

No. 8463

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
JAMAICA**

**Loan Agreement—*Education Project* (with related letters
and annexed Loan Regulations No. 3). Signed at Wash-
ington, on 30 September 1966**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
14 December 1966.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
JAMAÏQUE**

**Contrat d'emprunt — *Projet relatif à l'éducation* (avec
lettres y relatives et, en annexe, le Règlement n° 3 sur
les emprunts). Signé à Washington, le 30 septembre
1966**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 14 décembre 1966.*

No. 8463. LOAN AGREEMENT¹ (*EDUCATION PROJECT*) BETWEEN JAMAICA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 30 SEPTEMBER 1966

AGREEMENT, dated September 30, 1966, between JAMAICA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank to assist in the financing of a project to improve and expand educational facilities in the territories of the Borrower; and

WHEREAS the Bank has agreed to make for the purpose a loan to the Borrower on the terms and conditions provided herein;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement, with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

Section 1.02. For the purposes of this Loan Agreement Sections 3.02, 4.01 and 9.04 of the Loan Regulations are deleted.

Section 1.03. Unless the context otherwise requires, the following terms wherever used in this Loan Agreement have the following meanings :

- (a) The term " First Loan Agreement " means the loan agreement (*Highway Project*) between the Borrower and the Bank dated April 8, 1965;³
- (b) The term " First Loan " means the loan provided for in the First Loan Agreement.

¹ Came into force on 25 October 1966, upon notification by the Bank to the Government of Jamaica.

² See p. 206 of this volume.

³ United Nations, *Treaty Series*, Vol. 539, p. 303.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to nine million five hundred thousand dollars (\$9,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account such amounts as shall be the equivalent of such a percentage as may from time to time be agreed between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required to carry out the Project; provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to June 1, 1966 or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account shall be made in such currency or currencies as the Bank shall reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn and outstanding from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.09. For the purposes of facilitating the sale of portions of the Loan, Bonds, portions of the First Loan or bonds representing the First Loan, it is agreed that in connection with any such sale :

(a) notwithstanding the provisions of Section 3.03 of the Loan Regulations (applicable to this Loan Agreement and to the First Loan Agreement), the Bank

and the Borrower may from time to time agree that any portion of the Loan or the First Loan repayable in one currency may be made repayable in one or more other currencies and from the date specified in such agreement such portion of the Loan or the First Loan shall be repayable in such other currency or currencies; and

(b) the Bank may from time to time, by notice to the Borrower, interchange equivalent portions of the Loan and the First Loan repayable in different currencies under the provisions of Section 3.03 of the Loan Regulations (applicable to this Loan Agreement and the First Loan Agreement), provided that the aggregate amount so to be repaid in any currency in respect of the Loan and the First Loan and the amounts of the respective maturities set forth in the amortization schedules to this Loan Agreement and the First Loan Agreement shall not be varied.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.03. The specific educational institutions included in the Project and the locations thereof shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Section 4.03. Notwithstanding the provisions of Section 6.06 of the Loan Regulations, the Bank may from time to time request pursuant to Section 6.03 or Section 6.11 of the Loan Regulations, and the Borrower shall execute and deliver, Bonds providing: (a) for the payment on a single date of two or more maturities, or parts thereof, specified in such request, of installments of the principal amount of the Loan set forth in Schedule 1 to this Agreement; (b) that the principal amount of each such Bond shall be payable in a single currency on the date of the latest maturity of the installments specified in such request; (c) that as a sinking fund for such Bonds the Borrower will, on each date specified in Schedule 1 to this Agreement as the maturity of an installment of the portion, or all, of the Loan represented by such Bonds, redeem a principal amount of such Bonds equal to the amount of such installments; (d) that the Bonds to be redeemed in whole or in part shall be selected by lot; (e) that no premium shall be payable on such redemption; (f) that the obligation of the Borrower to redeem Bonds shall be satisfied *pro tanto* by the substitution of uncanceled Bonds issued pursuant to such request, Bonds so substituted to be valued for such purpose at their principal amount; and (g) that all Bonds so redeemed or substituted shall be immediately cancelled. All the provisions of this Article IV and of Article VI of the Loan Regulations shall apply to such Bonds except that appropriate changes shall be made in the forms of Bonds as the Bank shall reasonably request in order to give effect to the provisions of this Section 4.03.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project or cause the Project to be carried out with due diligence and efficiency, in conformity with sound technical standards and with due regard to economy.

(b) The Borrower shall cause the educational institutions included in the Project to be operated so as to promote the educational objectives of the Borrower and to be provided with qualified teachers and administrators in adequate numbers.

