

No. 10568

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
IVORY COAST**

**Guarantee Agreement—*Industrial Oil Palm Plantation Project*
(with annexed Loan Regulations No. 4, as amended, and Loan
Agreement between the Bank and the Société pour le déve-
loppement et l'exploitation du palmier à huile and the Société
Palmivoire). Signed at Washington on 13 June 1969**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
1 July 1970.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
CÔTE D'IVOIRE**

**Contrat de garantie — *Projet relatif à la plantation industrielle
du palmier à huile* (avec, en annexe, le Règlement n° 4 sur
les emprunts, tel que modifié, et le Contrat d'emprunt entre
la Banque et la Société pour le développement et l'exploitation
du palmier à huile et la Société Palmivoire). Signé à Washing-
ton le 13 juin 1969**

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 1^{er} juillet 1970.*

GUARANTEE AGREEMENT ¹

AGREEMENT, dated June 13, 1969, between the REPUBLIC OF THE IVORY COAST (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank on the one side and on the other side the Société Pour le Développement et l'Exploitation du Palmier à Huile (SODEPALM) (hereinafter called the Borrower) and Société PALMIVOIRE (hereinafter called PALMIVOIRE) which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make a loan in various currencies equivalent to three million three hundred thousand dollars (\$3,300,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor and the companies associated with the Borrower in the development of industrial oil palm plantations and in the processing of palm oil (namely Société PALMINDUSTRIE and PALMIVOIRE) agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided;

WHEREAS by an agreement of even date herewith between the Bank on the one side and Société PALMINDUSTRIE and PALMIVOIRE on the other side, which agreement is hereinafter called the Companies Guarantee Agreement³ (Industrial Oil Palm Plantation Project), said companies (hereinafter called the Guarantor-Companies) have agreed to guarantee the obligations of the Borrower in respect of such loan as in such Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower and PALMIVOIRE, has agreed so to guarantee such obligations of the Borrower and PALMIVOIRE;

¹ Came into force on 31 December 1969, upon notification by the Bank to the Government of the Ivory Coast.

² See p. 116 of this volume.

³ Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project* between the International Bank for Reconstruction and Development and the Société Palmindustrie and the Société Palmivoire, dated June 13, 1969): not published herein.

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 as amended February 9, 1967¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations).

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, 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 Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and 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, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. (a) Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes that:

- (i) if at any time the aggregate gross expenditures on fixed assets (*immobilisations*) of the Borrower, managed by PALMIVOIRE, less accumulated depreciation thereon, incurred by the Borrower or by PALMIVOIRE for the Borrower's account, shall exceed the Borrower's long-term capital outstanding at such time, the Guarantor shall promptly provide the Borrower or cause the Borrower to be provided with funds in an amount equivalent to such excess by means of contributions to the Borrower;

¹ See p. 116 of this volume.

- (ii) if at any date the aggregate cash operating expenditures incurred by PALMIVOIRE for the account of itself, the Borrower and PALMINDUSTRIE during the last two months preceding such date shall exceed the aggregate net current assets owned, held or managed by PALMIVOIRE at such date for the account of itself, the Borrower and PALMINDUSTRIE, the Guarantor shall promptly provide PALMIVOIRE or cause PALMIVOIRE to be provided with funds in an amount equivalent to such excess by means of advances to PALMIVOIRE for the account of itself, the Borrower and PALMINDUSTRIE;
 - (iii) if at any date the aggregate liquid assets owned, held or managed by PALMIVOIRE for the account of itself, the Borrower and PALMINDUSTRIE shall be less than either an amount equivalent to \$1,000,000 or an amount equivalent to the outside debt service requirements of the Borrower and PALMINDUSTRIE for the six months immediately following such date, whichever amount is higher, the Guarantor shall promptly provide PALMIVOIRE or cause PALMIVOIRE to be provided with funds in an amount equivalent to such difference by means of advances to PALMIVOIRE for the account of itself, the Borrower and PALMINDUSTRIE.
- (b) For the purposes of this Section:
- (i) the term “long-term capital” means the aggregate of paid-in share capital, outside debt drawn down and not repaid, any other indebtedness maturing in more than one year drawn down and not repaid, contributions and accumulated surplus (if any) less accumulated losses (if any), all determined in accordance with generally accepted sound accounting principles consistently applied;
 - (ii) the term “cash operating expenditures” means all cash expenditures other than expenditures for the purchase and installation of fixed assets, vehicles and other equipment, expenditures for new plantation development and repayments of the principal of the aggregate outside debt of the Borrower, PALMINDUSTRIE and PALMIVOIRE;
 - (iii) the term “net current assets” means inventories, prepayments, accounts receivable and other assets readily convertible into cash, cash and bank balances, less accounts payable and provisions for all other outstanding liabilities (other than advances made pursuant to paragraph (a) of this Section) including taxes, payments to FER, amounts drawn down pursuant to bank overdraft facilities for less than one year and one year’s requirements for service of the aggregate outside debt of the Borrower, PALMINDUSTRIE and PALMIVOIRE;

- (iv) the term “ liquid assets ” means cash and bank balances and undrawn bank overdraft facilities, provided, however, that the total amount of such facilities whether drawn or undrawn shall at no time exceed the aggregate current value of inventories and accounts receivable;
- (v) the term “ contributions ” means payments on account of subscription of capital shares, loans repayable, as to principal and interest and other charges, only after payment of interest on, and repayment of principal of, all outside debt, and other financing as may from time to time be acceptable to the Bank;
- (vi) the term “ advances ” means cash advances carrying interest at a rate not in excess of 6% per annum on the principal amount and outstanding and repayable only if and to the extent that as a result of such repayment no further advances under this Section shall be required;
- (vii) wherever reference is made to PALMIVOIRE acting for the account of itself, the Borrower and PALMINDUSTRIE, such reference shall be to PALMIVOIRE acting in accordance with the SODEPALM *mandat d'investissement*, SODEPALM *mandat de gestion*, PALMINDUSTRIE *mandat d'investissement*, and PALMINDUSTRIE *mandat de gestion* granted it by the Borrower and PALMINDUSTRIE, respectively.

