

No. 10171

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
CAMEROON

Guarantee Agreement — *East Cameroon Oil Palm Project*
(with annexed Loan Regulations No. 4, as amended,
and Loan Agreement between the Bank and the
Société des Palmeraies de Mbongo et d'Eseka).
Signed at Washington on 15 April 1969

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
9 January 1970.*

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
CAMEROUN

**Contrat de garantie — *Projet relatif à l'huile de palme au
Cameroun oriental*** (avec, en annexe, le Règlement
n° 4 sur les emprunts, tel qu'il a été modifié, et le
Contrat d'emprunt entre la Banque et la Société
des Palmeraies de Mbongo et d'Eseka). Signé à
Washington le 15 avril 1969

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 9 janvier 1970.*

GUARANTEE AGREEMENT ¹

AGREEMENT, dated April 15, 1969, between the FEDERAL REPUBLIC OF CAMEROON (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 and Société des Palmeraies de Mbongo et d'Eseka (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, ² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to seven million nine hundred thousand dollars (\$ 7,900,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

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

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, 1967, ³ 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), with the same force and effect as if they were fully set forth herein.

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.

¹ Came into force on 14 August 1969, upon notification by the Bank to the Government of Cameroon.

² See p. 148 of this volume.

³ See p. 148 of this volume.

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 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 Borrower, 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 Guarantee Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements satisfactory to the Bank promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures and as are required by the Borrower to meet its obligations under Section 5.07 of the Loan Agreement.

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.

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 performing the function of a central bank for the Guarantor.

Section 3.02. (a) The Guarantor and the Bank shall cooperate 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 the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(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.

(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, with the exception of petrol, diesel and lubricating oils, all goods imported by the Borrower for the Project before December 31, 1975 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: (i) all services, facilities and resources required for carrying out the Project; and (ii) all 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 covenants that it will pay in its respective capital subscription and cause the Caisse de Stabilisation de Cacao, the Caisse de Stabilisation de Café Robusta and the Société Nationale d'Investissement

to pay in their respective capital subscriptions to the share capital of the Borrower promptly on demand by the Board of Directors (Conseil d'Administration) of the Borrower.

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 Finances 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 du Plan et du Développement

Yaoundé

Federal Republic of Cameroon

Alternative address for cables:

Minplan

Yaoundé

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 du Plan et du Développement 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.

Federal Republic of Cameroon:

By Joseph N. OWONO
Authorized Representative

International Bank for Reconstruction and Development:

By J. Burke KNAPP
Vice 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 April 15, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SOCIÉTÉ DES PALMERAIES DE MBONGO ET D'ESEKA (hereinafter called the Borrower), a société de développement established under Law No. 68-LF9 of the Federal Republic of Cameroon dated June 11, 1968.

WHEREAS: (A) The Borrower is engaged in the carrying out of the oil palm development project described in Schedule 1 to this Loan Agreement and has requested the Bank to assist in the financing of Parts I, III and IV of such project by granting a loan to it in an aggregate principal amount equivalent to seven million nine hundred thousand dollars (\$ 7,900,000) ;

(B) The Federal Republic of Cameroon intends to contract from the Republic of France, through the Fonds d'Aide et de Coopération, a grant (hereinafter called the French Grant) in an aggregate principal amount equivalent to one million eight hundred thousand dollars (\$ 1,800,000) to be made available to the Borrower to assist in the financing of such project, on the terms and conditions set forth in agreements between the Republic of France and the Federal Republic of Cameroon (hereinafter called the French Agreement) ;

(C) The Federal Republic of Cameroon intends to contract from the Caisse Centrale de Coopération Économique (hereinafter called Caisse Centrale), an agency of the Republic of France, a loan (hereinafter called the Caisse Centrale Loan)

in an aggregate principal amount equivalent to one million eight hundred thousand dollars (\$ 1,800,000) for re-lending to the Borrower to assist in financing such project, on the same terms and conditions as are set forth in agreements between Caisse Centrale and the Federal Republic of Cameroon (hereinafter called the Caisse Centrale Loan Agreement) ;

(D) By agreement of even date herewith between the Federal Republic of Cameroon (hereinafter called the Guarantor) and the Bank, which agreement is hereinafter called the Guarantee Agreement,¹ the Guarantor has agreed to guarantee the Loan as to payment of principal, interest and other charges.

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

NOW THEREFORE it is hereby agreed as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to the 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 following modification thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) : Section 4.01 is deleted.

