

No. 18140

**UNITED STATES OF AMERICA
and
SRI LANKA**

**Loan Agreement relating to agricultural base mapping (with
annex). Signed at Colombo on 28 February 1978**

Authentic text: English.

Registered by the United States of America on 5 December 1979.

**ÉTATS-UNIS D'AMÉRIQUE
et
SRI LANKA**

**Accord de prêt aux fins de la cartographie agricole (avec
annexe). Signé à Colombo le 28 février 1978**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 5 décembre 1979.

LOAN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SRI LANKA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR AGRICULTURAL BASE MAPPING

Dated: February 28, 1978

A.I.D. Project No. 383-T-0045

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A.I.D. Project No. 383-T-0045

LOAN AGREEMENT FOR AGRICULTURAL BASE MAPPING dated February 28, 1978, between the REPUBLIC OF SRI LANKA ("Cooperating Country") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

¹ Came into force on 28 February 1978 by signature.

² For the text of the annex, see "Project Loan Agreement between the United States of America and Egypt for canal maintenance, signed at Cairo on 27 September 1977", in United Nations, *Treaty Series*, vol. 1169, p. 31.

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Cooperating Country of the Project described herein, and with respect to the financing of the Project by the Parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in annex 1, will consist of equipment and supplies for photo acquisition (including an aircraft), field control, triangulation and compilation, photo and map production and related activities, data utilization including the requirements for a User Assistance Center, and facilities renovation, as well as technical training and technical assistance to enable the production and utilization of a 1/50,000 scale and 1/10,000 scale base map of Sri Lanka, and larger scale area and project specific maps, and related by-products of aerial photography and mapping. Annex 1, attached, amplifies the definition of the Project contained in this section 2.1. Within the limits of the definition of the Project in this section 2.1, elements of the amplified description stated in annex 1 may be changed by written agreement of the authorized representatives of the Parties named in section 9.2 without formal amendment of this Agreement.

Article 3. FINANCING

Section 3.1. THE LOAN. To assist the Cooperating Country to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Cooperating Country under the terms of this Agreement not to exceed four million five hundred thousand U.S. dollars (\$4,500,000) ("Loan"). The amount of the Loan (\$4,500,000) is referred to as "Assistance". The aggregate amount of disbursements under the Loan is referred to as "Principal".

The Assistance may be used to finance foreign exchange costs, as defined in section 7.1, and local currency costs, as defined in section 7.2, of goods and services required for the Project except that, unless the Parties otherwise agree in writing, local currency costs financed under the Loan will not exceed two hundred thousand U.S. dollars (\$200,000).

Section 3.2. COOPERATING COUNTRY RESOURCES FOR THE PROJECT. (a) The Cooperating Country agrees to provide or cause to be provided for the Project all funds, in addition to the Assistance, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources to be provided by the Cooperating Country for the Project are estimated to be not less than Rs.13.9 million including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is November 30, 1983, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Assistance will have been performed, and all goods financed under the Assistance will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Assistance for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Cooperating Country, may at any time or times reduce the amount of the Assistance by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. LOAN TERMS

Section 4.1. INTEREST. The Cooperating Country will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten years following [the] date of the first disbursement of the Loan hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in section 8.5) of each respective disbursement, and will be computed on the basis of a 365-day year. Interest will be payable no later than six (6) months after the first disbursement of the Loan hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. The Cooperating Country will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due in accordance with section 4.1. A.I.D. will provide the Cooperating Country with an amortization schedule in accordance with this section after the final disbursement under the Loan.

Section 4.3. APPLICATION, CURRENCY, AND PLACE OF PAYMENT. All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C., 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, the Cooperating Country may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) The Cooperating Country and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Sri Lanka, which enable the Cooperating Country to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to section 9.1, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after the delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to section 9.1, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under sub-section (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of the Co-operating Country Director of External Resources Division, Ministry of Finance in Sri Lanka.

Section 4.6. TERMINATION ON FULL PAYMENT. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Cooperating Country and A.I.D. relating to the Loan provisions of this Agreement will cease.

Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. FIRST DISBURSEMENT FOR LOAN. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of commitment documents for technical assistance pursuant to which disbursement will be made, the Cooperating Country will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Cooperating Country and that it constitutes a valid and legally binding obligation of the Cooperating Country in accordance with all of its terms;
- (b) A statement of the names of the persons holding or acting in the office of the Cooperating Country specified in section 9.2, and a specimen signature of each person specified in such statement;
- (c) An executed contract for technical assistance for the Project acceptable to A.I.D. with a firm acceptable to A.I.D.; and
- (d) Evidence of availability of funds for and intention to renovate facilities.

