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OFID The OPEC Fund for International Development

LOAN NO. 1661P

REHABILITATION OF THE A05 ROAD CORRIDOR
FROM BADULLA TO CHENKALADI ROJECT

LOAN AGREEMENT

BETWEEN

THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

AND

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT (OFID)

DATED

JUNE 26, 2015

AGREEMENT dated June 26, 2015, between the Democratic Socialist Republic of Sri Lanka (“the Borrower”) and the OPEC Fund for International Development (OFID).

Whereas the Borrower has requested a loan from OFID for part financing of the Project described in Schedule 1;

Whereas the Borrower has also requested the Saudi Fund for Development to assist in the financing of the Project;

And whereas OFID has approved a loan to the Borrower in the amount of sixty million Dollars (\$60,000,000) upon the terms and conditions set forth hereinafter;

Now, therefore, the parties to this Loan Agreement (the “Agreement”) hereby agree as follows:

Article 1

GENERAL CONDITIONS; DEFINITIONS

1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings:

- (a) “Authorized Representative of the Borrower” means the Secretary of the Ministry of Finance;

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- (b) "Closing Date" means June 30, 2019;
- (c) "Dollar and the sign \$" mean and refer to the lawful currency of the United States of America;
- (d) "Eligible Expenditure Commencement Date" means June 10, 2014;
- (e) "Executing Agency" means the Road Development Authority of the Borrower's Ministry of Highways and Investment Promotion;
- (f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December 2007; and
- (g) "Grace Period" means the period beginning on June 26, 2015, and ending five (5) years from that Date.

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Article 2
THE LOAN

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount of sixty million Dollars (\$ 60,000,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of two and one half of one per cent (2.5%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charges shall be paid semi-annually on January 15 and July 15 in each year into OFID Account.

2.05 Immediately following the end of the Grace Period, the Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management, in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty (30) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

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Article 3
EFFECTIVENESS

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of:

- (a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower;
- (b) a legal opinion issued by the Attorney General of the Borrower confirming that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and
- (c) evidence that the loan or other financing agreement between the Saudi Fund for Development and the Borrower for financing the Project has been declared effective or will be declared effective concurrently with this Agreement.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.

3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

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Article 4
ADDRESSES

4.01 The parties' addresses are as specified below:

For the Borrower:

Department of External Resources
The Secretariat (Third Floor)
P.O. Box 277
Colombo 00100
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

Facsimile: (++94-11) 2447633

For OFID:

The OPEC Fund for International Development
Parking 8
A-1010 Vienna
AUSTRIA

Facsimile: (++43-1) 513 92 38


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OFID The OPEC Fund for International Development

LOAN NO. 1661P

IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

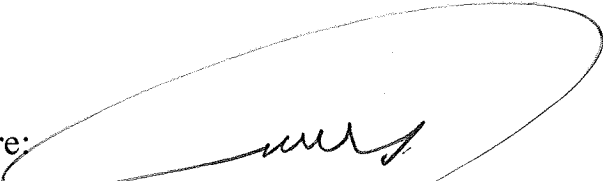
FOR THE BORROWER:

Signature: 

Name: H.E. Ravi Karunanayake

Title: Minister of Finance

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID):

Signature: 

Name: Suleiman J. Al-Herbish

Title: Director-General



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DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
REHABILITATION OF THE A05 ROAD CORRIDOR
FROM BADULLA TO CHENKALADI PROJECT

SCHEDULE 1
DESCRIPTION OF THE PROJECT

The Project's overall target is to rehabilitate the A05 Highway, which is a key road corridor in accordance with the Development Policy Framework of the Government of Sri Lanka. The Project's specific objective is to rehabilitate 151.3 km of the A05 Corridor, namely the section between *Badulla* in *Uva* Province and *Chenkaladi* located in the Eastern Province. This is to be achieved through implementation of the components as set out below:

- (a) Civil Works, covering the entire 151.3 km of the road section between *Budalla* and *Chenkaladi* and includes road rehabilitation and road widening activities, drainage works as well as road signs and markings;
- (b) Land Acquisition, covering the cost of the strip land acquisition required for road widening where necessary;
- (c) Consultancy Services, covering design and supervision of works as well as financial auditing of the Project; and
- (d) Project Management, covering the incremental expenditures of the Project Management Unit and the Project Implementation Unit including office runnings costs, furniture, equipment, vehicles and travel allowances.

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DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
REHABILITATION OF THE A05 ROAD CORRIDOR
FROM BADULLA TO CHENKALADI PROJECT

SCHEDULE 2
LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of each component:

Component	Amount of the Loan Allocated (Expressed in Dollars)	Percentage of Total Expenditures to be Financed
(a) Civil Works	51,570,000	40.54
(b) Land Acquisition	---	--
(c) Consultancy Services	6,680,000	87.43
(c) Project Management Unit	1,750,000	87.50
Total:	<u>60,000,000</u>	

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

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DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
REHABILITATION OF THE A05 ROAD CORRIDOR
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SCHEDULE 3
AMORTIZATION SCHEDULE

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in US Dollars)
1	July 15, 2020	2,000,000
2	January 15, 2021	2,000,000
3	July 15, 2021	2,000,000
4	January 15, 2022	2,000,000
5	July 15, 2022	2,000,000
6	January 15, 2023	2,000,000
7	July 15, 2023	2,000,000
8	January 15, 2024	2,000,000
9	July 15, 2024	2,000,000
10	January 15, 2025	2,000,000
11	July 15, 2025	2,000,000
12	January 15, 2026	2,000,000
13	July 15, 2026	2,000,000
14	January 15, 2027	2,000,000
15	July 15, 2027	2,000,000
16	January 15, 2028	2,000,000
17	July 15, 2028	2,000,000
18	January 15, 2029	2,000,000
19	July 15, 2029	2,000,000
20	January 15, 2030	2,000,000
21	July 15, 2030	2,000,000
22	January 15, 2031	2,000,000
23	July 15, 2031	2,000,000
24	January 15, 2032	2,000,000
25	July 15, 2032	2,000,000
26	January 15, 2033	2,000,000
27	July 15, 2033	2,000,000
28	January 15, 2034	2,000,000
29	July 15, 2034	2,000,000
30	January 15, 2035	<u>2,000,000</u>
	Total:	<u>60,000,000</u>

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