(c) The Borrower shall cause the buildings and equipment of the educational institutions included in the Project to be adequately maintained and shall cause all necessary renewals and repairs to be made thereto.

(d) The Borrower shall appoint or cause to be appointed a full-time Project coordinator and a full-time Project architect acceptable to the Bank to be responsible for the proper execution of the Project.

(e) Except as the Bank shall otherwise agree, in the carrying out of the Project the Borrower shall employ or cause to be employed qualified and experienced architects, engineers and other consultants acceptable to the Borrower and the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

(f) Except as the Bank shall otherwise agree, the Borrower shall cause the Project to be carried out by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank.

(g) Except as the Bank shall otherwise agree, the Borrower shall furnish or cause to be furnished to the Bank for its approval promptly upon their preparation the plans, specifications, contracts and work schedules for the construction included in the Project and the master lists of instructional equipment and furniture included therein, and any subsequent material modifications thereof, in such detail as the Bank shall reasonably request.

Section 5.02. The Borrower shall at all times make or cause to be made available immediately as needed all funds and other resources, including land, required for the carrying out of the Project and for the effective utilization, staffing, equipping and operation and maintenance of the educational institutions included in the Project.

Section 5.03. The Borrower shall take all organizational measures necessary, including the strengthening of its Ministry of Education and educational services, in order to ensure that maximum benefits are derived from its expanded educational program.

Section 5.04. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, the operation of the educational system of the Borrower and programs for educational development in its territories and the administration, operations and financial condition of the ministries or departments of the Borrower responsible for the carrying out of the Project or any part thereof.

Section 5.05. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.06. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property, or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “assets of the Borrower” as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Jamaica or any other institution performing the functions of a central bank.

Section 5.07. (a) The Borrower shall take out and maintain with responsible insurers or make other provisions satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation

and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.08. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.09. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Article VI

REMEDIES OF BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. The following additional event is specified for the purposes of Section 5.02 (h) of the Loan Regulations: Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under the Loan Agreement or the Bonds or under any other loan or guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement or under any development credit

agreement between the Borrower and the International Development Association even though such payment has been made by other persons.

Article VII

TERMINATION; MISCELLANEOUS

Section 7.01. If this Loan Agreement shall not have come into force and effect by October 31, 1966, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

Section 7.02. The Closing Date shall be July 31, 1971, or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministry of Finance
Kingston, Jamaica

Alternative address for cables and radiograms :

Ministry of Finance
Kingston, Jamaica

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables and radiograms :

Intbafrad
Washington, D.C.

Section 7.04. The Minister of Finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their

respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Jamaica :

By D. B. SANGSTER
Acting Prime Minister
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
January 15, 1972	190,000	January 15, 1980	305,000
July 15, 1972	195,000	July 15, 1980	315,000
January 15, 1973	200,000	January 15, 1981	325,000
July 15, 1973	210,000	July 15, 1981	335,000
January 15, 1974	215,000	January 15, 1982	345,000
July 15, 1974	220,000	July 15, 1982	355,000
January 15, 1975	225,000	January 15, 1983	365,000
July 15, 1975	235,000	July 15, 1983	375,000
January 15, 1976	240,000	January 15, 1984	385,000
July 15, 1976	250,000	July 15, 1984	400,000
January 15, 1977	255,000	January 15, 1985	410,000
July 15, 1977	265,000	July 15, 1985	420,000
January 15, 1978	270,000	January 15, 1986	435,000
July 15, 1978	280,000	July 15, 1986	445,000
January 15, 1979	285,000	January 15, 1987	455,000
July 15, 1979	295,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premiums</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1 ½%
More than six years but not more than eleven years before maturity	2 ½%
More than eleven years but not more than sixteen years before maturity	3 ½%
More than sixteen years but not more than eighteen years before maturity	5%
More than eighteen years before maturity	6%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project which aims at developing secondary schools and post-secondary institutions for teacher training, technical and agricultural education consists of :

- A. Construction of and equipment for :
- (1) 50 new junior secondary schools;
 - (2) the expansion of 4 teacher training colleges;
 - (3) the expansion of the College of Arts, Science and Technology; and
 - (4) the expansion of the Jamaica School of Agriculture.
- B. Construction of staff houses for junior secondary schools in rural areas.
- C. Architectural and engineering services for the above.
- D. Employment of foreign specialists to assist in the development of curricula, production of instructional materials, and training of teachers for the institutions included herein, and training abroad of Jamaican teachers and school administrators.

