

EXECUTION COPY

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF JAMAICA
REGARDING A DEBT-FOR-NATURE SWAP TO PREPAY AND CANCEL CERTAIN DEBT OWED BY
THE GOVERNMENT OF JAMAICA TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA

The Government of the United States of America and the Government of Jamaica,

Seeking to facilitate the conservation, protection, restoration, and sustainable use and management of tropical forests in Jamaica, which provide a wide range of benefits to humankind,

Noting that rapid rates of tropical deforestation and forest degradation continue to be serious problems in many regions of the world,

Recognizing that the alleviation of external debt in the context of broader economic reforms can result in increased protection for tropical forests,

Wishing to ensure that resources freed from debt will be used for the conservation of tropical forests,

Further recognizing the role played by The Nature Conservancy in tropical forest protection in Jamaica, and the success of non-governmental organizations in Jamaica in conserving and managing tropical forest land in Jamaica, and

In furtherance of the goals of the U.S. Tropical Forest Conservation Act of 1998, Public Law No. 105-214, as amended, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2003, as contained in Public Law No. 108-7 (2003),

Have agreed on this 21st day of September 2004, and contract as follows:

**ARTICLE I
DEFINITIONS**

1.1. Defined Terms. The capitalized terms contained and used in this Agreement shall have the respective meanings ascribed to them in this Section 1.1 and elsewhere in this Agreement. If a capitalized term is not defined in this Agreement and it is defined in the Swap Fee Contractual Agreement or the Forest Conservation Agreement, then it shall have the meaning ascribed to it in the Swap Fee Contractual Agreement or the Forest Conservation Agreement, as applicable.

(a) "Agreement" means this Agreement between the Government of the United States of America and the Government of Jamaica Regarding a Debt-for-Nature Swap to Prepay and Cancel Certain Debt Owed by the Government of Jamaica to the Government of the United States of America, as it may be amended

from time to time.

- (b) "Business Day" means any day on which the Federal Reserve Bank of New York and Central Bank of Jamaica are both open for business.
- (c) "Closing" has the meaning set forth in Section 2.3.
- (d) "Closing Date" has the meaning set forth in Section 2.3.
- (e) "Company" has the meaning ascribed to it in the Forest Conservation Agreement.
- (f) "Debt Reduction Payment" means the transfer of six million five hundred thousand U.S. Dollars (US\$6,500,000) by USG from the Debt Restructuring Account to the USDA Account.
- (g) "Debt Restructuring Account" means the "Debt Restructuring Program Account," at the U.S. Department of the Treasury.
- (h) "Escrow Account" has the meaning set forth in Section 6.2(c).
- (i) "Forest Conservation Agreement" means the Forest Conservation Agreement between GOJ, TNC, and the Company, dated as of the date hereof, as amended from time to time.
- (j) "GOJ" means the Government of Jamaica, represented by the Ministry of Finance and Planning and the Forestry Department of the Ministry of Agriculture, acting primarily in this agreement through the Ministry of Finance and Planning.
- (k) "Local Currency" means the lawful currency of Jamaica.
- (l) "New FCA Obligations" means GOJ's new undertakings pursuant to this Agreement and the Forest Conservation Agreement that shall replace, in part, the Outstanding Obligations and obligate GOJ to make payments to the Company, in accordance with the terms and conditions set forth in this Agreement and the Forest Conservation Agreement, in the amounts set forth in Schedule A.2.
- (m) "New Obligations" means, collectively, the New FCA Obligations and the New USDA Obligations, which together shall replace in their entirety the Outstanding Obligations.
- (n) "New USDA Obligations" means GOJ's new undertakings pursuant to this Agreement that shall replace, in part, the Outstanding Obligations and obligate GOJ to make payments to USDA in accordance with Schedule A.1 and in accordance with the terms and conditions set forth herein and in accordance with USDA's loan management guidelines;