Article III

Section 3.01. It is the mutual intention of the Guarantor 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, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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; or (iii) any lien upon real estate or other property in the Ivory Coast or revenues or receipts in currency of the Guarantor, if such lien is given by a political subdivision or by an agency of a political subdivision of the Guarantor under arrangements or circumstances which would not result in priority in the allocation or realization of foreign exchange.

The term “assets of the Guarantor” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision or of any institution which may be established to perform the functions of a central bank exclusively for the Guarantor, and any participation, share, right or other financial interest which the Guarantor may have in any institution (other than an agency of the Guarantor) performing such functions for the Guarantor. The term “assets of the Guarantor” as used in this Section shall not include assets of municipalities (*communes*).

The Guarantor further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of municipalities (*communes*). If the Guarantor, because of constitutional or other legal provisions, shall be unable to make the foregoing effective with respect to any lien on any assets of a municipality (*commune*), the Guarantor, except as the Bank shall otherwise agree, shall give to the Bank an equivalent lien or equivalent priority in the allocation or realization of foreign exchange, as the case may be, satisfactory to the Bank.

Selection 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan are 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 the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor, the international balance of payments position of the Guarantor and the policies of the CSSPPA relating to palm-oil prices.

(b) The Guarantor 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. The Guarantor 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 and, without limitation on the generality of the foregoing, of any proposed amendment to Law No. 62-82 dated March 22, 1962 (as amended by Law No. 63-22 dated February 5, 1963) or Decree No. 66-445 dated September 21, 1966 (as amended by Decree No. 69-154 dated April 17, 1969) of the Guarantor governing the organization and administration of the CSSPPA.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor 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 the Guarantor 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 the Guarantor.

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 the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The Guarantor shall ensure that all goods imported by the Borrower for the Project will be exempt from all import duties levied by the Guarantor including, without limitation, the Common External Tariff, Customs Import Duty, Turnover Tax and Complementary Tax.

Section 3.06. The Guarantor shall make or cause to be made available to the Borrower, promptly as needed, all facilities and land required for the carrying out of the Project, free from all restrictions, encumbrances or liabilities on the use thereof.

Section 3.07. The Guarantor will inform the Bank before authorizing or carrying out either directly or indirectly (through public agencies, *Sociétés d'état*, or companies in which the Guarantor has a controlling interest) any extension in the oil palm development program beyond the 76,000 ha. authorized under Law No. 67-302 dated July 10, 1967.

Article IV

Section 4.01. The Guarantor 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 Borrower. The *Ministre des Affaires Economiques et Financières* of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor 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 the Guarantor:

Ministère des Affaires Economiques et Financières
B.P. 1766
Abidjan, Ivory Coast

Alternative address for cables:

Minifin
Abidjan, Ivory Coast

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 cables:

Intbafrad
Washington, D.C.

Section 5.02. The *Ministre des Affaires Economiques et Financières* of the Guarantor is designated for the purposes of Section 8.03 of the Loan 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.

Republic of the Ivory Coast:

By KONAN BÉDIÉ
Authorized Representative

International Bank for Reconstruction and Development:

By ROBERT S. McNAMARA
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

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

[Not published herein. See *United Nations, Treaty Series, vol. 598, p. 270.*]

LOAN AGREEMENT

AGREEMENT, dated June 13, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SOCIÉTÉ POUR LE DÉVELOPPEMENT ET L'EXPLOITATION DU PALMIER À HUILE (SODEPALM) (hereinafter called the Borrower), a company established and operating under the laws of the Republic of the Ivory Coast and SOCIÉTÉ PALMIVOIRE (hereinafter called PALMIVOIRE), a company established and operating under the laws of the Republic of the Ivory Coast, acting in its capacity as *mandataire* of the Borrower pursuant to a *mandat d'investissement* and a *mandat de gestion* as hereinafter described.

WHEREAS (A) The Borrower is engaged in carrying out the oil palm development project described in Schedule 1 to this Loan Agreement and has requested the Bank to assist in the financing of such project by granting a loan (hereinafter called the Loan) to it in an aggregate principal amount in various currencies equivalent to three million three hundred thousand dollars (\$3,300,000);

(B) The Borrower intends to contract from the Caisse Centrale de Coopération Economique (hereinafter called Caisse Centrale), an agency of the Republic of France, a loan (hereinafter called the First Caisse Centrale SODEPALM Loan) in an amount of eight million four hundred thousand French francs (French francs 8,400,000) to assist in financing such project, on the terms and conditions set forth in the agreement between Caisse Centrale and the Borrower (hereinafter called the First Caisse Centrale SODEPALM Loan Agreement);

(C) By agreement of even date herewith between the Republic of the Ivory Coast and the Bank, which agreement is hereinafter called the Guarantee Agreement,¹ the Republic of the Ivory Coast has agreed to guarantee the Loan as to payment of principal, interest and other charges;

¹ See p. 102 of this volume.

(D) The Borrower has entered into an agreement with the Société PALMINDUSTRIE (hereinafter called PALMINDUSTRIE), a company established and operating under the laws of the Republic of the Ivory Coast, in accordance with which PALMINDUSTRIE has undertaken to process the oil palm fresh fruit bunch production of the Borrower's industrial oil palm plantations and of the oil palm outgrowers sponsored by the Borrower;

(E) The Borrower has entrusted the management of its industrial oil palm plantations and related operations and installations to PALMIVOIRE under a *mandat d'investissement* and a *mandat de gestion*;

(F) PALMINDUSTRIE has similarly entrusted the management of all aspects of its business to PALMIVOIRE under a *mandat d'investissement* and a *mandat de gestion*;

(G) By agreement of even date herewith between the Bank, on the one side, and PALMINDUSTRIE and PALMIVOIRE, on the other side, which agreement is hereinafter called the Companies Guarantee Agreement ¹ (*Industrial Oil Palm Plantation Project*), PALMINDUSTRIE and PALMIVOIRE have undertaken certain obligations regarding the Loan on the terms and conditions set forth in such agreement;

(H) The execution and financing of the said project is dependent on the joint efforts of both the Borrower and PALMIVOIRE, as *mandataire* of the Borrower, and it is therefore desirable that an agreement providing for the Loan be entered into by the Bank, the Borrower and PALMIVOIRE; and

(I) The Bank, on the basis *inter alia* of the foregoing, has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE, the parties hereto hereby agree 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, as amended February 9, 1967,² with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to this Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations).

