

CONFORMED COPY

LOAN NUMBER 3012 JM

(Emergency Reconstruction Import Loan)

between

JAMAICA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated January 10, 1989

LOAN AGREEMENT

AGREEMENT, dated January 10, 1989, between JAMAICA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has received a letter dated December 6, 1988 from the Borrower describing a program of actions, objectives and policies designed to achieve the reconstruction and rehabilitation of the economic sectors affected by Hurricane Gilbert (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in the financing of urgently needed imports required during such execution;

(B) on the basis, inter alia, of the foregoing, the Bank has decided, in support of the Program, to provide such assistance to the Borrower by making the Loan as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

## General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 11, shall be modified to read:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Loan pursuant to the provisions of Schedule 1 to the Loan Agreement.";

(b) Section 9.07 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the program referred to in the Preamble to the Loan Agreement, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan."; and

(c) The last sentence of Section 3.02 is deleted.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Bank of Jamaica" means the Borrower's Bank of Jamaica established and operating under the Bank of Jamaica Act dated October 1, 1960;

(b) "Jamaican Dollars" and "J\$" mean the currency of the Borrower;

(c) "MOH" means the Borrower's Ministry of Construction (Housing);

(d) "Hurricane Gilbert" or "Hurricane" means the hurricane that struck Jamaica on September 12, 1988;

(e) "MOA" means the Borrower's Ministry of Agriculture; and

(f) "JPS" means Jamaica Public Service Company, Limited, a corporation established and operating pursuant to its Memorandum and Articles of Association dated May 25, 1923 as amended to the date of this Agreement.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to thirty million dollars (\$30,000,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1989 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment

charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent (1/2 of 1%) per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on January 15 and July 15 in each year.

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

Section 2.08. (a) Bank of Jamaica is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts Bank of Jamaica with responsibility for the preparation of withdrawal applications under the Loan and for the collection of the documents and other evidence to be furnished to the Bank in support of such applications; such withdrawal applications shall to the extent practicable be consolidated so as to apply for withdrawal of aggregate amounts of not less than \$250,000 equivalent.

### ARTICLE III

#### Particular Covenants

Section 3.01. (a) The Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program;

(b) Prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request.

(c) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the low income housing, agriculture, and economic and social infrastructure components of such Program by taking the actions and following the procedures and criteria set forth in Schedule 4 to this Agreement.

Section 3.02. The Borrower shall: (a) promptly establish, and

thereafter maintain, with terms of reference satisfactory to the Bank, a committee to improve the coordination of the Program and the monitoring of the flows of foreign aid available to such Program; and (b) provide, promptly as needed, the funds, facilities, services and other resources as shall be required for such purpose.

Section 3.03. Except as the Bank shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.04. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Loan.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audits referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE IV

##### Additional Event of Suspension

Section 4.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that

the Program, or a significant part thereof, will be carried out.

#### ARTICLE V

##### Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the survey of damages made by Hurricane Gilbert to housing in low income areas has been completed and the results thereof furnished to the Bank;

(b) that the Borrower has established and staffed the implementation teams referred to in Part A.2 of Schedule 4 to this Agreement; and

(c) that the Borrower has established the committee referred to in Section 3.02 of this Agreement and has designated the agency or department which will act as the secretariat thereof.

Section 5.02. The date April 11, 1989 is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VI

##### Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.08 (a) of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance and Planning  
30 National Heroes Circle  
Kingston  
Jamaica

Cable address:

Telex:

Ministry of Finance  
Kingston

2447 MINFAN

For the Bank:

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

Cable address:

Telex:

INTBAFRAD  
Washington, D.C.

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

JAMAICA

By /s/ Jennifer Lester  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Rainer B. Steckhan  
Acting Regional Vice President  
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) (a) Construction materials and equipment, roofing materials, electrical equipment and materials, drainage and plumbing materials, and fencing materials	20,000,000	100% of foreign expenditures
(b) Reconstruction Vehicles		
(2) Agricultural supplies (excluding chemicals) and agricultural equipment and tools	5,000,000	100% of foreign expenditures
Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(3) Imports for JPS: poles, cables and crossarms, electrical conductors, transformers, insulators, line material hardware and equipment, street lamps,	5,000,000	100% of foreign expenditures

fittings,  
electrical  
meters, con-  
trol systems  
and switchgear

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TOTAL 30,000,000

2. For the purposes of this Schedule (a) the term "Reconstruction Vehicles" means any trucks, four wheel drive vehicles, motorcycles and other vehicles imported for any of the Borrower's agencies or departments and directly associated with the transportation needs of the Program but not exceeding in the aggregate an amount of \$3,000,000.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures in the currency of the Borrower or for goods supplied from the territory of the Borrower;

(b) payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of \$9,000,000 may be made on account of payments made for such expenditures before that date but after September 21, 1988;

(c) expenditures for goods procured under contracts costing less than \$5,000 equivalent; and

(d) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Bank shall have financed or agreed to finance.

#### SCHEDULE 2

##### Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each January 15 and July 15 beginning July 15, 1994 through January 15, 2005	1,250,000

\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

##### Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
Not more than three years before maturity	.18
More than three years but	.35

The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:

not more than six years before maturity	
More than six years but not more than 11 years before maturity	.65
More than 11 years but not more than 15 years before maturity	.88
More than 15 years before maturity	1.00

### SCHEDULE 3

#### Procurement

1. Contracts for the procurement of goods estimated to cost the equivalent of \$5,000,000 or more each shall be awarded through international competitive bidding in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), subject to the following modifications:

(a) Paragraph 2.8 of the Guidelines is deleted and the following is substituted therefor:

#### "2.8 Notification and Advertising

The international community should be notified in a timely manner of the opportunity to bid. This will be done by advertising invitations to apply for inclusion in a bidder's invitation list, to apply for prequalification, or to bid; such advertisements should be placed in at least one newspaper of general circulation in the Borrower's country and, in addition, in at least one of the following forms:

- (i) a notice in the United Nations publication, Development Business; or
- (ii) an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
- (iii) a notice to local representatives of countries and territories referred to in the Guidelines, that are potential suppliers of the goods required."