- (o) "Outstanding Obligations" means Loans 90JM1 and 93JM1 under the agreements entitled "P.L.-480," dated November 29, 1989 and November 10, 1992, respectively, that obligates GOJ to repay principal and interest on debt whose outstanding principal sums amount to U.S. \$42,367,358.63 as of July 1, 2004.
- (p) "Oversight Committee" has the meaning ascribed thereto in the Forest Conservation Agreement.
- (q) "Party" means either USG or GOJ, and "Parties" means, collectively, USG and GOJ.
- (r) "Payment Due Date" has the meaning set forth in Section 6.1.
- (s) "Priority Sites" has the meaning ascribed thereto in the Forest Conservation Agreement.
- (t) "Swap Fee Contractual Agreement" means the Swap Fee Contractual Agreement between USG and TNC, dated as of the date hereof.
- (u) "TFCA" means the U.S. Tropical Forest Conservation Act of 1998, Public Law No. 105-214, as amended.
- (v) "TNC" means The Nature Conservancy, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America, and any of its successors.
- (w) "USDA" means the U.S. Department of Agriculture.
- (x) "USDA Account" means the Commodity Credit Corporation Finance Account #12X4143 in the name of "Commodity Credit Corporation", ALC#8585, on the books of the Federal Reserve Bank of New York.
- (y) "U.S. Dollar" means the legal tender of the United States of America.
- (z) "USG" means the Government of the United States of America, acting primarily through the U.S. Department of the Treasury.

ARTICLE II CLOSING

- 2.1. Obligations of the USG. Pursuant to the terms and subject to the conditions hereof, USG at the Closing shall allow the substitution of the New Obligations for the Outstanding Obligations by making the Debt Reduction Payment, thereby prepaying a portion of the amounts due and unpaid under the Outstanding Obligations, and

concurrently canceling all remaining amounts due and unpaid under such Outstanding Obligations.

- 2.2. Obligations of the GOJ. Pursuant to the terms and subject to the conditions hereof, GOJ shall at the Closing substitute the New Obligations for the Outstanding Obligations and make the first payment due to the Company in accordance with the terms of this Agreement and the Forest Conservation Agreement.
- 2.3. Closing. The consummation of the transactions contemplated in this Article II shall take place simultaneously in a single act (the "Closing") on (a) September 28, 2004, or (b) such other later Business Day as may be agreed by the Parties and TNC in writing (the "Closing Date").

ARTICLE III PAYMENT OF NEW OBLIGATIONS

- 3.1. Payments of Principal and Interest. GOJ shall (a) make payments of principal and interest to USDA in U.S. Dollars on the New USDA Obligations in accordance with the payment schedule of Schedule A.1 and in accordance with the payment conditions and default provisions of the Outstanding Obligations, and (b) make payments in local currency to the Company in accordance with the New FCA Obligations as specified in Schedule A.2 and in accordance with the terms and conditions set forth herein and in the Forest Conservation Agreement. All payments made to USDA shall be deposited in the USDA Account by wire transfer in accordance with the wire transfer instructions set forth in Schedule B.
- 3.2. Overdue Payments. Interest shall accrue, at an interest rate of three (3) percent per annum, on any overdue and unpaid installment of either principal or interest payable to USDA under the New Obligations. GOJ shall make any such overdue payments in U.S. Dollars in accordance with the payment instructions set forth in Section 3.1 and in accordance with the payment conditions and default provisions of the Outstanding Obligations.
- 3.3. Business Day Adjustment. Whenever a payment to USDA falls due on a day which is not a Business Day, the payment shall be considered paid on the due date if payment is received by USDA on the next succeeding Business Day, subject to receipt by USDA of a notification by GOJ at least 21 calendar days prior to a payment due date that (a) such payment due date is not a Business Day and (b) the date of the next succeeding Business Day. Unless otherwise directed by USDA, GOJ shall make such notification by fax, and confirm receipt by telephone, to the following address: Section Head, Foreign Exports Accounting, International Accounting and Export Programs Branch, Financial Management Division, Farm Service Agency, U.S. Department of Agriculture, 1400 Independence Avenue STOP 0581, Washington, DC 20250-0500, fax no. (703) 305 1143, tel. no. (703) 305-1214.
- 3.4. Voluntary Prepayments. In accordance with the terms and conditions set forth in the

Forest Conservation Agreement, GOJ may prepay without any cost, premium or penalty all or any portion of the New FCA Obligations on not less than thirty (30) days' prior notice to the Oversight Committee.

- 3.5. Payment Obligation Absolute. The obligation of GOJ to make payments under the New FCA Obligations shall constitute direct, unconditional and general obligations of GOJ. The full faith and credit of GOJ are pledged for the payment of the New FCA Obligations as the same shall become due.
- 3.6. No Assignment. GOJ shall not assign, delegate or otherwise transfer any obligation under the New Obligations to any third party without the prior written consent of USG such consent not to be unreasonably withheld or delayed.