¹ Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project* between the International Bank for Reconstruction and Development and the Société Palmindustrie and the Société Palmivoire, dated June 13, 1969): not published herein.

² See p. 116 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 “FED *Prêt Spécial*” means the loan agreement to be entered into between, on the one side, the European Economic Community (hereinafter called EEC) and the European Investment Bank (hereinafter called EIB) acting as agent of the EEC, and on the other side the Borrower, in accordance with which funds provided by the European Development Fund (hereinafter called FED) of the EEC will assist in financing 5,400 ha of industrial oil palm plantations;

(b) The term “Second Caisse Centrale SODEPALM Loan Agreement” means the loan agreement to be entered into between the Borrower and Caisse Centrale in accordance with which Caisse Centrale is to assist in financing the oil palm outgrowers and coconut project described in Schedule I to the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*) of even date herewith between the Bank and the Borrower;

(c) The term “Caisse Centrale PALMINDUSTRIE Loan Agreement” means the loan agreement to be entered into between Caisse Centrale and PALMINDUSTRIE in accordance with which Caisse Centrale is to provide a loan in an amount of fifteen million French francs (French francs 15,000,000) to assist PALMINDUSTRIE in financing five palm-oil mills at Anguededou, Bolo, Boubo, Soubré and Tiegba;

(d) The term “EIB Loan Agreement” means the loan agreement to be entered into between EIB and PALMINDUSTRIE in accordance with which EIB is to provide a loan in an aggregate principal amount equivalent to nine million one hundred thousand dollars (\$9,100,000) to assist PALMINDUSTRIE in financing five palm-oil mills at Anguededou, Bolo, Boubo, Soubré and Tiegba;

(e) The term “Guarantor-Companies” means the Guarantors parties to the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) and includes any of their successors and assigns;

(f) The term “*Protocole d'Accord*” means the agreement together with all its annexes dated June 24, 1968 (as amended by an *Avenant* dated April 22, 1969), between the Republic of the Ivory Coast and the Borrower on the one side and on the other side Société Sogescol S.A., Société La Forestière Equatoriale, Société d'Etudes pour le Développement de la Culture Bananière, Société des Plantations des Terres Rouges, Société Franco-Africaine de Raffinage, Société Immobilière Elaeis, Banque Internationale pour l'Afrique Occidentale, Société Générale de Banques en Côte d'Ivoire, Société Ivoirienne de Banque, Banque Internationale pour le Commerce et l'Industrie en Côte d'Ivoire, and Société Nationale de Financement;

(g) The term “outside debt” means the Loan and the loans provided for under the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*) between the Borrower and the Bank, the First Caisse Centrale SODEPALM Loan Agreement, the Second Caisse Centrale SODEPALM Loan Agreement and the FED *Prêt Spécial* and

any other loans which the Borrower may hereafter contract (other than contributions and advances made by the Republic of the Ivory Coast) which, by agreement between the Bank and the Borrower, shall be deemed to constitute outside debt for purposes of this Loan Agreement;

(h) The term “subsidiary” means any corporation, at least a majority of the outstanding voting stock of which shall be owned, or which shall be effectively controlled, by the Borrower or by PALMIVOIRE or by one or more subsidiaries of the Borrower or PALMIVOIRE or by the Borrower or PALMIVOIRE and one or more of their respective subsidiaries;

(i) The term “contributions” wherever used in this Loan Agreement shall have the same meaning as defined in Section 2.02 (b) (vi) of the Guarantee Agreement;

(j) The term “advances” wherever used in this Loan Agreement shall have the same meaning as defined in Section 2.02 (b) (vii) of the Guarantee Agreement;

(k) The term “FER” shall mean the *Fonds d’Extension et de Renouveau*, an autonomous fund with full legal personality established pursuant to Law No. 69-246, dated June 12, 1969, and Decree No. 69-264, dated June 12, 1969;

(l) The term “CSSPPA” shall mean the Caisse de Stabilisation et de Soutien des Prix des Productions Agricoles, a *Société d’État* of the Republic of the Ivory Coast established pursuant to Decree No. 66-445 dated September 21, 1966;

(m) The term “SODEPALM *mandat d’investissement*” means the agreement dated May 12, 1969 between SODEPALM and PALMIVOIRE whereby the Borrower has fully authorized and empowered PALMIVOIRE to act as agent of the Borrower in order to carry out and execute the investment program of the Borrower providing for the establishment of industrial oil palm plantations and related facilities in return for a fixed fee of 90,000,000 francs CFA payable over a five-year period commencing from the date of signing of the SODEPALM *mandat d’investissement*;

(n) The term “PALMINDUSTRIE *mandat d’investissement*” means the agreement dated May 12, 1969 between the Borrower and PALMIVOIRE whereby the Borrower has fully authorized and empowered PALMIVOIRE to act as agent of the Borrower in order to carry out and execute the investment program of the Borrower providing for the construction of palm oil processing mills at Ehania, Anguededou, Tiegba, Boubo, Bolo, Soubré, Toumanguie and Eloka, and the completion of related facilities, in return for a fixed fee of 60,000,000 Francs CFA payable over a five-year period commencing from the date of signing of the PALMINDUSTRIE *mandat d’investissement*;

(o) The term “SODEPALM *mandat de gestion*” means the agreement dated May 12, 1969 between the Borrower and PALMIVOIRE whereby the Borrower has fully authorized and empowered PALMIVOIRE to act as its agent in managing the Borrower’s industrial oil palm plantations and related operations and facilities for a period of 30 years commencing January 1, 1969 and terminating December 31, 1998;

(p) The term “PALMINDUSTRIE *mandat de gestion*” means the agreement dated May 12, 1969 between PALMINDUSTRIE and PALMIVOIRE whereby PALMINDUSTRIE has fully authorized and empowered PALMIVOIRE to act as its agent in running the affairs of PALMINDUSTRIE and managing all its properties and interests for a period of 30 years commencing January 1, 1969 and terminating December 31, 1998.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount invarious currencies equivalent to three million three hundred thousand dollars (\$3,300,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 2 to this Loan Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for the Project and to be financed under this Loan Agreement:

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for the c.i.f. price of goods produced outside the territories of the Republic of the Ivory Coast and included under Categories 1, 2 and 4 of the allocation of the proceeds of the Loan set forth in Schedule 2 to this Loan Agreement;
- (ii) the equivalent of eighty per cent (80 %) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures under Category 4 of said Schedule 2;
- (iii) the equivalent of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures under Category 5 of said Schedule 2;
- (iv) the equivalent of fifty per cent (50%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for expenditures under Category 6 of said Schedule 2;
- (v) such amounts as shall be required to meet payments to be made for expenditures under Category 7 of said Schedule 2;

provided, however, that if there shall be an increase in the estimate of expenditures under Categories 4 and 6 of said Schedule 2, the Bank may by notice to the Borrower adjust the above percentages as required in order that withdrawals of the amount of the Loan then allocated to such Categories and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Categories.

(b) Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of: (i) expenditures made prior to January 1, 1968, or (ii) expenditures made 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.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (a) (ii), (iii) and (iv) of this Loan Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower 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 commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Loan Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower and PALMIVOIRE shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Project described in Schedule 1 to this Loan Agreement.

Section 3.02. Except as the Bank shall otherwise agree (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Loan Agreement or as shall be agreed between the Bank and the Borrower and PALMIVOIRE and (ii) contracts for the procurement of such goods shall be subject to the approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower and PALMIVOIRE shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The *Président du Conseil d'Administration* of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The *Président du Conseil d'Administration* of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

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

(b) The Borrower and PALMIVOIRE shall at all times employ experienced and qualified persons in all of their respective senior management positions, and shall consult with the Bank prior to appointing the *Directeur des Plantations* and the *Directeur des Services Comptables*, all of whom shall be employed on terms and conditions satisfactory to the Bank.

(c) PALMIVOIRE shall at all times be managed by a qualified and experienced *Directeur-Général* and *Directeur-Général Adjoint* acceptable to the Bank and employed on terms and conditions satisfactory to the Bank.

(d) The Borrower and PALMIVOIRE shall furnish to the Bank, promptly upon their preparation, the plans and work schedules for the Project and any material modification subsequently made therein, in such detail as the Bank shall from time to time request.

(e) Until the completion of the Project, the Borrower and PALMIVOIRE shall submit their draft annual budgets and all other financial plans to the Bank at least six weeks before the end of the financial year, and upon their adoption, they shall promptly transmit the annual budget and financial plans to the Bank.

Section 5.02. (a) The Borrower and PALMIVOIRE shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower and PALMIVOIRE and all financial transactions between the Republic of the Ivory Coast, the Borrower, PALMIVOIRE and PALMINDUSTRIE with respect to the Project; shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan 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 goods and services financed out of such proceeds, the Project, and the administration, operations and financial condition of the Borrower and PALMIVOIRE, and also such information as the Bank shall request concerning the Borrower's and PALMIVOIRE's financial plans, decisions or policies relating to Sections 5.07, 5.10, 5.12 and 5.13 of this Loan Agreement, Section 2.02 of the Guarantee Agreement, Section 2.02 of the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) and Section 2.02 of the Companies Guarantee Agreement (*Palm-Oil Processing Project*) between the Bank, the Borrower and PALMIVOIRE.

(b) The Borrower and PALMIVOIRE shall have their financial statements (balance sheets and statements of earnings and expenses) prepared in a manner satisfactory to the Bank and shall have their statements certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four 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 such accountant's or accounting firm's report.

Section 5.03. (a) The Bank, the Borrower and PALMIVOIRE shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the others all such information as shall be reasonably requested.

(b) The Bank, the Borrower and PALMIVOIRE 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 Borrower and PALMIVOIRE 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 Borrower or PALMIVOIRE of their obligations under this Loan Agreement.

Section 5.04. Except as the Bank shall otherwise agree, the Borrower (a) shall obtain title, or cause PALMIVOIRE to obtain title on its behalf, 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 or permit PALMIVOIRE to dispose of any of its property and assets except in the ordinary course of business.

Section 5.05. The Borrower and PALMIVOIRE undertake that, except as the Bank shall otherwise agree:

- (a) if the Borrower or PALMIVOIRE shall create any lien on any of the assets of the Borrower (including any assets owned jointly with others or held by others for the Borrower's account) 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 Borrower, (including any assets owned jointly with others or held by others for the Borrower's account) other than under (a) above, as security for any debt, the Borrower 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, 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.

Section 5.06. Except as the Bank shall otherwise agree, the Borrower and PALMIVOIRE shall not incur any debt (other than contributions or advances provided pursuant to Section 2.02 of the Guarantee Agreement) maturing not more than one year after the date on which it is originally incurred.

Section 5.07. Except as the Bank shall otherwise agree, the Borrower and PALMIVOIRE shall take all action required on their part to request and obtain promptly as needed such funds as the Republic of the Ivory Coast has undertaken to provide or cause to be provided under Section 2.02 of the Guarantee Agreement.

Section 5.08. (a) The Borrower and PALMIVOIRE shall at all times manage their affairs and maintain their financial position in accordance with sound agricultural, commercial and financial practices and, in particular, shall adequately maintain all the equipment and fixed assets relevant or necessary to the carrying out and operation of the Project and promptly make all necessary renewals and repairs thereof.

(b) Except as the Bank shall otherwise agree, the Borrower and PALMIVOIRE shall take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises necessary or useful in the conduct of its business.

Section 5.09. (a) The Borrower and PALMIVOIRE 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 industrial and commercial practices.

(b) Without limiting the generality of the foregoing, the Borrower and PALMIVOIRE undertake to insure the imported goods 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 Borrower and PALMIVOIRE to replace or repair such goods.

Section 5.10. The Borrower and PALMIVOIRE shall inform the Bank prior to undertaking or executing any new project or development other than the Project or making any investment not related to the Project (other than investment of idle funds in securities readily convertible into cash) and shall not undertake or execute for their own account or for the account of any third party or parties any such project, development or investment if in the reasonable judgment of the Bank such action would prejudice the financial condition of the Borrower and the ability of the Borrower and PALMIVOIRE to carry out and operate the Project in accordance with the provisions of this Loan Agreement.

