

No. 8925

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
CAMEROON**

**Guarantee Agreement—*CAMDEV Project* (with related letters, annexed Loan Regulations No. 4, and Loan Agreement between the Bank and the Cameroons Development Corporation). Signed at Washington, on 28 March 1967**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 17 January 1968.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
CAMEROUN**

**Contrat de garantie—*Projet relatif à la Cameroons Development Corporation* (avec lettres y relatives et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Cameroons Development Corporation). Signé à Washington, le 28 mars 1967**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 17 janvier 1968.*

No. 8925. GUARANTEE AGREEMENT<sup>1</sup> (*CAMDEV PROJECT*)  
BETWEEN THE FEDERAL REPUBLIC OF CAMEROON  
AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 MARCH 1967

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AGREEMENT, dated March 28, 1967, between the FEDERAL REPUBLIC OF CAMEROON (hereinafter called Cameroon) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Cameroons Development Corporation (hereinafter called the Corporation), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Corporation a loan in various currencies equivalent to seven million dollars (\$7,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Cameroon agree to guarantee the obligations of the Corporation in respect of such loan as hereinafter provided; and

WHEREAS Cameroon, in consideration of the Bank's entering into the Loan Agreement with the Corporation, has agreed so to guarantee such obligations of the Corporation;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Section 1.01 of the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations).

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<sup>1</sup> Came into force on 7 July 1967, upon notification by the Bank to the Government of Cameroon.

<sup>2</sup> See p. 104 of this volume.

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement have the respective meanings therein set forth.

## *Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, Cameroon hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Corporation, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, Cameroon specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Corporation will be inadequate to meet the estimated expenditures required for carrying out the Program, to make arrangements, satisfactory to the Bank, promptly to provide the Corporation or cause the Corporation to be provided with such funds as are needed to meet such expenditures.

## *Article III*

*Section 3.01.* It is the mutual intention of Cameroon and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, Cameroon undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of Cameroon as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of Cameroon" as used in this Section includes assets of Cameroon or of any of its political subdivisions or of any agency of Cameroon or of any such political subdivision.

*Section 3.02.* (a) Cameroon and the Bank shall co-operate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them

shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of Cameroon, such information shall include information with respect to financial and economic conditions in the territories of Cameroon and the international balance of payments position of Cameroon.

(b) Cameroon and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. Cameroon shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) Cameroon shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of Cameroon for purposes related to the Loan.

*Section 3.03.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of Cameroon or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of Cameroon.

*Section 3.04.* This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of Cameroon or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* Cameroon shall not take, cause or permit to be taken, any action to amend the Ordinance or adopt or amend any decrees or regulations pursuant to, or in implementation thereof, except after consultation with the Bank.

#### *Article IV*

*Section 4.01.* Cameroon shall endorse, in accordance with the provisions of the Loan Agreement and of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Corporation. The Ministre des Affaires Économiques et du Plan of Cameroon and such person or persons as he shall designate in writing are designated as the authorized representatives of Cameroon for the purposes of Section 6.12 (b) of the Loan Regulations.

*Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For Cameroon :

Ministère des Affaires Économiques et du Plan  
Yaoundé  
Federal Republic of Cameroon

Alternative address for cablegrams and radiograms :

Minae/Plan  
Yaoundé  
Federal Republic of Cameroon

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

*Section 5.02.* The Ministre des Affaires Économiques et du Plan of Cameroon is designated for the purposes of Section 8.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Federal Republic of Cameroon :

*By* D. MASUKE  
Authorized Representative

International Bank for Reconstruction and Development :

*By* George D. WOODS  
President

## LETTERS RELATING TO THE GUARANTEE AGREEMENT

AMBASSADE DE LA RÉPUBLIQUE FÉDÉRALE DU CAMEROUN  
WASHINGTON, D.C.