ARTICLE IV CONDITIONS TO CLOSING

- 4.1. Conditions Precedent of USG. The obligation of USG hereunder to make the Debt Reduction Payment at the Closing shall be subject to the fulfillment or waiver on or prior to the Closing Date of the following conditions, each of which shall be performed to the satisfaction of USG:
 - (a) Swap Fee Contractual Agreement. TNC shall have executed and delivered the Swap Fee Contractual Agreement, such agreement shall be in full force and effect as of the Closing Date, and TNC shall have duly performed and complied in all material respects with all agreements, covenants and conditions required to be performed or complied with by it under the Swap Fee Contractual Agreement as of the Closing Date; and
 - (b) Forest Conservation Agreement. The Forest Conservation Agreement shall have been executed and delivered by the parties thereto and the transactions contemplated in Article II thereunder shall have been consummated prior to, or concurrently with, the Closing, or the conditions to closing set forth in the Forest Conservation Agreement shall have been satisfied or waived.

ARTICLE V ADDITIONAL COVENANTS OF GOJ

- 5.1. Imposition of Taxes. GOJ agrees to take no action, including the imposition of any taxes, levies, fees or other charges that could reasonably be expected to interfere with or reduce any of the payments required to be made by GOJ pursuant to this Agreement. A breach of this provision will constitute a material breach of this Agreement by GOJ.
- 5.2. Consultation. GOJ agrees to consult with USG and TNC before undertaking any action that could reasonably be expected to affect the activities of the Fund Administrator or the Company.
- 5.3. Financial Reports. GOJ agrees to forward to USG, within thirty (30) days of receipt, all

activity reports, financial audits and other reports from the Fund Administrator or the Company required by the Forest Conservation Agreement. USG acknowledges that reports received from the Company or the Fund Administrator will fulfill GOJ's requirement of providing those reports to USG.

ARTICLE VI FAILURE TO MAKE PAYMENTS UNDER NEW FCA OBLIGATIONS

- 6.1. In the event GOJ does not make full payment of any installment under the New FCA Obligations when due under this Agreement (each such due date, a "Payment Due Date"), GOJ shall immediately commence discussions with USG to resolve such payment default (and in no event shall such discussions be commenced later than seven (7) Business Days after the respective Payment Due Date). GOJ and USG agree to use their best efforts to find a mutually acceptable resolution.
- 6.2. In the event GOJ and USG are unable to find a mutually acceptable solution within sixty (60) days following the applicable Payment Due Date, the following procedures shall apply:
 - (a) USG shall require GOJ to pay immediately in U.S. Dollars any arrears under the New FCA Obligations, including any accrued interest, to the Company for distribution in accordance with the Forest Conservation Agreement;
 - (b) USG may, in its sole discretion, declare all, or any part of, future payments under the New FCA Obligations due and payable immediately in U.S. Dollars, in which case, such amounts shall be paid to the Company for distribution in accordance with the Forest Conservation Agreement; and
 - (c) If, in the opinion of the Oversight Committee, the Company is unable to carry out its responsibilities pursuant to the Forest Conservation Agreement, amounts due pursuant to the preceding clauses (a) or (b) shall be deposited into an escrow account designated by USG (the "Escrow Account"). Funds in the Escrow Account shall be distributed at the direction of the Oversight Committee for use in carrying out the purposes of the TFCA in accordance with the Forest Conservation Agreement.
- 6.3. If, after one hundred twenty (120) days from the applicable Payment Due Date, GOJ still has not paid all arrears under the New FCA Obligations, and one or more of the following events has or have occurred:
 - (a) USG has not exercised its rights under Section 6.2 above;
 - (b) USG has exercised its rights under Section 6.2(a), but not made a claim for the full amount in arrears; or

- (c) USG has exercised its rights under Section 6.2(b), but not made a claim for all future payments under the New FCA Obligations to be due and payable immediately in U.S. dollars;

then TNC shall have the right to seek the enforcement of the New FCA Obligations in accordance with Article X of the Forest Conservation Agreement.

ARTICLE VII CONSULTATION

Upon the written request of either Party, the Parties shall consult concerning the implementation or interpretation of this Agreement. These consultations shall take place within thirty (30) days after a request for consultations is received from the other Party.