The facilities provided by the Project are expected to establish :

- 33,000 places in junior secondary schools for pupils who are presently kept in all-age primary schools.
- 675 places in 4 teacher training colleges in addition to 1330 places now available in all teacher training colleges of Jamaica.
- 390 places in the College of Arts, Science and Technology, in addition to the present 340 places.
- 330 places in the Jamaica School of Agriculture in addition to the present 170 places.

It is expected that Parts A, B and C of the Project will be completed by September 1970 and Part D thereof by the middle of 1971.

LETTERS RELATING TO THE LOAN AGREEMENT

EMBASSY OF JAMAICA
WASHINGTON

September 30, 1966

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433Re : *Loan No. 468 JM (Education Project)*
Execution of the Project

Dear Sirs,

We refer to the Loan Agreement (*Education Project*) of even date herewith between us and wish to record below the understanding reached with you regarding several aspects of the execution of the Project.

Project Coordinator and Project Architect

1. Pursuant to Section 5.01 (*d*) of the Loan Agreement we have appointed a full-time Project Coordinator, satisfactory to the Bank, who shall be responsible for the proper execution of the Project, including *inter alia* :

- (a) Coordination of all bilateral sources of assistance to conform with Project schedules.
- (b) Administration of the Technical Services financially assisted by the Loan.
- (c) Preparation of Master Lists of instructional equipment, books and furniture suitably coded and referenced for procurement through the Supply Division of the Ministry of Finance.
- (d) Procurement through the Supply Division of the Ministry of Finance of all the equipment, books and furniture required for the Project in accordance with the Master Lists.
- (e) Installation, testing and commissioning of instructional equipment, books and furniture.
- (f) Keeping a record of the Project accounts.
- (g) Preparation of quarterly progress reports.
- (h) Preparation of withdrawal applications.

2. With further reference to Section 5.01 (*d*) of the Loan Agreement we have appointed a full-time Project Architect, satisfactory to the Bank, who shall collaborate with the Project Coordinator and be responsible for the architectural aspects of the Project and in particular will arrange that :

- (a) Architects are properly briefed.
- (b) Architects' submissions are considered and approved by competent authorities.

- (c) Civil works contracts are procured through selected and commissioned architect consultants.
 - (d) Progress of construction is reported regularly.
 - (e) Master Lists of instructional equipment, books and furniture contain accurate references as to the destination of each item and the date by which it is required on site.
3. The Project Office will be kept adequately and competently staffed to fulfill the responsibilities assigned to it.
 4. We shall not replace the Project Coordinator or the Project Architect without prior approval of the Bank.

Supply Division of the Ministry of Finance

5. The Supply Division of the Ministry of Finance shall employ and maintain an adequate and competent staff to :
 - (a) Procure the instructional equipment, books and furniture needed for the Project in accordance with the Master Lists.
 - (b) Inspect and certify all equipment, books and furniture when delivered to sites and replace damaged goods through appropriate insurance.

Land Acquisition

6. With reference to Section 5.02 of the Loan Agreement we undertake that suitable sites for all the junior secondary schools in the Project will be acquired by the Ministry of Education to the Bank's satisfaction before December 31, 1967.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Jamaica :
By D. B. SANGSTER
Authorized Representative

Confirmed:

International Bank for
Reconstruction and Development :
By Gerald ALTER

EMBASSY OF JAMAICA
WASHINGTON

September 30, 1966

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Re : *Loan No. 468 JM (Education Project)*
Specialist Services and Training Abroad

Dear Sirs,

We refer to Part D of the Description of the Project in the Loan Agreement (*Education Project*) of even date between us, regarding employment of foreign specialists and training abroad of Jamaican personnel. We hereby agree on the following :

1. We will employ specialists (estimated total of 40 man/years) to assist in the junior secondary school program and will provide training abroad for Jamaican personnel (14 fellowships) for the same program. These services are to be offered by the United States Agency for International Development under an agreement dated May 25, 1966. A copy of this agreement has been submitted to you and we will consult with you on its implementation.

2. We will employ specialists (total estimated 11 man/years) to assist in the expanded program of the Jamaica School of Agriculture and will provide training abroad of teachers of JSA (total of 5 fellowships).

3. We will employ specialists (total of 15 man/months in addition to present expatriate personnel) to assist in the expanded program of the College of Arts, Science and Technology.

With reference to Items 2 and 3 above, we intend to consult with you on :

- (a) Qualifications and terms of reference of the specialists to be employed; and
- (b) The selection of an outside agency acceptable to the Bank to assist with the recruitment and supervision of the specialists and in the planning and supervision of foreign studies for Jamaican personnel.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Jamaica :
By D. B. SANGSTER
Authorized Representative

Confirmed:

International Bank for
Reconstruction and Development :
By Gerald ALTER

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.*]