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A.I.D. Project Number 278-0224

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

PROJECT PAPER

JORDAN: TECHNICAL SERVICES/FEASIBILITY STUDIES - II

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT PAPER FACESHEET		1. TRANSACTION CODE <input type="checkbox"/> A A = ADD <input type="checkbox"/> C C = CHANGE <input type="checkbox"/> D D = DELETE	PP 2. DOCUMENT CODE 3
3. COUNTRY/ENTITY JORDAN		4. DOCUMENT REVISION NUMBER <input type="checkbox"/>	
5. PROJECT NUMBER (7 digits) <input type="checkbox"/> 278-0224 <input type="checkbox"/>	6. BUREAU/OFFICE A. SYMBOL NE B. CODE <input type="checkbox"/> 3 <input type="checkbox"/>	7. PROJECT TITLE (Maximum 40 characters) <input type="checkbox"/> TECHNICAL SERVICES/FEASIBILITY STUDIES <input type="checkbox"/> II	
8. ESTIMATED FY OF PROJECT COMPLETION FY <input type="checkbox"/> 8 <input type="checkbox"/> 2		9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY <input type="checkbox"/> 79 <input type="checkbox"/> B. QUARTER <input type="checkbox"/> 2 C. FINAL FY <input type="checkbox"/> 80 <input type="checkbox"/> (Enter 1, 2, 3, or 4)	

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 -)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	2,500		2,500	5,700		5,700
(GRANT)	(2,500)	()	(2,500)	(5,700)	()	(5,700)
(LOAN)	()	()	()	()	()	()
OTHER U.S.	1.					
	2.					
HOST COUNTRY		570	570		1,140	1,140
OTHER DONOR(S)						
TOTALS	2,500	570	3,070	5,700	1,140	6,840

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>79</u>		H. 2ND FY <u>80</u>		K. 3RD FY _____	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1)	871			2,500		3,200			
(2)									
(3)									
(4)									
TOTALS				2,500		3,200			

A. APPROPRIATION	N. 4TH FY _____		Q. 5TH FY _____		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED				
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN					
(1)					5,700		<table border="1" style="margin: auto;"> <tr> <td style="width: 20px;">MM</td> <td style="width: 20px;">YY</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	MM	YY		
MM	YY										
(2)											
(3)											
(4)											
TOTALS						5,700					

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 = NO N.A.
 2 = YES

14. ORIGINATING OFFICE CLEARANCE SIGNATURE <i>Christopher H. Russell</i> Christopher H. Russell		15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION <table border="1" style="margin: auto;"> <tr> <td style="width: 20px;">MM</td> <td style="width: 20px;">DD</td> <td style="width: 20px;">YY</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	MM	DD	YY			
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TITLE Director, USAID/Jordan	DATE SIGNED <table border="1" style="margin: auto;"> <tr> <td style="width: 20px;">MM</td> <td style="width: 20px;">DD</td> <td style="width: 20px;">YY</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table>	MM	DD	YY				
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TECHNICAL SERVICES AND FEASIBILITY STUDIES II

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TECHNICAL SERVICES AND FEASIBILITY STUDIES-II

I. SUMMARY AND RECOMMENDATIONS

1. GRANTEE: Hashemite Kingdom of Jordan
2. IMPLEMENTATION AGENCY: National Planning Council
3. AMOUNT: U.S. \$ 5.7 million of which authorization of \$2.5 million is requested in FY 1979.
4. TERMS: This activity is to be grant funded from Economic Support Fund.
5. TOTAL PROJECT COST: Total project cost is \$6.84 million of which \$2.5 million will be obligated in FY 1979 and \$3.2 million will be obligated in FY 1980. The GOJ contribution is estimated at 20% of the dollar costs or \$1,140,000 equivalent.
6. DESCRIPTION OF PROJECT: This grant will be used to finance the foreign exchange and local currency costs of pre-feasibility, feasibility, pre-investment and technical studies; preparation of project proposals, design and tender documents; environmental and social assessments; technical advisory services of U.S., Jordanian and TCN Consultants and Experts and identified commodity support. Sectors which may require such services include water resources development; project implementation programming; sewage disposal; health; regional planning, vocational education; highway and farm road maintenance; agriculture and agribusiness; and, electric systems operations and maintenance.
7. PURPOSE: The services to be provided are intended to assist the Hashemite Kingdom of Jordan (GOJ) with the identification, development, appraisal and execution of priority development projects to be financed from its own resources and from funds expected to be available from international financing institutions and bilateral donors, including the United States and others.
8. GRANTEE CONTRIBUTION: The GOJ will provide local currency and in kind services such as office space, clerical help, drivers, vehicles, etc., to support various activities to be undertaken. In the case of contracts with local consultants or institutions, the GOJ will contribute to the cost of these activities to the extent to be determined at the time of activity approval.

9. MISSION VIEWS: The USAID Mission strongly supports this project.

10. STATUTORY REQUIREMENTS: All applicable criteria have been satisfied. See Annex 4 for the Statutory Checklist.

11. RECOMMENDATION: Approval of this grant project (Technical Services/Feasibility Studies II, 278-0224) by authorization of U.S. \$2,500,000 for FY 1979 and \$3,200,000 for FY 1980 activities for the purposes stated herein on the terms and conditions set forth in the draft Grant Authorization attached as Annex 2.

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II. THE PROJECT

A. BACKGROUND

2.01. To support the Government of Jordan (GOJ) development efforts over the past four years, an AID Grant (Project 278-0181) totalling \$5.450 million has financed a wide range of studies and project design, implementation and evaluation activities. Both U.S., Jordanian and Third Country National Consultants and technicians have contributed to these activities which have helped to enhance achievement of A.I.D. and GOJ developmental objectives. Examples of the various development activities are: technical assistance in tax administration; construction technology; implementation of a multi-donor social and economic development program for the Jordan Valley; development of a minerals exploitation program; design of programs for assistance to farmers in such areas as sprinkler irrigation techniques, credit, horticulture and farmer organizations; environmental and social assessments; surveying assistance; assistance in developing a Road Master Plan for the country; telecommunications; urban planning; development of electrical resources; and evaluation of project implementation and project achievement. As a result of the studies and technical assistance provided, the GOJ has been better able to identify and define development activities for which they will seek funding support from a wide range of international donors, including the United States. The most recent example of the beneficial spin-off generated by these AID-funded activities involves the GOJ decision (on 23 December 1978) to proceed with the design and construction of a four-lane highway linking the Zarqa-Irbid-Yarmouk University Agricultural Area - with a free trade zone at the Syrian Border. This was a recommendation made by the Wilbur Smith Associates in the final report which they submitted in fulfillment of the Roads Master Plan Training Activity funded under Project 278-0181. Financing for the project will be undertaken by the GOJ and other as-yet-unidentified international donors. Detailed descriptions of all of the varied on-going and completed activities financed under Project 278-0181 are contained in the Project Papers and regular Quarterly Progress Reports previously submitted.