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 in various currencies equivalent to seven million nine hundred thousand dollars (\$ 7,900,000).

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 Agreement :

¹ See p. 40 of this volume.

² See p. 48 of this volume.

- (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 Guarantor and included under Categories 1, 2, 3, 4 or 5 of the allocation of the proceeds of the Loan set forth in Schedule 2 to this Loan Agreement ;
- (ii) 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 included under Category 6 of said Schedule 2 ;
- (iii) the equivalent of sixty per cent (60 %) 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 7 of said Schedule 2 ;
- (iv) the equivalent of forty-two per cent (42 %) 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 8 of said Schedule 2 other than expenditures for which withdrawals may be made under paragraphs (i) and (ii) above ;
- (v) such amounts as shall be required to meet payments to be made in currencies other than currency of the Guarantor for expenditures under Category 9 of said Schedule 2 ;

provided, however, that if there shall be an increase in the estimate of such expenditures, 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 the date of this Loan Agreement, 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 January 15 and July 15 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 Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower 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 (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 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 *Directeur Général* of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The *Directeur Général* 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 shall carry out the Project with due diligence and efficiency and in conformity with sound agricultural, engineering, commercial and financial practices.

(b) The Borrower shall at all times employ in all of its senior management positions, including but not necessarily limited to the positions of General Manager, Chief Accountant, Administrative Assistant and the Senior Managers and Managers of the Eseka estate and oil mill and the Mbongo estate and oil mill, experienced and qualified persons satisfactory to the Bank on terms and conditions satisfactory to the Bank.

(c) The Borrower shall employ a qualified and experienced Visiting Agent acceptable to and on terms and conditions satisfactory to the Bank who shall be responsible for making regular bi-annual inspection tours of the Mbongo and Eseka estates and for making a report of his findings and recommendations to the Board of Directors (*Conseil d'Administration*) of the Borrower.

(d) In carrying out the Project the Borrower shall employ consultants acceptable to the Bank on terms and conditions acceptable to the Bank to advise on the design and location and preparation of the necessary bidding documents for the oil mills at Mbongo and Eseka.

(e) The Borrower shall extend full cooperation to the consultants or experts retained by the Guarantor (i) to plan and locate the villages and associated infrastructure for housing of the Borrower's project labor force ; (ii) to carry out a study of the prospects for the needs of oil palm smallholders and of the Borrower's outgrower program ; and (iii) to appraise the Borrower's marketing requirements.

(f) Upon receipt of the report of the consultants or experts referred to in paragraph (e) (i), (ii) and (iii) of this Section, the Borrower shall promptly forward copies of the said reports to the Bank and shall consult with the Bank in order to ensure the prompt implementation of the recommendations therein contained.

(g) The Borrower shall employ the Institut de Recherche pour les Huiles et Oléagineux : (i) as technical consultants on oil palm cultivation under terms and conditions satisfactory to the Bank ; and (ii) as supplier of the oil palm seeds required for the carrying out of the Project under a contract the terms and conditions of which shall be satisfactory to the Bank.

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

(i) Until the completion of the Project, the Borrower shall submit its annual budget to the Bank for its approval prior to its adoption.

Section 5.02. (a) The Borrower 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 all financial transactions between the Guarantor and the Borrower 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.

(b) The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) prepared in a manner satisfactory to the Bank and shall have its 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 Borrower's 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 and the Borrower 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.

(b) The Bank and the Borrower 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 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 of its obligations under this Loan Agreement.

Section 5.04. Except as the Bank shall otherwise agree, the Borrower (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 5.05. The Borrower undertakes that, except as the Bank shall otherwise agree :

- (a) if the Borrower 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 Borrower, 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 shall not contract any debt maturing more than one year after the date of its incurrence without the prior approval of the Bank ; and for 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 under a contract or loan agreement on the date it is drawn down pursuant to such contract or loan agreement, and under a guarantee agreement on the date the agreement providing for such guarantee is entered into ;
- (iii) whenever for the purposes of this Section it shall be necessary to value in terms of the currency of the Guarantor 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 5.07. (a) Except as the Bank shall otherwise agree, the Borrower shall at all times maintain its liquid assets at a level equivalent to its cash operating expenditures during the three preceding months or such other level as shall be established from time to time by agreement between and after review by the Bank and the Borrower.

(b) For the purposes of this Section, the term "liquid assets" means cash and bank balances, assets readily convertible into cash and undrawn bank overdraft facilities, and the term "cash operating expenditures" means all cash expenditures other than expenditures for the purchase or renewal of fixed assets, vehicles and other equipment and expenditures for new plantation development.