ARTICLE VIII AMENDMENT AND NOTIFICATION

- 8.1 Amendment; Waiver. This Agreement may be amended with the written consent of both Parties. No provision of this Agreement may be waived orally, but only by a written instrument signed by the Party against whom enforcement of such waiver is sought. A failure or delay in exercising any right, power or privilege in respect of this Agreement shall not be presumed to operate as a waiver, and a failure or delay in exercising a single or partial exercise of any right, power or privilege shall not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- 8.2 Notice. All notices, consents, requests, instructions, approvals, and other communications provided for herein shall be in writing and shall be deemed validly given (a) on the date of delivery when delivered by hand, (b) on the date of transmission when sent by facsimile transmission during normal business hours with telephone confirmation of receipt, or (c) on the date of receipt in accordance with the records of receipt of a reputable overnight courier that maintains records of receipt, all addressed as set forth below (or to such other address as any Party shall have designated by notice in accordance with this Section 8.2 to the other Party).

- (a) To the USG:

Deputy Assistant Secretary for International
Debt and Trade Finance Policy
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220 U.S.A.
(202) 622-0154 (telephone)

(202) 622-2536 (facsimile)

(b) To the GOJ:

The Financial Secretary
Ministry of Finance and Planning
30 National Heroes Circle
Jamaica W.I.
876 922-8600 (telephone)
876 924 9291 (facsimile)

- 8.3 Counterparts. This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one instrument. This Agreement shall not be effective unless and until signed by each party hereto.

**ARTICLE IX
ENTRY INTO FORCE AND TERMINATION**

- 9.1 Entry into Force. This Agreement shall enter into force on the date of the last signature below ("Effective Date"). Each Party's signature below evidences that all necessary domestic legal requirements for entry into force of the Agreement shall be fulfilled under the respective Party's laws.
- 9.2 Termination. This Agreement shall terminate (a) on September 30, 2004 if the Closing shall not have occurred before that date, or (b) if the Closing has occurred, upon the payment by GOJ of all amounts due under this Agreement. In addition, a Party hereto may terminate this Agreement upon or after the termination of the Forest Conservation Agreement and the Swap Fee Agreement, provided that the Party intending to terminate this Agreement (i) notifies the other Party by notice seven calendar days in advance of the requested termination date which shall be a Business Day ("Termination Date"), and (ii) is not in default under this Agreement, the Forest Conservation Agreement, or the Swap Fee Agreement.

**ARTICLE X
OTHER PROVISIONS**

10.1 Schedules. The following schedules are part of this Agreement:

Schedule A.1	Payment Schedule for New USDA Obligations
Schedule A.2	Payment Schedule to the Company for New FCA Obligations
Schedule B	Wire Transfer Instructions for New USDA Obligations

[End of text, signature page follows]

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Government, have executed and delivered this Agreement.

DONE at Kingston, in the English language, this 21st day of September, 2004.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF JAMAICA:

James H. Cobb

[Signature]

