

CONFORMED COPY

CREDIT NUMBER 2180 GH

GOPDC Project  
Agreement

(Agricultural Diversification Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

GHANA OIL PALM DEVELOPMENT CORPORATION

Dated December 21, 1990

CREDIT NUMBER 2180 GH

GOPDC PROJECT AGREEMENT

AGREEMENT, dated December 21, 1990, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and GHANA OIL PALM DEVELOPMENT CORPORATION (GOPDC).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Republic of Ghana (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to twelve million five hundred thousand Special Drawing Rights (SDR 12,500,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that GOPDC agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and GOPDC, part of the proceeds of the credit provided for under the Development Credit Agreement will be made available to GOPDC on the terms and conditions acceptable to the Association; and

WHEREAS GOPDC, 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, in the Preamble to this 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. GOPDC 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 Part A of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, agricultural and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part A of the Project.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Part A of 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. GOPDC 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 GOPDC Project Agreement and Part A of the Project.

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

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

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

Section 2.06. GOPDC shall submit to the Association, not later than June 30, 1992, the recommendations of studies on:

(a) the separation of the nucleus estate and smallholder/outgrower accounts;

(b) the feasibility of selling the smallholder/outgrower loans to financial institutions; and

(c) the impact of the sales tax on palm oil consumption and marketing patterns.

Section 2.07. GOPDC shall establish the purchase price of oil palm fruits on the basis of prevailing prices of palm oil and kernels in Ghana taking into account the seasonal variations in the supply of oil palm fruits and the prices paid by competitors.

Section 2.08. In providing extension advice to outgrowers, GOPDC shall follow sound environmental practices, pay particular attention to erosion control and shall, in the provision of inputs, avoid the use of toxic chemicals.

Section 2.09. For the purpose of implementing Part A.1 of the Project, GOPDC shall submit to the Association, not later than June 30, 1991, a program for the management of the nucleus estate/outgrower operations acceptable to the Association and shall not modify such program thereafter without prior consultation with the Association.

### ARTICLE III

#### Management and Operations of GOPDC

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

Section 3.02. GOPDC 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 agricultural practices.

Section 3.03. GOPDC 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.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) GOPDC shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) GOPDC shall:

- (i) have its records, 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;
- (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 its financial statements 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 GOPDC 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) the date 30 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 GOPDC 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 or telex 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:

197688 (TRT)  
248423 (RCA)  
64145 (WUI)  
82987 (FTCC)

For GOPDC:

Ghana Oil Palm Development Corporation  
P.O. Box M 428  
Accra, Ghana

Cable address:

GOPD  
Accra

Telex:

2181 GOPD

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 GOPDC may be taken or executed by the Managing Director or such other person or persons as GOPDC shall designate in writing, and GOPDC 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/ Edward V. K. Jaycox

Regional Vice President  
Africa

GHANA OIL PALM DEVELOPMENT CORPORATION

By /s/ Joseph L. S. Abbey

Authorized Representative