Section 5.08. (a) The Borrower 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.

(b) The Borrower shall establish and maintain a replanting fund at such a level as shall be necessary to enable the Borrower to carry out the replanting, at the end of the economic life of the initial oil palm plantings, of the two estates included in the Project with either oil palm or such other crop as is satisfactory to the Bank.

(c) Except as the Bank shall otherwise agree, the Borrower 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 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 commercial practices.

(b) Without limiting the generality of the foregoing, the Borrower undertakes 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 to replace or repair such goods.

Section 5.10. The Borrower covenants that before it shall undertake or execute, for its own account or for the account of any third party or parties, any new major project or development other than the Project, or make any new major investment not related to the Project (other than investment of idle funds in securities readily convertible into cash), it shall first have satisfied the Bank that such action would not prejudice the interests of the Bank under this Loan Agreement.

Section 5.11. (a) Before the Borrower shall take any action to create any subsidiary, the Borrower shall first satisfy the Bank that such action would not prejudice the interests of the Bank under this Loan Agreement, the Guarantee Agreement or the Bonds.

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

Section 5.12. Except as the Bank shall otherwise agree, the Borrower shall not, prior to December 31, 1980, declare any dividends to its shareholders.

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 Borrower shall pay or cause to be paid all taxes, if any, 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 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 the Guarantor.

Section 5.14. 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 or the Bonds.

Section 5.15. The Borrower shall call for the paying in of the capital subscription of its shareholders promptly as needed for the carrying out of the Project.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in paragraphs (a), (c) or (d) or Section 6.02 of this Loan Agreement shall occur and shall continue for a period of thirty days; or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank

and the Borrower or under any bond delivered pursuant thereto or under any development credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days ; or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any development credit agreement between the Association and the Guarantor under circumstances which, in the judgment of the Bank, would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days ; or (iv) if any event specified in paragraphs (e), (f) or (g) of Section 6.02 of this Loan Agreement shall occur ; or (v) if any event specified in paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, 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.

Section 6.02. Pursuant to paragraph (l) 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 provision of paragraph (c) of this Section the French Agreement or the Caisse Centrale Loan Agreement 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 the Guarantor to withdraw amounts under the French Agreement or the Caisse Centrale Loan Agreement or to suspend the right of the Borrower to withdraw the equivalent funds under the agreement defining the terms and conditions for the transfer to the Borrower of the proceeds of the French Agreement and the Caisse Centrale Loan Agreement.

(c) Caisse Centrale shall in accordance with the terms of the Caisse Centrale Loan Agreement demand payment from the Guarantor of moneys lent or made available to the Guarantor prior to agreed maturity thereof.

(d) The Guarantor or any other creditor, respectively, shall in accordance with the terms of the agreement defining the terms and conditions for the transfer to the Borrower of the proceeds of the French Agreement and the Caisse Centrale Loan Agreement, or any other loan agreement, demand payment from the Borrower of moneys lent or made available to the Borrower prior to the agreed maturity thereof.

(e) Any provision of the Guarantor's Law No. 68-LF9 dated June 11, 1968, Decree No. 68/DF/275 dated July 15, 1968 and Decree No. 68/DF/451 dated November 23, 1968 shall have been amended, suspended, terminated or repealed in such a way as to adversely affect the Borrower's ability to carry out the Project.

(f) The Borrower shall have taken or concurred in any action for its dissolution or disestablishment or for the amendment or modification of its *Statuts* or for the suspension of its operations, without the prior approval of the Bank.

(g) The Guarantor or the Borrower shall have amended, modified, suspended or terminated the agreement defining the terms and conditions for the transfer to the Borrower of the proceeds of the French Agreement and the Caisse Centrale Loan Agreement, without the prior approval of the Bank.

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) The French Agreement and the Caisse Centrale Loan Agreement shall have been duly and validly concluded upon terms and conditions satisfactory to the Bank and that the conditions precedent, if any, to initial disbursements under said Agreements shall have been fulfilled.

(b) The agreement defining the terms and conditions for the transfer to the Borrower of the proceeds of the French Agreement and the Caisse Centrale Loan Agreement shall have been approved by the Bank and duly executed and delivered on behalf of the Guarantor and the Borrower.

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

Section 7.02. The following is specified as an additional matter 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 : namely that the agreement referred to in Section 7.01 (b) of this Loan Agreement constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms.