2.02. This project, Technical Services and Feasibility Studies, II, will provide for additional feasibility studies and identified commodities not only to support our expanding capital/technical assistance portfolio, but also for investigating revenue or export earning possibilities that could be funded by other donors in the next National Development Plan which begins in January, 1981.

B. SUMMARY OF THE ECONOMIC SITUATION

2.03. Please see, "Foreign Economic Trends and Their Implications for the United States", Publication No. 78-067, Jordan, June, 1978, attached as Annex 1.

C. TECHNICAL SERVICES/STUDIES PROPOSED

2.04. In line with the significant U.S. role in the worldwide U.N. effort to provide safe water and improved sanitation to approximately one billion people during the decade of the 80's, (State 316235), USAID and the GOJ have collaboratively identified the priority areas where a major portion of U.S. technical assistance will be directed. This concentration on the water sector is also consistent with USAID/J's FY 1978 CDSS which identifies water as the most critical developmental problem Jordan will face in the coming years. Of the eleven (11) feasibility and technical studies listed in paragraph 2.06, below, ten (10) will deal with the eventual supply and distribution of safe water and distribution of sanitation facilities.

2.05. In addition, USAID/Amman, and the GOJ have discussed additional specific needs for technical assistance in the sectors of health, national planning, alternate energy sources, improved revenue generation, highway maintenance, electrical generation, evaluation and assessment of on-going projects, design and development of future projects, and environmental assessments which may be required.

2.06. As a result of our discussions with GOJ agencies, we have established a time schedule for receipt of many GOJ requests for assistance, and have identified a need for approximately \$8,448,000 for activities to be implemented in FY's 1979 and 1980 as follows:

Present undisbursed balance in TS/FS I (Grant Project Number 278-0181) is approximately \$1.6 million. This balance will be allocated to:

Feasibility and Design Studies

	<u>Date of Request</u>	<u>Amount Earmarked</u>
1. Feasibility, Environmental Assessment (EA) and Design of the Irbid Water and Sewage Systems	12/78	\$ 1,250,000
2. Preliminary Technical Feasibility Study on the conveyance of water from the Yarmouk River for municipal and industrial uses in Irbid and Amman	01/79	200,000
3. Preliminary investigation of the technical feasibility of diverting water from the Gulf of Aqaba to the Dead Sea for Generation of Power.	02/79	\$ 250,000
Total TS/FS I (278-0181)		<u>\$1,700,000</u>

Activities identified for TS/FS II, (Grant Project Number 278-0224) total approximately \$6,748,000 and will be allocated to:

a. Feasibility and Design Studies

	<u>Date Of Request</u>	<u>Amount Earmarked</u>
1. Study to determine the quantity, water potentially available in the Azraq area.	02/79	200,000
2. Feasibility, EA, and Design of Zarqa/Ruseifa Water and Sewage Systems	03/79	1,000,000
3. Feasibility, EA, and Design for Ramtha, Mafrag and Ajlun Water and Sewage Systems	03/79	700,000
4. Feasibility, Environmental Assessment (EA) and Design of a Dam at Rumeil	06/79	700,000
5. Feasibility, and Design of a second Sewage Plant for Amman	07/79	700,000
6. Feasibility and Design for a Solid Waste Disposal Facility at Aqaba	08/79	120,000
7. Feasibility, EA and Design of the Ma'an, Kerak and Tafila Water and Sewage Systems	10/79	500,000
8. Feasibility and Design for Wadi Seer and Sweileh Water and Sewage Systems	12/79	500,000
Total Feasibility & Design Studies		<u>\$4,420,000</u>

b. Technical Assistance

1. Farm Road Maintenance Equipment, Scheduling and Operations	250,000
2. Assistance to NPC in development Follow-on Five Year Plan	100,000

BEST AVAILABLE DOCUMENT

8

	<u>Amount Earmarked</u>
3. Operations and Maintenance Assistance to Amman Water & Sewerage Authority (AWSA)	\$ 60,000
4. Identification/Exploitation of Alternate Energy Sources	40,000
5. Audit and Evaluations	100,000
6. High Impact Consultant Services in Urban Development	250,000
7. Assistance in Accountancy and Accounting Procedures	30,000
8. Assistance in Town Planning, Aqaba	75,000
9. Assistance to the JVA in Water Meter Installation, rate-making, maintenance and operations	250,000
10. Vocational Training Workshops	100,000
11. Sample Surveys of Income and Production in the Jordan Valley	200,000
12. Research on the prevalence of the Schistosomiasis Host Snail	30,000
13. Assistance to the Jordan Family Planning Association in upgrading their service system	130,000
14. Study of demand for agricultural items in Jordan with the Univ. of Jordan	75,000
15. Seminar on Agricultural service needs in the Jordan Valley	17,000
16. Applied research (Small Farm Economic Factors) in the Jordan Valley	74,000
17. Technical Assistance to the Bureau of the Budget	15,000
18. Assistance of two (2) short term Advisors (4 man months) to the Income Tax Dept. in early CY 1979	32,000

Amount
Earmarked

19. Assistance of two (2) long term Advisors
(2 man-months) to the Income Tax Dept.
beginning Mid-CY 1979

200,000

Total Technical Assistance:

\$2,028,000

c. Reserve for small, high priority but as yet
unidentified emergency services over the
life of the project

300,000

2.07. Our experience has been that while not all of the currently identified activities will develop at the rate or within the costs estimated at this time, other high-priority project feasibility studies and related activities will emerge during the course of project implementation and program development.

