

No. 9889

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

**Guarantee Agreement—Kingston Water Supply Project  
(with annexed Loan Regulations No. 4, as amended,  
and Loan Agreement between the Bank and the Water  
Commission, Kingston, Jamaica). Signed at Washington  
on 14 May 1969**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development  
on 25 September 1969.*

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

**Contrat de garantie — Projet relatif à l'approvisionnement  
en eau de Kingston (avec, en annexe, le Règlement n° 4 sur les emprunts, tel qu'il a été modifié,  
et le Contrat d'emprunt entre la Banque et la Water  
Commission de Kingston, Jamaïque). Signé à Washing-  
ton le 14 mai 1969**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le dévelop-  
pement le 25 septembre 1969.*

GUARANTEE AGREEMENT<sup>1</sup>

AGREEMENT, dated May 14, 1969, between JAMAICA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and The Water Commission, Kingston, Jamaica (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million dollars (\$5,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967,<sup>2</sup> subject, however, to the modification thereof set forth in the Loan Agreement (said Loan Regulations No. 4 as so modified, being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Article II*

*Section 2.01* Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest

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<sup>1</sup> Came into force on 25 June 1969, upon notification by the Bank to the Government of Jamaica.

<sup>2</sup> See p. 48 of this volume.

and other charges on, the Loan, the principal of and interest on the Bonds, the premium if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes to provide the Borrower, or cause the Borrower to be provided, on terms and conditions acceptable to the Bank, all funds required to : (i) complete the Project and (ii) carry out all development programs authorized by the Guarantor prior to the completion of the Project.

### Article III

*Section 3.01.* It is the mutual intention of the Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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 Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Bank of Jamaica, or any other institution performing the functions of a central bank.

*Section 3.02.* (a) The Guarantor 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

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

*Section 3.03.* 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 imposed under the laws of the Guarantor or laws in effect in its territories, and free from all restrictions imposed under the laws of the Guarantor 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 Guarantor.

*Section 3.04.* This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof

*Section 3.05.* Without limiting or restricting the Guarantor's obligations under Section 2.01 of this Agreement, the Guarantor covenants that it will : (i) enable the Borrower promptly to establish, and to maintain at all times, such water rates as are required under Section 5.07 of the Loan Agreement ; (ii) not permit any of its political subdivisions or agencies of such political subdivisions, to take any action which would prevent or interfere with the successful operation of the Project or with the performance by the Borrower of any of the covenants and agreements contained in the Loan Agreement, and that it will cause such political subdivisions or agencies to take all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants and agreements; (iii) cause to be taken all measures required to enable the Borrower to acquire all rights to lands, rights of way and water rights which shall be necessary to carry out the Project, and, except as the Bank may otherwise agree, shall not permit any use or abstraction of water by others which would result in any significant reduction of the yield of the Project's water sources to the Borrower; and (iv) ensure that the chief executive officer of the Borrower shall at all times be appropriately qualified and competent.

*Section 3.06.* The Guarantor covenants that the rates and other charges levied for sewerage and waste disposal services together with funds provided

by the Guarantor if necessary will be sufficient to cover the costs of operating the Borrower's sewerage and waste disposal systems, including all operating costs, a reasonable portion of overhead costs, adequate maintenance, depreciation, interest and other charges on loans, and amortization of the loans to the extent that such amortization exceeds depreciation.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister responsible for Finance of the Guarantor and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

#### *Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Ministry of Finance and Planning  
Kingston, Jamaica

Cable address :

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

Cable address :

Intbafrad  
Washington, D.C.

*Section 5.02.* The Minister responsible for Finance of the Guarantor 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 Guarantee 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 Egerton RICHARDSON  
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS  
OTHER THAN MEMBER GOVERNMENTS

[*Not published herein. See United Nations. Treaty Series, vol. 598, p. 270.*]

## LOAN AGREEMENT

AGREEMENT, dated May 14, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE WATER COMMISSION, KINGSTON, JAMAICA (hereinafter called the Borrower).

### *Article I*

#### LOAN REGULATIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations): the second sentence of Section 4.01 is deleted.

### *Article II*

#### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to five million dollars (\$5,000,000).

<sup>1</sup> See above.

*Section 2.02.* (a) 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.

