

No. 10682

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CAMEROON**

Development Credit Agreement—*Highway Project* (with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on 27 March 1970

Authentic text: English.

Registered by the International Development Association on 18 August 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
CAMEROUN**

Contrat de crédit de développement — *Projet relatif au réseau routier* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 27 mars 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 18 août 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated March 27, 1970 between THE FEDERAL REPUBLIC OF CAMEROON (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by a development credit agreement dated January 29, 1968² (hereinafter called the First Development Credit Agreement) between the Borrower and the Association, the Association granted to the Borrower a development credit in various currencies equivalent to five hundred and fifty thousand dollars (\$550,000) (hereinafter called the First Development Credit) to assist in financing the detailed engineering and related studies of certain highways;

WHEREAS the Borrower has requested the Association to assist in the financing of the cost of the project described in Schedule I to this Agreement;

WHEREAS the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to provide additional financing for such project and, by a loan agreement of even date herewith³ between the Borrower and the Bank, the Bank agrees to provide such financing in an aggregate principal amount equivalent to twelve million dollars (\$12,000,000);

WHEREAS the Borrower and the Association intend, to the extent practicable, that the proceeds of the credit provided for in this Agreement be disbursed on account of expenditures under such project before disbursements of the proceeds of the loan provided for in such loan agreement are made; and

WHEREAS the Association is prepared to refund the First Development Credit out of the proceeds of the development credit provided for herein;

NOW THEREFORE the parties hereto hereby agree as follows:

¹ Came into force on 16 July 1970, upon notification by the Association to the Government of Cameroon.

² United Nations, *Treaty Series*, vol. 651, p. 67.

³ See p. 115 of this volume.

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to the Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the term "Loan Agreement" means the loan agreement of even date herewith between the Borrower and the Bank, and such term includes the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, as made applicable thereto, all agreements supplemental to such agreement and all schedules thereto, as such agreement, supplemental agreements and schedules may be amended from time to time.

Article II

THE CREDIT

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

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

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit and of the Loan set forth in Schedule 2 to this 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, the Association and the Bank.

Section 2.03. (a) The Association shall withdraw from the Credit Account and pay to itself, on behalf of the Borrower, the amount required to refund the principal amount withdrawn and outstanding, together with the

¹ See p. 158 of this volume.

accrued service charge thereon, of the First Development Credit on the Effective Date. Any amount remaining unwithdrawn shall automatically be cancelled on the same date.

(b) The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Development Credit Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) for goods or services included in Category IV of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement; and
- (ii) the equivalent of seventy-four per cent (74%) of such amounts as shall have been paid (or, if the Association shall so agree, of such amounts as shall be required to meet payments to be made) for goods or services included in Categories I, II and III of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement; provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of the Categories I, II and III, the Association may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

Section 2.04. No withdrawals from the Credit Account shall be made on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with the importation or supply of, goods or services included in Category IV of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement.

Section 2.05. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.07. Service charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments pay-

able on each June 1 and December 1 commencing June 1, 1980 and ending December 1, 2019, each installment to and including the installment payable on December 1, 1989 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Article III

USE OF THE PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of the Development Credit Agreement to expenditures on the Project, described in Schedule 1 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Credit 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association.

Section 3.03. Except as the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 4.02. (a) To assist in carrying out (i) the engineering supervision of the works included in Part A (2) of the Project and (ii) Part B of the Project, the Borrower shall employ competent and experienced consultants acceptable to the Association, to an extent, and upon terms and conditions (including terms of reference) which shall be acceptable to the Association, and which may be modified only in agreement with the Association.

(b) The Borrower shall cause the civil works included in Part A (1) of the Project to be constructed to the general design standards set forth in Schedule 4 to this Agreement, and by competent and experienced contractors

acceptable to the Association, employed under contracts which shall have been approved by the Association, which may be modified only in agreement with the Association.

(c) The Borrower shall cause the Public Works Departments of East Cameroon and of West Cameroon to assist it in carrying out the works included in Parts A and B of the Project.

(d) The Borrower shall furnish to the Association, promptly upon their preparation, the reports, plans, specifications, contract documents and work and procurement schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

Section 4.03. (a) The Borrower shall, within a reasonable time, take all measures necessary to adequately coordinate the transport sector and to strengthen its administration.