D. BENEFICIARIES

2.08. Given the wide range of activities proposed to be undertaken in support of Jordan's development efforts, actual costs per beneficiary for the project as a whole will not be calculable until specific activities are agreed to by the USAID and the GOJ. As examples, however, concurrently planned assistance in farm roads maintenance is estimated at a cost of Dols 250,000. Improved maintenance at project completion would directly benefit the projected 9,000 farm families and, indirectly, the remaining 45,000 inhabitants expected to be living in the Valley in 1981 (total estimated population: 100,000). Cost per person, Dols. 2.50.

A feasibility study for water and sewage facilities in the city of Ma'an would require Dols 75,000 and would benefit an estimated 18,000 persons at a cost of Dols. 4.16 per person.

BEST AVAILABLE DOCUMENT

III. IMPLEMENTATION

A. PROCEDURES

3.01. The procedures followed under the previous Grant, 278-0181 have provided proper control of funds and adequate flexibility in reporting of development activities. Except for any emergency, high priority services which may be required by A.I.D. during the funding period, all requests for studies or services originate within a GOJ Ministry or agency which desires the studies or services. These requests are forwarded to A.I.D. through the National Planning Council (NPC). After A.I.D.'s agreement in principle to finance the studies or services requested, the organization within the GOJ requesting assistance prepares a draft scope of work and budget for transmittal to A.I.D. through NPC channels. Subsequent to A.I.D.'s concurrence to the scope of work, the services or studies are procured under the appropriate mechanism: by host country contracting procedures as set forth in Handbook 11, Chapter 1, "Procurement of Professional and Technical Services"; by use of Participating Agency Service Agreement (PASA); or less frequently, through task orders under direct A.I.D. contracts.

3.02. All contracts under the Grant Agreement (excluding PASA and Direct A.I.D. contracts against which task orders may be issued) are executed by the NPC or their designated representative. PASA and task orders under the Grant Agreement are executed by A.I.D. at request of the NPC.

B. CONDITIONS PRECEDENT

3.03. The initial disbursement of funds under this grant will be conditioned on the receipt of a statement from the NPC of the name(s) of the person(s) representing the GOJ, a specimen signature of each person so designated, and receipt of a legal opinion from the GOJ stating that the agreement has been duly authorized and/or ratified by, and executed on behalf of Jordan, and that it constitutes a valid and legally binding obligation of Jordan.

3.04. Disbursement of funds for individual studies or services would be conditioned on A.I.D. approval of the contractor and the contract for the services or studies required.

C. DISBURSEMENT

3.05. Services and/or material from Jordan and A.I.D. Geographic Code 941 countries approved in accordance with the procedures described above will be eligible for financing from the proceeds of this Grant. Only Goods and Services provided subsequent to the execution of the Grant Agreement will be eligible for financing.

3.06. The method of disbursement, whether by Letter of Commitment procedure or by internal A.I.D. disbursing authorizations, will be determined at the time and by the type of contract under which services will be provided.

D. TOTAL PROJECT COST

3.07. The total cost of activities of the financed under this project is estimated at \$5,700,000 exclusive of GOJ contributions which have been estimated to be approximately \$1,140,000 (equivalent). Thus, the GOJ in-kind contribution will approximate 20% of the estimated total cost of activities to be financed under this project. Although it is Mission policy that GOJ contribute 25% (cash or in-kind contributions) to AID financed projects, it is not always practical to expect GOJ to provide such contribution to each activity which may be financed from the grant. Some activities to be financed are studies that require almost entirely foreign exchange costs for consultants or experts. Even though the GOJ provides logistic support in such cases, their contribution will probably not equal 25% of activity costs. In line with Mission policy, for activities for which it appears appropriate, the GOJ contribution will be 25% or greater.

E. SCHEDULE

3.08. The grant is expected to be authorized in early January 1979 and a Grant Agreement executed by 1/31/79. The Conditions Precedent to initial disbursement (legal opinion and the naming of the GOJ representatives and presentation of specimen signatures) should be met within 30 days of execution of the Grant Agreement. The initial drawdown of funds is expected to occur in the third quarter of FY 1979. Except as A.I.D. may otherwise agree in writing, the terminal date for disbursement will be three years from the date of execution of the Grant Agreement.

F. ENVIRONMENTAL ASSESSMENT

3.09. Several of the studies expected to be financed under this Grant will be for projects that may include environmental considerations. At this time it is not possible to predict what the environmental effects of the projects studied will be. Therefore, in accordance with A.I.D. procedures, each contract will contain a provision requiring the consultant to examine the environmental effects of the project being studied and to prepare an environmental assessment statement.

G. ROLE OF WOMEN

3.10. A.I.D. will examine each scope of work for the services proposed for financing under this grant to determine whether there should be included a special examination of the role of women in the ultimate development project.

3.11. The GOJ and USAID/J have been and will continue to explore the feasibility of developing several projects which would aim to increase the participation rate of women in the labor force. Vocational training is expected to be the focal point for this effort, which would attempt to better prepare women both for traditional occupations (in secretarial or nursing fields for example) and for some labor-shortage occupations in which only men are currently being training (such as electronics or small equipment operations and repair). Other possibilities for consideration include technical assistance and training required to establish a system of day care centers for children of working mothers; institutionalize a program of vocational guidance in the secondary school system; and improve leadership and managerial capabilities for women in mid-level government positions.



Foreign Economic Trends and Their Implications for the United States

78-067

JORDAN

June 1978
Frequency: Annual
Supersedes: 77-074

Prepared by
American Embassy
AMMAN



Prepared by the U.S. Foreign Service,
U.S. Department of State, and released by the
U.S. Department of Commerce

INDUSTRY AND TRADE ADMINISTRATION

14X

Unless otherwise noted, all values are in million US \$ ^{2/}
 all data are for East Bank only

	1974	1975	1976	1977	% change 1976-1977
<u>National Income (current prices)</u>					
GNP	961	1167	1643	1918	+17
GDP (at factor cost)	759	842	1000	1237	+24
Per Capita GDP (US \$)	402	431	496	593	+20
<u>Agricultural Production (MT 1000)</u>					
Wheat	244	50	67	63	- 6
Barley and Other Field Crops	90	24	35	28	-20
Fruits and Vegetables	363	354	265	298	+ 5
<u>Industrial Production</u>					
Industrial Production Index (1966=100)	163	175	219	243	+11
Phosphate Rock (MT 1000)	1675	1353	1702	1769	+ 4
Cement (MT 1000)	615	598	586	538	- 8
Petroleum Products (MT 1000)	748	828	1146	1145	0
Electricity, (million KWH)	213	257	324	401	+24
Building Permits, Amman (M ² 1000)	291	318	542	521	- 4
<u>Money and Banking</u>					
Money Supply (M1)	529	683	794	984	+24
External Public Debt ^{3/}	248	337	382	595	+56
Commercial Bank Credit Outstanding	261	379	553	628	+14
Ave. Interest Rate (Com. Banks overdraft)	7.0%	7.0%	8.0%	8.5%	n.a.
<u>Balance of Payment and Trade</u>					
Official Gold and Foreign Exchange Reserves	343	507	559	735 ^{4/}	+31
Balance of Payments (basic balance)	+41	+203	+9	+176	n.a.
Balance on Merchandise Trade	-332	-578	-816	-1164	-43
Domestic Exports	122	125	149	188	+26
U.S. Share	nil	nil	nil	nil	n.a.
Imports ^{5/}	486	731	1023	1420	+39
U.S. Share	11%	10%	9%	15% ^{6/}	n.a.

