

(xiii) MCA-Jordan has complied in all material respects with its obligations set forth in Section 2.1(d) with respect to the establishment of a BCS and its obligations set forth in Section 2.3 with respect to the establishment of an M&E Plan.

Section 3.5 Failure to Satisfy Conditions Precedent; Partial Disbursements. MCC may, in its sole discretion, disapprove any Disbursement completely or reduce the amount of any Disbursement requested for any Project or Activity for which the relevant conditions precedent have not been satisfied, waived or deferred.

Section 3.6 Authorized Expenditures. Except as MCC otherwise agrees, a Disbursement, or financial commitment involving MCC Funding may be made, and a Disbursement Request may be submitted, only if the related expense is provided for in the Detailed Financial Plan and sufficient uncommitted funds exist in the Detailed Financial Plan for the relevant period.

## ARTICLE 4.

### ENTRY INTO FORCE OF THIS AGREEMENT; CONSEQUENCES OF COMPACT TERMINATION, SUSPENSION AND EXPIRATION

Section 4.1 Entry into Force of this Agreement. This Agreement will enter into force upon the later of (a) the signing of this Agreement by each of the Parties to this Agreement, and (b) the date that the Compact enters into force as provided in Article 7 of the Compact; *provided, however*, that the Parties agree that upon signature of this Agreement and until this Agreement enters into force, the Parties will provisionally apply the terms of this Agreement.

Section 4.2 Consequences of Compact Termination, Suspension or Expiration.

(a) Upon the suspension, in whole or in part, of the Compact or any MCC Funding, all applicable Disbursements will be suspended, and MCC may request the Government to return any MCC Funding (or portion thereof) on deposit in any Permitted Account; *provided, however*, MCC Funding may be used, in compliance with the Compact and this Agreement and with written consent of MCC, to pay for (i) reasonable expenditures for goods, works or services that were properly incurred under or in furtherance of the Program before the suspension of the Compact or any MCC Funding; and (ii) reasonable costs incurred in connection with the suspension of the Compact or any MCC Funding.

(b) Upon the termination, in whole or in part, of the Compact or any MCC Funding, all applicable Disbursements will cease; *provided, however*, MCC Funding may be used, in compliance with the Compact and this Agreement and with written consent of MCC, to pay for (i) reasonable expenditures for goods, works or services that were properly incurred under or in furtherance of the Program before termination of the Compact or any MCC Funding; and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program (or any part thereof) within 120 days after the termination of the Compact or any MCC Funding.

(c) Upon expiration of the Compact, all Disbursements will cease; *provided, however*, MCC Funding may be used, in compliance with the Compact and this Agreement, to pay for (i) reasonable expenditures for goods, works or services that were properly incurred

under or in furtherance of the Program before expiration of the Compact; and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program within 120 days after the expiration.

(d) Subject to Sections 4.2(b) and (c), upon the expiration or termination of the Compact or MCC Funding, the Government will return to MCC any amounts of MCC Funding on deposit in any Permitted Account but not expended before the expiration or termination, plus accrued interest thereon within thirty (30) days after the Government receives MCC's request for such return; *provided, however*, that if the Compact is terminated in part, only the amount of MCC Funding allocated to the terminated portion will be subject to return.

(e) Upon the full or partial termination of the Compact or any MCC Funding, MCC may, at its expense, direct that title to any Program Assets be transferred to MCC if such Program Assets are in a deliverable state, and the Government will promptly effect such transfer upon such direction; *provided, however*, that, for any Program Asset not in a deliverable state and any Program Asset partially purchased or funded with MCC Funding, the Government, upon MCC's request, will reimburse MCC in United States Dollars the cash equivalent of the fair market value of such Program Asset or portion thereof, as such is determined by MCC.

(f) Prior to expiration, or upon termination, of the Compact, the Parties will consult in good faith with a view to reaching an agreement in writing on (i) the post-Compact Term treatment of MCA-Jordan, (ii) the process for ensuring the refunds of Disbursements that have not yet been released from a Permitted Account or committed in accordance with Sections 4.2(b) and (c), and (iii) any other matter related to the winding up of the Program and the Compact.

## ARTICLE 5.

### GENERAL PROVISIONS

#### Section 5.1 Representatives.

(a) The provisions of Section 4.2 of the Compact are incorporated herein by reference as if fully set forth herein.