(b) 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, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

(c) Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of:

- (i) expenditures in respect of consulting services under Category D of Schedule 1 to this Loan Agreement made prior to July 1, 1968;
- (ii) expenditures other than those referred to in paragraph (i) hereof, made prior to the date of this Loan Agreement; or
- (iii) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor or expenditures made in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.04.* The Borrower shall pay interest at the rate of six and one-half per cent ( $6\frac{1}{2}$  %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.05.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

### Article III

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures required to carry out the Project described in Schedule 3 to this Agreement.

*Section 3.02.* (a) Except as the Bank shall otherwise agree, the goods, other than services of consultants and items costing less than two thousand five hundred dollars (\$2,500) equivalent required to carry out the Project described in Schedule 3 hereof shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Loan Agreement.

(b) When evaluating bids for the procurement of supplies and equipment, prices of locally produced goods shall be compared with prices of imported goods on the following basis : (i) the price of goods produced in the territories of the Borrower shall consist of the ex-factory cost of such goods, and (ii) the price of imported goods shall consist of the c.i.f. landed cost of such imported goods plus a margin, to be agreed with the Bank from time to time but not to exceed the lesser of (i) the customs duties and any other similar charges levied on the import of goods into the territories of the Guarantor, or (ii) (15 %) of such cost.

*Section 3.03.* Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

#### *Article IV*

##### BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

*Section 4.02.* The Chairman of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The Chairman of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

#### *Article V*

##### PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices, and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(b) In carrying out the Project, the Borrower shall employ competent and experienced engineering consultants and contractors acceptable to the Bank upon such terms and conditions as shall have been approved by the Bank.



(c) Except as the Bank shall otherwise agree, the Borrower shall, within one year after the date of this Agreement, appoint a chief financial officer who shall be responsible for the management of the Borrower's financial affairs and the proper maintenance of the Borrower's accounts.

(d) The Borrower shall promptly employ qualified accountants acceptable to the Bank to assist the Borrower in establishing, on the basis of sound accrual accounting principles applicable to public utilities, the accounts and accounting system of the Borrower; such accountants shall be employed for such period, and upon such terms and conditions as shall have been approved by the Bank.

(e) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the reports, plans, specifications, contract documents and work or procurement schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

*Section 5.02.* (a) The Borrower shall at all times manage its affairs, maintain its financial position, plan its future expansion and carry on its operations, in accordance with sound business, financial and public utility practices and under the supervision of experienced and competent management, and all material modifications in the organization and administrative structure of the Borrower, shall be made only with the approval of the Bank.

(b) The Borrower shall have its accounts audited and its financial statements (balance sheet and related statements of earnings and expenses) certified annually by independent qualified accountants acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank certified copies of such statements and a signed copy of the accountants' report.

*Section 5.03.* (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan and the maintenance of the service thereof.

(b) The Borrower shall furnish 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, and the administration, operations and financial condition of the Borrower.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

(d) The Borrower shall: (i) 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 Borrower; and (ii) shall enable the Bank's representatives to inspect the Project, the goods, all other plants, sites, works, properties and equipment of the Borrower and any relevant records and documents.

*Section 5.04.* (a) Except as the Bank shall otherwise agree, the Borrower shall at all times take all steps which are necessary to maintain its existence and right to carry on operations and to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall at all times operate and maintain its plants, equipment, machinery and other property, and promptly make all necessary repairs and renewals thereof, in accordance with sound engineering and public utility practices.

(c) The Borrower shall not, without the prior approval of the Bank, lease, transfer or otherwise dispose of any of its property or assets which shall be required for the efficient operation of its business and undertaking.

*Section 5.05.* (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 amounts as shall be consistent with sound public utility practices.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods financed out of the proceeds of the Loan against marine, transit and other hazards incident to the 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 5.06.* 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 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; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

*Section 5.07.* (a) The Borrower shall take all necessary steps to ensure the establishment, and thereafter, the maintenance, of charges for water supplied by the Borrower, which will provide revenues sufficient:

- (i) to cover the operating expenses incurred for its water supply systems;

(ii) to produce out of the revenue from the supply of water an annual return on the value of the net fixed water supply assets operated by the Borrower of not less than 8 % per annum except as the Bank shall otherwise agree. This return is to cover interest payments on borrowings, to meet periodic repayments on long-term indebtedness to the extent that any such repayments exceed the provisions for depreciation, and to produce reserves sufficient to finance the normal year-to-year extensions of the water supply system and to provide a reasonable part of the cost of future major expansions.