Notes:

^{1/}Data from the Central Bank of Jordan and the Department of Statistics.

^{2/}Exchange rates: 1974 = US \$1.00 = Jordan Dinar .322; 1975 = US \$1.00 = JD .320;
 1976 = US \$1.00 = JD .332; 1977 = US \$1.00 = JD .320.

^{3/}Including Government guaranteed debt, equal to 25% of total in 1977.

^{4/}Commercial banks hold an additional \$115 million.

^{5/}Includes re-exports of - 1974 = \$32 million; 1975 = \$28 million;
 1976 = \$58 million; 1977 = \$68 million.

^{6/}Includes purchase of two Boeing 747 aircraft valued at \$88 million.

Major imports from the U.S. (1976) -- wheat (\$29 million), aircraft and parts (\$17 million), extraction and construction equipment (\$9 million), motor vehicles and parts (\$8 million).

JORDANSUMMARY

The economy of Jordan continued to enjoy healthy growth during 1977. All sectors of the economy contributed to a real increase in GDP that may have approached 10%. Expansion in light manufacturing industries and prospects for better agricultural yields than have been experienced in recent years are expected to continue the trend through 1978. The relative contributions of agriculture, industry and services remain unchanged.

Following the boom year of 1976, the economy settled down to a more normal rate of activity, which was reflected in decreased residential construction, a slowdown in the rate of increase in the money supply, and a decrease in the growth of commercial bank credit. As the economy of Jordan matures, the authorities have encouraged the establishment of new financial institutions and are considering the creation of new financial instruments. Inflation appears to be moderating and was probably around 15% for 1977.

Jordan continues to run a growing deficit in merchandise trade, which is overcome on the current account by receipts from tourism, remittances, and official transfers. The basic balance in 1977 showed a comfortable surplus.

Although revenues from domestic sources are increasing substantially, the Jordanian Government continues to rely upon foreign cash grants to help finance its regular budget. The 1978 Government budget document is notable for its austerity (the overall increase in regular expenditures is less than the estimated rate of inflation) and a continuation of the trend of devoting an increasing share of total government resources to investment in economic development.

Since the outbreak of the civil war in Beirut, Amman has attracted a growing number of regional business headquarters offices whose personnel have been generally pleased with living conditions in the country, the extent to which other Arab markets can be serviced from Amman, and Amman's improving infrastructure.

As national income rises and Jordan continues to invest heavily in economic and social development, the market for American goods and services can expect to grow. Joint venture and licensing opportunities will also increase due to a favorable investment climate and growing domestic and export markets.

Current Economic Situation and Trends

Preliminary statistics for 1977 indicate that Jordan continued to enjoy healthy economic growth that year. On the basis of the preliminary data, real GDP may have increased by almost 10%. The gain in GNP was considerably less, reversing the experience of 1976, as factor income from abroad, consisting primarily of workers' remittances, levelled off in 1977 after more than doubling the previous year. Prospects for significant real growth in 1978 appear good with the expectation of continued industrial expansion in light industry and an increase in agricultural production. Major expansion programs underway in Jordan's three largest industries should result in substantial increases in output in 1979.

The sectoral contributions to the GDP in 1977 maintained their relative shares of 1976 -- agriculture 11%, industry 24% and services 65%.

Jordan's agricultural production is largely dependent on irregular and unpredictable rainfall unevenly distributed throughout the country. After three seasons of disappointing rainfall, the situation improved in the 1977-1978 growing season to the extent that harvests of wheat and other field crops are expected to be as much as 50% higher than the average of the three previous years. Yields of fruits and vegetables in the potentially highly productive Jordan Valley should continue to increase due to expanded use of plastic tunnels and housing and increased irrigation. Plans are underway to increase Jordan Valley production by one-third through the establishment of a large new dam and associated irrigation system.

There have been few commercially exploitable minerals found in Jordan. Phosphate mining and cement production are currently the only major industries based on local mineral deposits. However, a \$300 million facility to produce 600,000 tons of fertilizer annually from local phosphates is under construction. Production is to begin in 1981. A major project to extract potash from the Dead Sea is now underway and final financing arrangements are nearing completion. This approximately \$400 million investment is to produce 1.2 million tons of potash annually when in full operation in 1985. A ceramics factory based on local clays is in operation and consideration is being given to manufacturing sheet glass and glass containers from local sand. Exploration for oil continues, but without positive results to date. Marble and gypsum are processed in Jordan. Finally, deposits of copper have been identified but cannot be profitably exploited at this time.

Because of a small domestic market (1977 East Bank population is officially estimated at just over 2 million), Jordan's industry has been traditionally characterized by small facilities producing almost exclusively for the domestic market. Jordan's largest existing industries produce cement and

petroleum products (exclusively for the domestic market) and phosphate rock (exclusively for export). The production of the new fertilizer and potash industries will also be for export. Major expansion of all three present major industries is underway: production of cement and refined petroleum are to double, and phosphate rock processing is to grow to 6 million tons annually by 1981. Recent growth and the potential for future growth in light manufacturing industries are impressive. Bright prospects in this area are based on the potential to export to other Arab countries in the region and a steadily growing domestic market. Local capital is readily available for well-studied investment projects, but equity participation by foreign firms that can contribute technology, marketing and management expertise is welcomed.