(b) The following is added at the end of paragraph 2.21 of the Guidelines:

"As a further alternative, bidding documents may require the bidder to state the bid price in a single currency widely used in international trade and specified in the bidding documents."

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted.

2. Contracts for goods estimated to cost the equivalent of less than \$5,000,000 each shall be awarded on the basis of the normal procurement procedures of the purchaser of such goods.

3. With respect to each contract referred to in paragraph 1 of this Schedule, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Bank shall reasonably request.



4. With respect to each contract referred to in paragraph 2 of this Schedule, the Borrower shall furnish to the Bank, prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect thereof, such documentation and information as the Bank may reasonably request to support withdrawal applications in respect of such contract.

5. The provisions of the preceding paragraphs 3 and 4 shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure.

#### SCHEDULE 4

Actions to be taken, and criteria and procedures  
to be followed, in the implementation of the  
Low-Income Housing, Agriculture and Social  
and Economic Infrastructure components  
of the Program

##### Part A. Low-Income Housing Component

1. (a) MOH shall maintain a project coordinator for the low-income housing component of its Program with terms of reference and qualifications satisfactory to the Bank.

(b) The Borrower shall promptly establish, under terms of reference satisfactory to the Bank, and staff, with persons with qualifications satisfactory to the Bank, implementation teams responsible for the carrying out of the low-income housing component of the Program.

(c) The Borrower shall, promptly as needed, provide the funds, facilities, services and other resources required for purposes of Part A (1) (a) and (b) above.

2. MOH shall issue vouchers to Eligible Beneficiaries to cover the cost of construction materials according to selection criteria and procedures satisfactory to the Bank.

For purposes of this paragraph "Eligible Beneficiary" means a person who: (i) has suffered damage in his or her household due to Hurricane Gilbert; (ii) has an income per household of less than J\$18,000 per year; (iii) occupied the housing unit prior to the date of the Hurricane; (iv) owns no other home; (v) owns or occupies a unit of less than 500 square feet; (vi) certifies that he or she will repair his or her home following technical guidelines specified by the Borrower and satisfactory to the Bank; (vii) in the case of tenants, the Eligible Beneficiary has obtained from his or her landlord's or landlady's: (A) permission in writing to repair the premises in accordance with the technical guidelines referred to in subparagraph (vi) above; and (B) an undertaking in writing to refund to the Borrower the value of the repairs effected by such Eligible Beneficiary if the tenancy is terminated by the landlord or landlady, without the tenant having breached the terms of the tenancy arrangement, within two years from the date the repairs are made.

3. The Borrower shall: (a) not later than March 31, 1989 review different mechanisms and schemes of insurance for low-income households; and (b) promptly thereafter furnish to the Bank for its comments the results of such review.

4. The Borrower shall continue to authorize the import of building materials (including lumber) by private importers during the period of Program implementation and shall not establish price controls on the sale of such materials unless: (a) the prices charged exceed the reasonable cost and margins of such materials in specific areas; and (b) the price controls are limited in time.

##### Part B. Agricultural Component

1. The Borrower shall: (a) not later than March 30, 1989 review, under terms of reference satisfactory to the Bank, the competitiveness of its poultry industry, and (b) promptly thereafter, furnish to the Bank for its comments the results and recommendations of such review.

2. The reconstruction credit facility set forth in the letter referred to in the Preamble to this Agreement shall: (a) be limited to an amount of loans discounted by the Borrower's Agricultural Credit Bank not greater than J\$200,000,000; (b) be restricted in its application to a maximum of six months; and (c) apply, regarding the loans made under such facility by the Peoples Cooperative Banks maximum amounts to be borrowed by each farmer benefitting under this facility, so as to distribute the amounts available under such facility to the maximum possible number of farmers. For purposes of this paragraph, Peoples Cooperative Banks means banks operating under the Borrower's Industrial and Provident Societies Act 1903 and included in the list of authorized banks furnished by the Borrower to the Bank on December 5, 1988.

3. The Borrower shall: (a) not later than March 31, 1989 review, under terms of reference satisfactory to the Bank, the feasibility of promoting credit insurance and crop insurance schemes or establishing a special hurricane fund, to mitigate the cost of damages to its agricultural sector derived from hurricanes.

4. The Borrower shall through MOA, provide agricultural stamp vouchers to Subsistence Farmers to finance farm inputs required to restore their agricultural production after the Hurricane according to selection criteria and procedures satisfactory to the Bank.

For purposes of this Part B "Subsistence Farmers" means farmers holding four acres or less of land and not engaged in commercial farming activities and who suffered damage due to Hurricane Gilbert.

#### Part C. Social and Economic Infrastructure Component

1. The Borrower shall: (a) not later than March 31, 1989, review (i) the Borrower's self-insurance policy; and (ii) the adequacy of the National Building Code of Jamaica approved as a Policy Document by the Borrower on March 15, 1982 and the enforcement procedures related thereto; and (b) promptly thereafter furnish to the Bank for its comments the results of such reviews.

3. The Borrower shall not later than March 31, 1989: (a) incorporate, under institutional arrangements satisfactory to the Bank, the Program into its 1989-1991 Public Sector Investment Program being prepared by the Borrower's Budget Division within its Ministry of Finance and to be approved by the Cabinet; and (b) furnish to the Bank such revised Investment Program.