(b) For all purposes of this Agreement, MCA-Jordan will be represented by the individual holding the position of, or acting as, the Chief Executive Officer of MCA-Jordan (the "***MCA-Jordan Representative***") and MWI will be represented by the individual holding the position of, or acting as, Minister of MWI (the "***MWI Representative***").

Section 5.2 Communications. The provisions of Section 4.1 of the Compact are incorporated herein by reference as if fully set forth herein. Documents or communications submitted to MCA-Jordan and MWI will be submitted at the following addresses, respectively:

To MCA-Jordan:

P.O. Box 555  
Amman 11118  
Jordan  
Tel: +962 6 465 8231

To MWI:

P.O. Box 5012  
Amman 11181  
Jordan  
Tel: +962 6 566 5499  
Fax: +962 6 568 0871

Section 5.3 Assignment. None of the Government, MWI or MCA-Jordan may assign, delegate or contract its rights or obligations under this Agreement without MCC's prior written consent. Each of the Government, MWI and MCA-Jordan agrees, upon request by MCC, to execute an assignment to any of its contractual right or cause of action which may accrue in connection with or arising out of the contractual performance or breach of performance by a party to a contract financed in whole or in part by MCC Funding.

Section 5.4 Amendment; Waivers. This Agreement may be amended only by a written agreement signed by the Principal Representative (or such other government official designated by the relevant Principal Representative) of the Government and MCC; *provided, however*, that the Parties may agree in a writing signed by any Additional Representative of a Party, to modify any Schedule hereto. Any amendment to this Agreement will be binding on the Government without the need for further action by the Government, any further parliamentary action, or satisfaction of any additional domestic requirements of Jordan. Any waiver of a right or obligation arising under this Agreement will be effective only if provided in writing.

Section 5.5 Attachments. Each exhibit, schedule and annex attached to this Agreement constitutes an integral part of this Agreement.

Section 5.6 Inconsistencies. In the event of any conflict or inconsistency between this Agreement and the Compact, the terms of the Compact will prevail. In the event of any conflict or inconsistency between this Agreement and any other Supplemental Agreement or any Implementation Plan Document the terms of this Agreement will prevail.

Section 5.7 Termination of this Agreement.

(a) MCC may terminate this Agreement in whole or in part, without cause by giving the Government thirty (30) days' written notice. This Agreement will terminate simultaneously with the termination of the Compact by the Government in accordance with Section 5.1(a) of the Compact.

(b) MCC may immediately terminate this Agreement, in whole or in part, by written notice to MCA-Jordan and the Government, if MCC determines that any event that would be a basis for termination or suspension of the Compact or MCC Funding under Section 5.1(b) of the Compact has occurred.

(c) Unless terminated earlier in accordance with the terms hereof or the Compact, this Agreement will expire upon the expiration or termination of the Compact; *provided, however*, that, if MCC determines, consistent with Section 4.2(b) or (c), that obligations incurred (and previously approved by MCC in a Disbursement Request) prior to the expiration or termination of the Compact remain to be paid, then the provisions of this Agreement will apply until such date as such obligations are satisfied.

(d) No later than 120 days after the expiration or termination of this Agreement, unless MCC agrees otherwise, (i) the licenses granted to MCA-Jordan in Section 2.12(a) will terminate with immediate effect; (ii) the Government will ensure that MCA-Jordan ceases to be named “Millennium Challenge Account – Jordan” and/or “MCA-Jordan;” and (iii) the Government will ensure that such names and any associated logo, as well as the names “Millennium Challenge Corporation” and “MCC,” as well as any logo associated therewith, are no longer used by MCA-Jordan or any other entity for any purpose not authorized by MCC. Furthermore, upon expiration or termination of this Agreement, MCA-Jordan will assign and hereby assigns and transfers to MCC all right, title, and interest to the names “Millennium Challenge Account – Jordan,” “MCA-Jordan,” “Millennium Challenge Corporation,” “MCC,” as well as MCA-Jordan’s logo and MCC’s logo that it might have acquired during the term of this Agreement.

Section 5.8 Survival. Notwithstanding any expiration, suspension or termination of this Agreement, the following provisions of this Agreement will survive: Sections 1.2(b)(ii), 2.10(a), 2.12, 4.2, 5.1, 5.2, 5.3, 5.7(d), 5.8, 5.9 and 5.10.