Jordan has experienced a chronic and growing trade deficit. Phosphate rock and fresh fruits and vegetables are Jordan's most important commodity exports, each accounting for about one-third of export earnings in 1977. Capital goods are beginning to make a significant contribution to export earnings, having more than tripled to \$24 million in 1977. Jordan is a net importer of food, relying on imports for about 50% of the foodstuffs consumed in the country. In 1977, raw materials accounted for 27% and capital goods 41% of total imports.

From 1971 through 1974, the United States was Jordan's most important supplier. In 1975 and 1976 the Federal Republic of Germany took over that position, with the U.S. slipping to second place. The 1977 purchase of two Boeing 747 aircraft, at a recorded cost of \$88 million by Jordan's national airline accounts for the sudden 1977 increase in the American share of Jordanian imports.

Jordan's deficit on the merchandise account has been overcome in the current account by receipts from tourism, official transfers, and remittances from Jordanians working abroad. In 1977, according to Central Bank balance of payments data, receipts in these three categories were \$297 million, \$522 million, and \$449 million, respectively. The balance of payments on current account showed a surplus of \$16 million in 1977, \$82 million in 1976, and \$67 million in 1975. The unusually high 1975 surplus in the basic balance followed by an unusually low surplus the following year resulted from a technical adjustment in accounting for the cost of Jordan's crude oil imports. The 1977 surplus in the basic balance results from receipt of foreign development loans and commercial borrowing on the Euro-dollar market by government and quasi-government institutions.

At the end of 1977, Jordan's total foreign exchange and gold reserves (expressed in JD) stood 33% higher than at the end of the previous year. Total reserves were equivalent to more than 7 months of (1977) imports. Jordan's external debt burden has been light since most foreign borrowing has been in the form of long-term concessional loans for economic development. In

1977, however, Jordan borrowed almost \$200 million on the Euro-dollar market to finance commercial aircraft purchases (\$56 million), school construction (\$31 million), expansion of Jordan's petroleum refinery (\$94 million), and purchases of the joint Syrian-Jordanian land transport company (\$13 million). Original terms were six years at 1.5% above LIBOR, but the interest is being successfully negotiated downward. This year, Jordan may return to the international commercial market for some financing for its fertilizer and potash projects.

Jordan's money supply has been growing rapidly since 1973. The 19% increase in 1977 was the smallest during the past five years. The relative slowdown in growth reflected cooling of the economy following the 1976 boom which had been fueled by residential construction, real estate speculation and imported consumer goods. During 1977, demand deposits grew by 24% and currency in circulation by 17%.

Total commercial bank credit outstanding expanded by 9% (in JD) in 1977 following an increase of 51% the previous year. Around 60% of commercial bank credit has traditionally been extended to the real estate and trade sectors. Activity in these sectors slowed during 1977, and commercial banks may have become somewhat cautious after the rapid expansion of credit in these areas the previous year. Whereas loans to real estate and commerce represented 61% of total commercial bank credit in 1976, the share of these two sectors fell to 57% in 1977. At the same time the percentage of credit extended to more productive sectors of the economy increased from 20% to 25%. Jordan's six specialized credit institutions increased their outstanding loans by 48% in 1977, to contribute 43% of total credit to the private sector. The largest of these, the Housing Bank, accounts for more than half of the loan activity of the specialized credit institutions.

During the past year, Jordanian authorities took several measures to encourage the maturation of the country's capital market. Three new commercial banks were opened; the new licensees bring the total of commercial banks in Jordan to fifteen. Two investment banks and an innovative "Islamic" bank have been approved by the Central Bank. The Bank continues to encourage term loans by commercial banks rather than the traditional overdraft system. A tightly regulated stock exchange opened in Amman in January 1978; trading of government securities on the exchange is to be introduced. A mutual fund is being considered. Double digit inflation continues to plague Jordan. None of the existing statistical measures of inflation and the cost of living can be considered entirely reliable, but it is clear that the rate of inflation has decreased from its probable peak in 1976. The current rate is probably around 15% annually. Although other factors have been more important in the past, the principal recent engines

of inflation appear to be external demand for Jordan's agricultural products and regional competition for the country's highly valued labor force. With prospects for a better 1978 harvest than Jordan has enjoyed in recent years and signs that wages are increasing less rapidly, the overall rate of inflation may moderate further this year.

The participation rate in Jordan's labor force is low, at about 20%, due primarily to the limited role of women in the economy and the fact that more than 50% of the population is under 15. After decades of serious unemployment, Jordan has recently experienced a labor shortage as its highly regarded labor force has been attracted to high paying jobs elsewhere in the Arab world. The Government has responded with efforts to increase the domestic labor supply, emphasizing vocational education and encouraging women to join the labor force -- since 1974 the female participation rate has increased from less than 4% to perhaps 10% in 1977. Since 1976 Jordan has also imported significant amounts of (mostly unskilled) foreign labor. Foreign laborers remitted \$19 million from Jordan last year.

About 60% of the domestic labor force is employed in the services sector, which is dominated by Jordan's relatively large civil service and armed forces. The remainder is roughly divided between agriculture and industry with a gradual shift taking place from the former to the latter.

Foreign grant support remains important to the Government's regular budget (recurring and self-finance capital expenditures). Important sources of this support include Saudi Arabia, Kuwait and the United States. Domestic revenue collections have been increasing rapidly, however, and 79% of 1978 recurring budget expenditures are to be financed from such sources. In a government austerity effort, regular budget expenditures are to increase only 8% over 1977, less than the estimated rate of inflation, to \$900 million. A record \$200 million has been allocated for investment in economic and social development. Jordan's separate development budget, almost entirely financed by long-term concessional loans, projects 1978 expenditures at about \$270 million. On the basis of past experience, it is unlikely that the entire amount will be disbursed this year.

Implications for the United States

Jordan's economy is essentially a free enterprise system, although the Government holds important equity positions in many of the country's larger enterprises. Foreign investment is welcome, and 100% foreign ownership of local enterprises is permitted. Jordan's investment law provides attractive tax holidays and other incentives for investments which accord with the country's plans for development. Legislation also provides for repatriation of capital and dividends. The operation of three industrial free zones is under consideration. Foreign exchange regulations are liberal.

20x

ExIm and OPIC programs operate in Jordan.

The first American-Jordanian industrial joint venture (manufacturing industrial footwear) has begun production, and prospects for its success appear bright. Numerous other opportunities for joint ventures in light manufacturing can be identified and developed to service the growing domestic market and Jordan's rapidly increasing export market.