Section 5.11. (a) The Borrower and PALMIVOIRE shall not, without the prior approval of the Bank, take any action to create any subsidiary.

(b) The obligations of the Borrower and PALMIVOIRE expressed in this Loan Agreement shall be applied to any subsidiary of the Borrower or PALMIVOIRE as though such obligations were directly binding on any such subsidiary, and the Borrower and PALMIVOIRE shall cause any such subsidiary to carry out such obligations.

Section 5.12. The Borrower shall not declare or pay dividends on its share capital if, or if as a result thereof, advances shall be required to be made by the Republic of the Ivory Coast under Section 2.02 of the Guarantee Agreement.

Section 5.13. The Borrower shall make no payments to FER after December 31, 1976, if, or if as a result thereof, advances shall be required to be made by the Republic of the Ivory Coast under Section 2.02 of the Guarantee Agreement.

Section 5.14. 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 Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Republic of the Ivory Coast 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, the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*), 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 by an individual or corporate resident of the Republic of the Ivory Coast.

Section 5.15. The Borrower 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, Guarantee Agreement, the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*), or the Bonds.

Section 5.16. The Borrower and PALMIVOIRE shall adopt a management training and recruitment program satisfactory to the Bank for the training of Ivory Coast nationals and shall maintain training facilities adequate for this purpose.

Section 5.17. Except as the Bank shall otherwise agree:

(a) The Borrower shall not repay in advance of maturity any part of its indebtedness other than under its outside debt.

(b) If the Borrower shall repay in advance of maturity any part of its outside debt (other than the Loan or the Loan provided for under the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*), between the Bank and the Borrowers), the Borrower shall simultaneously repay the same proportion of the Loan and of the Loan provided for under the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*) between the Bank and the Borrower then outstanding and all the provisions of the Loan Regulations relating to repayment in advance of maturity shall be applicable to any repayment by the Borrower pursuant to this Section.

Section 5.18. In the event of liquidation, termination or dissolution or winding up of the Borrower the principal and other amounts payable on the outside debt of the Borrower shall first be paid before any payment is made on account of advances made by the Republic of the Ivory Coast.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event as specified below shall occur and shall continue for the period, if any, specified below, 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 Loan Agreement or in the Bonds to the contrary notwithstanding:

- (i) any event specified in paragraph (*m*) of Section 5.02 of the Loan Regulations; or
- (ii) any event specified in paragraphs (*a*), (*b*), (*f*), (*g*), or (*n*) of Section 5.02 of the Loan Regulations, for a period of thirty days after notice thereof shall have been given by the Bank to the Borrower; or
- (iii) any event specified in paragraphs (*c*), (*d*), (*p*), (*q*), or (*r*) of Section 5.02 of the Loan Regulations, for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

Article VII

EFFECTIVE DATE; TERMINATION

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

- (a) that all such action, governmental, corporate or other, shall have been taken and all such governmental consents shall have been obtained as may be required to enable the Borrower to acquire such lands, interests in land and properties and such franchises or other rights as may be necessary for the prompt and proper execution of the Project;
- (b) that the *Protocole d'Accord* shall have entered into full force and effect in accordance with its terms;
- (c) that the SODEPALM *mandat d'investissement* and the SODEPALM *mandat de gestion* shall have entered into full force and effect in accordance with their respective terms;

- (d) that the FED *Prêt Spécial* and the First Caisse Centrale SODEPALM Loan Agreement, corresponding in form and substance to the drafts of said agreements submitted to the Bank, shall have been duly executed and delivered and that the conditions precedent, if any, to the effectiveness of, or to the initial disbursements under, the said agreements shall have been fulfilled, subject only to the effectiveness of this Loan Agreement;
- (e) that the conditions precedent to the effectiveness of the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*) between the Bank and the Borrower and corresponding Guarantee Agreement shall have been fulfilled, subject only to the effectiveness of this Loan Agreement;
- (f) that the conditions precedent to the effectiveness of the Loan Agreement (*Palm-Oil Processing Project*) between the Bank and PALMINDUSTRIE and corresponding Guarantee Agreement shall have been fulfilled, subject only to the effectiveness of this Loan Agreement;
- (g) that the execution and delivery of the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) on behalf of the Guarantor-Companies shall have been duly authorized or ratified by all necessary corporate and governmental action; and
- (h) that the *Avenant* to the FED-Republic of Ivory Coast *Convention 331* dated May 28, 1969 and the corresponding agreements between the Republic of the Ivory Coast and the Borrower, and between FER and the Borrower shall have entered into full force and effect.

Section 7.02. The following 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 Borrower is duly organized and existing under the laws of the Republic of the Ivory Coast and has full power to own or lease the properties and to carry on the business which it owns and carries on and proposes to own and carry on for the purpose of the Project;
- (b) that PALMIVOIRE is duly organized and existing under the laws of the Republic of the Ivory Coast and has full power to own or manage the properties which it owns or manages and to carry on the business which it owns and carries on or proposes to own or carry on for the purpose of the Project;
- (c) that the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) has been duly authorized or ratified by, and executed and delivered on behalf of, the Guarantor-Companies and that such Agreement constitutes a valid and binding obligation of the Guarantor-Companies in accordance with its terms;
- (d) that the governmental, corporate or other actions and consents referred to in Section 7.01 (a) have been validly taken or given, as the case may be, and that they have been duly authorized or ratified by the Borrower and by the appropriate authority or authorities;

- (e) that the governmental, corporate or other actions and consents which are necessary to make the *Protocole d'Accord* valid and enforceable in accordance with its terms have been taken or given, as the case may be, and that the *Protocole d'Accord* has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and that such *Protocole d'Accord* constitutes a valid and binding obligation of the parties thereto in accordance with its terms; and
- (f) that the SODEPALM *mandat d'investissement* and the SODEPALM *mandat de gestion* have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and that they provide PALMIVOIRE with the legal authority and powers necessary to enable PALMIVOIRE to carry out its functions and responsibilities with respect to the execution of the Project.