Section 7.03. If this Loan Agreement shall not have come into force and effect by July 15, 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 and the Guarantor of such later date.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1976, 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

Cable address :

Intbafrad -
Washington, D.C.

For the Borrower :

Société des Palmeraies de Mbongo et d'Eseka
B.P. 691
Douala
Federal Republic of Cameroon

Cable address :

Sopame
Douala

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 J. Burke KNAPP
Vice President

Société des Palmeraies de Mbongo et d'Eseka:

By Leonard-Claude MPOUMA
Authorized Representative

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project consists of the following :

Part I. The establishment of about 9,000 ha of oil palms on two estates of about 4,500 ha each at Mbongo and Eseka.

Part II. The construction of a palm oil mill on the estate at Mbongo.

Part III. The construction of a palm oil mill on the estate at Eseka.

Part IV. The provision on each estate of necessary roads, buildings and other infrastructure.

The Project is expected to be completed by June 30, 1976.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF LOAN

Category	<i>Amounts Expressed in U.S. dollar Equivalent</i>
<i>Imports</i>	
1. Eseka oil mill machinery and equipment	630,000
2. Fertilizers, pesticides, tools, cover crop seed and wire netting	420,000
3. Vehicles, tractors and farm equipment	207,000
4. Building materials for the plantation	200,000
5. Oil palm seeds	180,000
<i>Construction and Services</i>	
6. Design, installation and construction of Eseka oil mill, ancillary installations and buildings	550,000
<i>Plantation Development</i>	
7. Land clearing	1,530,000
8. Palm planting and maintenance, road maintenance, construction of plantation housing, buildings and offices, management	1,923,000
9. Interest and other charges during construction	1,860,000
10. Unallocated	400,000
TOTAL	
7,900,000	

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of items included in Categories 1-9 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 10.

2. If the estimate of the cost of items included in Categories 1-9 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 7 an amount equal to 60 % of such increase and in the case of Category 8, an amount equal to 42 % of such increase) will be allocated by the Bank at the request of the Borrower, to such Category from Category 10, 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>
January 15, 1979	95,000	July 15, 1989	185 000
July 15, 1979	100,000	January 15, 1990	190,000
January 15, 1980	100,000	July 15, 1990	200,000
July 15, 1980	105,000	January 15, 1991	205,000
January 15, 1981	110,000	July 15, 1991	210,000
July 15, 1981	110,000	January 15, 1992	220,000
January 15, 1982	115,000	July 15, 1992	225,000
July 15, 1982	120,000	January 15, 1993	230,000
January 15, 1983	120,000	July 15, 1993	240,000
July 15, 1983	125,000	January 15, 1994	245,000
January 15, 1984	130,000	July 15, 1994	255,000
July 15, 1984	135,000	January 15, 1995	265,000
January 15, 1985	140,000	July 15, 1995	270,000
July 15, 1985	145,000	January 15, 1996	280,000
January 15, 1986	150,000	July 15, 1996	290,000
July 15, 1986	155,000	January 15, 1997	300,000
January 15, 1987	160,000	July 15, 1997	310,000
July 15, 1987	165,000	January 15, 1998	315,000
January 15, 1988	170,000	July 15, 1998	325,000
July 15, 1988	175,000	January 15, 1999	335,000
January 15, 1989	180,000		

* 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	$\frac{1}{2}$ %
More than four years but not more than eight years before maturity.....	$1\frac{1}{4}$ %
More than eight years but not more than fourteen years before maturity....	$2\frac{1}{4}$ %
More than fourteen years but not more than twenty years before maturity	$3\frac{3}{4}$ %
More than twenty years but not more than twenty-six years before maturity	5 %
More than twenty-six years but not more than twenty-eight years before maturity	6 %
More than twenty-eight years before maturity	$6\frac{1}{2}$ %

SCHEDULE 4

PROCUREMENT

1. In respect of Part II of the Project, for which the Republic of France and Caisse Centrale are providing financing and for which no withdrawals will be made from the Loan Account, goods will be procured on the basis of competitive bidding within countries which are members of the Franc Zone.

2. Except as otherwise agreed by the Bank, all goods (other than consulting services) required for Parts I, III and IV of the Project will be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, dated February 1968.

3. All contracts for the procurement of goods and services (except contracts for the purchase of oil palm seeds under Category 5), under Categories 1-8 of the allocation of the proceeds of the Loan set forth in Schedule 2 to this Loan Agreement, exceeding U.S. \$20,000 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 copies of 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. \$20,000 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.

4. With respect to each contract involving an amount of U.S. \$20,000 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.