March 28, 1967

International Bank for Reconstruction  
and Development  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

Re : *Loan No. 490 CM (CAMDEV Project)*  
*Credit No. 100 CM (CAMDEV Project)*  
*Capital Structure of the Corporation*

Dear Sirs :

With reference to : (a) Section 3.05 of the Guarantee Agreement between the Federal Republic of Cameroon (hereinafter called Cameroon) and the International Bank for Reconstruction and Development (hereinafter called the Bank) and Section 4.03 of the Development Credit Agreement between Cameroon and the International Development Association (hereinafter called the Association), both of even date herewith, and

(b) Article 2 of the law of December 21, 1966 (amending Ordinance No. 39 of 1946), we would like to confirm the following :

1. *Scope of Article 2 of the law.* Article 2 of the law provides that the capital of the Corporation will include the following :

- (a) A participation of the Marketing Board for 519,000 shares of 1,000 CFA francs each or 519 million CFA francs;
- (b) A participation of Cameroon in an amount in CFA francs equivalent to the aggregate amount of amounts withdrawn from the Credit Account opened by the Association; and
- (c) An appropriate participation of the Government of West Cameroon to be made pursuant to arrangements between Cameroon and the Government of West Cameroon, in the event that the Corporation would have to reimburse the Federal Republic of Nigeria for the loan mentioned in paragraph (c) of Section 2 of this letter.

2. *Implementation*

- (a) The participation of the Marketing Board was made on December 2, 1966 and the long term debt of CFA francs 519 million of the Corporation to the Government of West Cameroon as shown on the Corporation's balance sheet as of December 31, 1966 is discharged.
- (b) The participation of Cameroon will become effective as withdrawals are made from the Credit Account. The CFA equivalent of the amount withdrawn from the Credit Account shall be determined as of the respective dates of withdrawal : (i) on account of expenditures for goods produced in (including services supplied from) the

territories of Cameroon, by using the same rate of exchange used by the Association for the purposes of its disbursements under the Credit Agreement; and (ii) in all other cases by using the lawful rate of exchange prevailing in Cameroon at such dates of withdrawal.

- (c) As you have noted during the investigations which preceded the negotiations, the books of the Corporation show an amount of 1 million pounds sterling owed by the Corporation to the Federal Republic of Nigeria. As explained to you during the negotiations, discussions are presently being held between the Federal Republic of Nigeria and Cameroon with respect to various financial matters and, more specifically, with respect to the afore-mentioned debt which is being disputed by Cameroon. Cameroon, however, hereby agrees that if as a result of such discussions, the Corporation would become obligated to pay such amount, Cameroon shall hold the Corporation harmless from any payments to the Federal Republic of Nigeria, and, to that end, shall take all measures necessary for the Corporation to receive as capital, on account of the participation of the Government of West Cameroon, the funds needed by the Corporation to make any payment to the Federal Republic of Nigeria.

Very truly yours,

Federal Republic of Cameroon :

By S. D. MASUKE

Authorized Representative

AMBASSADE DE LA RÉPUBLIQUE FÉDÉRALE DU CAMEROUN

WASHINGTON, D.C.

March 28, 1967

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

Re : *Loan No. 490 CM (CAMDEV Project)*  
*Section 3.01 of the Guarantee Agreement*

Dear Sirs :

We refer to Section 3.01 of the Guarantee Agreement (*CAMDEV Project*) of even date between us. Pursuant to the second paragraph of said Section, the term "assets of the Guarantor" includes assets of the Federal Republic of Cameroon or of any of its political subdivisions or of any agency of the Federal Republic of Cameroon or of any such political subdivision. Normally this definition would include the assets of a central bank; in the present case, it cannot include the assets of the Banque Centrale pour les États de l'Afrique Equatoriale et du Cameroun which, as we have informed you, is a bank whose right of issue is exercised within the framework of a common monetary zone comprising the Central African Republic of Chad, the Republic of Congo (Brazzaville), the Republic of Gabon and the Federal Republic of Cameroon.

As said Banque Centrale has confirmed it to you by letter dated February 6, 1967, it is prevented by its statutes from creating any lien on any of its assets as security for any external debt of any country or countries in which it exercises its right of issue.

As, pursuant to Article 32 of the “*Accord de Coopération en Matière Économique, Monétaire et Financière*” dated November 13, 1960 between the Republic of France and the Federal Republic of Cameroon the statutes of said Banque Centrale pour les États de l’Afrique Equatoriale et du Cameroun can be amended only after agreement of the Government of the Federal Republic of Cameroon, we undertake not to accept without your agreement any amendment of said statutes which would enable said Banque Centrale to create such lien on its assets.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Federal Republic of Cameroon :

By S. D. MASUKE  
Authorized Representative

*Confirmed:*

International Bank  
for Reconstruction and Development

By A. G. EL EMARY  
Director, Africa Department

AMBASSADE DE LA RÉPUBLIQUE FÉDÉRALE DU CAMEROUN  
WASHINGTON, D.C.