Though not the unrivaled primary supplier to Jordan, American imports have grown impressively. They totalled \$55 million in 1974, \$76 in 1975, \$94 million in 1976, and \$214 in 1977, according to Jordanian statistics. While the reputation of American exports still gives the American supplier some advantage, intense competition from alternative suppliers has grown apace. During 1977, the US dollar depreciated 5% against the JD while the currencies of other major suppliers generally appreciated, e.g. West Germany 7%, and the U.K. 6%, making American goods that much more attractive.

Jordan's (1976-1980) Five Year Plan includes investments of over \$2 billion, divided almost equally between the public and private sectors. The program emphasizes export-oriented commodity production and offers many opportunities for the supply of technical consulting services and capital equipment. As personal income continues to rise, the market for consumer goods will also become more attractive.

In 1975, Jordan enacted legislation to encourage the establishment of regional business headquarters offices in Jordan. The law provides tax exemption of profits earned outside of Jordan, income tax exemption for all expatriate employees, and duty-free entry of office equipment and the private vehicles of expatriate employees. Largely due to the situation in Beirut, some 150 foreign companies, including about 30 American firms, have located in Amman. Most have been pleased by the relative efficiency of the Jordanian Government and the country's infrastructure, the Western orientation of business practices, the degree to which English is a commercial language, and the genuine friendliness and hospitality of the Jordanian people.

The responsible agency of the Government of Jordan normally issues an international tender for major procurement of foreign goods and services. Often a pre-qualification procedure is used. Prior to issuance of an international tender, the Central Bank must release the necessary foreign exchange. The Government-usually requires the intermediation of a local agent in its dealings with foreign firms. Foreign suppliers who have existing agency relationships in Jordan have a distinct advantage, especially as bid deadlines are often short.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS PART I	1. TRANSACTION CODE <input type="checkbox"/> A ADD <input type="checkbox"/> C CHANGE <input type="checkbox"/> D DELETE	PAF 2. DOCUMENT CODE 5
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3. COUNTRY/ENTITY Jordan	4. DOCUMENT REVISION NUMBER <input type="checkbox"/>
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5. PROJECT NUMBER (7 digits) <input type="checkbox"/> 278-0224 <input type="checkbox"/>	6. BUREAU/OFFICE A. SYMBOL NE	B. CODE <input type="checkbox"/>	7. PROJECT TITLE (Maximum 40 characters) <input type="checkbox"/> Tech Services/Feasibility Studies II <input type="checkbox"/>
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8. PROJECT APPROVAL DECISION ACTION TAKEN <input type="checkbox"/> A APPROVED <input type="checkbox"/> D - DISAPPROVED <input type="checkbox"/> DE - DEAUTHORIZED	9. EST. PERIOD OF IMPLEMENTATION YRS. <input type="checkbox"/> 0 <input type="checkbox"/> 3 QTRS. <input type="checkbox"/> 0
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10. APPROVED BUDGET AID APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE-CODE	PRIMARY TECH. CODE		E. 1ST FY <u>79</u>		H. 2ND FY <u>80</u>		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) ESF	871			2,500		3,200			
(2)									
(3)									
(4)									
TOTALS				2,500		3,200			

A. APPROPRIATION	N. 4TH FY		Q. 5TH FY		LIFE OF PROJECT		11. PROJECT FUNDING AUTHORIZED (ENTER APPROPRIATE CODE(S)) 1 = LIFE OF PROJECT 2 = INCREMENTAL LIFE OF PROJECT	A. GRANT	B. LOAN
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN			
(1) ESF					5,700				
(2)									
(3)									
(4)									
TOTALS					5,700				
							C. PROJECT FUNDING AUTHORIZED THRU		FY <input type="checkbox"/> 7 <input type="checkbox"/> 9

12. INITIAL PROJECT FUNDING ALLOTMENT REQUESTED (\$000)	13. FUNDS RESERVED FOR ALLOTMENT																				
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th rowspan="2">A. APPROPRIATION</th> <th colspan="2">B. ALLOTMENT REQUEST NO. _____</th> </tr> <tr> <th>C. GRANT</th> <th>D. LOAN</th> </tr> <tr> <td>(1) ESF</td> <td>2,500</td> <td></td> </tr> <tr> <td>(2)</td> <td></td> <td></td> </tr> <tr> <td>(3)</td> <td></td> <td></td> </tr> <tr> <td>(4)</td> <td></td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTALS</td> <td>2,500</td> </tr> </table>	A. APPROPRIATION	B. ALLOTMENT REQUEST NO. _____		C. GRANT	D. LOAN	(1) ESF	2,500		(2)			(3)			(4)			TOTALS		2,500	TYPED NAME (Chief, SER/FM/FSD) SIGNATURE DATE
A. APPROPRIATION		B. ALLOTMENT REQUEST NO. _____																			
	C. GRANT	D. LOAN																			
(1) ESF	2,500																				
(2)																					
(3)																					
(4)																					
TOTALS		2,500																			

14. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 LOCAL OTHER _____

15. FOR AMENDMENTS, NATURE OF CHANGE PROPOSED

FOR REC/PIAS USE ONLY	16. AUTHORIZING OFFICE SYMBOL	17. ACTION DATE MM DD YY	18. ACTION REFERENCE (Optional)	ACTION REFERENCE DATE MM DD YY
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A.I.D, Project Number 278-0224

PROJECT

GRANT AGREEMENT

BETWEEN

THE HASHEMITE KINGDOM OF JORDAN

AND THE

UNITED STATES OF AMERICA

FOR

TECHNICAL SERVICES AND FEASIBILITY STUDIES, II

Date:

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A.I.D. Project No. 278-0224

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Appendix 1 - Financial Plan

Appendix 2 (8 Pages), Project Grant Standard Provisions Annex

PROJECT GRANT AGREEMENT

Date:

Between

The Hashemite Kingdom of Jordan ("Grantee"), acting through the National Planning Council

And

The United States of America, acting through the Agency for International Development ("A.I.D.").

