

CONFORMED COPY

LOAN NUMBER 2805 AR

JNG Project Agreement
(Bahia Blanca I Port Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION

and

JUNTA NACIONAL DE GRANOS

Dated February 25, 1988

LOAN NUMBER 2805 AR

JNG PROJECT AGREEMENT

AGREEMENT, dated February 25, 1988, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and JUNTA NACIONAL DE GRANOS (JNG).

WHEREAS (A) by the Loan Agreement of even date herewith between the Argentine Republic (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to fifty million dollars (\$50,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that JNG agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and JNG, the proceeds of the loan required for carrying out Part C of the Project will be made available to JNG on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS JNG, in consideration of the Bank's entering into the Loan 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 Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. JNG declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and to this end, shall carry out Part C of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for carrying out Part C of the Project,

Section 2.02. (a) except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for Part C of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 5 to the Loan Agreement.

(b) As part of the foregoing, JNG shall: (i) furnish to the Bank a plan of action satisfactory to the Bank for the supervision of construction of works under Part C (i) and (ii) of the Project prior to the award of contracts for such construction and works; and (iii) hire the consultants required to assist JNG in carrying out of Part C (iii) of the Project not later than March 31, 1988.

(c) JNG shall, not later than December 31, 1990, implement in the rest of its grain terminals, the recommendations made by the consultants hired for the purpose of assisting JNG in carrying out Part C (iii) of the Project.

Section 2.03. JNG shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and lane acquisition, respectively) in respect of this Project Agreement and Part C of the Project.

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

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

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

Section 2.06. JNG shall, not later than December 31, 1988: (a) carry out the recommendations of silo safety experts financed out of the proceeds of the Prior Loan in respect of the ports of Buenos Aires, Rosario, Villa Constitucion, Necochea, Bahia Blanca, Barranqueras, Diamante and such other ports acceptable to the Bank; and (b) prepare and put into effect silo safety codes and regulations, satisfactory to the Bank, for all JNG's grain terminals.

Section 2.07. JNG shall complete: (a) the technical specifications for Part C (i) and (ii) of the Project, not later than June 30, 1988; and (b) the final engineering designs for Part C (iv) of the Project, not later than September 30, 1988.

ARTICLE III

Management and Operations of JNG

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

(b) As part of the foregoing, JNG shall take all action necessary to improve the operational efficiency of its Ingeniero White grain terminal in the port of Bahia Blanca.

ARTICLE IV

Financial Covenants

Section 4.01. (a) JNG shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition, including separate records and accounts for the resources and expenditures in respect of Part C of the Project.

(b) JNG shall:

- (i) 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 Bank;
- (ii) furnish to the Bank 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 such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said accounts and financial statements as well as the audit thereof and said records, as the Bank shall from time to time reasonably request.

(c) For all expenditures for Part C of the Project with respect to which withdrawals are requested from the Loan Account on the basis of statements of expenditure, JNG shall:

- (i) maintain, in accordance with paragraph (a) of this Section, separate records and accounts reflecting such expenditures;
- (ii) retain, until one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such separate accounts are included in the annual audits referred to in paragraph (b) of this Section and that the report thereof contains, in respect of such separate accounts, a separate opinion by the said auditors as to whether the proceeds of the Loan withdrawn in respect of such expenditures have been used for the purpose for which they were provided.

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 Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of JNG hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify JNG thereof.

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 radio gram 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 Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

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

For JNG:

Junta Nacional de Granos
Paseo Colon 367
Buenos Aires
Argentina

Telex:

17789
21793
22151

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 JNG may be taken or executed by the President of JNG or such other person or persons as the President of JNG shall designate in writing, and JNG shall furnish to the Bank 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 BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ S. Shahid Husain

Regional Vice President
Latin America and the Caribbean

JUNTA NACIONAL DE GRANOS

By /s/ Jose Manuel Pedregal

Authorized Representative