March 28, 1967

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

Re : *Loan No. 490 CM (CAMDEV Project)*  
*Right of Veto*

Dear Sirs :

We refer to the Guarantee Agreement and the Development Credit Agreement of even date between us and to Article 3 of the law of December 21, 1966. The exercise of the right of veto by the Government Commissioner shall not hamper the effective operation of the Corporation or affect the day-to-day management of the enterprise.



The right of veto of the Government Commissioner shall apply to general policy matters which might increase the charges and obligations of the Government under the Credit and Guarantee Agreements. For that reason, it will apply to such decisions as those concerning new investments, new indebtedness and the annual budget estimates of the Corporation. The Government will promptly inform the Bank and IDA each time the right of veto is exercised.

Very truly yours,

Federal Republic of Cameroon :

By S. D. MASUKE  
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO  
BORROWERS OTHER THAN MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT

(CAMDEV PROJECT)

AGREEMENT, dated March 28, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CAMEROONS DEVELOPMENT CORPORATION (hereinafter called the Corporation).

WHEREAS (A) The Corporation is engaged in the carrying out of a program (hereinafter called the Program) providing for the maintenance and development of approximately 33,500 hectares of oil palm, rubber, tea, banana, cocoa and pepper, together with the necessary infrastructure and adequate processing facilities and equipment;

(B) The Corporation has requested the Bank to assist in financing part of such Program by granting a loan to it in an aggregate principal amount equivalent to \$7,000,000;

(C) By agreement of even date herewith (hereinafter called the Guarantee Agreement)<sup>1</sup> between the Federal Republic of Cameroon (hereinafter called Cameroon) and the Bank, Cameroon has agreed to guarantee such loan as provided in such Guarantee Agreement;

(D) Cameroon has requested the European Economic Community (hereinafter called the EEC) to assist in financing part of such Program by granting a loan to it

<sup>1</sup> See p. 90 of this volume.

(hereinafter called the EEC Loan) in an aggregate principal amount equivalent to 6,482,000 units of account, the proceeds of which shall be made available to the Corporation;

(E) By Agreement of even date herewith (hereinafter called the Credit Agreement) between Cameroon and the International Development Association (hereinafter called the Association), the Association has agreed to assist in financing part of such Program by granting a credit (hereinafter called the Credit) to Cameroon in an aggregate principal amount equivalent to \$11,000,000 as provided in such Credit Agreement, the proceeds of which will be made available to the Corporation;

(F) By agreement of even date herewith (hereinafter called the Project Agreement) between the Association and the Corporation, the Corporation has undertaken certain obligations regarding the use of the proceeds of the Credit, as provided in such Project Agreement; and

(G) By agreement dated January 14, 1960 between the Corporation and the Commonwealth Development Corporation (hereinafter called the CDC), a corporation formerly called the Colonial Development Corporation and established under the Overseas Resources Act, 1948 of the United Kingdom, the CDC has made a loan (hereinafter called the CDC Loan) to the Corporation in the amount of £1,000,000;

WHEREAS the Bank, on the basis of the foregoing, has agreed to make a loan to the Corporation upon the terms and conditions hereinafter set forth;

NOW THEREFORE it is hereby agreed as follows :

### *Article I*

#### LOAN REGULATIONS; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) :

(a) The terms " the Corporation " and " Cameroon ", respectively are substituted for the terms " Borrower " and " Guarantor ", respectively, wherever used in the Loan Regulations and Schedules thereto;

(b) The second sentence of Section 3.02 shall apply only to withdrawals pursuant to Section 2.02(a) of this Agreement;

(c) Section 4.01 is deleted; and

(d) Section 9.04 is deleted and the following new Section is substituted therefor :

" SECTION 9.04. *Termination of Guarantee Agreement upon Termination of Loan Agreement.* If, in accordance with the provisions thereof, the Loan Agreement shall terminate for failure to become effective, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such termination to Cameroon. "

<sup>1</sup> See p. 104 of this volume.

