
OFFICIAL
DOCUMENTS

CREDIT NUMBER 1562 CE

SPC Project Agreement

(Fourth Tree Crops Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SRI LANKA STATE PLANTATIONS CORPORATION

Dated

May 9

, 1985

PROJECT AGREEMENT

AGREEMENT, dated *May 9*, 1985, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and SRI LANKA STATE PLANTATIONS CORPORATION (hereinafter called SPC).

WHEREAS by the Development Credit Agreement of even date herewith between Democratic Socialist Republic of Sri Lanka (hereinafter called the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to fifty three million seven hundred thousand Special Drawing Rights (SDR56,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that SPC agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS by a Financing Agreement to be entered into between the Borrower and Bank of Ceylon (BOC) and a Subsidiary Loan Agreement to be entered into between BOC and SPC, the proceeds of the credit provided for under the Development Credit Agreement will be made available to SPC on the terms and conditions therein set forth; and

WHEREAS SPC, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) SPC declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development

Credit Agreement, and, to this end, shall carry out its part of the Project described in said Schedule with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and agricultural practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for said part of the Project.

(b) In the carrying out of its part of the Project, SPC shall perform all obligations set forth in Schedule 4 to the Development Credit Agreement to the extent that they are applicable to SPC.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. SPC shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the SPC Project Agreement and its part of the Project.

Section 2.04. SPC shall duly perform all its obligations under its Subsidiary Loan Agreement. Except as the Association shall otherwise agree, SPC shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) SPC shall, at the request of the Association, exchange views with the Association with regard to the progress of its part of the Project, the performance of its obligations under this Agreement and under its Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) SPC shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of its part of the Project, the accomplishment of the purposes of the Credit, or the performance by SPC of its obligations under this Agreement and under its Subsidiary Loan Agreement.

ARTICLE III

Management and Operations of SPC

Section 3.01. SPC shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and agricultural practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. SPC shall at all times operate and maintain its plant, buildings, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and agricultural practices.

Section 3.03. SPC shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) SPC shall maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition, including, without limitation to the foregoing, separate accounts reflecting all expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure.

(b) SPC shall retain, until one year after the Closing Date, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing the expenditures on account of which withdrawals are requested from the Credit Account on the basis of statements of expenditure, and shall enable the Association's representatives to examine such records.

Section 4.02. SPC shall:

(a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate

auditing principles consistently applied, by independent auditors acceptable to the Association;

(b) furnish to the Association as soon as available, but in any case not later than nine months after the end of each such year, (i) certified copies of its financial statements for such year as so audited, and (ii) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including, without limitation to the foregoing, separate opinions by said auditors in respect of the expenditures and records referred to in Section 4.01 (b) of this Agreement, as to whether the proceeds of the Credit made available to it and withdrawn from the Credit Account on the basis of statements of expenditure have been used for the purpose for which they were provided;

(c) furnish to the Association such other information concerning said accounts, financial statements, records and expenditures, as well as the audit thereof, as the Association shall from time to time reasonably request; and

(d) in addition to annual audited financial statements referred to in paragraph (a) of this Section, furnish to the Association within six months after the end of each fiscal year, unaudited separate accounts for its part of the Project and unaudited annual corporate financial statements on its operations (including income statements and balance sheets) for such fiscal year.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of SPC thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) a date 15 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify SPC of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

For SPC:

Sri Lanka State Plantation Corporation
No. 18, Gregory's Road
Colombo 7, Sri Lanka

Cable address:

STATE PLACO, Colombo

Telex:

22298 SLSPC CE

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of SPC may be taken or executed by its Chairman or such other person or persons as its Chairman shall designate in writing, and SPC shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By *13/* *Enrique Lerdau*

~~Acting~~ Regional Vice President
South Asia

SRI LANKA STATE PLANTATIONS CORPORATION

By *13/* *Ernest Corea*

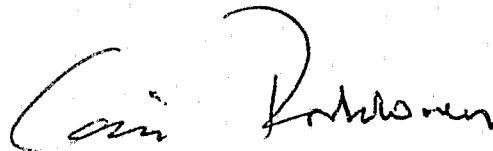
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

CERTIFICATE

I hereby certify that the foregoing is a true copy of the original in the archives of the International Development Association.

In witness whereof I have signed this Certificate and affixed the Seal of the Association thereunto the 9th day of May, 198 5.



FOR SECRETARY