Section 5.9 Information Provided to MCC. MCC may use or disclose any information in any Disbursement Request, report or document developed or delivered in connection with the Program (a) to its employees, contractors, agents and representatives; (b) to any United States inspector general or the US General Accountability Office or otherwise for the purpose of satisfying MCC’s own reporting requirements; (c) to post on the MCC Website for the purpose of making certain information publicly available and transparent; (d) in connection with publicizing MCC and its programs; or (e) in any other manner.

Section 5.10 Governing Law. The Parties acknowledge and agree that this Agreement is an international agreement entered into for the purpose of implementing the Compact and as such will be interpreted in a manner consistent with the Compact and will be governed by the principles of international law.

Section 5.11 Counterparts; Electronic Delivery. Signatures to this Agreement and to any amendment to this Agreement will be original signatures appearing on the same page or in an exchange of letters or diplomatic notes. With respect to all documents arising out of this Agreement and amendments thereto, signatures may, as appropriate, be delivered by facsimile or

electronic mail and in counterparts and will be binding on the Party delivering such signature to the same extent as an original signature would be.

**SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE**

**IN WITNESS WHEREOF**, each Party has caused this Program Implementation Agreement to be executed by a duly authorized representative as of the date first written above.

**THE UNITED STATES OF AMERICA,**  
acting through the Millennium Challenge Corporation

/ s /

By: \_\_\_\_\_  
Name: Daniel W. Yohannes  
Title: Chief Executive Officer

**THE HASHEMITE KINGDOM OF JORDAN,**  
acting through the Ministry of Planning and International Cooperation, the Millennium Challenge Account-Jordan, and the Ministry of Water and Irrigation

**MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION**

/ s /

By: \_\_\_\_\_  
Name: Jafar Hassan  
Title: Minister of Planning and International Cooperation

**MILLENNIUM CHALLENGE ACCOUNT - JORDAN**

/ s /

By: \_\_\_\_\_  
Name: Saleh Al-Kharabsheh  
Title: Chairperson of the Board of Directors

**MINISTRY OF WATER AND IRRIGATION**

/ s /

By: \_\_\_\_\_  
Name: Mohammad Najjar  
Title: Minister of Water and Irrigation

**SIGNATURE PAGE TO PROGRAM IMPLEMENTATION AGREEMENT  
BETWEEN THE UNITED STATES OF AMERICA,  
ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION,  
AND THE HASHEMITE KINGDOM OF JORDAN,  
ACTING THROUGH THE MINISTRY OF PLANNING AND INTERNATIONAL COOPERATION,  
MCA-JORDAN, AND THE MINISTRY OF WATER AND IRRIGATION**

## SCHEDULE 1

### DEFINITIONS

*Agreement* has the meaning provided in the Preamble.

*As-Samra Designated Rights and Responsibilities* has the meaning provided in Section 1.4(a)(i).

*As-Samra Transaction Documents* means project and financing agreements designated as such under the As-Samra Project Agreement.

*As-Samra Implementation Agreement* has the meaning provided in Section 1.4(b).

*Audit Plan* has the meaning provided in Section 2.1(c).

*Auditor* has the meaning provided in Section 2.9(c).

*Auditor / Reviewer Agreement* has the meaning provided in Section 2.9(c).

*Bank* has the meaning provided in Section 3.1(c)(ii).

*Bank Agreement* has the meaning provided in Section 3.1(c)(ii).

*BCS* has the meaning provided in Section 2.1(d).

*Bylaws* has the meaning provided in Section 1.3(b)(v).

*Common Payment System* means the system pursuant to which payments of MCC Funding are made directly to vendors as further described in the Fiscal Accountability Plan.

*Compact* has the meaning provided in the Recitals.

*Counter-party* has the meaning provided in Section 1.5(b).

*Designated Rights and Responsibilities* has the meaning provided in Section 1.3(a)(i).

*Detailed Financial Plan* has the meaning provided in Section 2.1(b).

*Disbursement Period* has the meaning provided in Section 3.1(a).

*Disbursement Request* has the meaning provided in Section 3.1(a).

*Fiscal Accountability Plan* has the meaning provided in Section 2.2.

*Fiscal Agent Agreement* has the meaning provided in Section 2.9(b).

*Fiscal Agent Disbursement Certificate* has the meaning provided in Section 3.4(a)(v).

*General Provisions Annex* means the annex entitled "General Provisions" posted from time to time on the MCC Website or otherwise made available to the Government

*Governing Document* has the meaning provided in Section 2.8(g).

