

CLASSIFICATION:

AID 1120-1 (8-68)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	1. PAAD NO. LA 78- 1	532-K-011
		2. COUNTRY Government of Jamaica	
		3. CATEGORY Commodity Financing Standard Procedure	
		4. DATE	

5. TO: Abelardo L. Valdez, AA/LA	6. OYB CHANGE NO. Not applicable
7. FROM:	8. OYB INCREASE Not applicable TO BE TAKEN FROM:

9. APPROVAL REQUESTED FOR COMMITMENT OF: \$9,500,000 (Security Supporting Assistance)	10. APPROPRIATION - ALLOTMENT 72-1181006 856-65-598-00-57-81
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11. TYPE FUNDING <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> GRANT	12. LOCAL CURRENCY ARRANGEMENT <input type="checkbox"/> INFORMAL <input checked="" type="checkbox"/> FORMAL <input type="checkbox"/> NONE	13. ESTIMATED DELIVERY PERIOD 1/78 - 1/79	14. TRANSACTION ELIGIBILITY DATE November 1, 1977
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15. COMMODITIES FINANCED
Selected items appearing in the A.I.D. Commodity Eligibility listing, Schedule B, will be eligible for financing under the loan. Priority items are expected to include agricultural inputs and industrial raw and semi-finished materials.

16. PERMITTED SOURCE U.S. only: 9,500,000 Limited F.W.: Free World: Cash:	(Security Supporting Assistance)
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17. ESTIMATED SOURCE U.S.: 9,500,000 Industrialized Countries: Local: Other:
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18. SUMMARY DESCRIPTION
Jamaica continues to suffer from a serious shortage of foreign exchange with which to sustain its economy and undertake development programs. During 1976 the situation worsened and increasingly strict import controls were imposed, but the GOJ was still unable to overcome the effect of other outflows and reduced exports and tourist trade. For 1977 and 1978 the balance of payments problem will remain severe, even taking into account projected increase in bilateral and multilateral assistance. Jamaica will continue to need to be able to attract new capital flows to achieve its development objectives and maintain political stability.

The proposed loan will assist Jamaica to close its balance of payments gap in 1978. The loan will finance the purchase of agricultural and industrial inputs which will improve the utilization of installed capacity and generate employment in the short term. The timing of this loan is in response to an urgent GOJ need.

It is recommended that you authorize a loan to the GOJ of \$9.5 million (nine million, five hundred thousand dollars) for financing imports of selected commodities on the following terms:

19. CLEARANCES	DATE
REG/GC, J. Kessler	11/15/77
LA/DR, C. Weinberg	11/23/77
SER/FM/C, M. Stafford	11/12/77
SER/COM, W. Schmelsser	11/16/77
GC, M. Ball	11/22/77
FPC/DPRE, E. Hogan	11/23/77

20. ACTION <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
<i>Abelardo Valdez</i> AUTHORIZED SIGNATURE
11/23/77 DATE
Assistant Administrator LA

RECORD COPY

1. Interest and Terms of Repayment

Borrower shall repay the loan to A.I.D. in United States dollars within twenty (20) years from the date of first disbursement under the loan, including a grace period not to exceed ten (10) years. Borrower shall pay to A.I.D. in United States dollars interest at the rate of two per cent (2%) per annum during the grace period, and three per cent (3%) per annum thereafter on the outstanding disbursed balance of the loan and unpaid interest.

2. Other Terms and Conditions

(a) Unless A.I.D. otherwise agrees in writing, commodities and related services financed under the loan shall have their source and origin in the "United States" A.I.D. Geographic Code 000.

(b) The terminal date for disbursement shall be eighteen (18) months following signing of the loan agreement.

(c) Financing will be accomplished using a Special Letter of Credit in lieu of Letter of Commitment.

(d) The loan shall be subject to such other terms and conditions as A.I.D. may deem desirable.