

No. 10866

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

Guarantee Agreement—*Railway Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Régie des Chemins de Fer du Cameroun). Signed at Washington on 9 June 1970

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 2 December 1970.

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

Contrat de garantie — *Projet relatif aux chemins de fer* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Régie des chemins de fer du Cameroun). Signé à Washington le 9 juin 1970

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 décembre 1970.

GUARANTEE AGREEMENT¹

AGREEMENT, dated June 9, 1970, between FEDERAL REPUBLIC OF CAMEROON (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and Régie des Chemins de Fer du Cameroun (hereinafter called the Borrower), the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million two hundred thousand dollars (\$5,200,000), 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 the Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969³ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby uncon-

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

² See p. 122 of this volume.

³ See p. 120 of this volume.

ditionally 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 prior to their maturity and the punctual performance of all the obligations 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 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 the carrying out of the Project or for the operations of the Railways during the execution of 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.

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 to secure a debt maturing not more than one year after the date on which it is originally incurred.

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.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. 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 imposed under the laws of the Guarantor or laws in effect in its territories and free from all restrictions imposed under such laws; 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. The 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 covenants that it shall from time to time review the tariff policies and tariff structure of the Borrower with the Bank and the Borrower and that it shall take, promptly as needed, all measures required on its part in order to enable the Borrower to carry out its obligations under Section 5.11 of the Loan Agreement.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Finance Minister of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representative of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article V

Section 5.01. The *Ministre du Plan et du Développement* of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Ministère du Plan et du Développement
Yaoundé, Federal Republic of Cameroon

Cable address:

Minplan
Yaoundé

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.

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

By JOSEPH N. OWONO
Authorized Representative

International Bank for Reconstruction and Development:

By S. ALDEWERELD
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated June 9, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and RÉGIE DES CHEMINS DE FER DU CAMEROUN (hereinafter called the Borrower).

WHEREAS the Borrower has requested the Bank to assist in financing a railway project more particularly described in Schedule 1 to this Agreement; and

WHEREAS the Bank is willing to provide such assistance upon the terms and conditions hereinafter set forth, but only on condition that the Federal Republic of Cameroon (hereinafter called the Guarantor) guarantee such loan upon the terms and conditions of a guarantee agreement of even date herewith¹ between the Guarantor and the Bank;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to the Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "Decree No. 367" means the Guarantor's Decree No. 65/DF/367 of August 18, 1965, amended by Decrees No. 65/DF/553 of December 16, 1965 and No. 69/DF/439 of October 20, 1969, together with the *Cahier des Charges Financières et Techniques* of the Borrower of even date therewith, providing for the establishment of the Borrower, as the same may be amended from time to time;
- (b) "Railways" means the railways operated by the Borrower and includes all railway property, equipment and materials of, or operated by, the Borrower.

¹ See p. 114 of this volume.

² See p. 120 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to five million two hundred thousand dollars (\$5,200,000).

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, the Loan Agreement and in accordance with the allocation of the proceeds 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 Bank and the Borrower.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the 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 goods or services included in Categories III, IV and V of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement; and
- (ii)* the equivalent of seventy-five per cent (75%) of such amounts as shall have been paid (or, if the Bank shall so agree, of such amounts as shall be required to meet payments to be made) for goods or services included in Categories I and II of such allocation of proceeds, which percentage represents the foreign exchange component of the cost of such goods or services estimated at the date of the Loan Agreement; provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of such Categories I and II, the Bank 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 Loan 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.

(b) The Borrower shall also be entitled to withdraw from the Loan Account such amounts as shall be required to meet payments to be made to the Bank for interest and other charges on the Loan accrued on or before December 14, 1973 or such other date as may be agreed between the Borrower and the Bank.

Section 2.04. (a) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of payments in CFA Francs: *(i)* under Categories I and II of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement, for goods or services, whether or not produced, or supplied from, outside the territories of the

Guarantor; and (ii) under Categories III, IV and V of such allocation of proceeds, for goods produced, or services supplied from, outside such territories.

(b) No withdrawal from the Loan Account shall be made on account of payments for taxes imposed by the Guarantor or any of its political subdivisions on, or in connection with the importation or supply of, goods or services included in any of the Categories III, IV and V of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement.

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 seven per cent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. 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 the Loan Agreement to expenditures on the Project, described in Schedule 1 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods and services 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Bank and the Borrower and (ii) contracts for the procurement of all goods and services to be financed out of the proceeds of the Loan shall be subject to the prior approval of the Bank, except as otherwise provided in such Schedule 4.