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the understanding by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of the Project. The Project will consist of providing funding for goods and services intended to assist the Hashemite Kingdom of Jordan (GOJ) in the identification, development, design, appraisal and execution of priority development projects which are to be funded from GOJ resources and from funds expected to be available from International Financing Institutions and bilateral donors. The Grant will be used to finance the foreign exchange and local currency costs of pre-feasibility, feasibility, pre-investment and technical studies; preparation of project proposals, design and tender documents; environmental and social assessments; identified commodity support and technical advisory services of Consultants and Experts from Jordan or countries listed in A.I.D. Geographic Code 941. Sectors affected include water resources development; project implementation programming; sewage disposal; health; regional planning; adult vocational education; highway and farm road maintenance; agriculture and agribusiness; and, electric systems and maintenance. Within the limits of the above definition of the project, elements may be changed by written agreement of the authorized representatives of the parties named in Section 8.2., without formal amendment of this agreement.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments. The initial contribution is being made available in the amount indicated in Section 3.1. of this Agreement. The total A.I.D. contribution over the life of the Project will not exceed Five Million Seven Hundred Thousand United States Dollars (\$5,700,000). Subsequent increments will be subject to availability of funds to A.I.D. for

Article 2: The Project (Continued)

this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Two Million Five Hundred Thousand United States ("U.S.") Dollars (\$2,500,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1., and local currency costs, as defined in Section 6.2., of goods and services required for the Project. Up to \$150,000 of the above amount may be used to finance miscellaneous small and immediately required services to be procured by A.I.D.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) It is estimated that the total resources to be provided by Grantee for the Project over the life of the Project will be approximately the equivalent of U.S.\$1,140,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is 31 December 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement subsequent to the PACD.

Article 3: Financing (Continued)

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1. no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement.

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form substance acceptable to A.I.D.:

(a) An opinion of counsel that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and

(b) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.

SECTION 4.2. Additional Conditions Precedent. Prior to disbursement of any amount for a particular contract for goods or services financed hereunder, Jordan shall except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D:

(a) The contract and the selected consultant for approval pursuant to Section 5.1.,

(b) the specifications and procurement plan for material and equipment,

(c) the proposed contribution of Jordan, and

(d) a designation of the implementing Jordanian government agency.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1. have been met, it will promptly notify the Grantee.

Article 4: Conditions Precedent to Disbursement (Continued)

SECTION 4.4. Terminal Dates for Conditions Precedent. If from the date of this Agreement the conditions specified in Section 4.1., have not been met within sixty (60) days, or such later dates as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants.

See, Project Grant Standard Provisions Annex, Annex 2.

Article 6: Procurement Source.

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in Jordan or countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursement pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Jordan ("Local Currency Costs").

Article 7: Disbursement.

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursement of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

Article 7: Disbursement. (Continued)

(b) Banking charges incurred by Grantee in connections with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government. The U.S. Dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the local currency.

SECTION 7.3. Other Forms of Disbursement. Disbursement of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. If funds provided under the Grant are introduced into Jordan by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Jordan at the highest rate of exchange which, at the time the conversion is made is not unlawful in Jordan.

Article 8: Miscellaneous.

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address: National Planning Council
Amman, Jordan

Alternate address for cables: NPC, Amman Jordan

To A.I.D.:

Mail Address: USAID/Jordan
American Embassy
Amman, Jordan

Alternate address for cables: U.S. Embassy (USAID), Amman,
Jordan.

Article 8: Miscellaneous (Continued)

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be submitted for the above upon the giving of notice.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the President, National Planning Council and A.I.D. will be represented by the individual holding or acting in the office of Mission Director in Jordan, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power Section 2.1. to revise elements of the Project. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provision Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Hashemite Kingdom of Jordan (Grantee) and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

By:

Title:

National Planning Council

UNITED STATES OF AMERICA

By:

Title:

PROJECT FINANCIAL PLAN(ECONOMIC SUPPORT FUND - GRANT - \$ 5,700 THOUSAND)PROJECT NUMBER 275-0224

PROJECT INPUTS	OBLIGATIONS				TOTAL
	AID		GRANTEE ^{1/}		
	FY - 79	FY - 80	FY - 79	FY - 80	
Feasibility and Design Studies	1,800	2,475	460	450	5,185
Technical Assistance	550	575	110	120	1,355
Other	150	150	-	-	300
TOTAL	2,500	3,200	570	570	6,840

^{1/} Amounts shown under grantee obligation's are mostly in kind contribution to the Project.

Project Grant StandardProvisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project.

Article B: General Covenants

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. [See HB 18.]

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

Article B: General Covenants (Continued)

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Grant.

SECTION B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

Article C: Procurement Provisions (Continued)

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services, which, though not financed under the Grant; are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

Article C: Procurement Provisions (Continued)

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by

Article C: Procurement Provisions (Continued)

all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION. C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

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Article D: Termination; Remedies (Continued)

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

JORDAN TECHNICAL SERVICES AND FEASIBILITY STUDIES - II
6C(1) - COUNTRY CHECKLIST

Listed below are, first, statutory criteria applicable generally to FAA funds, and then criteria applicable to individual fund sources: Development Assistance and Security Supporting Assistance funds.

A. GENERAL CRITERIA FOR COUNTRY

1. FAA Sec. 116. Can it be demonstrated that contemplated assistance will directly benefit the needy? If not, has the Department of State determined that this government has engaged in consistent pattern of gross violations of internationally recognized human rights?

No, it cannot. The Department has not so determined.

2. FAA Sec. 481. Has it been determined that the government of recipient country has failed to take adequate steps to prevent narcotics drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?

No.

~~3. FAA Sec. 620(a). Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargo to or from Cuba?~~

* REPEALED *

4. FAA Sec. 620(b). If assistance is to a government, has the Secretary of State determined that it is not controlled by the international Communist movement?

The Secretary of State has so determined.

5. FAA Sec. 620(c). If assistance is to government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government?

Jordan is not known to be in violation of this section.

6. FAA Sec. 620(e) (1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

Jordan is not known to be in violation of this section.

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7. FAA Sec. 620(f); App. Sec. 108. Is recipient country a Communist country? Will assistance be provided to the Democratic Republic of Vietnam (North Vietnam), South Vietnam, Cambodia or Laos?
8. FAA Sec. 620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U.S. assistance, or (b) the planning of such subversion or aggression?
9. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. property?
10. FAA Sec. 620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, inconvertibility or confiscation, has the AID Administrator within the past year considered denying assistance to such government for this reason?
11. FAA Sec. 620(o); Fishermen's Protective Act, Sec. 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters,
- has any deduction required by Fishermen's Protective Act been made?
 - has complete denial of assistance been considered by AID Administrator?
12. FAA Sec. 620(q); App. Sec. 504: (a) Is the government of the recipient country in default on interest or principal of any AID loan to the country? (b) Is country in default exceeding one year on interest or principal on U.S. loan under program for which App. Act appropriates funds, unless debt was earlier disputed, or appropriate steps taken to cure default?
13. FAA Sec. 620(s). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PPC/RC).)