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in this Loan Agreement have the following meanings :

(a) The term "EEC Loan Agreement" means the agreement (*Contrat de financement*) between Cameroon and the EEC setting forth the terms and conditions of the EEC Loan and includes all agreements and arrangements, if any, incidental or supplemental thereto between Cameroon, the EEC and the Corporation;

(b) The term "CDC Loan Agreement" means the agreement together with the schedules thereto dated January 14, 1960 between the CDC and the Corporation setting forth the terms and conditions of the CDC Loan and includes all agreements and arrangements, if any, incidental or supplemental thereto between Cameroon, the CDC and the Corporation;

(c) The term "Ordinance" means the Cameroons Development Corporation Ordinance No. 39 of 1946 providing for the establishment of the Corporation as the same has been or may be amended from time to time;

(d) The term "Lease" means the lease dated December 29, 1960 between the Commissioner of the Southern Cameroons and the Corporation, as the same may be amended from time to time, and includes all agreements or arrangements, if any, incidental or supplemental thereto; and

(e) The term "Management Agreements" means any arrangement or agreement concluded or to be concluded between the Corporation and other parties concerning the management of the Corporation, and includes the agreement dated January 1, 1960 between the Corporation and CDC.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Corporation, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to seven million dollars (\$7,000,000).

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Corporation and shall credit to such account the amount of the Loan. The Corporation shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

(a) such amounts as shall have been expended, or, if the Bank shall so agree, such amounts as shall be required to meet payments, for the reasonable foreign currency cost of goods to be financed under this Agreement; and

(b) the equivalent of a percentage of percentages to be established from time to time by agreement between the Bank and the Corporation of such amounts as shall have been expended for the reasonable cost of goods to be financed under this Agreement and not included in the foregoing; provided, however, that except as shall be otherwise agreed between the Bank and the Corporation, no withdrawal shall be made on account of (i) expenditures prior to the Effective Date; (ii) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories; and (iii) expenditures other than

amounts payable pursuant to Sections 2.04 and 2.05 of this Agreement until the amount of the Credit shall have been fully withdrawn.

*Section 2.03.* Withdrawals from the Loan Account pursuant to Section 2.02 (b) of this Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

*Section 2.04.* The Corporation shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ( $\frac{3}{8}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.05.* The Corporation shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.06.* Except as the Bank and the Corporation shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Corporation pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semiannually on January 1 and July 1 in each year.

*Section 2.08.* The Corporation shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule I to this Agreement.

*Section 2.09.* For the purposes of facilitating the sale of portions of the Loan or Bonds, it is agreed that in connection with any such sale, notwithstanding the provisions of Sections 3.03 and 3.04 of the Loan Regulations, the Bank and the Corporation, with the consent of the Guarantor, may from time to time agree that any portion of the Loan repayable in one currency may be made repayable in one or more other currencies and from the date specified in such agreement such portion of the Loan shall be repayable in such other currency or currencies.

### *Article III*

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Corporation shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The Bank and the Corporation shall determine by agreement, subject to modification by further agreement between them : (a) on the basis of annual reviews of the progress of the Program, the specific goods to be financed out of the proceeds of the Loan; and (b) the methods and procedures for procurement of such goods.

*Section 3.02.* Except as the Bank and the Corporation shall otherwise agree, the Corporation shall cause all goods financed out of the proceeds of the Loan to be used in the territories of Cameroon exclusively in the carrying out of the Project.

*Article IV*

## BONDS

*Section 4.01.* The Corporation shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* The Chairman of the Board of the Corporation, or such person or persons as he shall appoint in writing are designated as authorized representatives of the Corporation for the purposes of Section 6.12(a) of the Loan Regulations.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01. (a)* The Corporation shall carry out the Project with due diligence and efficiency and in conformity with sound agricultural, engineering and financial practices.

*(b)* The Corporation shall furnish to the Bank, promptly upon their preparation, the plans and work schedules for the Project and the Program and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

*(c)* The Corporation shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project and the Program (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Corporation; shall enable the Bank's representatives to inspect the Project and the Program, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Program, the goods, the administration, operations and financial condition of the Corporation.

*(d)* The Corporation shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than five months after the close of the fiscal year to which they apply transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 5.02. (a)* The Bank and the Corporation shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

*(b)* The Bank and the Corporation shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Corporation shall promptly inform the

Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Corporation of its obligations under the Loan Agreement.

*Section 5.03.* Except as the Bank shall otherwise agree, the Corporation (a) shall obtain title to all goods financed in whole or in part with the proceeds of the Loan free and clear of all encumbrances; and (b) shall not sell, lease, transfer or otherwise dispose of any of its property and assets except in the ordinary course of business.

