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PD-ABB-945

I

AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE KINGDOM OF MOROCCO
FOR SALES OF AGRICULTURAL COMMODITIES

The Government of the United States of America and the Government of the Kingdom of Morocco agree to the sale of agricultural commodities specified below. This Agreement shall consist of the Preamble and Parts I and III of the Agreement signed June 25, 1987, together with the following Part II:

Part II. Particular Provisions:

Item I. Commodity Table:

| <u>Commodity</u> | <u>Supply Period</u> (U.S. Fiscal Year) | <u>Approximate</u> <u>Quantity</u> (Metric Tons) | <u>Maximum Export</u> <u>Market Value</u> (Millions \$) |
|--------------------------|--|--|---|
| Wheat | 1988 | 170,000 | 20.0 |
| Edible Vegetable Oils | 1988 | 32,000 | 16.0 |
| Soybeans | 1988 | 16,667 | 4.0 |
| TOTAL. | | | 40.0 |

Item II. Payment Terms: Convertible Local Currency Credit (CLCC) - 30 years

- (A) Initial Payment: None.
- (B) Currency use payment: None.
- (C) Number of installment payments: twenty-six (26).
- (D) Amount of each installment payment: Approximately equal annual amounts.
- (E) Due date of the first installment payment: Five (5) years after the date of last delivery of commodities in each calendar year.
- (F) Initial interest rate: Two (2) percent per annum.
- (G) Continuing interest rate: Three (3) percent per annum.

Item III. Usual Marketing Table:

| <u>Commodity</u> | <u>Import Period</u> (U.S. Fiscal Year) | <u>Usual Marketing Requirement</u> (Metric Tons) |
|--|--|---|
| Wheat/Wheat Flour (Grain Equiv. Basis) | 1988 | 1,795,400 |
| Edible Vegetable Oil/ Oil Bearing Seeds (Oil Equiv. Basis) | 1988 | 182,000 |
| Soybeans/Meal Equivalent of Soybeans | 1988 | 36,000 |

Item IV. Export Limitations:

(A) Export Limitation Period

The export limitation period shall be United States fiscal year 1988, or any subsequent United States fiscal year during which commodities financed under this agreement are being imported or utilized.

(B) Commodities to which Export Limitations Apply

For the purposes of Part I, Article III (A) (4) of this agreement, the commodities which may not be exported are:

for wheat/wheat flour - wheat, wheat flour, semolina, farina, or bulgur (or the same product under a different name);

for edible vegetable oil - all edible vegetable oils, including but not limited to soybean oil, coconut oil, palm oil, cottonseed oil, rapeseed oil, and sunflower oil. Exports of 5-10,000 tons (traditional markets) of fish oil and/or olive oil will be allowed.

for soybeans - soybeans, sunflower seed, rapeseed and any other oil bearing seeds from which edible oil and protein meal are made, and any vegetable protein meal made from soybeans, sunflower seed, rapeseed or any other oil bearing seeds.

Item V. Self-Help Measures:

- (A) The Government of the Kingdom of Morocco agrees to undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.
- (B) The Government of Morocco agrees to undertake the following activities and in doing so to provide adequate financial, technical, and managerial resources for their implementation:

1. Hassan II Agronomic and Veterinary Institute (IAV):

Development of a workplan and budget plan for 1988, 1989 and 1990 to allow IAV to achieve its twofold mission, i.e. training and research. USAID assistance will continue, on one hand in order to provide for the training of trainers through American Universities, and on the other hand to fund development oriented research projects established between IAV and US Universities. Such research projects contribute to the improvement of vocational and practical training for agricultural executive staff, they provide for refresher courses (continuous training sessions for staff already in the field), and for the development, within IAV, of departments which are capable of attracting both Moroccan and foreign students.

From the funds to be allotted to IAV by the GOM, IAV will allocate a sufficient amount for its training and research mission. Such funds will be maintained at least at the level attained in 1987.

The workplan and budget will be submitted together with the project workplan for 1988. Also an institutional strengthening plan will be developed upon completion of the evaluation to be conducted in March 1988 and submitted to USAID no later than September 30, 1988.