Section 5.2. ADDITIONAL PROCUREMENT. Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for the purpose of procurement, the Cooperating Country will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Sri Lanka Air Force (SLAF) and the Survey Department executed agreement for aircraft maintenance and operation;
- (b) Evidence of the availability of aviation fuel required for photographic flights during the training period by U.S. pilots and photogrammetrist trainers; and
- (c) Evidence of consultations between the Government of Sri Lanka and the Government of Switzerland (Office of Swiss Technical Cooperation)

regarding Swiss financing for the approximately \$380,000 of specialized aerial photographic and cartographic equipment required under the Project, available only from Switzerland and either:

- (1) Evidence of the availability of Swiss financing for this equipment; or
- (2) Evidence that the Swiss Government is unable to finance this equipment in time for it to be available when needed on the Project.

Section 5.3. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in sections 5.1 and 5.2 have been met, it will promptly notify the Cooperating Country.

Section 5.4. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified in section 5.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Cooperating Country.

(b) If all of the conditions specified in section 5.2 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Cooperating Country. In the event of such termination, the Cooperating Country will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

Article 6. SPECIAL COVENANTS

Section 6.1. PROJECT EVALUATION. The Parties agree to establish an evaluation program as an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems, in this or other project; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Section 6.2. AIRCRAFT COVENANTS. The Cooperating Country covenants that:

- (a) The aircraft provided under the Project shall be reserved for Project needs until all the photography required for the base maps under the project is completed. Thereafter, additional eligible uses for the aircraft will be subject to a plan acceptable to A.I.D. At no time will the aircraft be used for military purposes;
- (b) It will provide life-of-project insurance for aircraft to permit repair or replacement if damaged;
- (c) All maintenance and operational requirements including fuel will be available so as to meet Project objectives; and
- (d) It will provide A.I.D. with semi-annual reports on the status of the overall Project beginning with the date of the signing of this Agreement, or with equivalent reports at such other time as A.I.D. may agree in writing.

Article 7. PROCUREMENT SOURCE

Section 7.1. FOREIGN EXCHANGE COSTS. Loan disbursements made pursuant to section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Standard Provisions Annex,¹ section C.1(b) with respect to marine insurance.

Section 7.2. LOCAL CURRENCY COSTS. Disbursements pursuant to section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Sri Lanka ("Local Currency Costs"). To the extent provided for under this Agreement, Local Currency Costs may also include the provision of local currency resources required for the Project.

Article 8. DISBURSEMENTS

Section 8.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. After satisfaction of conditions precedent, the Cooperating Country may obtain disbursements of funds under the Loan for the Foreign Exchange Costs of goods or services, required for the Project in accordance with the terms of the Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in the Cooperating Country's behalf for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers, through Letters of Credit or otherwise, for such goods or services.

Banking charges incurred in connection with Letters of Credit or Commitment shall be for the account of the Cooperating Country and may be financed under the Loan.

Section 8.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) After satisfaction of conditions precedent, the Cooperating Country may obtain disbursement of funds under the Loan for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

Section 8.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

¹ See footnote 2 on p. 128 of this volume.

Section 8.4. RATE OF EXCHANGE. Except as may be more specifically provided under section 8.2, if funds provided under the Loan are introduced into Sri Lanka by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Cooperating Country will make such arrangements as may be necessary so that such funds may be converted into currency of Sri Lanka at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Sri Lanka.

Section 8.5. DATE OF DISBURSEMENT. Disbursements of the Loan by A.I.D. will be deemed to occur (A) on the date on which A.I.D. makes a disbursement to the Cooperating Country or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment or Credit; (B) on the date on which A.I.D. disburses to the Cooperating Country or its designee local currency acquired in accordance with section 8.2(b).

Article 9. MISCELLANEOUS

Section 9.1. COMMUNICATIONS. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Cooperating Country:

Mail Address:
Director
External Resources Division
Ministry of Finance
Colombo, Sri Lanka

Alternate address for cables:
FORAID
Colombo, Sri Lanka

To A.I.D.:

Mail Address:
Office of A.I.D. Representative
c/o American Embassy
Colombo, Sri Lanka

Alternate address for cables:
USAID, AmEmbassy
Colombo, Sri Lanka

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 9.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Cooperating Country will be represented by the individual holding or acting in the office of Director of External Resources Department, Ministry of Finance and Planning, and A.I.D. will be represented by the individual holding or acting in the office of the A.I.D. Representative, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under section 2.1 to revise elements of the amplified

description in annex 1. The names of the representatives of the Cooperating Country, with specimen signatures, will be provided to A.I.D. which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt or written notice of revocation of their authority.

Section 9.3. STANDARD PROVISIONS ANNEX. A “Loan Standard Provisions Annex” (annex 2)¹ is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Cooperating Country and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

Government
of the Republic of Sri Lanka:
By: [Signed]
Name: LAL JAYAWARDENA
Title: Secretary, Ministry of Finance
and Planning

Government
of the United States of America:
By: [Signed]
Name: W. HOWARD WRIGGINS
Title: American Ambassador

ANNEX 1

PROJECT DESCRIPTION

A. *Project Description*

The Project described in this section aims at meeting the current and continuing national photogrammetric and cartographic requirements of the various governmental agencies responsible for development planning and project implementation in Sri Lanka. Analysis of alternative means of providing the maps and information required on a continuing basis has confirmed that the appropriate approach is to enhance the existing capacity of the Survey Department.