(b) For the purposes of this Section :

- (i) The required annual return will be calculated by using as the denominator the value of net fixed water supply assets operated by the Borrower at the beginning of the year in question and, as the numerator, the operating income of the Borrower from water supply for that year.
- (ii) The term "value of net fixed water supply assets" means the gross value of fixed assets determined by valuation procedures as at 31st March, 1966, with additions of plant and equipment at original cost less accumulated depreciation, based on depreciation methods acceptable to the Bank. The fixed assets may be revalued from time to time by mutual agreement between the Borrower, Guarantor and the Bank on appropriate valuation methods acceptable to all parties.
- (iii) The term "operating income" means the difference between operating revenues and operating expenses.
- (iv) The term "operating revenues" means all revenues from the sale of water, including monthly service charges.
- (v) The term "operating expenses" means all costs of operation by the Borrower of the water supply facilities, including a reasonable portion as agreed with the Bank of overhead costs, maintenance expenses and an adequate provision for depreciation, but excluding interest and other charges on debt.

*Section 5.08.* Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, other than for money borrowed for financing the Project, unless its net revenues for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all debt including the debt to be incurred. For the purposes of this Section :

(a) The term "debt" shall mean all indebtedness of the Borrower, in respect of water operations including debt for the service of which the Borrower is responsible, maturing by its terms more than one year after the date on which it is originally incurred.

(b) Debt shall be deemed to be incurred on the date of execution and delivery of a contract, loan agreement or other instrument providing for such debt.

(c) The term "net revenues" shall mean gross revenues from water operations, adjusted to take account of the Borrower's rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating and administrative expenses and provision for taxes in respect of water operations, if any, but before provision covering depreciation and debt service requirements.

(d) The term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt.

(e) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

*Section 5.09.* The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement<sup>1</sup> or the Bonds, or the payment of principal, interest or other charges thereunder; 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 Guarantor.

*Section 5.10.* The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

## Article VI

### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under

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<sup>1</sup> See p. 40 of this volume.

any development credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any development credit agreement between the Association and the Guarantor under circumstances which, in the judgment of the Bank, would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in Section 6.02 of this Agreement or 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 Loan Agreement or in the Bonds to the contrary notwithstanding.

*Section 6.02.* Pursuant to paragraph (1) of Section 5.02 of the Loan Regulations, the following is specified as an additional event for the purposes of said Section, namely, that any legislation or regulation of the Guarantor governing the establishment, organization, powers and operations of the Borrower, shall have been materially amended, suspended or abrogated without the agreement of the Bank, so as to affect adversely the operations or financial condition of the Borrower or the performance by the Borrower of its obligations under the Loan Agreement.

## Article VII

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1972, or such later date as may be agreed between the Bank and the Borrower.

*Section 7.02.* The date of July 1, 1969 is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

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

For the Bank :

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

Cable address :

Intbafrad  
Washington, D.C.

For the Borrower :

The Water Commission  
Kingston, Jamaica

Cable address :

Water Commission  
Kingston, Jamaica

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.

International Bank for Reconstruction and Development :

By J. Burke KNAPP  
Vice President

The Water Commission, Kingston, Jamaica :

By Milton RODRIGUES  
Authorized Representative

#### SCHEDULE 1

#### ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
A. Equipment and supplies for the construction of spring intake, pumping station, ancillary structures and works, and installation of pumps and equipment . . . . .	160,000
B. Equipment and supplies for the drilling of wells, and for the installation of pumps and equipment for wells and booster pumping stations . . . . .	380,000
C. Equipment and supplies for the installation of transmission and distribution mains and accessories, and for the construction of reservoirs . . . . .	2,900,000
D. Engineering consulting services . . . . .	320,000
E. Interest and other charges on the Loan during construction but prior to October 16, 1971 . . . . .	660,000
F. Foreign exchange component of locally produced goods and of civil works contracts . . . . .	120,000
G. Unallocated . . . . .	460,000
	<u>TOTAL</u> <u>5,000,000</u>

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories A through F shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category G.