*Section 5.04.* The Corporation undertakes that, except as the Bank shall otherwise agree : (a) if the Corporation shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; and (b) if any lien shall be created on any assets of the Corporation, other than under (a) above, as security for any debt, the Corporation shall grant to the Bank an equivalent lien satisfactory to the Bank; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

*Section 5.05.* Except as the Bank and the Corporation shall otherwise agree :

(a) Until December 31, 1975 the Corporation shall not incur any debt without the prior approval of the Bank; and

(b) After December 31, 1975 the Corporation shall not incur any debt if, at the time and as a result thereof, the consolidated debt of the Corporation and any subsidiary then incurred and outstanding would be greater than the consolidated unimpaired capital and accumulated surplus of the Corporation and any such subsidiary.

For the purposes of this Section :

- (i) The term " debt " shall not include commercial and trade liabilities incurred in the ordinary course of business and payable on demand or not more than one year after the date as of which such calculation is required to be made for the purposes of this Section.
- (ii) Debt shall be deemed to be incurred (A) under a contract or loan agreement, on the date it is drawn down pursuant to such contract or loan agreement, and (B) under a guarantee agreement, on the date the agreement providing for such guarantee shall be entered into.
- (iii) The term " capital " means funds subscribed to the Corporation by way of share capital pursuant to the Ordinance.
- (iv) The term " accumulated surplus " means accumulated surplus determined in accordance with sound accounting procedures, excluding, however, any surplus arising from any revaluation of assets.

- (v) Whenever for the purposes of this Section it shall be necessary to value in terms of the currency of Cameroon debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

*Section 5.06.* The Corporation shall at all times maintain its liquid assets at a level satisfactory to the Bank.

*Section 5.07.* The Corporation : (i) shall at all times manage its affairs, plantations and factories and maintain its financial position in accordance with sound agricultural, engineering, commercial and financial practices, and, in particular shall adequately maintain its equipment and fixed assets and from time to time make all necessary renewals and repairs thereof; and (ii) shall, except as the Bank shall otherwise agree, take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

*Section 5.08.* (a) The Corporation shall at all times employ in all of its senior management positions (including, but without limitation, the positions of General Manager, Agricultural Adviser and Financial Controller) experienced and qualified persons mutually satisfactory to the Bank and the Corporation.

(b) The terms and conditions of any Management Agreements shall at all times be mutually satisfactory to the Bank and the Corporation.

*Section 5.09.* (a) The Corporation shall take out and maintain with responsible insurers or make other provision satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Corporation undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Corporation to replace or repair such goods.

*Section 5.10.* The Corporation shall carry out the Program with due diligence and efficiency and, except as the Bank shall otherwise agree : (a) shall not modify such Program, and (b) until such Program shall have been completed, shall not undertake or execute works, or make any investments, other than those included in such Program; provided, however, that the Corporation may invest idle funds in securities readily convertible into cash.

*Section 5.11.* Before December 31, 1975, and except as the Bank shall otherwise agree, the Corporation shall make no payment to Cameroon or to the Federated State of West Cameroon, other than payments due on account of taxes and under the Lease.

*Section 5.12.* (a) Before the Corporation shall take any action to create any subsidiary, the Corporation shall first have satisfied the Bank that such action would not prejudice the interest of the Bank under this Agreement, the Guarantee Agreement or the Bonds.

(b) The obligations of the Corporation expressed in this Article shall be applicable to any subsidiary of the Corporation as though such obligations were binding on any such subsidiary, and the Corporation shall cause any such subsidiary to carry out such obligations.

*Section 5.13.* Subject to such exemptions as shall be conferred by the provisions of Section 3.03 and Section 3.04 of the Guarantee Agreement or otherwise, the Corporation shall pay or cause to be paid all taxes, if any, imposed under the laws of Cameroon or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of Cameroon.

*Section 5.14.* The Corporation shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

## Article VI

### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraphs (c) or (h) of Section 6.02 of this Agreement shall occur, or (ii) if any event specified in paragraphs (a) or (b) of Section 5.02 of the Loan Regulations or in paragraph (f) of Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (iii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in paragraphs (a), (d), (e) or (i) of Section 6.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Corporation, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

*Section 6.02.* Pursuant to paragraph (j) of Section 5.02 of the Loan Regulations, the following are specified as additional events for the purposes of said Section :

(a) Subject to the provisions of paragraph (c) of this Section, the EEC Loan Agreement, the CDC Loan Agreement, the Credit Agreement, the Project Agreement or the Lease shall have been terminated (otherwise than in accordance with the terms thereof), or in any material respect amended, suspended, waived or assigned without the prior approval of the Bank.