The U.S. contribution will finance the foreign exchange cost of the inputs which are: (1) capital equipment consisting of photographic, triangulation, compilation, laboratory equipment and vehicles as well as an aircraft; (2) expendable supplies including film, paper, and chemicals; (3) technical assistance both long term (approximately 36 pm) and short term; and short-term training in-country and abroad; as well as miscellaneous local costs, should the need arise, in an amount not to exceed the equivalent of \$200,000.

It is planned that the bulk of the AID financing for foreign exchange costs will be provided by letter of commitment/letter of credit procedures. Disbursements of funds for

¹ See footnote 2 on p. 128 of this volume.

aircraft and equipment maintenance as well as spare parts and calibration is expected to be made to the foreign exchange account of the Survey Department under a procedure to be agreed upon based on periodic requirements. Disbursements for local costs, should the need arise, would be based on vouchers submitted by the Survey Department following agreement with AID on which local costs would require AID financing.

The Government of Sri Lanka will finance the sizeable local cost of inputs such as facility renovation, manpower, and local maintenance, fuels, and supplies. In addition much of the map preparation, production, and printing will be done with existing Survey Department equipment.

During the first year of the Project, implementation activities will relate primarily to renovation of existing facilities, equipment and supply procurement, reorganization of production procedures, familiarization training, flight planning and contractual arrangements for technical assistance and aircraft equipment maintenance. This is expected to lead to initiation of aerial photographic coverage with the plane to be provided under the Project within one year of satisfaction of conditions precedent. During this first stage of the Project an expatriate pilot (approximately 6-9 pm) and photogrammetrist (approximately 4-6 pm) will fly and photograph the country while training Sri Lanka Air Force (SLAF) pilots in the special techniques of flying for aerial photography and familiarizing Survey Department photogrammetrists with the techniques to be used. Subsequently, the plane will be flown by SLAF pilots and crewed by Survey Department personnel.

Trained pilots and photogrammetrists are expected to be available in the second year of the Project. Familiarization training related to map production is expected to be completed in the first 18 months of the Project.

As photos become available, the Survey Department will begin production of a base map of the country at 1/50,000 scale and 1/10,000 scale. Flight lines and coverage will be planned to coincide with priority mapping needs.

Nationwide map coverage at 1/50,000 scale (a major Project output) is expected to be completed within 18 months of initiation of flying. Complete coverage at 1/10,000 (another major output) will be available within six years of initiation of flying. The initial 1/10,000 maps produced will utilize the same photography used for the 1/50,000 map series. Later 1/10,000 maps will utilize new photography to insure that in general the 1/10,000 maps are based on photography no older than two years. Following Project completion the Survey Department will continually update the 1/10,000 base map series.

The output of large-scale (1/1,000-1/10,000) maps will occur throughout the Project beginning late in the second year on a project specific or area specific basis.

During the second and third years of the Project, the User Assistance Center will be equipped and Survey Department staff for the Center are expected to be provided with familiarization training to maximize its potential. During this period, training will also be initiated for staff of the Agencies that will need to use the Center for interpretation and analysis of maps and photography they require. This Center will provide a facility for analysis by the user Agencies. The Survey Department will not be charged with carrying out the analysis the user agencies may require. While the Center is expected to be operable in the third year, it will reach its major potential toward the end of the Project.

The achievement of these outputs, a 1/50,000 base map, a continually updated 1/10,000 base map, larger scale maps as requested by user agencies, a functioning User Assistance Center, and trained Survey Department staff will meet the mapping requirements of rural development in Sri Lanka—the Project purpose.

The availability and utilization of the up-to-date information derived from the maps produced by the Survey Department will be a key ingredient in the planning necessary to achievement of the sector goal of improvement of the living standard of the rural people in Sri Lanka.

B. *Financial Plan*

1. <i>AID Financed</i>		\$
A. Equipment	1,861,300	
B. Materials	848,700	
C. Training	254,000	
D. Technical Assistance	503,000	
E. Unallocated (Contingencies/Inflation/etc.)	1,033,000	
	TOTAL	\$ 4,500,000
2. <i>GSL Financed</i>		<i>Rupees</i>
A. <i>Equipment</i>		
1. Map Production Branches	3,576,500	
2. Air Survey Branches	2,330,809	
	Subtotal	5,907,309
B. <i>Personnel (5 years)</i>		
1. Map Production Branches	3,356,650	
2. Air Survey and Field	1,858,205	
	Subtotal	5,214,855
C. Fuel and Maintenance	2,100,000	
D. Facilities	262,440	
E. Building Modification and Air Conditioning	437,400	
	TOTAL	Rs.13,921,964