Date: September 21, 2004

Date: September 21, 2004

Schedule A.1
Payment Schedule of New USDA Obligations

Schedule of Payments to USDA under New USDA Obligations					
USDA 90JM1			USDA 93JM1		
	Scheduled Principal	Scheduled Interest		Scheduled Principal	Scheduled Interest
9/30/04	US\$929,575.37	US\$474,083.44	12/26/04	US\$59,887.90	US\$34,136.10
9/30/05	US\$929,575.37	US\$446,196.18	12/28/04	US\$657,880.66	US\$394,728.40
9/30/06	US\$929,575.37	US\$418,308.92	12/26/05	US\$59,887.90	US\$32,339.47
9/30/07	US\$929,575.37	US\$390,421.65	12/28/05	US\$657,880.66	US\$374,991.98
9/30/08	US\$929,575.37	US\$362,534.40	12/26/06	US\$59,887.90	US\$30,542.83
9/30/09	US\$929,575.37	US\$334,647.13	12/28/06	US\$657,880.66	US\$355,255.56
9/30/10	US\$929,575.37	US\$306,759.87	12/26/07	US\$59,887.90	US\$28,746.19
9/30/11	US\$929,575.37	US\$278,872.61	12/28/07	US\$657,880.66	US\$335,519.14
9/30/12	US\$929,575.37	US\$250,985.35	12/26/08	US\$59,887.90	US\$26,949.56
9/30/13	US\$929,575.37	US\$223,098.09	12/28/08	US\$657,880.66	US\$315,782.71
9/30/14	US\$929,575.37	US\$195,210.83	12/26/09	US\$59,887.90	US\$25,152.91
9/30/15	US\$929,575.37	US\$167,323.56	12/28/09	US\$657,880.66	US\$296,046.30
9/30/16	US\$929,575.37	US\$139,436.31	12/26/10	US\$59,887.90	US\$23,356.28
9/30/17	US\$929,575.37	US\$111,549.04	12/28/10	US\$657,880.66	US\$276,309.88
9/30/18	US\$929,575.37	US\$83,661.78	12/26/11	US\$59,887.90	US\$21,559.64
9/30/19	US\$929,575.37	US\$55,774.52	12/28/11	US\$657,880.66	US\$256,573.46
9/30/20	US\$929,575.29	US\$27,887.26	12/26/12	US\$59,887.90	US\$19,763.00
			12/28/12	US\$657,880.66	US\$236,837.04
			12/26/13	US\$59,887.90	US\$17,966.37
			12/28/13	US\$657,880.66	US\$217,100.62
			12/26/14	US\$59,887.90	US\$16,169.73
			12/28/14	US\$657,880.66	US\$197,364.20
			12/26/15	US\$59,887.90	US\$14,373.10
			12/28/15	US\$657,880.66	US\$177,627.78
			12/26/16	US\$59,887.90	US\$12,576.46
			12/28/16	US\$657,880.66	US\$157,891.36
			12/26/17	US\$59,887.90	US\$10,779.82
			12/28/17	US\$657,880.66	US\$138,154.94
			12/26/18	US\$59,887.90	US\$8,983.19
			12/28/18	US\$657,880.66	US\$118,418.52
			12/26/19	US\$59,887.90	US\$7,186.55
			12/28/19	US\$657,880.66	US\$98,682.10
			12/26/20	US\$59,887.90	US\$5,389.91
			12/28/20	US\$657,880.66	US\$78,945.68
			12/26/21	US\$59,887.90	US\$3,593.28
			12/28/21	US\$657,880.66	US\$59,209.26
			12/26/22	US\$59,887.90	US\$1,796.64
			12/28/22	US\$657,880.66	US\$39,472.84
			12/28/23	US\$657,880.72	US\$19,736.42
TOTAL	US\$15,802,781.21	US\$4,266,750.94	TOTAL	US\$14,295,483.36	US\$4,486,009.22

SCHEDULE A.2
Schedule of Payments to Company under the New FCA Obligations

Payment Date	Payment Amount
closing	US\$262,951.65
1/15/05	US\$502,187.09
7/15/05	US\$502,187.10
1/15/06	US\$492,564.20
7/15/06	US\$492,564.21
1/15/07	US\$482,941.32
7/15/07	US\$482,941.33
1/15/08	US\$473,318.44
7/15/08	US\$473,318.44
1/15/09	US\$463,695.56
7/15/09	US\$463,695.56
1/15/10	US\$454,072.68
7/15/10	US\$454,072.68
1/15/11	US\$444,449.79
7/15/11	US\$444,449.79
1/15/12	US\$434,826.91
7/15/12	US\$434,826.91
1/15/13	US\$425,204.02
7/15/13	US\$425,204.03
1/15/14	US\$415,581.14
7/15/14	US\$415,581.14
1/15/15	US\$405,958.26
7/15/15	US\$405,958.26
1/15/16	US\$396,335.37
7/15/16	US\$396,335.37
1/15/17	US\$386,712.49
7/15/17	US\$386,712.49
1/15/18	US\$377,089.61
7/15/18	US\$377,089.61
1/15/19	US\$367,466.72
7/15/19	US\$367,466.73
1/15/20	US\$357,843.82
7/15/20	US\$357,843.83
1/15/21	US\$261,150.87
7/15/21	US\$261,150.88
1/15/22	US\$254,140.09
7/15/22	US\$254,140.09
1/15/23	US\$247,129.31
7/15/23	US\$247,129.31
1/15/24	US\$220,620.12
7/15/24	US\$220,620.12
Total	US\$15,989,527.34

SCHEDULE B
Wire Transfer Instructions

The information supplied on the wire transfer must include:

- a. USDA ABA No. = 021030004
- b. Federal Reserve Foreign Dept.
Type Code = 15 = Payments from Foreign Central Banks
Type Code = 10 = Payments from Commercial Banks
- c. ABA (Account) No. of Sender
- d. US Dollar Amount
- e. USDA Agency Location Code (ALC) = 8585
- f. Detail concerning purpose of payment: For account of Commodity Credit Corporation under the Jamaica TFCA Agreement, dated September 21 2004.
- g. Specify TREASNYC/(8585)/CCC exactly as printed.
- h. Advise FRB to show country name, agreement date and detail (for account of Commodity Credit Corporation under the Jamaica TFCA Agreement, dated September 21, 2004) and program (P.L. 480) on their certificate of deposit.