(b) To ensure the development of adequate statistics for future transport planning, the Borrower shall cause the Public Works Departments of East Cameroon and of West Cameroon to collect periodically and to record such data as are required to assess the technical, economic and financial aspects of the principal highways located respectively in whole or in part in the Federated State of East Cameroon and in the Federated State of West Cameroon.

(c) The Borrower shall take such measures as are required to strengthen the staffing of the Public Works Departments of East Cameroon and of West Cameroon, including, but without limitation, by providing on-the-job training of Cameroonian engineers.

(d) The Borrower shall at all times adequately maintain, or cause to be adequately maintained, the principal roads and bridges in its national highway system.

(e) The Borrower shall take all reasonable steps, including the establishment and enforcement of appropriate limitations on size and weight of vehicles, which may be necessary to ensure the proper use of the principal roads and bridges of its national highway system.

Section 4.04. (a) The Borrower shall: (i) at all times maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and the operations and budgetary condition, with respect to the national highway system of the Borrower, of the agency or agencies of the Borrower or of either Federated

State responsible for the carrying out of the Project or any part thereof; and (ii) shall enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit, all other plants, sites, works, properties, machinery, equipment and operations of the Borrower relevant to the Project and any relevant records and documents.

(b) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditures of the proceeds of the Credit, the Project, the goods and services financed out of the proceeds of the Credit and the operations and administration with respect to the Project of the agency or agencies of the Borrower or of either Federated State responsible for carrying out the Project or any part thereof.

Section 4.05. Except as the Borrower and the Association shall otherwise agree, the Borrower undertakes to have the imported goods to be financed out of the proceeds of the Credit insured 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 useable by the Borrower to replace or repair such goods.

Section 4.06. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit, the maintenance of the service thereof, the Project, and the operations, administration and budgetary condition, with respect to the national highway system of the Borrower, of the agency or agencies of the Borrower or of either Federated State responsible for carrying out the Project or any part thereof.

(c) The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Development Credit Agreement.

(d) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.07. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories, and free from all restrictions imposed under any such laws.

Section 4.08. The Development Credit Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on, or in connection with, the execution, delivery or registration thereof.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then, at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in the Development Credit Agreement to the contrary notwithstanding.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01(b) of the General Conditions, namely, that all the conditions precedent to the effectiveness of the Loan Agreement other than the effectiveness of the Development Credit Agreement shall have been fulfilled.

Section 6.02. The date June 1, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.03. The obligations of the Borrower under Section 4.03 of this Agreement shall terminate on the date on which the Development Credit Agreement shall terminate or on a date thirty years after the date of the Development Credit Agreement, whichever shall be the earlier.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1973 or such other date as shall be agreed between the Borrower and the Association.

Section 7.02. The Minister of Planning and Development of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Federal Ministry of Planning and Development
Yaoundé
Cameroon

Cable address:

Minplan
Yaoundé

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Indevas
Washington, D.C.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused the Development Credit 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 Development Association:

By M. SHOAI B
Vice President

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The project consists of the following parts:

- A. (1) The improvement of the following road sections totalling about 300 kilometers:
 - (i) the N'Gaoundere-Garoua road (about 273 kilometers) in East Cameroon; and
 - (ii) the Tiko-Victoria road (about 27 kilometers) in West Cameroon; and
- (2) The engineering supervision of the works included in Part A (1) above.
- B. Feasibility studies of the improvement of the Garoua-Mora road (about 254 kilometers) and of the Douala-Pont du Nkam road (about 180 kilometers) in East Cameroon, and the detailed engineering for such road sections.
- C. The carrying out of the uncompleted parts of the project described in Schedule 2 to the First Development Credit Agreement.
The Project is expected to be completed by June 30, 1973.

SCHEDULE 2

ALLOCATION OF THE PROCEEDS OF THE CREDIT AND OF THE LOAN

<i>Category</i>	<i>Maximum Amounts Expressed in Dollar Equivalent</i>
I. Road improvement — Part A (1) of the Project	14,300,000
II. Engineering supervision — Part A (2) of the Project.....	950,000
III. Feasibility studies and detailed engineering — Part B of the Project	950,000
IV. (a) Refunding of the First Development Credit; (b) Preparation of bidding documents and evaluation of bids — Part C of the Project.....	550,000
V. Interest and other charges on the Loan accrued on or before May 31, 1973	865,000
VI. Unallocated	1,385,000
TOTAL:	<u>19,000,000</u>

ALLOCATION OF THE PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of this Agreement, and shall be applied to expenditures under any of the Categories I, II, III and IV, until the total of such withdrawals, and of commitments, if any, in respect of such expenditures, shall have reached the equivalent of \$7,000,000.

