

04-329

USAID Grant No.278-005-00

AMENDMENT NO. 19

TO

GRANT AGREEMENT

BETWEEN

THE HASHEMITE KINGDOM OF JORDAN

AND

THE UNITED STATES OF AMERICA

FOR THE

INCREASED ECONOMIC OPPORTUNITIES FOR JORDANIANS

STRATEGIC OBJECTIVE

DATED:

JAN 26 2003

Certified conformed copy
of agreement signed on
January 26, 2003

APPN :
BPC :
RCN :

FUNDS AVAILABLE FOR	
ADM. RES. <input type="checkbox"/>	OBLIGATION <input checked="" type="checkbox"/>
EM. RES. / EM. <input type="checkbox"/>	COMM-RES / COMM. <input type="checkbox"/>
ACTION TAKEN BY <i>167</i>	DATE <i>1/26/03</i>
APPROPRIATION: <i>723/4/037</i>	
BPC: <i>453-03-23278-KG31</i>	
RCN / ECN: <i>A030103</i>	



Roy Grohs
Director
Office of Program Management

AMENDMENT NO. 19

TO

STRATEGIC OBJECTIVE GRANT AGREEMENT

BETWEEN The Hashemite Kingdom of Jordan (Grantee or GOJ) acting through the Ministry of Planning, and the United States of America, acting through the United States Agency for International Development (USAID).

WHEREAS, on June 26, 1997, the Grantee and USAID (Parties) entered into a Grant Agreement for the Increased Economic Opportunities for Jordanians Strategic Objective (Agreement) whereby USAID granted to the Grantee Four Million Eight Hundred and Seventy-Three Thousand Eight Hundred and Eighty-Three United States (U.S.) Dollars (U.S.\$4,873,883) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 26, 1997, the Parties amended the Agreement to, among other things, add an additional Intermediate Result within the Strategic Objective and provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) in the form of a cash transfer to help achieve the Strategic Objective; and

WHEREAS, on February 5, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Two Million U.S. Dollars (U.S.\$2,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 9, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Thirteen Million Five Hundred and Eighty Nine Thousand Four

Hundred and Eleven U.S. Dollars (U.S.\$13,589,411) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 10, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Four Million Three Hundred and Thirty Nine Thousand and Thirty Three U.S. Dollars (U.S. \$4,339,033) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 10, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 30, 1999, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Twenty Four Million Seven Hundred Forty Nine Thousand Four Hundred Fifty U.S. Dollars (U.S.\$24,749,450) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 30, 1999, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 30, 1999, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on May 7, 2000, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Forty Six Million One Hundred Ninety Nine Thousand and Seven Hundred Seventy Four U.S. Dollars (U.S.\$46,199,774) to finance foreign exchange and local currency costs of achieving the Strategic Objective and deobligate Forty Thousand (U.S.\$40,000) in FY 1997 funds; and

WHEREAS, on August 23, 2000, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on April 19, 2001, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Thirty Seven Million Six Hundred and Fifty Nine Thousand Nine Hundred and Forty Two U.S. Dollars (U.S.\$37,659,942) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on September 18, 2001, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on March 6, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Thirty Seven Million One Hundred Thirty Seven Thousand U.S. Dollars (\$37,137,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 9, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on September 30, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Seventy Five Million U.S. Dollars (U.S.\$75,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on September 30, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of One Million U.S. Dollars (U.S.\$1,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on November 7, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifteen Million U.S. Dollars (U.S.\$15,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on January 26, 2003, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Sixteen Million U.S. Dollars (U.S.\$16,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, the Parties now wish to amend the Agreement to, among other things, provide additional USAID grant funding of Hundred Twenty Nine Million Five Hundred Thousand U.S. Dollars (U.S.\$129,500,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

1. Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (a) The Grant, is amended by deleting the amount of "Six Hundred Twenty Seven Million Five Hundred Eight Thousand Four Hundred and Ninety Three United States Dollars (U.S. \$627,508,493)" and replacing it with "Seven Hundred Fifty Seven Million Eight Thousand Four Hundred and Ninety Three United States Dollars (U.S. \$757,008,493)."

2. Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (b) Total Estimated USAID Contribution, is amended by deleting the amount of "Seven Hundred Fifty Million (U.S. \$750,000,000)" and replacing it with "Nine Hundred Fifty Million (U.S. \$950,000,000)."

3. Article 5: Conditions Precedent to Disbursement is hereby deleted and replaced with a new Article 5 as follows:

4. Article 5: Conditions Precedent to Disbursement

Section 5.1. FY 2003 Cash Transfer, General Conditions Precedent

Prior to disbursement of the cash transfer of One Hundred

Twenty Nine Million Five Hundred Thousand United States Dollars envisaged under Amendment No. 19 of this Agreement (hereinafter referred to as "cash transfer"), or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

(a) Evidence that the Grantee has established the Separate Dollar Account described in Article 8 of this Agreement, together with the Grantee's certification that such bank account has been established and will be maintained as required by this Agreement and/or subsequent Implementation Letters ("ILs").

(b) Evidence that the Grantee has established the Local Currency Account described in Article 9 of this Agreement, together with the Grantee's certification that such account has been established and will be maintained as required by this Agreement and/or subsequent ILs.

Section 5.2. FY 2003 Cash Transfer, Policy Reform Conditions Precedent

Prior to the disbursement of the cash transfer, or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, meet the following policy reform and related Conditions Precedent and furnish to USAID, in form and substance satisfactory to USAID, evidence of the following actions:

5.2.1. Jordan successfully completes the nation's first IPO transaction in Jordan. This is a major step in the privatization process.

5.2.2. As specified in the US-Jordan Free Trade Agreement, the Government of Jordan completes an assessment of the Kingdom's institutional capacity to enforce the US-Jordan FTA environmental agreement, and begins implementation of its recommendations.

5.2.3. In order to establish a free, fair, and competitive telecommunications market place, the GOJ appoints a commission

of four qualified members to the newly independent Telecommunications Regulatory Commission, and begins restructuring the commission to provide model regulatory oversight to the Telecom sector.

5.2.4. In order to link the entire Kingdom through a broad-band, high speed internet connection, the Cabinet approves the, "Connecting Jordanians" project produced by the Ministry of Information and Communication Technology and the Ministry of Education.

5.2.5. The Cabinet will approve, in principle, the draft Credit Bureau Law and proceed with the due process for its submission to Parliament.

5.2.6. In order to transform Jordan's economy into a technological, knowledge-based system, the Ministry of Education will implement a comprehensive, long-term strategy for educational reform in Jordan.

5.2.7. In order to fulfill a critical provision of the US-Jordan Free Trade Agreement, Cabinet approves a new Ministry of the Environment.

5.2.8. The Ministry of Health commits to a National Health Accounts (NHA) System institutionalized and implementation initiated at all public and private health sectors thereby contributing to a healthier and more productive workforce.

5.2.9. The Prime Ministry establishes a Higher Council for Population (HCP). This council must be a national organization, decentralized and recognized for efficiency and quality of service, especially to the Kingdom's labor force. The HCP will function as the only advisory body for the GOJ on population matters.

5.2.10. The Ministry of Health will improve primary and reproductive health care through the Ministry's contribution to the physical upgrading of 70 primary and comprehensive health centers thereby contributing to a healthier more productive labor force.

5.2.11. The Ministry of Water and Irrigation will finalize an Action Plan which effectively identifies the major structural and economic policy reforms required for sustainable development of the water sector nationwide. .

5.2.12. The Ministry of Water and Irrigation will secure a sustainable supply of water to the Jordan Phosphate Mining Company in Aqaba by signing an MOU with the Company to substitute freshwater with treated wastewater.

5.2.13. The Government of Jordan will revise source water classifications for potable water treatment thereby providing a continuous source of water to the Kingdom's industrial base.

5.2.14. The Government of Jordan will amend WAJ Law to enhance private sector participation and allow for the establishment and ownership by the private sector, completely or partially, of water companies.

5.2.15. The Ministry of Water and Irrigation will strengthen environmental policy enforcement measures with regard to illegal drilling.

5.2.16. The Ministry of Water and Irrigation will increase its revenues by supporting prosecution of persons making illegal connections to any WAJ water systems.