Section 7.03. If this Loan Agreement and the Guarantee Agreement shall not have come into force and effect by October 13, 1969, 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 Borrower, PALMIVOIRE, the Republic of the Ivory Coast and the Guarantor-Companies of such later date.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be March 31, 1975, or such later date as may be agreed by the Bank.

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 cables:

Intbafrad
Washington, D.C.

For the Borrower:

Société pour le Développement et l'Exploitation du Palmier à Huile (SODEPALM)
P.O. Box 2049
Abidjan
Republic of the Ivory Coast

Alternative address for cables:

Sodepalm
Abidjan

For PALMIVOIRE:

Société Palmivoire
P.O. Box 2049
Abidjan
Republic of the Ivory Coast

Alternative address for cables:

Palmivoire
Abidjan

Section 8.03. Except where the context otherwise requires, all obligations of the Borrower and PALMIVOIRE expressed in the conjunctive in this Loan Agreement shall be joint and several. The obligation of the Borrower or of PALMIVOIRE to comply with any such provisions of this Loan Agreement is not subject to any prior notice to, demand upon or action against the other.

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 SIMON ALDEWERELD
Vice President

Société pour le Développement et l'Exploitation du Palmier à Huile (SODEPALM):

By JOSEPH ANOMA
Authorized Representative

Société Palmivoire:

By GÉRALD LANCKSWERT
Authorized Representative

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project consists of the following:

Part I. Establishment and bringing into production of about 4,000 ha of oil palms at the Ehania estate.

Part II. The provision of necessary roads, buildings, vehicles and equipment and other infrastructure at the Ehania estate to serve the 4,000 ha of oil palms described in Part I.

The Project is expected to be completed by December 31, 1974.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in U.S. \$ Equivalent</i>
<i>Imports</i>	
1. Vehicles, plant and agricultural equipment	230,000
2. Fertilizers and pesticides	138,000
3. Wirenetting and tools	77,000
<i>Plantation Development</i>	
4. Land Clearing	875,000
5. Oil palm seedlings and cover crop seed	510,000
6. Plantation housing and other buildings, including furniture, and access roads	356,000
7. <i>Interest and other charges on the Loan until December 31, 1974</i>	900,000
8. <i>Unallocated</i>	214,000
	TOTAL <u>3,300,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of items included in Categories 1-7 shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category 8.

2. If the estimate of the cost of items included in Categories 1-7 shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan (or, in the case of Category 4 an amount equal to 80% of such increase and in the case of Category 6 an amount equal to 50% of such increase) will be allocated by the Bank at the request of the Borrower, to such Category from Category 8, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 3 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>
May 1, 1975	65,000	May 1, 1983	105,000
November 1, 1975	65,000	November 1, 1983	110,000
May 1, 1976	65,000	May 1, 1984	115,000
November 1, 1976	70,000	November 1, 1984	115,000
May 1, 1977	70,000	May 1, 1985	120,000
November 1, 1977	75,000	November 1, 1985	125,000
May 1, 1978	75,000	May 1, 1986	130,000
November 1, 1978	80,000	November 1, 1986	130,000
May 1, 1979	80,000	May 1, 1987	135,000
November 1, 1979	85,000	November 1, 1987	140,000
May 1, 1980	85,000	May 1, 1988	145,000
November 1, 1980	90,000	November 1, 1988	150,000
May 1, 1981	95,000	May 1, 1989	155,000
November 1, 1981	95,000	November 1, 1989	160,000
May 1, 1982	100,000	May 1, 1990	170,000
November 1, 1982	100,000		

* 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 three years before maturity	¾ %
More than three years but not more than six years before maturity	1¾ %
More than six years but not more than eleven years before maturity	2¾ %
More than eleven years but not more than sixteen years before maturity	4½ %
More than sixteen years but not more than nineteen years before maturity	5½ %
More than nineteen years before maturity	6½ %

SCHEDULE 4

PROCUREMENT

1. Except as the Bank shall otherwise agree, all contracts for the procurement of goods and services (other than contracts for agro-technical consultant services obtain from the Institut de Recherche pour les Huiles et Oléagineux (IRHO) and for the purchase of oil palm seeds purchased from IRHO) under Categories 1-6 of the allocation of the proceeds of the Loan set forth in Schedule 2 to this Loan Agreement exceeding U.S. \$50,000 equivalent will be awarded on the basis of international competitive bidding and the following procedures will be followed:

- (a) Individual contracts shall be of a size sufficiently large so as not to discourage potential bidders or to impede an economical and diligent carrying out of the Project.
- (b) Before inviting tenders the Borrower shall submit to the Bank for its approval the proposed standard bid invitation documents and a description of tendering procedures.
- (c) Unless otherwise agreed with the Bank, with respect to each contract involving an amount exceeding U.S. \$50,000 equivalent the Borrower shall submit to the Bank for approval prior to awarding the contract the summary of the bids received, an analysis report and recommendations, and a justification of the proposal for awarding the contract.

2. With respect to each contract involving an amount of U.S. \$50,000 equivalent or less the Borrower shall submit to the Bank at the time the award is made a summary of bids or quotations, an analysis report and recommendations, a brief justification for making the award, and as soon as the contract has been signed the Borrower will send a copy thereof to the Bank together with a copy of the Procès-Verbal of the public opening of the tenders.

SCHEDULE 5

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purpose of this Loan Agreement, the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967 shall be deemed to be modified as follows:

(1) By the deletion of Section 4.01.

(2) By the deletion of the word "Guarantor" wherever it appears and the substitution therefor of the words "Republic of the Ivory Coast".

(3) In Sections 5.06, 6.01, 6.07, 6.12 (b), 6.14, 6.15, 6.17, 6.18, 6.19 and 7.01, Articles VIII and IX, and paragraphs 14 and 17 of Section 10.01 the words "and the Guarantor-Companies" shall be added after the words Republic of the Ivory Coast (as such words are substituted for the word "Guarantor" pursuant to (2) above) and the words "and the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*)" shall be added after the words "Guarantee Agreement", wherever they appear. Whenever the context shall require, there shall be made all such grammatical changes as shall be consequential upon the aforesaid changes.