**Government** has the meaning provided in the Preamble.

**Implementation Plan** has the meaning provided in Section 2.1.

**Implementation Plan Document** has the meaning provided in Section 2.1.

**Jordan** has the meaning provided in the Preamble.

**Lien** has the meaning provided in Section 1.2(b)(ii).

**Local Account** has the meaning provided in Section 3.1(c)(i).

**Material Agreement** has the meaning provided in Section 2.8(c).

**MCA Disbursement Certificate** has the meaning provided in Section 3.4(a)(iii).

**MCA-Jordan** has the meaning provided in the Preamble.

**MCA-Jordan Representative** has the meaning provided in Section 5.1(b).

**MCA-Jordan Website** has the meaning provided in Section 2.10(b), with the following address as of the date hereof: [www.mca-jordan.gov.jo](http://www.mca-jordan.gov.jo).

**MCC** has the meaning provided in the Preamble.

**MCC Standards for Global Marking** means the MCC “Standards for Global Marking” posted from time to time on the MCC Website or otherwise made available to the Government.

**Multi-Year Financial Plan** has the meaning provided in Section 2.1(b).

**MWI** has the meaning provided in the Preamble.

**MWI Representative** has the meaning provided in Section 5.1(b).

**Observer** has the meaning provided in the Governance Guidelines.

**Officer** has the meaning provided in the Governance Guidelines.

**Outside Project Manager** has the meaning provided in Section 2.9(a).

**Party and Parties** have the meaning provided in the Preamble.

**Periodic Report** has the meaning provided in Section 2.7(a).

**Permitted Designee** has the meaning provided in Section 1.2(a).

**Procurement Agent Agreement** has the meaning provided in Section 2.9(d).

**Procurement Agent Disbursement Certificate** has the meaning provided in Section 3.4(a)(iv).

**Procurement Plan** has the meaning provided in Section 2.1(d).

***Program Agreement** has the meaning provided in Section 1.5(b).*

***Quarterly Financial Report** has the meaning provided in Section 2.7(a)(i)(2).*

***Reviewer** has the meaning provided in Section 2.9(c).*

***Work Plan** has the meaning provided in Section 2.1(a).*

## **SCHEDULE 2**

### **CONDITIONS PRECEDENT TO PROGRAM FUNDING**

#### **1. Introduction.**

(a) Prior to the initial Disbursement of Program Funding that includes, in whole or in part, funding for any Project or Activity, MCA-Jordan will have duly executed an Implementing Entity Agreement, in form and substance satisfactory to MCC, with the applicable Implementing Entity involved in the implementation of such Project or Activity, and such Implementing Entity Agreement will be in full force and effect without modification, alteration, rescission, or suspension of any kind, unless otherwise agreed to in writing by MCC, and no material default will have occurred or be continuing thereunder.

(b) Prior to the initial Disbursement of Program Funding that includes, in whole or in part, funding for any Project or Activity, the Government will have taken substantial actions toward executing the plan, which was submitted to and agreed by MCC pursuant to Section 7.2(e) of the Compact, to ensure projected revenues fully fund projected operations and maintenance costs of the water and wastewater network in Zarqa Governorate no later than 2015.

(c) Prior to the second Disbursement of Program Funding, MCA-Jordan will have developed a comprehensive Social and Gender Integration Plan, in form and substance satisfactory to MCC.

(d) Prior to the initial Disbursement of MCC Funding for payment under a particular works or construction contract for any Project or Activity, MCA-Jordan will have submitted to MCC evidence in form and substance satisfactory to MCC that (i) an Environmental Impact Assessment (EIA), an Environmental Management Plan (EMP), each in accordance with MCC Environmental Guidelines, and/or a Resettlement Action Plan (RAP), in accordance with the World Bank's Operational Policy on Involuntary Resettlement in effect as of July 2007, (as appropriate) has been developed and adopted with respect to such Project or Activity; and (ii) MCA-Jordan or the appropriate Government entity is in compliance with the requirements of the EIA, EMP or RAP, as appropriate, consistent with the MCC Environmental Guidelines and MCC Gender Policy.

(e) Prior to any Disbursement of MCC Funding on or after the commencement of year five (5) of the Compact Term, the Government will have presented a Compact Closure Plan in accordance with MCC's Guidance for the Program Closure of Millennium Challenge Compacts, or similar MCC guidance then in effect.