Section 3.03. Except as the Bank may otherwise agree, the Borrower shall cause all goods and services 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 VIII of the General Conditions.

Section 4.02. The *Directeur* of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project, described in Schedule I to this Agreement, with due diligence and efficiency and in conformity with sound administrative, financial and railway engineering practices.

(b) In carrying out Part B of the Project, the Borrower shall employ competent and experienced consultants acceptable to the Bank, upon terms and conditions (including terms of reference) which shall have been approved by the Bank.

(c) In carrying out Part A (2) of the Project, the Borrower shall employ competent and experienced contractors acceptable to the Bank, upon terms and conditions which shall have been approved by the Bank.

(d) The Borrower shall furnish to the Bank, 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 Bank shall reasonably request.

Section 5.02. The Borrower shall use its best efforts to obtain other loans or other financing under terms and conditions acceptable to the Bank from sources outside Cameroon and shall apply the proceeds of such loans or financing to meet such expenses required to carry out the Project as are not financed out of the proceeds of the Loan.

Section 5.03. (a) The Borrower shall at all times manage its affairs, maintain its financial position, plan its future expansion and carry on its operations, all in accordance with sound business, financial and engineering practices and under the supervision of competent and experienced management.

(b) The Borrower shall promptly take all steps necessary to acquire, maintain and renew all licenses, consents and other rights which are necessary or useful in the conduct of its business.

(c) The Borrower shall at all times operate and maintain its lines, workshops, telecommunication system, rolling stock, machinery, equipment and other prop-

erty, and make promptly all necessary repairs and renewals thereof, in accordance with sound engineering practices, with due regard to economic and financial considerations.

(d) Except in the normal course of business, the Borrower shall not, without the prior approval of the Bank, sell, transfer or otherwise dispose of any of its property or assets which shall be required for efficient operations.

(e) The Borrower shall obtain title to all goods financed in whole or in part out of the proceeds of the Loan, free and clear of all encumbrances.

(f) The Borrower shall have its accounts audited and its financial statements (balance sheet and related statement of earnings and expenses) certified annually by a qualified independent auditor acceptable to the Bank and shall promptly after their preparation and not later than six 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 the auditor's report.

Section 5.04. (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 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; and (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, all other property, equipment or machinery owned or operated by the Borrower and any relevant records and documents;

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the administration, operations and financial condition of the Borrower, the expenditure of the proceeds of the Loan, and the goods and services financed out of such proceeds.

Section 5.05. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower, and any other matters relating to the purposes of the Loan and the maintenance of the service thereof.

(b) 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 the Loan Agreement.

Section 5.06. 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 paragraph (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 5.07. Except as the Bank and the Borrower shall otherwise agree, the Borrower undertakes to have the imported goods to be financed out of the proceeds of the Loan insured against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of delivery thereof and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

Section 5.08. The Borrower shall assess the economic justification and the appropriate pricing of its services by line and by commodity on a continuing basis. To that end, the Borrower shall, not later than July 1, 1971, institute a costing system satisfactory to the Bank, which shall thereafter be maintained.

Section 5.09. Until completion of the Project the Borrower shall not undertake, or incur any debt in respect of, any works not included in the Project estimated to cost in the aggregate more than the equivalent of one million dollars without the prior approval of the Bank.

Section 5.10. The Borrower shall not carry out, or cause to be carried out, or incur any debt in respect of, the realignment of the Douala to Yaoundé main line, unless the Guarantor is satisfied, after consultation with the Bank, that such works are economically and technically sound.

Section 5.11. (a) Except as the Bank shall otherwise agree, the Borrower shall take such measures satisfactory to the Bank (including but not limited to adjustments in tariffs) as shall be required to enable the Borrower to obtain in the fiscal year starting July 1, 1972 and in each fiscal year thereafter, a rate of return of at least four percent (4%) on its net fixed assets in operation.

(b) For the purposes of this Section:

- (i) the annual rate of return shall be calculated by relating the net operating revenue for the year in question to the average of the value of the Borrower's net fixed assets in operation at the beginning and at the end of each year;
- (ii) the term "value of net fixed assets in operation" shall mean the gross book value of such assets, less the amount of accumulated depreciation, as revalued from time to time in accordance with sound and consistently maintained methods of valuation acceptable to the Bank;

- (iii) the term "net operating revenue" shall mean the difference between:
- (A) gross operating revenues accruing from the Borrower's services; and
 - (B) operating and administrative expenses of the Borrower, including adequate maintenance and depreciation and taxes (if any) but excluding interest and other charges on debt.