2. If the estimate of the cost of the items included in any of the Categories A through F shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan will be allocated by the Bank, at the request of the Borrower, to such Category from Category G, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

## SCHEDULE 2

## 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>
April 15, 1973 . . . . .	85,000	October 15, 1981 . . . . .	150,000
October 15, 1973 . . . . .	90,000	April 15, 1982 . . . . .	155,000
April 15, 1974 . . . . .	90,000	October 15, 1982 . . . . .	160,000
October 15, 1974 . . . . .	95,000	April 15, 1983 . . . . .	165,000
April 15, 1975 . . . . .	100,000	October 15, 1983 . . . . .	170,000
October 15, 1975 . . . . .	100,000	April 15, 1984 . . . . .	175,000
April 15, 1976 . . . . .	105,000	October 15, 1984 . . . . .	180,000
October 15, 1976 . . . . .	110,000	April 15, 1985 . . . . .	185,000
April 15, 1977 . . . . .	110,000	October 15, 1985 . . . . .	195,000
October 15, 1977 . . . . .	115,000	April 15, 1986 . . . . .	200,000
April 15, 1978 . . . . .	120,000	October 15, 1986 . . . . .	205,000
October 15, 1978 . . . . .	125,000	April 15, 1987 . . . . .	210,000
April 15, 1979 . . . . .	125,000	October 15, 1987 . . . . .	220,000
October 15, 1979 . . . . .	130,000	April 15, 1988 . . . . .	225,000
April 15, 1980 . . . . .	135,000	October 15, 1988 . . . . .	235,000
October 15, 1980 . . . . .	140,000	April 15, 1989 . . . . .	250,000
April 15, 1981 . . . . .	145,000		

\* 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>Premium</i>
Not more than three years before maturity . . . . .	3/4 %
More than three years but not more than six years before maturity . . . . .	1 3/4 %
More than six years but not more than eleven years before maturity . . . . .	2 3/4 %
More than eleven years but not more than sixteen years before maturity . . . . .	4 1/2 %
More than sixteen years but not more than eighteen years before maturity . . . . .	5 1/2 %
More than eighteen years before maturity . . . . .	6 1/2 %

### SCHEDULE 3

#### DESCRIPTION OF PROJECT

The Project consists of improvements and expansion of the water supply facilities to the Kingston area, including :

(a) The construction of an intake, pumping station and ancillary works to enable abstraction of up to 8.5 million Imperial gallons per day from Tulloch Spring;

(b) The provision and installation of pumps, power facilities, measuring equipment, chlorinators, transmission main from Tulloch to Kingston, and accessory electrical and mechanical equipment;

(c) The acquisition of existing wells and the drilling of new wells in the Spanish Town area to enable an average abstraction of 5 million Imperial gallons per day and associated construction works; the provision and installation of pumps, power facilities, pumping mains to connect with the Tulloch-Kingston main, and accessory electrical and mechanical equipment, measuring equipment and chlorinators;

(d) The construction or modification of pumping stations, reservoirs, and the provision of new water mains in the supply area; and

(e) The drilling and equipping of wells in selected areas.

The Project is expected to be completed by mid-October 1971.

### SCHEDULE 4

#### PROCUREMENT OF GOODS

1. In respect of goods in Categories A, B, C and F as set out in Schedule 1 to this Loan Agreement, required to be procured on the basis of international competitive bidding under Section 3.02 of this Loan Agreement, identical or similar items to be procured shall be grouped together wherever practicable for the purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Bank.

2. In respect of (i) civil works contracts of US\$100,000 equivalent and above and (ii) contracts for the purchase of machinery, equipment and materials of US\$25,000 equivalent and above :

(a) the Borrower shall submit to the Bank, for review and approval prior to the issuance of invitations to bid, a description of the advertising procedures to be



used and copies of specifications, invitations to bid and draft contract documents;

- (b) prior to the award of any such contract, the Borrower shall submit to the Bank for its approval evidence of advertising, the analyses of bids received, the consultants' recommendations and the Borrower's proposals for awards, as well as copies of the proposed contracts;
- (c) if the proposed final contract is to differ substantially from the terms and conditions contained in the documents previously approved by the Bank under subparagraphs 2 (a) and 2 (b) above, the text of the proposed changes shall be submitted to the Bank for review and approval prior to the execution of such contract; and
- (d) one signed copy of any such contract shall be furnished to the Bank promptly after its execution.

3. In respect of (i) civil works contracts expected to cost less than the equivalent of US\$100,000, and (ii) contracts for the purchase of machinery, equipment and materials expected to cost less than the equivalent of US\$25,000, invitations to bid, specifications, bid evaluation reports, as well as one signed copy of each such contract, and such other relevant material as the Bank shall request, shall be sent to the Bank promptly after the execution of any such contract and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of any such contracts.

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