

No. 26523

**UNITED STATES OF AMERICA
and
JAMAICA**

**Production and Employment Loan Agreement. Signed at
Kingston on 19 January 1981**

Authentic text: English.

Registered by the United States of America on 27 April 1989.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAMAÏQUE**

**Accord de prêt pour stimuler la production et l'emploi.
Signé à Kingston le 19 janvier 1981**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 avril 1989.

PRODUCTION AND EMPLOYMENT LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF JAMAICA AND THE UNITED STATES OF AMERICA

By this Agreement made and entered into on the 19th day of January, 1981, the Government of Jamaica, (hereinafter referred to as the "Borrower"), and the United States of America, acting through the Agency for International Development (hereinafter referred to as "AID"), hereby agree as follows:

Section 1. THE LOAN

A. *The Loan.* For the purposes of providing immediate balance of payments support to the Borrower and to stimulate production, exports and employment in Jamaica, AID, pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed Forty Million United States Dollars (\$40,000,000) ("Loan"). The aggregate amount of disbursements under the Loan shall be referred to herein as "Principal".

B. *Interest.* The Borrower will pay to AID interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 5) of each respective disbursement, and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by AID.

C. *Repayment.* The Borrower will repay to AID the Principal within twenty (20) years from the date of the first disbursement of the Loan in twenty-one (21) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9 1/2) years after the date on which the first interest payment is due in accordance with Subsection B. AID will provide the Borrower with an amortization schedule in accordance with this Subsection after the final disbursement under the Loan.

D. *Application, Currency, and Place of Payment.* All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as AID may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

E. *Prepayment.* Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Unless AID otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

¹ Came into force on 19 January 1981 by signature.

F. *Renegotiation of Terms.* (i) The Borrower and AID agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Jamaica, which enable the Borrower to repay the Loan on a shorter schedule.

(ii) Any request by either party to the other to so negotiate will be made pursuant to Section 11, and will give the name and address of the person or persons who will represent the requesting party in such negotiations.

(iii) Within thirty (30) days after delivery of a request to negotiate, the requested party will communicate to the other, pursuant to Section 11, the name and address of the person or persons who will represent the requested party in such negotiations.

(iv) The representatives of the parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested party's communication under subsection (iii). The negotiations will take place at a location mutually agreed upon by the representatives of the parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Ministry of Finance in Jamaica.

G. *Termination on Full Payment.* Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and AID under it will cease.

Section 2. CONDITIONS PRECEDENT TO DISBURSEMENT

A. *First Disbursement.* Prior to the first disbursement under this Agreement, or to the issuance by AID of documentation pursuant to which disbursement will be made, the Borrower will, except as AID may otherwise agree in writing, furnish to AID, in form and substance satisfactory to AID:

- (i) An opinion of the Attorney General of the Borrower that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms; and
- (ii) A statement of the name or names of the persons holding or acting in the office of the Borrower specified in Section 12, and a specimen signature of each person specified in such statement.

B. *Subsequent Disbursements.* Prior to disbursement under this Agreement, or to the issuance of documentation pursuant to which disbursement will be made, in excess of \$10,000,000, the Borrower will, except as AID may otherwise agree in writing, furnish or cause to be furnished to AID, in form and substance satisfactory to AID, a letter from the Management of the International Monetary Fund (IMF) indicating that the economic program outlined in the Letter of Intent of the Borrower is a satisfactory basis for the Management of the IMF to recommend to the Executive Board of the IMF that a standby or extended fund facility agreement be established for the Borrower.

Section 3. NOTIFICATION OF SATISFACTION OF CONDITIONS PRECEDENT

When AID has determined that the conditions precedent specified in Section 2 have been met, AID will promptly notify the Borrower.

Section 4. TERMINAL DATES FOR CONDITIONS PRECEDENT

A. *First Disbursement.* If the conditions specified in Section 2.A have not been met within sixty (60) days from the date this Agreement is made and entered into, or such later date as AID may agree in writing, AID, at its option, may terminate this Agreement by written notice to the Borrower.

B. *Subsequent Disbursements.* If the conditions specified in Section 2.B have not been met within ninety (90) days from the date of this Agreement, or such later date as AID may agree to in writing, AID, at its option, may cancel the then undisbursed balance of the Loan, and may terminate this Agreement by written notice to the Borrower. In the event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Borrower and AID will terminate.