Section 5.12. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt other than for money borrowed for financing the Project, unless its net cash generation from operations for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall, until the end of the fiscal year starting July 1, 1974, be not less than 0.7 times the maximum debt service requirements for any succeeding fiscal year on all debt including the debt to be incurred, during the fiscal years starting July 1, 1975 and 1976, not less than 1.0 times such maximum debt service and during the fiscal year starting July 1, 1977 and in all fiscal years thereafter, not less than 1.2 times such maximum debt service.

(b) For the purposes of this Section:

- (i) The term "debt" means all debt of the Borrower, including debt for the service of which the Borrower is responsible, maturing by its terms more than one year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred on the date of execution and delivery of a contract, loan agreement or other instrument providing for such debt.
- (iii) The term "net cash generation from operations" means gross revenues from all sources, adjusted to take account of the Borrower's tariffs in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all expenses of operating and maintaining the facilities of the Borrower, including taxes, if any, but excluding provisions for depreciation and debt service requirements.
- (iv) The term "debt service requirements" means the aggregate amount of amortization of, and interest and other charges on, debt.
- (v) 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 or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Section 5.13. In each fiscal year, the Borrower shall maintain its working cash (including available bank overdraft facilities) at a level at least equal to eight percent (8%) of its estimated operating expenditures for such fiscal year.

Section 5.14. 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 the territories of the Guarantor 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 5.15. 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, the Guarantee Agreement or the Bonds.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Guarantor and the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, that Decree No. 367 and any other legislation or regulation of the Guarantor governing the establishment, organization and powers of the Borrower shall, without the prior approval of the Bank, have been amended, suspended, abrogated, repealed, waived, or shall cease to be enforced, so as to materially affect the operations and financial condition of the Borrower or the performance by the Borrower of its obligations under the Loan Agreement, and such event shall continue for a period of sixty days.

Article VII

MISCELLANEOUS

Section 7.01. The date September 15, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.02. The Closing Date shall be June 30, 1974 or such other date as shall be agreed between the Bank and the Borrower.

Section 7.03. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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:

Régie des Chemins de Fer du Cameroun
B.P.304
Douala, Cameroun

Cable address:

Regifercam
Douala

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused the Loan Agreement to be signed in their respective names and to be 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 S. ALDEWERELD
Vice President

Régie des Chemins de Fer du Cameroun:

By M. KOSS EPANGUE
Authorized Representative

SCHEDULE I

DESCRIPTION OF THE PROJECT

The Project is composed of items from the first three years of the Third Railway Development Plan of the Borrower, and consists of the following parts:

A. *Equipment and existing lines works:*

- (1) The acquisition and introduction in service of six locomotives (each about 3600 HP) or the equivalent, 90 box cars, 95 flats cars for the transport of timber, 6 trailers, 1 rail car, 4 shunting engines and various service and track maintenance vehicles.

- (2) The construction of a new Japoma single track bridge over the Dibamba River near the present bridge, including approaches.
 - (3) The relaying of approximately 55 kilometers of track on the Douala to Yaoundé main line and the rehabilitation of approximately 90 additional kilometers of track on such main line.
 - (4) The construction of a new Douala passenger and freight station.
 - (5) Miscellaneous works and equipment.
 - (6) The construction of additional administrative, classroom and dormitory buildings for the training school at Douala and the procurement of training tools and machine tools to enable the training school to receive up to about 240 trainees.
- B. The study of the economic justification of the proposed realignment of the Douala to Yaoundé main line.

The project is expected to be completed by December 31, 1973.

SCHEDULE 2

ALLOCATION OF THE PROCEEDS OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Ballast, rail welding material, concrete sleepers and fastenings for 55 track kilometers	575,000
II. Bridge construction, including materials, for Part A (2) of the Project	690,000
III. Rails and fastenings (about 4,500 tons) for 55 track kilometers	690,000
IV. Rolling stock (about 190 freight cars and 6 trailers)	2,175,000
V. Consulting services for Part B of the Project	50,000
VI. Interest and other charges on the Loan accrued on or before December 14, 1973	612,000
VII. Unallocated	<u>408,000</u>
TOTAL	5,200,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the expenditures under any of the Categories I to VI shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category VII.