(b) Any event shall have occurred which shall have operated to suspend the right of Cameroon to withdraw amounts under the EEC Loan Agreement or the Credit Agreement;

(c) The EEC, the CDC, the Association or any other creditor respectively, shall, in accordance with the terms of the EEC Loan Agreement, the CDC Loan Agreement, the Credit Agreement or any other loan or credit agreement, respectively, demand payment from the Corporation or Cameroon, as the case may be, of moneys lent or made available to the Corporation prior to the agreed maturity thereof;

(d) A default shall have occurred in the performance of any covenant or agreement of Cameroon or the Corporation, respectively, under the Credit Agreement or the Project Agreement, respectively;

(e) The Ordinance shall have been amended, suspended, terminated or repealed without the approval of the Bank;

(f) A default shall have occurred in the payment of principal, interest, service charge or any other payment required under any development credit agreement between Cameroon and the Association;

(g) Failure by the Corporation or Cameroon to fulfill an obligation to make payment of principal or interest or any other payment required under the Loan Agreement, the Guarantee Agreement or the Bonds or under any other loan agreement between the Bank and the Corporation or under any loan or guarantee agreement between Cameroon and the Bank or under any bond delivered pursuant to any such agreement or under any development credit agreement between the Association and the Corporation or between Cameroon and said Association even though such payment has been made by other persons.

(h) (A) The Corporation or Cameroon shall have repaid in advance of maturity any part of its indebtedness under the EEC Loan Agreement; or (B) the Corporation shall have repaid in advance of maturity any part of its indebtedness under the CDC Loan Agreement, without the prior approval of the Bank.

(i) The resolution of the Commission of the EEC approving the EEC Loan shall have been rescinded or amended in any material respect.

## Article VII

### EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01(c) of the Loan Regulations :

(a) That the resolution of the Commission of the EEC approving the EEC Loan shall have been duly adopted;

(b) That the CDC Loan Agreement shall have been amended in a manner corresponding in form and substance to the draft amendments which have been submitted to the Bank;

(c) That Cameroon and the Corporation shall have made arrangements satisfactory to the Bank for the exemption from import taxes, until December 31, 1975, of goods imported by the Corporation for the carrying out of the Program.

(d) That the Credit Agreement and the Project Agreement shall have become effective in accordance with their respective terms; and

(e) That the Corporation shall have certified in writing to the Bank that, as of a date to be agreed between the Bank and the Corporation (which shall be prior to the Effective Date) there has been no material adverse change in its condition since the date of this Agreement.

*Section 7.02.* The following events are specified as additional matters, within the meaning of Section 9.02(c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

(a) That the law of December 21, 1966, amending the Ordinance shall have been duly and validly enacted;

(b) That the CDC Loan Agreement shall have been duly and validly amended, that all acts, consents and approvals necessary therefor shall have been duly and validly performed or given and that such CDC Loan Agreement, as amended, shall constitute a valid and binding obligation of each of the parties thereto in accordance with its terms;

(c) That the arrangements referred to in Section 7.01(c) hereof shall have been duly and validly made and constitute a valid and binding obligation of each of the parties thereto in accordance with their terms.

*Section 7.03.* If this Loan Agreement shall not have come into force and effect by June 15, 1967, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay establishes a later date for purposes of this Section. The Bank shall promptly notify the Corporation and the Guarantor of such later date.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1974, or such other date as shall be agreed upon between the Bank and the Corporation.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

For the Corporation :

Cameroons Development Corporation  
Bota, Victoria  
Federal Republic of Cameroon

Alternative address for cablegrams and radiograms :

Devcam  
Bota, Victoria  
Federal Republic of Cameroon  
Telex : Douala 242

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered 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* George D. WOODS  
President

Cameroons Development Corporation :