ALLOCATION OF THE PROCEEDS OF THE LOAN

2. The amount of the Loan shall be withdrawn from the Loan Account as provided under Article II of the Loan Agreement, and shall be applied to expenditures under any of the Categories, I, II, III, IV (b) and V incurred, in the case of Categories I, II, III, and IV (b) after the amount of the Credit shall have been exhausted, except that withdrawals from the Loan Account may be made prior to such exhaustion in respect of commitments referred to in Section 2.04 (c) of the Loan Agreement.

REALLOCATION UPON CHANGE IN COST ESTIMATES

3. If the estimate of the expenditures under any of the Categories I through V shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated to Category VI by the Association and the Bank, or by the Bank, as the case may be.

4. If the estimate of the expenditures under any of the Categories I through V shall increase, an amount equal, in the case of any of the Categories IV and V, to the portion, if any, of such increase to be financed out of the proceeds of the Credit and of the Loan, and, in the case of any of the Categories I, II and III, an amount equal to 74% of such increase, will be allocated at the request of the Borrower, by the Association and the Bank, or by the Bank, as the case may be, to such Category from Category VI, subject, however, to the requirements for contingencies, as determined by the Association and the Bank, in respect of expenditures under any of the other Categories.

SCHEDULE 3
PROCUREMENT

The following supplementary procurement procedures shall be followed:

1. With respect to goods and services included in Category I of the allocation of proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement, the time interval between the invitations to bid and bid opening will not be less than sixty days. During such time interval, prospective bidders will be afforded an opportunity to visit the site of the works and to discuss with the Borrower any question related to the proposed works or contracts.

2. Prior to inviting bids, information concerning the advertising coverage, pre-qualification procedures, as well as invitations to bid, specifications, proposed terms and conditions of contracts, and all other tender documents, will be submitted to the Association for its approval. Identical or similar items or groups of items to be procured will be grouped together wherever practicable for the purpose of bidding and procurement, and such grouping will be subject to the approval of the Association upon submission of such tender documents.

3. With respect to contracts in respect of goods or services included in Categories I to III of the aforesaid allocation of proceeds:

- (a) Before awarding any contracts, the Borrower will submit to the Association for its approval an abstract and an evaluation of the bids received, and the Borrower's proposal concerning the contract and the award. The Borrower shall employ Consultants to assist it in evaluating bids for goods and services included in Category I of the said allocation of proceeds. The contract will be awarded to the bidder offering the lowest evaluated bid determined to be the most favorable in regard to technical and financial considerations and practices. The Borrower shall award the contract within two months after obtaining the Association's approval required herein, and shall send two conformed copies thereof to the Association promptly upon its execution and prior to the first application for withdrawal of funds from the Credit Account or from the Loan Account in respect of such contract.
- (b) The successful contractor will furnish a performance bond equal to the contract price or a bank guarantee equal to 10% of such price. In addition, the contract will provide for the retention of 10% of the amount paid under each monthly invoice until a total equal to at least 5% of the contract price will have been retained, or for a bank guarantee equal to 5% of such price. Any amount thus retained will be released after full performance of the contract, at the end of a warranty period of one year for defective work.

4. Whenever a contract under the Project is awarded to a contractor or manufacturer not registered in the territory of the Borrower, the Borrower shall facilitate the accomplishment by such contractor or manufacturer of all formalities which may be required to carry out such contract.

SCHEDULE 4
DESIGN STANDARDS FOR PART A OF THE PROJECT

	<i>N'Gaoundere-Garoua Road</i>		<i>Tiko-Victoria Road</i>
	<i>Rolling Country</i>	<i>Flat Country</i>	
Design speed (kph)	80	100	70
Minimum radius of horizontal curves (m)	300	500	300
Maximum grades (%)	8	5	7
Bituminous surfacing width (m)	6	6	7
Roadway width (m).....	8	8	11
Pavement design axle load (t)	13	13	13
Width of structures:			two traffic lanes
span less than 20 m	two traffic lanes		
span more than 20 m	one traffic lane		

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
[*Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.*]