2. National Institute for Agronomic Research (INRA):

a) Allocation of funds to INRA to cover expenses for infrastructure and experimentation costs for the research program of the Aridoculture Center in Settatt according to following schedule: (in millions of dirhams)

| <u>Year</u> | <u>Experimentation</u> <u>Costs</u> | <u>Infrastructure</u> <u>Costs</u> | <u>TOTAL</u> |
|-------------|--|---------------------------------------|--------------|
| 1988 | 4.1 | 6.5 | 10.6 |
| 1989 | 4.7 | 7.2 | 11.9 |
| 1990 | 5.0 | 5.1 | 10.1 |
| 1991 | 5.5 | 6.0 | 11.5 |
| 1992 | 6.0 | 4.0 | 10.0 |
| <hr/> | | | |
| TOTAL | 25.3 | 28.8 | 54.1 |

b) Assignment of 12 additional researchers to the Settatt Aridoculture Center according to the following indicative schedule:

| | |
|-------|----------------|
| 1988 | 6 researchers |
| 1989 | 4 researchers |
| 1990 | 2 researchers |
| <hr/> | |
| TOTAL | 12 researchers |

c) Budget procedures and allocation of funds on a timely basis to INRA research stations are essential elements to allow for a smooth implementation of research trials.

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The GOM agrees to bring about certain reforms of these procedures in order to facilitate research activities. Such reforms include a decentralization within INRA through the establishment of three regional accounting centers (Settat, Meknes and Marrakech), and quarterly allocations of funds according to an annual budget to be approved no later than March 31.

d) The GOM will explore means by which to motivate INRA researchers in order to staff the program with competent professionals.

3. Directorate for Extension and Agrarian Reform:

Starting in 1988, the GOM will promote the establishment of local, multi-functional cooperatives in the most favorable areas to operate upstream as well as downstream from member farms to insure the supply of production inputs and the marketing of outputs.

As a first stage, such experimentation will be undertaken in the areas of Roummani, Ben Slimane, Beni Mellal and Taza.

4. Directorate for Planning and Economic Affairs:

a) Before June 1989, the GOM will adopt a method for establishing support prices by reference to international market prices, and establish purchase prices of soft wheat at the mill which provide for seasonal variation in order to promote storage before delivery to the mills.

b) The GOM will initiate the second phase of the agricultural pricing and incentives study. The conclusions of the study will be reviewed by an interministerial commission within six months following completion of the study.

c) The GOM will complete a study assessing the impact of subsidies for farm equipment before the end of 1988.

d) The GOM will review the restructuring of the Statistics and Documentation Service in the Directorate for Planning and Economic Affairs of the MARA, further to the recommendations contained in the recent evaluation of the Agricultural Planning, Economics and Statistics project (0182);

The results of this review will be transmitted to USAID before December 30, 1988.

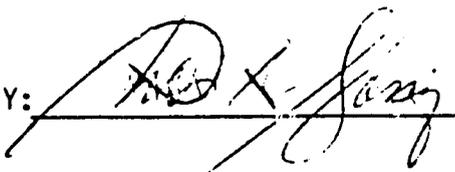
5) The GOM will pursue evaluation studies of on-going agricultural investment programs to measure the socio-economic impact of such investments. Such studies will permit the improvement of the efficiency of public investment in agriculture and the reduction of such investments for a better development of available natural resources. Budget funds required for this purpose will be made beginning in 1989.

Item VI. Economic Development Purposes for which the Proceeds Accruing to the Importing Country are to be used:

- (A) The proceeds accruing to the Government of the Kingdom of Morocco from the sale of commodities financed under this agreement will be used for financing the self-help measures set forth in the agreement, and for development in the agriculture and rural development sector, in a manner designed to increase the access of the poor in the recipient country to an adequate, nutritious and stable food supply.
- (B) In the use of proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the Moroccan people and their capacity to participate in the development of their country.

DONE at Rabat, in duplicate, the twenty-fifth day of March, nineteen hundred and eighty eight,

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

BY: 

TITLE: _____

FOR THE GOVERNMENT OF THE
KINGDOM OF MOROCCO

BY:  ~~Ministre des Affaires~~

TITLE: ~~Monsieur  Mohamed~~