*By* V. E. MUKETE  
Authorized Representative

SCHEDULE 1  
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
January 1, 1976 . . . . .	80,000	January 1, 1987 . . . . .	150,000
July 1, 1976 . . . . .	80,000	July 1, 1987 . . . . .	155,000
January 1, 1977 . . . . .	85,000	January 1, 1988 . . . . .	160,000
July 1, 1977 . . . . .	85,000	July 1, 1988 . . . . .	165,000
January 1, 1978 . . . . .	90,000	January 1, 1989 . . . . .	170,000
July 1, 1978 . . . . .	90,000	July 1, 1989 . . . . .	175,000
January 1, 1979 . . . . .	95,000	January 1, 1990 . . . . .	180,000
July 1, 1979 . . . . .	95,000	July 1, 1990 . . . . .	185,000
January 1, 1980 . . . . .	100,000	January 1, 1991 . . . . .	190,000
July 1, 1980 . . . . .	105,000	July 1, 1991 . . . . .	195,000
January 1, 1981 . . . . .	105,000	January 1, 1992 . . . . .	200,000
July 1, 1981 . . . . .	110,000	July 1, 1992 . . . . .	210,000
January 1, 1982 . . . . .	110,000	January 1, 1993 . . . . .	215,000
July 1, 1982 . . . . .	115,000	July 1, 1993 . . . . .	220,000
January 1, 1983 . . . . .	120,000	January 1, 1994 . . . . .	230,000
July 1, 1983 . . . . .	120,000	July 1, 1994 . . . . .	235,000
January 1, 1984 . . . . .	125,000	January 1, 1995 . . . . .	240,000
July 1, 1984 . . . . .	130,000	July 1, 1995 . . . . .	250,000
January 1, 1985 . . . . .	135,000	January 1, 1996 . . . . .	255,000
July 1, 1985 . . . . .	140,000	July 1, 1996 . . . . .	265,000
January 1, 1986 . . . . .	140,000	January 1, 1997 . . . . .	270,000
July, 1 1986 . . . . .	145,000	July 1, 1997 . . . . .	285,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than four years before maturity . . . . .	½%
More than four years but not more than eight years before maturity . . . . .	1%
More than eight years but not more than fourteen years before maturity . . . . .	2%
More than fourteen years but not more than twenty years before maturity . . . . .	3%
More than twenty years but not more than twenty-six years before maturity . . . . .	4%
More than twenty-six years but not more than twenty-eight years before maturity . . . . .	5%
More than twenty-eight years before maturity . . . . .	6%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is part of the Program and consists of the planting or replanting of approximately 11,500 hectares of oil palm, rubber, tea and pepper, the bringing into production of approximately 5,500 additional hectares of existing immature plantings, and the provision of the necessary infrastructure, processing facilities and other related equipment.

## LETTERS RELATING TO THE LOAN AGREEMENT

## CAMEROONS DEVELOPMENT CORPORATION

March 28, 1967

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

Re : *Loan No. 490 CM (CAMDEV Project)*  
*Liquid Assets*

Dear Sirs :

We refer to Section 5.06 of the Loan Agreement (*CAMDEV Project*) of even date between us.

This is to confirm that :

- (a) the term "liquid assets" shall mean cash and bank balances, assets readily convertible into cash and undrawn bank overdraft facilities;
- (b) it shall be the policy of the Corporation to maintain its liquid assets at a level equivalent to its cash revenue expenditures for the preceding three months.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Cameroons Development Corporation :

By V. E. MUKETE  
Authorized Representative

*Confirmed:*

International Bank  
for Reconstruction and Development :

A. G. EL EMARY  
Director, Africa Department

AMBASSADE DE LA RÉPUBLIQUE FÉDÉRALE DU CAMEROUN

WASHINGTON, D.C.

March 28, 1967

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

Re : *Loan No. 490 CM (CAMDEV Project)*  
*Exemption from Import Taxes*

Dear Sirs :

We refer to Section 5.11 of the Loan Agreement (*CAMDEV Project*) of even date between us. This is to confirm that, with the exception of :

- (i) Consumer goods for the use of the personnel;
- (ii) Goods for resale;
- (iii) Petrol, diesel and fuel oils;

all goods imported by the Cameroons Development Corporation for the Program will, until December 31, 1975, be exempt from all import taxes levied by the Federal Government including, but without limitation, the Common Exterior Tariff, Customs Import Duty, Turnover Tax and Complementary Tax.

Provisions for the implementation of these exemptions shall be made in a Protocol between the Minister of Finance and the Corporation, copy of which shall promptly be furnished to you for information.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Federal Republic of Cameroon :

By S. D. MASUKE  
Authorized Representative

*Confirmed:*

International Bank  
for Reconstruction and Development :  
A. G. EL EMARY  
Director, Africa Department