2. If the estimate of the expenditures under any of the Categories I to VI 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 Categories I and II, an amount equal to 75% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category VII, 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>
June 15, 1975	60,000	December 15, 1985	120,000
December 15, 1975	60,000	June 15, 1986	125,000
June 15, 1976	65,000	December 15, 1986	130,000
December 15, 1976	65,000	June 15, 1987	135,000
June 15, 1977	65,000	December 15, 1987	140,000
December 15, 1977	70,000	June 15, 1988	145,000
June 15, 1978	70,000	December 15, 1988	150,000
December 15, 1978	75,000	June 15, 1989	155,000
June 15, 1979	75,000	December 15, 1989	160,000
December 15, 1979	80,000	June 15, 1990	165,000
June 15, 1980	85,000	December 15, 1990	170,000
December 15, 1980	85,000	June 15, 1991	175,000
June 15, 1981	90,000	December 15, 1991	185,000
December 15, 1981	90,000	June 15, 1992	190,000
June 15, 1982	95,000	December 15, 1992	195,000
December 15, 1982	100,000	June 15, 1993	205,000
June 15, 1983	100,000	December 15, 1993	210,000
December 15, 1983	105,000	June 15, 1994	215,000
June 15, 1984	110,000	December 15, 1994	225,000
December 15, 1984	115,000	June 15, 1995	230,000
June 15, 1985	115,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	3 ³ / ₄ %
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	2 ³ / ₄ %
More than eleven years but not more than sixteen years before maturity	4 ¹ / ₂ %
More than sixteen years but not more than twenty-one years before maturity	5 ¹ / ₂ %
More than twenty-one years but not more than twenty-three years before maturity	6 ¹ / ₂ %
More than twenty-three years before maturity	7%

SCHEDULE 4

PROCUREMENT

The goods and services to be financed out of the proceeds of the Loan will be procured on the basis of international competitive bidding in accordance with the procedures set forth in the Guidelines referred to in Section 3.02 of this Agreement and in the following supplementary provisions; provided, however, that, because of the smallness of the contract or on grounds of standardization, the contracts for the procurement of goods and services included in Category I of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement, or for the procurement of track materials included in Category II of such allocation of proceeds, expected to amount in the aggregate to less than 600,000 dollars, will be awarded on a negotiated basis (*de gré à gré*).

1. In respect of contracts other than under Category I of such allocation of the proceeds of the Loan amounting to the equivalent of 100,000 dollars or more:

- (a) One copy of the invitation to bid, the bid advertisements to be published, the draft form of contract, the specifications, and all other bid documents, together with a complete description of the advertising procedure to be used (including list of publications in which the advertisement will appear and the time allowed for bid preparation) will be submitted to the Bank for its review and approval before bids are invited.
- (b) After bids have been received and analysed, one copy of the analysis of bids and recommendation for the contract award, together with the reasons for such recommendation, will be furnished to the Bank for its review and approval prior to the award of the contract or the issuance of a letter of intent.
- (c) If the proposed final contract differs materially from the terms and conditions contained in the respective documents approved by the Bank under subparagraph (a) or (b) above, then the text of the proposed changes will be submitted by the Borrower to the Bank for its review and approval prior to the execution of the contract.
- (d) The Borrower will furnish the Bank with a signed copy of the final contract or letter of intent promptly after its execution or issuance and prior to the submis-

sion to the Bank of the first application for withdrawal of funds from the Loan Account in respect of any such contract or letter of intent.

2. Contracts amounting to less than 100,000 dollars equivalent will not be subject to the Bank's approval; however, all bidding documents including the bid evaluation report and a signed copy of the final contract, will be submitted to the Bank promptly after execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of any such contract.

3. Foreign bids for the procurement of goods included in Categories III and IV of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement will be compared on a basis which shall consist of the c.i.f. (Douala) price plus an amount corresponding to the actual rate of customs duties and similar taxes paid or to be paid.

4. Bids in respect of the construction of the Japoma bridge, including materials, will be compared on the basis of the total price quoted by each of the bidders.

5. If bids incorporate a price escalation clause, a statement of an upper limit of the escalation percentage must be required from bidders and bids which do not meet this requirement must be rejected. Such upper limit will be fully added to the price for purposes of comparison between bids.