Section 5. DISBURSEMENT

Disbursement of the funds made available under this Agreement will be made in two installments pursuant to requests for disbursement by the Borrower and subsequent to satisfaction of the Conditions Precedent to disbursement under Section 2. Each request for disbursement will be submitted to the Mission Director, USAID Mission to Jamaica, in a form and in substance satisfactory to AID. In accordance with each request for disbursement, AID will deposit the funds into an account of the Borrower at a United States bank in the United States designated by the Borrower.

Section 6. TERMINAL DATE FOR REQUESTING DISBURSEMENT

The terminal date for requesting disbursements of funds will be six (6) months from the date this Agreement was made and entered into, except as AID may otherwise agree in writing.

Section 7. USE OF LOCAL CURRENCY

The Borrower agrees that currency of Jamaica equivalent in amount to the United States dollar disbursements hereunder shall be allocated within the Borrower's 1981-1982 budget and shall be disbursed during the period from April 1, 1981, through March 31, 1982, to finance the local currency cost of development programs in Jamaica. The highest rate of exchange which is not unlawful in Jamaica on the date of dollar disbursements shall be used in determining the total amount required to be so allocated. Allocation of these funds will be for programs agreed upon by the Borrower and AID. The Borrower will submit to AID Quarterly Activity Status Reports which will show actual disbursements by the Borrower on a Project by Project basis.

Section 8. TAXATION

This Agreement and the amount to be loaned hereunder shall be free from any taxation or fees imposed under any laws in effect within Jamaica.

Section 9. USE OF FUNDS

A. *Ineligible Procurement.* The United States dollar funds provided hereunder shall be available as free foreign exchange assets of the Borrower. However, the Borrower agrees that such funds shall not be used to finance

military requirements of any kind including the procurement of commodities or services for military purposes and shall not be used to finance non-food consumer goods.

B. *U.S. Imports.* The Borrower agrees that within twelve (12) months of the date of each disbursement by AID of U.S. dollar funds under this Agreement, the Borrower shall import or cause to be imported into Jamaica goods and/or services from the United States in an amount at least equivalent to the amount of each such disbursement. Documentation evidencing imports attributed to the funds provided under this Agreement shall be retained by the Bank of Jamaica as part of its files related to this Agreement and shall be available for review and/or audit in accordance with Section 10 hereof.

C. *Commodity Reports.* The Borrower agrees to submit to AID within 12 months of each disbursement under this Agreement, a list of the commodities imported, against which the Borrower attributed the United States dollar loan proceeds.

Section 10. RECORDS

The Borrower agrees to maintain financial records relating to the utilization of U.S. dollar funds loaned by AID under this Agreement, and to local currency funds allocated pursuant to this Agreement, by use of the Borrower's usual accounting procedures, which shall follow generally accepted accounting procedures. All such financial records shall be maintained for at least three years after the final disbursement, and shall be made available at any reasonable time to authorized representatives of AID for the purpose of examination and inspection.

Section 11. 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, cable or radiogram, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Borrower:

Mail Address:

The Financial Secretary
Ministry of Finance
30 National Heroes Circle
Kingston 4.

To AID:

Mail Address:

USAID Mission to Jamaica
American Embassy Kingston
Kingston, Jamaica
Alternate Address for Cables

Section 12. REPRESENTATIVES

For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of the Minister of Finance, and AID will be represented by the individual holding or acting in the office of the

Mission Director, USAID Mission to Jamaica, each of whom, by written notice, may designate additional representatives. The names of the representatives of the Borrower, with specimen signatures, will be provided to AID, 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.

IN WITNESS WHEREOF, the Government of Jamaica and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Government of Jamaica:

By: [Signed — Signé]¹

Title: Minister of Finance and Planning

United States of America:

By: [Signed — Signé]²

Title: U.S. Ambassador to Jamaica

United States of America:

By: [Signed — Signé]³

Title: Director, United States AID Mission to Jamaica

¹ Signed by Edward P. G. Seaga — Signé par Edward P. G. Seaga.

² Signed by Loren E. Lawrence — Signé par Loren E. Lawrence.

³ Signed by Glenn O. Patterson — Signé par Glenn O. Patterson.