5. Article 8: General Terms and Conditions Relating to Use of the Cash Transfer, Section 8.1, Use of the Cash Transfer, is hereby amended as follows:

The opening clause of paragraph (a) is hereby deleted and replaced in its entirety with the following: "The cash transfer provided under Amendment No. 19 to this Agreement shall be utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2002 or after (as the cash transfer provided under Amendment No. 1 to this Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from January 1, 1997 or after, as the cash transfer provided under Amendment No. 5 to this Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from January 1, 1998 or after, as the cash transfers

provided under Amendments Number 7 and 8 to this Agreement were utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 1998 or after, as the cash transfer provided under Amendment Number 10 was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 1999 or after, and as the cash transfer provided under Amendment Number 12 was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2000 or after) and as the cash transfer provided under Amendment Number 15 was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2001 or after) in the following categories, in order of precedence:"

6. Article 9: General Terms and Conditions Relating to the Local Currency Account associated with the Cash Transfer

Section 9.2, Deposit into the Local Currency Account, is hereby amended by adding the following sentence at the end of subsection 9.2(e):

"For the FY 2003 cash transfer, the Local Currency equivalent of the total value of the cash transfer will be deposited into the Local Currency Account in four installments as described below or as the Parties may otherwise agree in writing through an exchange of ILs. Four equal installments, each in the amount of the Jordanian Dinar equivalent of U.S. Dollar 32.375 million, will be made within 15 working days after the beginning of the following months in calendar year 2003: February 1, 2003; May 1, 2003; August 1, 2003; and October 1, 2003, calculated at the highest legally obtainable rate of exchange as determined by the Central Bank of Jordan, which, as of the date of deposit, is not unlawful in Jordan."

7. Article 10: Trust Fund Account, shall be amended to read as follows:

Insert a new paragraph (d), Article 10 as follows:

"(d) For the FY 2003 cash transfer, the Grantee shall transfer from the Local Currency Account the equivalent of two million five hundred thousand U.S. Dollars (U.S.\$ 2,500,000) in

Jordanian Dinars to the USAID Trust Fund Account established pursuant to the Commodity Import Program Agreement between the Parties dated September 23, 1993, as amended. The Jordanian Dinars shall be provided at the highest legally obtainable exchange rate as determined by the Central Bank of Jordan, as of the date of deposit, in two equal installments of the equivalent of one million two hundred fifty thousand United States Dollars each, with one installment due on May 1, 2004 and the other due on October 1, 2004. These funds will help meet a portion of USAID administrative expenses beginning October 1, 2002 through September 30, 2005."

8. Attachment No. 1 to Annex 1 to the Agreement is deleted and hereby replaced in its entirety with the revised Attachment No. 1 to Annex 1 attached hereto.

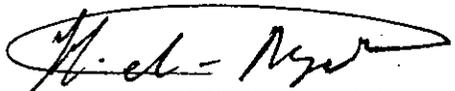
9. Except as amended herein, the Agreement, as previously amended, remains in full force and effect.

IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

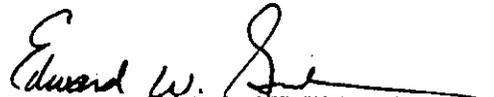
THE UNITED STATES OF AMERICA

BY:



H.E. Dr. Hazim El-Naser
Acting Minister of Planning

BY:



Edward W. Gnehm
U.S. Ambassador

BY:



Toni Christiansen-Wagner
USAID Mission Director

(SOAG Amendment No. 19)

ANNEX 1, ATTACHMENT 1

ILLUSTRATIVE STRATEGIC OBJECTIVE BUDGET

SO: Increased Economic Opportunities for Jordanians

INTERMEDIATE RESULT	USAID FUNDING			LIFE OF SO
	PREVIOUS OBLIGATIONS	THIS AMENDMENT	TOTAL	
1. Increased Access to business services	107,718,770		107,718,770	210,000,000
2. More Effective Identification and Implementation of Policy Reforms	79,789,723		79,789,723	170,000,000
3. Improved Environment for Sustained Policy Reform	440,000,000	129,500,000	569,500,000	570,000,000
TOTAL	627,508,493	129,500,000	757,008,493	950,000,000