

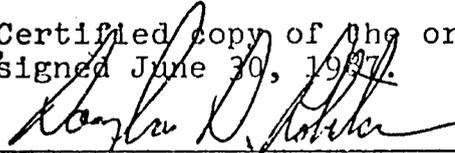
A.I.D. Grant No. 278-K-643

FILE

THIRD AMENDMENT
TO
GRANT AGREEMENT
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE HASHEMITE KINGDOM OF JORDAN
FOR
COMMODITY IMPORTS

DATE: JUN 30 , 1987

Certified copy of the original
signed June 30, 1987.



Douglas D. Robertson
Regional Legal Advisor

"Conformed Copy"

THIRD AMENDMENT TO
COMMODITY IMPORT GRANT AGREEMENT

Date: ~~SEP~~ 30, 1987

Between

The Hashemite Kingdom of Jordan (Grantee) acting through the Ministry of Planning (MOP)

And

The United States of America, acting through the Agency for International Development (AID).

WHEREAS, On September 17, 1985 the Grantee and AID ("Parties") entered into a Grant Agreement for Commodity Imports ("Agreement") whereby AID granted to the Grantee Fifty Million United States Dollars (\$50,000,000) to finance the Commodity Import Program ("CIP"); and

WHEREAS, the Parties, on September 23, 1986 amended the said Agreement to provide an additional Fifty-Four Million, Five Hundred Forty-Eight Thousand and Eight Hundred United States Dollars (\$54,548,800) for the purpose set out in the Agreement, and to amend other provisions of said Agreement;

WHEREAS, the Parties, on September 30, 1986 amended the said Agreement, as amended, to provide an additional One Million United States Dollars (\$1,000,000);

WHEREAS, the Parties now wish to amend the said Agreement to provide an additional Sixty Million United States Dollars (\$60,000,000) for the purpose set out in the Agreement and additional purposes contained herein, and to amend other provisions of said Agreement;

NOW THEREFORE, the Parties hereby agree as follows:

1. ARTICLE 1: THE GRANT

In the last sentence of Article 1., delete the number "One Hundred and Five Million Five Hundred Forty Eight Thousand Eight Hundred United States Dollars (\$105,548,800)" and substitute therefore the number "One Hundred Sixty Five Million, Five Hundred Forty-Eight Thousand, Eight Hundred United States Dollars (\$165,548,800)".

2. ARTICLE 3: CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT

a. Renumber 3.5 to Section 3.7 as follows: Prior to any disbursement under this Amendment to this Grant Agreement, or to the issuance by AID of documentation pursuant to which disbursements will be made, the Grantee and AID shall, except as the parties may otherwise agree in writing, execute an Amendment to the Trust Account Agreement for Special Account deposits from this third tranche to be used in support of U.S. Mission operations in Jordan.

3. ARTICLE 6: GENERAL COVENANTS.

Add new section 6.11 as follows:

6.11 Local Currency Use Plan

The Ministry of Planning, Ministry of Finance and AID will:

- a) By July 30, 1987 hold meetings to define the broad parameters for a local currency use plan based upon the April, 1986 Memorandum of Understanding signed between the Grantee and AID.
- b) By September 30, 1987 have agreed to sectors and programs of priority interest and allocated funds from the Special Account equivalent to deposits held in the Special Account as of August 31, 1987 for mutually agreed upon project and/or program activities.
- c) By December 31, 1987 develop criteria for the allocation of Special Account funds, based on the parameters in the April, 1986 Memorandum of Understanding and experience to date with allocations. Applying these criteria, finalize a local currency use plan specifying sectors, programs and/or projects which will be funded on a quarterly basis through December 31, 1988.

4. ANNEX 1:

The attached Annex 1 which has been revised is hereby made part of this Third Amendment.

5. Except as amended herein the Grant Agreement dated September 17, 1985, the First Amendment dated September 23, 1986 including Annex 2, and the Second Amendment dated September 30, 1986 shall remain in full force and effect.

IN WITNESS WHEREOF, the Hashemite Kingdom of Jordan and the United States of America, each acting through its duly authorized representative, have caused this Third Amendment to the Grant Agreement for Commodity Imports to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

By : Taher H. Kanaan
H.E. Dr. Taher Kanaan
Title: Minister of Planning

THE UNITED STATES OF AMERICA

By : Paul H. Boeker
Paul H. Boeker
Title: U.S. Ambassador to Jordan

By : L. P. Reade
L. P. Reade
Title: Director, USAID/Jordan

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PROGRAM DESCRIPTION

The program represents a new initiative to finance the foreign exchange costs of commodities to assist the GOJ to meet foreign exchange needs for essential imports for both the public and private sectors of the economy.

A. Dollar Allocations:

In an effort to enhance the contribution of the private sector in the expansion of the economy, it is proposed that fifty percent of the available funds from the first \$50 million allocation be made available to the private sector. For the second \$55,548,800 million allocation, it is proposed that the funds be distributed as follows: (1) Private and Mixed Sectors: \$25 million allocation shall be split according to demand but with a goal of \$15 million for private sector firms (with private sector owning majority control) and \$10 million for mixed ownership firms (private sector involvement with majority government ownership), (2) Public Sector: \$25 million as regular program allocation and a special additional allocation of \$5,548,800. For the third and final \$60 million allocation, it is proposed that the funds be distributed as follows: (1) Private and Mixed Sectors: \$30,000,000 allocation shall be split according to demand but with a goal of \$22,500,000 for private sector firms with private sector owning majority control and \$7,500,000 for mixed ownership firms with private sector involvement but with majority government ownership. (2) Public Sector: \$30,000,000 allocation.

Under previous allocations of \$105,548,000, the demand for grant funds by the public sector has exceeded the available amount. In addition, it is clear that the private sector continues to have significant demand for commodities of U.S. origin in the amount provided by previous allocations. The inclusion of companies partially owned by the GOJ to participate in the private sector CIP elements increased this demand on private sector CIP resources. USAID and the GOJ will continue to review the requirements of the different sectors and will adjust the division of the funds as necessary.

B. Local Currency Allocations:

Local currency will be generated through the deposits of public and private sector importers under this program. This local currency will be used for development purposes. The equivalent of \$4,548,800 in Jordanian Dinar shall be used specifically to support projects of the Hashemite Kingdom of Jordan in the West Bank and Gaza. Use of these funds will be governed by the Memorandum of Understanding signed by the Parties in April, 1986.