

CONFORMED COPY

CREDIT NUMBER 3193 WSO

Project Agreement

(Infrastructure Asset Management Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SAMOA AIRPORT AUTHORITY

Dated April 21, 1999

CREDIT NUMBER 3193 WSO

PROJECT AGREEMENT

AGREEMENT, dated April 21, 1999 between the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and SAMOA AIRPORT AUTHORITY (SAA).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Independent State of Samoa (the Borrower) and the Association, the Association has agreed to lend to the Borrower an amount in various currencies equivalent to ten million three hundred thousand Special Drawing Rights (SDR 10,300,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that SAA agree to undertake such obligations toward the Association as are set forth in this Agreement; and

(B) by a subsidiary loan agreement to be entered into between the Borrower and SAA, the proceeds of the Credit provided for under the Development Credit Agreement will be made available to SAA on terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS SAA, 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) SAA 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 Parts A and D.5 of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, environmental, and technical practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and SAA shall otherwise agree, SAA shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to the Development Credit Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the 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. (a) SAA 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) in respect of the Project Agreement and Parts A and D.5 of the Project.

(b) For the purposes of Section 9.07 of the General Conditions and without limitation thereto, SAA shall:

(i) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Association and SAA, a plan on the execution and initial operation of Parts A and D.5 of the Project; its cost and the benefits derived and to be derived from it, the performance by SAA and the Association of their respective obligations under the Project Agreement and the accomplishment of the purposes of the Credit; and

(ii) afford the Association a reasonable opportunity to exchange views with SAA on said plan.

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

Section 2.05. (a) SAA shall, at the request of the Association, exchange views with the Association with regard to the progress of Parts A and D.5 of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) SAA shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Parts A or D.5 of the Project, the accomplishment of the purposes of the Credit, or the performance by SAA of its obligations under this Agreement and under the Subsidiary Loan Agreement.

ARTICLE III

Management and Operations of SAA

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

Section 3.02. SAA shall at all times operate and maintain its plant, 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 technical practices.

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

Section 3.04.(a) SAA shall comply with environmental impact assessment procedures satisfactory to the Association in the design, procurement and implementation of:

- (i) all works carried out under contracts awarded after July 1, 1999 pursuant to Section I of Schedule 3 to the Credit Agreement; and
- (ii) not less than 80% by value of all works carried out after June 30, 2001 that are financed by SAA.

ARTICLE IV

Financial Covenants

Section 4.01. (a) SAA shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) SAA shall:

- (i) have its records, accounts and financial statements (balance sheets, statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available but in any case not later than six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) above for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof as the Association shall from time to time reasonably request.

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 SAA thereunder shall terminate on the date on which the Development Credit Agreement shall terminate.

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 addresses 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:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

For Samoa Airport Authority:

Samoa Airport Authority
Faleolo International Airport
Private Bag
Apia, Samoa

Facsimile:

685 24281

Section 6.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of SAA or by SAA on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Civil Aviation Manager or by such other person or persons as SAA shall designate in writing, and SAA 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 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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Klaus Rohland

Authorized Representative

SAMOA AIRPORT AUTHORITY

By /s/ Tuiloma Neroni Slade

Authorized Representative