#### **2. Condition Precedent for the Water Network Project.**

Prior to the second Disbursement of Program Funding that includes, in whole or in part, any funding for the Water Network Project, MCA-Jordan will have executed a contract for construction management of various pre-construction and construction activities of the Water Network Project, and such construction manager will have been mobilized.

### **3. Condition Precedent for the Wastewater Network Project.**

(a) Prior to the second Disbursement of Program Funding that includes, in whole or in part, any funding for the Wastewater Network Project, MCA-Jordan will have executed a contract for construction management of various pre-construction and construction activities of the Wastewater Network Project, and such construction manager will have been mobilized.

(b) Prior to the second anniversary of the entry into force of the Compact, the Government will have delivered to MCC a fully executed contract, in form and substance satisfactory to MCC, in which the Government will, as part of the Government's contribution described in Section 2.11, agree to fund, manage and supervise the construction of the repairs and rehabilitation for or reconstruction of the West Zarqa Pump Station.

(c) Prior to the third anniversary of the entry into force of the Compact, the Government will have delivered to MCC a fully executed contract, in form and substance satisfactory to MCC, in which the Government will, as part of the Government's contribution described in Section 2.11, agree to fund, manage and supervise the construction of the repairs and rehabilitation for or reconstruction of the East Zarqa Pump Station.

### **4. Conditions Precedent for the As-Samra Expansion Project.**

Prior to the initial Disbursement of Program Funding that includes, in whole or in part, any funding for the As-Samra Expansion Project:

(a) The closing, on terms satisfactory to MCC, will have occurred by June 30, 2011 with respect to the debt financing for the As-Samra Expansion Project in an amount sufficient to finance the construction of the As-Samra Expansion Project. The terms will include, among other things, (i) a cost proposal that reflects a technical scope acceptable to MCC, (ii) terms of reference for an ESIA that includes the analysis of sludge disposal options and a sludge management plan, and (iii) a suitable syndicate of lenders. The As-Samra Transaction Documents and all other agreements and documents related to such closing shall be in form and substance satisfactory to MCC.

(b) The As-Samra Project Agreement provides that the plant operator has the responsibility to temporarily store and permanently dispose of treated sludge in accordance with applicable Jordanian standards and the MCC Environmental Guidelines.

(c) The lenders' engineer, satisfactory to MCC, has been mobilized on terms satisfactory to MCC.

(d) MWI's technical advisor for the management and supervision of the construction, satisfactory to MCC, has been mobilized on terms satisfactory to MCC.

(e) MCA-Jordan and MWI will have duly executed the As-Samra Implementation Agreement, in form and substance satisfactory to MCC, and such agreement will be in full force and effect without modification, alteration, rescission, or suspension of any kind, unless otherwise agreed to in writing by MCC, and no material default will have occurred or be continuing thereunder.

(f) The Government will have taken substantial actions toward executing the plan, which was submitted to and agreed by MCC pursuant to Section 7.2(d) of the Compact, for fully funding the projected treatment charges payable as a result of the As-Samra Expansion Project.

**SCHEDULE 3**

**ANTICIPATED GOVERNMENT LMIC CONTRIBUTIONS**

<b><u>Incremental Budget Increase from Base Period used as Contribution (US\$)</u></b>								
<b><u>Component</u></b>	<b><u>Base Year 2009</u></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b><u>Total</u></b>
<b>Water supply and water network rehabilitation, Zarqa Governorate<sup>1</sup></b>	3,069,240	44,034,130	10,276,805	4,114,305	-	-	-	58,425,240
<b>Wastewater collection and wastewater conveyance, Zarqa Governorate</b>	4,493,044	-	820,999	1,919,385	990,007	-	-	3,730,391
<b>Management contracts and institutional support, Zarqa Governorate<sup>2</sup></b>	248,431	1,809,135	2,002,390	1,906,616	1,935,492	1,934,821	1,923,481	11,511,935
<b><u>Grand Total</u></b>	<b>7,810,715</b>	<b>45,843,265</b>	<b>13,100,194</b>	<b>7,940,306</b>	<b>2,925,499</b>	<b>1,934,821</b>	<b>1,923,481</b>	<b>73,667,566</b>

<sup>1</sup> This includes the East Zarqa Pumping Station and the West Zarqa Pumping Station.

<sup>2</sup> This includes the management contract for Zarqa Water Company and various expenses related to MCA-Jordan.