# 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 Washington le 14 mai 1969**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 25 septembre 1969.*

# GUARANTEE AGREEMENT[1]

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,[2] 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,[2] 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

[1] Came into force on 25 June 1969, upon notification by the Bank to the Government of Jamaica.
[2] 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