(4) By the deletion of Section 7.02 and the substitution therefor of the following new Section:

"SECTION 7.02. *Obligations of the Republic of the Ivory Coast.* The obligations of the Republic of the Ivory Coast under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or PALMIVOIRE or to any prior notice to, demand upon or action against a Guarantor-Company with regard to any default by the Borrower or PALMIVOIRE or by a Guarantor-Company, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower or PALMIVOIRE or to a Guarantor-Company; any assertion of, failure to assert, or delay in asserting, any right, power or remedy against the Borrower or PALMIVOIRE or any of the Guarantor-Companies or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement, the Guarantee Agreement, the Companies Guarantee Agreement or any document related to the Loan contemplated by the respective terms thereof; any failure of the Borrower or PALMIVOIRE to comply with any requirement of any law, regulations or order of the Republic of the Ivory Coast or of any political subdivision or agency of the Republic of the Ivory Coast."

(5) By the deletion of Section 7.04 and the substitution therefor of the following new Section:

“SECTION 7.04. *Arbitration.* (a) Any controversy between the Bank, on the one side, and any other party or parties to the Loan Agreement, the Guarantee Agreement or the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*), on the other side, and any claim by the Bank against any such other party or parties or any claim by any such other party or parties against the Bank arising under the Loan Agreement, the Guarantee Agreement, the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*), or the Bonds which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

“(b) The parties to such arbitration shall be the Bank, on the one side, and the Borrower, the Republic of the Ivory Coast and the Guarantor-Companies, on the other side.

“(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Bank; a second arbitrator shall be appointed by the Borrower, the Republic of the Ivory Coast and the Guarantor-Companies; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice, or, failing appointment by him, by the Secretary-General of the United Nations; provided, however, that if the Borrower, the Republic of the Ivory Coast and the Guarantor-Companies shall not agree on the appointment of a common arbitrator, they shall be entitled to appoint two arbitrators, as follows: one arbitrator shall be appointed by the Borrower and the Guarantor-Companies or, if they shall not agree, by the Borrower, and the other arbitrator shall be appointed by the Republic of the Ivory Coast. In the event that the Borrower and the Guarantor-Companies, on the one part, and the Republic of the Ivory Coast, on the other part, shall so appoint two separate arbitrators, the Bank, on its part, shall appoint two arbitrators, and the four arbitrators so appointed shall, together with the Umpire appointed as provided above, henceforth constitute the Arbitral Tribunal. If any party shall fail to appoint an arbitrator as provided above, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.”

(6) By the deletion of paragraphs (a) to (I) of Section 5.02 and by substitution therefor of the following new paragraphs:

- “(a) A default shall have occurred in the payment of principal or interest or any other payment required under the Loan Agreement or the Bonds.
- “(b) A default shall have occurred in the payment of principal, interest, service charge or any other payment required under any other loan agreement between the Bank and the Borrower, or the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*), or the Companies Guarantee Agreement (*Palm-Oil Processing Project*) between the Bank and the Borrower and PALMIVOIRE, or the Loan Agreement (*Palm-Oil Processing Project*), between the Bank, PALMINDUSTRIE and PALMIVOIRE, or any loan agreement or guarantee agreement between the Republic of the Ivory Coast and the Bank, or under any bond delivered pursuant to any such agreement or under any credit agreement between the Borrower or the Republic of the Ivory Coast and the Association.
- “(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or PALMIVOIRE or the Republic of the Ivory Coast or the Guarantor-Companies under the Loan Agreement, the Guarantee Agreement, the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) or the Bonds.
- “(d) A default shall have occurred in the performance of any covenant or agreement under the Loan Agreement (*Palm-Oil Processing Project*), between the Bank, PALMINDUSTRIE and PALMIVOIRE, or the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*), between the Bank and the Borrower, or the Guarantee Agreement (*Palm-Oil Processing Project*) between the Republic of the Ivory Coast and the Bank, or the Guarantee Agreement (*Oil Palm Outgrowers and Coconut Project*) between the Republic of the Ivory Coast and the Bank, or the Companies Guarantee Agreement (*Palm-Oil Processing Project*) between the Bank, the Borrower and PALMIVOIRE, other than in respect of the payment of principal, interest, service charge or any other payment required thereunder.
- “(e) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or PALMIVOIRE or the Republic of the Ivory Coast will be able to perform their respective obligations under the Loan Agreement or the Guarantee Agreement or the Companies Guarantee Agreement (*Palm-Oil Processing Project*) or the Bonds or that the Guarantor-Companies will be able to perform their obligations under the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*).

- “(f) The Borrower or PALMIVOIRE or a Guarantor-Company shall have been unable to pay its debts as they mature or any action or proceeding shall have been taken by the Borrower or by others whereby any of the property of the Borrower or PALMIVOIRE or a Guarantor-Company shall or may be distributed among its creditors.
- “(g) The Republic of the Ivory Coast or any other authority having jurisdiction shall have taken any action: (i) for the dissolution or disestablishment of the Borrower, PALMINDUSTRIE or PALMIVOIRE; or (ii) for the suspension of all or any of their operations; or (iii) for the compulsory acquisition of the ownership or control of the property and assets of the Borrower or of PALMIVOIRE necessary for the proper and efficient operation of its business or for the effective control of its management.
- “(h) The Republic of the Ivory Coast shall have been suspended from membership in or ceased to be a member of the Bank.
- “(i) The Republic of the Ivory Coast shall have ceased to be a member of the International Monetary Fund or shall have become ineligible to use the resources of said Fund under Section 6 of Article IV of the Articles of Agreement of said Fund or shall have been declared ineligible to use said resources under Section 5 of Article V, Section 1 of Article VI or Section 2 (a) of Article XV of the Articles of agreement of said Fund.
- “(j) After the date of the Loan Agreement and prior to the Effective Date any event shall have occurred which would have entitled the Bank to suspend the Borrower’s right to make withdrawals from the Loan Account if the Loan Agreement and the Guarantee Agreement and the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) had been effective on the date such event occurred.
- “(k) Prior to the Effective Date, any material adverse change in the condition of the Borrower, PALMIVOIRE or PALMINDUSTRIE as represented or warranted to the Bank, shall have occurred.
- “(l) The Borrower or the Republic of the Ivory Coast or a Guarantor-Company shall have failed to fulfill an obligation to make payment of principal, interest, service charge or any other payment required under the Loan Agreement, the Guarantee Agreement, the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) or the Bonds, or under any other loan agreement between the Borrower and the Bank, or under the Loan Agreement (*Palm-Oil Processing Project*) between the Bank, PALMINDUSTRIE and PALMIVOIRE, the Companies Guarantee Agreement (*Palm-Processing Project*) between the Bank, the Borrower and PALMIVOIRE, the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*) between the Bank and the Borrower, or under any loan agreement or guarantee agreement between the Republic of the Ivory Coast and the Bank or under