Jordan is not considered a Communist Country.

Assistance will not be provided to those countries.

No.

No.

The Government of Jordan (GOJ) has instituted such a program.

No such action has been taken by the GOJ.

The GOJ is not in default on any such loan.

These points were taken into account in preparation of A.I.D.'s annual 620(s) report to Congress and consideration of these points was not considered a bar to the furnishing of assistance.

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14. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No.
15. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? Jordan is not current in its UN obligations.
16. FAA Sec. 620A. Has the country granted sanctuary from prosecution to any individual or group which has committed an act of international terrorism? No.
17. FAA Sec. 666. Does the country object, on basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. there to carry out economic development program under FAA? No.
18. FAA Sec. 669. Has the country delivered or received nuclear reprocessing or enrichment equipment, materials or technology, without specified arrangements on safeguards, etc.? No.
19. FAA Sec. 901. Has the country denied its citizens the right or opportunity to emigrate? No.

B. FUNDING CRITERIA FOR COUNTRY

1. Development Assistance Country Criteria

a. FAA Sec. 102(c), (d). Have criteria been established, and taken into account, to assess commitment and progress of country in effectively involving the poor in development, on such indexes as: (1) small-farm labor intensive agriculture, (2) reduced infant mortality, (3) population growth, (4) equality of income distribution, and (5) unemployment.

b. FAA Sec. 201(b)(5), (7) & (8); Sec. 208; 211(a)(4), (7). Describe extent to which country is:

- (1) Making appropriate efforts to increase food production and improve means for food storage and distribution.
- (2) Creating a favorable climate for foreign and domestic private enterprise and investment.

- (3) Increasing the public's role in the developmental process.
- (4) (a) Allocating available budgetary resources to development.
- (b) Diverting such resources for unnecessary military expenditure and intervention in affairs of other free and independent nations.
- (5) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.
- (6) Otherwise responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.

c. FAA Sec. 201(b), 211(a). Is the country among the 20 countries in which development assistance loans may be made in this fiscal year, or among the 40 in which development assistance grants (other than for self-help projects) may be made?

d. FAA Sec. 115. Will country be furnished, in same fiscal year, either security supporting assistance, or Middle East peace funds? If so, is assistance for population programs, humanitarian aid through international organizations, or regional programs?

2. Security Supporting Assistance Country Criteria

a. FAA Sec. 502B. Has the country engaged in a consistent pattern of gross violations of internationally recognized human rights? Is program in accordance with policy of this Section?

Country has not engaged in a pattern of gross violations of internationally recognized human rights. Program is in accordance with policy of this Section.

b. FAA Sec. 531. Is the Assistance to be furnished to a friendly country, organization, or body eligible to receive assistance?

Yes.

c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

N/A.

JORDAN - TECHNICAL SERVICES/FEASIBILITY STUDIES - II

6C(2) - PROJECT CHECKLIST

Listed below are, first, statutory criteria applicable generally to projects with FAA funds, and then project criteria applicable to individual fund sources: Development Assistance (with a sub-category for criteria applicable only to loans); and Security Supporting Assistance funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? IDENTIFY. HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT? COUNTRY CHECKLIST WAS PREPARED IN CONNECTION WITH THIS PROJECT. STANDARD ITEM CHECKLIST HAS BEEN REVIEWED.

A. GENERAL CRITERIA FOR PROJECT.1. App. Unnumbered; FAA Sec. 653(b)

(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project;
(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure plus 10%)?

(a) Notification has been accomplished by inclusion in the FY 1979 and FY 1980 Congressional Presentations.

(b) Yes.

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

(a) Yes.

(b) Yes.

3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?

No further legislative action is required.

4. FAA Sec. 611(b); App. Sec. 101. If for water or water-related land resource construction, has project met the standards and criteria as per Memorandum of the President dated Sept. 5, 1973 (replaces Memorandum of May 15, 1962; see Fed. Register, Vol 38, No. 174, Part III, Sept. 10, 1973)?

N/A.

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

N/A.

A.

- 6. FAA Sec. 209, 619. Is project susceptible of execution as part of regional or multi-lateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. If assistance is for newly independent country, is it furnished through multi-lateral organizations or plans to the maximum extent appropriate?
- 7. FAA Sec. 601(a); (and Sec. 201(f) for development loans). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.
- 8. FAA Sec. 601(b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- 9. FAA Sec. 612(b); Sec. 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services.
- 10. FAA Sec. 612(d). Does the U.S. own excess foreign currency and, if so, what arrangements have been made for its release?

Project is not so susceptible and there is present indication that it will contribute to regional development programs. Jordan is not a newly independent country.

The project will assist the GOJ in identification, development and execution of priority development projects dealing with many of the listed objectives, especially (a), (b) and (e).

U.S. private enterprise will provide a major portion of services and goods.

The Project Agreement will so provide.

Jordan is not an excess currency country.

N.A.

B. FUNDING CRITERIA FOR PROJECT

- 1. Development Assistance Project Criteria
 - 1. FAA Sec. 102(c); Sec. 111; Sec. 281a. Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production, spreading investment out from cities to small towns and rural areas; and (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions?

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3. Project Criteria Solely for Security
Supporting Assistance

FAA Sec. 531. How will this assistance support promote economic or political stability?

The project will promote the economic and political stability of Jordan by assisting the GOJ to identify, develop and execute priority development projects.

N/A.

PROJECT FINANCIAL PLAN

(ECONOMIC SUPPORT FUND - GRANT - \$ 5,700 THOUSAND)

PROJECT NUMBER 278-0224

PROJECT INPUTS	OBLIGATIONS				TOTAL
	AID		GRANTEE ^{1/}		
	FY - 79	FY - 80	FY - 79	FY - 80	
Feasibility and Design Studies	1,800	2,475	460	450	5,185
Technical Assistance	550	575	110	120	1,355
Other	150	150	-	-	300
TOTAL	2,500	3,200	570	570	6,840

^{1/} Amounts shown under grantee obligation's are mostly in kind contribution to the Project.

Annex 5

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