any bond delivered pursuant to any such agreement or under any credit agreement between the Borrower or the Republic of the Ivory Coast and the Association, notwithstanding the fact that such payment is made by a third party.

- “(m) The First Caisse Centrale SODEPALM Loan, the loan provided under the Second Caisse Centrale SODEPALM Loan Agreement, the FED *Prêt Spécial* or any loan or credit to the Borrower having an original maturity of one year or more shall have become due and payable prior to its agreed maturity pursuant to the terms thereof or the EIB Loan Agreement or the Caisse Centrale PALMINDUSTRIE Loan Agreement or the Caisse Centrale PALMINDUSTRIE Loan Agreement or any loan or credit to PALMINDUSTRIE having an original maturity of one year or more shall have become due and payable prior to its agreed maturity pursuant to the terms thereof.
- “(n) A Guarantor-Company shall, without the prior approval of the Bank, have taken any action for its termination, dissolution or winding up or shall have merged into or consolidated with any corporation (other than with another Guarantor-Company).
- “(o) The right of the Borrower to withdraw amounts under the Loan Agreement (*Oil Palm Outgrowers and Coconut Project*) between the Bank and the Borrower, the First Caisse Centrale SODEPALM Loan Agreement, the Seconde Caisse Centrale SODEPALM Loan Agreement, the FED *Prêt Spécial* or under any other agreement providing for a loan or credit having an original maturity of one year or more, or the right of PALMINDUSTRIE to withdraw amounts under the Loan Agreement (*Palm-Oil Processing Project*) between the Bank, PALMINDUSTRIE and PALMIVOIRE, or the EIB Loan Agreement or the Caisse Centrale PALMINDUSTRIE Loan Agreement, or under any other agreement providing for a loan or credit having an original maturity of one year or more, shall have been suspended.
- “(p) The First Caisse Centrale SODEPALM Loan Agreement, the Second Caisse Centrale SODEPALM Loan Agreement, the FED *Prêt Spécial*, any other loan agreement providing for a loan having a maturity of one year or more shall have been in any material respect terminated (other than in accordance with the terms thereof), amended, suspended, waived or assigned without the prior approval of the Bank.
- “(q) The *Protocole d’Accord* or the SODEPALM *mandat d’investissement* or the SODEPALM *mandat de gestion*, or the PALMINDUSTRIE *mandat d’investissement* or the PALMINDUSTRIE *mandat de gestion* shall have been in any material respect terminated, amended, suspended, waived, or assigned without the prior approval of the Bank.

“(r) The *Statuts* of the Borrower, PALMIVOIRE or PALMINDUSTRIE shall have been amended, suspended or abrogated without the prior approval of the Bank.”

(7) By the deletion of Section 8.02 and by substitution therefor of the following new Section:

“SECTION 8.02. The Borrower, PALMIVOIRE and the Republic of the Ivory Coast and the Guarantor-Companies shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article IV and the Bonds or who will, on behalf of the Borrower, PALMIVOIRE, the Republic of the Ivory Coast or the Guarantor-Companies, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower or PALMIVOIRE, under the Loan Agreement, or by the Republic of the Ivory Coast under the Guarantee Agreement, and the authenticated specimen signature of each such person.”

(8) In Section 9.01, 9.02 (a) (i), and 9.03 after the word “Borrower” there shall be added the words “and PALMIVOIRE”.

(9) By the deletion of Section 9.04 and the substitution therefor of the following new Section:

“SECTION 9.04. *Termination of Guarantee Agreement and Companies Guarantee Agreement (Industrial Oil Palm Plantation Project) upon Termination of Loan Agreement.* If, in accordance with the provisions thereof, the Loan Agreement shall be terminated for failure to become effective, the Guarantee Agreement and the Companies Guarantee Agreement (*Industrial Oil Palm Plantation Project*) and all obligations of the parties there-under shall also terminate. The Bank shall promptly give notice of such termination to the Republic of the Ivory Coast and to the Guarantor-Companies.”

(10) By the deletion of Schedule 3 and the substitution therefor of the following new Schedule:

“SCHEDULE 3

(a) “*Form of Republic of the Ivory Coast Guarantee*

Republic of the Ivory Coast, for value received, as a primary obligor and not as a surety merely, hereby absolutely, unconditionally and independently of any other guarantee on this Bond, guarantees, and pledges its full faith and credit for, the due and punctual payment of the principal of an premium on redemption of the within Bond and the interest thereon, free from taxes and

restrictions as therein provided, prior notice to, demand upon or action against the obligor on said Bond or any other Guarantor on this Bond or the under- signed being waived.

Republic of the Ivory Coast:

By.....
Authorized Representative

Dated..... ”

(b) “ *Form of Guarantor-Company’s Guarantee*

“ [NAME OF COMPANY], for value received, as primary obligor and not as surety merely, hereby absolutely, unconditionally and independently of any other guarantee on this Bond, guarantees the due and punctual payment of the principal and premium on redemption of the within Bond and the interest thereon, free from taxes as therein provided, prior notice to, demand upon or action against the obligor on said Bond or any other guarantor on the under- signed being waived.

“ [NAME OF COMPANY] hereby agrees to affix a similar guarantee on any Bond or Bonds which shall be duly issued in exchange or substituted for or in replacement of the within Bond.

[NAME OF COMPANY]

By.....
Authorized Representative

Dated....., 19..... ”

