

No. 12021

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CAMEROON**

**Development Credit Agreement—*SEMRY Rice Project* (with
schedules and General Conditions Applicable to De-
velopment Credit Agreements). Signed at Washington
on 26 April 1972**

Authentic text: English.

*Registered by the International Development Association on 26 September
1972.*

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
CAMEROUN**

**Contrat de crédit de développement — *Projet de riziculture
de la SEMRY* (avec annexes et Conditions générales
applicables aux contrats de crédit de développement).
Signé à Washington le 26 avril 1972**

Texte authentique : anglais.

*Enregistré par l'Association internationale de développement le 26 sep-
tembre 1972.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated April 26, 1972, between FEDERAL REPUBLIC OF CAMEROON (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) The Borrower intends to contract from Caisse Centrale pour la Coopération Economique, an agency of the Republic of France (hereinafter called (CCCE), a loan (hereinafter called the CCCE Loan) in an aggregate principal amount of CFAF 303,000,000 to assist in financing the Project on the terms and conditions set forth in an agreement (hereinafter called the CCCE Loan Agreement) to be entered into between the Borrower and CCCE;

(C) The Borrower intends to contract from the Republic of France, through the Fonds d'Aide et de Coopération (hereinafter called FAC), a grant (hereinafter called the French Grant) in an aggregate principal amount of CFAF 370,000,000, to assist in financing the Project, on the terms and conditions set forth in an agreement (hereinafter called the French Grant Agreement) to be entered into between the Republic of France and the Borrower;

(D) The Project will be carried out by the Société d'Expansion et de Modernisation de la Riziculture de Yagoua (hereinafter called SEMRY), a *Société de Développement* of the Borrower, established and operating pursuant to Law No. 68/LF/9 of June 11, 1968 and Decree No. 71/DF/74 of February 24, 1971 with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SEMRY the proceeds of the Credit, as hereinafter provided, as will also make available to SEMRY the proceeds of the CCCE Loan and of the French Grant; and

(E) The Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement of even date herewith² between the Association and SEMRY;

¹ Came into force on 28 July 1972, upon notification by the Association to the Government of Cameroon.

² The said Agreement entered into force on 28 July 1972. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 302 CM, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this 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, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(a) Section 5.01 is deleted;

(b) Section 6.02 (h) is deleted and Section 6.02 (i) becomes 6.02 (h);

(c) Section 6.06 is amended by inserting the words “, the Project Agreement” after the words “the Development Credit Agreement”;

(d) Section 8.02 is amended by inserting the words “, or under the Project Agreement” after the words “the Development Credit Agreement”; and

(e) The following sub-paragraph is added to Section 2.01:

“13. The term ‘Project Agreement’ shall have the meaning set forth in the Development Credit Agreement.”

Section 1.02. Wherever used in this 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) “Project Agreement” means the agreement between the Association and SEMRY of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement;

(b) “Project Financing Agreement” means the agreement to be entered into between the Borrower and SEMRY pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Project Financing Agreement;

(c) “Statuts” means the *Statuts* of SEMRY as approved by the Borrower’s Decree No. 71/DF/74 dated February 24, 1971;

¹ See p. 316 of this volume.

(d) "Project Area" means the area defined by Decrees No. 71/DF/74 of February 24, 1971 and No. 71-01/COR of January 15, 1971;

(e) "CFA Francs" and the letters "CFAF" mean francs in the currency of the Borrower;

(f) "F Francs" and the letters "FF" mean francs in the currency of the Republic of France;

(g) "*cahier des charges*" means the list of duties and obligations of farmers cultivating rice fields in the Project Area, as referred to in Decree No. 71/DF/74 of February 24, 1971;

(h) "*Protocole d'Accord*" means the "*Protocole d'Accord concernant les aménagements hydrauliques sur le Logone* (Agreement on Logone river water development) between the Borrower and the Republic of Chad signed on August 20, 1970 as supplemented for purposes of the Project by an exchange of letters 4797/MINPAT/PROG dated October 29, 1971; and

(i) "BCD" means the Banque Camerounaise de Développement of the Cameroon established under the laws of the Borrower on December 6, 1960.

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 three million seven hundred thousand dollars (\$3,700,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services required for the Project and to be financed out of the proceeds of the Credit shall be procured pursuant to the provisions set forth or referred to in Section 2.04 of the Project Agreement.

Section 2.04. The Closing Date shall be June 30, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing April 1, 1982 and ending October 1, 2021, each installment to and including the installment payable on October 1, 1991 to be one-half of one per cent ($1/2$ 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.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) Without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause SEMRY to perform in accordance with the provisions of the Project Agreement and the Project Financing Agreement all the obligations therein set forth, shall take and cause to be taken all action, including the provision of the funds, facilities and other resources, necessary or appropriate to enable SEMRY to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Credit available to SEMRY under a Project Financing Agreement to be entered into between the Borrower and SEMRY on terms and conditions acceptable to the Association.

(c) The Borrower shall exercise its rights under the Project Financing Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Project Financing Agreement or any provision thereof.

(d) In order to assist SEMRY in carrying out the Project, the Borrower shall make available to SEMRY the services of a qualified and experienced

engineer *de génie rural* who will be responsible for periodic inspection of the progress of the construction of the Project.

(e) Without in any way restricting or limiting its obligations under paragraph (a) of this Section, the Borrower shall, until completion of the Project, cause BCD, or make other arrangements satisfactory to the Association, to provide SEMRY promptly with such funds, on terms and conditions satisfactory to the Association; as shall be required by SEMRY to meet any of its short-term credit requirements.

Section 3.02. In order to assist SEMRY in the preparation of plans, specifications and bidding documents for the Project and in the supervision of the construction of the Project, the Borrower shall cause SEMRY to employ a firm of engineering consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.03. Except as the Association shall otherwise agree, the goods and services required for the Project shall be procured pursuant to the provisions set forth or referred to in Section 2.04 of the Project Agreement.

Article IV

OTHER COVENANTS

Section 4.01. Except as the Association shall otherwise agree the Borrower shall take all steps necessary on its part to ensure that no works shall be permitted to take place on the Logone River which might have an adverse effect on agricultural development in the Project Area.

Section 4.02. The Borrower undertakes to cause its health services to study closely the development of bilharzia in the Project Area and adjacent areas and in particular shall make periodic checks on the snail population in relation to the number of cases and strains of the disease contracted in the said areas and as part of its health services in the Project Area shall take such measures as shall be acceptable to the Association to combat this disease.

Section 4.03. Except as the Borrower and the Association shall otherwise agree, if the Borrower shall repay in advance of maturity any part of its indebtedness under the CCCE Loan Agreement, the Borrower shall simultaneously repay a proportionate amount of the Credit then outstanding. All the provisions of the General Conditions relating to repayment in

advance of maturity shall be applicable to any repayment by the Borrower in accordance with this Section.

Section 4.04. The Borrower shall ensure that the subscribed capital of SEMRY is paid in promptly on demand by the Board of Directors (*Conseil d'Administration*) of SEMRY.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the performance by SEMRY of its obligations under the Project Agreement and the Project Financing Agreement, the administration, operations and financial condition of SEMRY and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition, resources and expenditures of SEMRY and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other 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, the performance by either of them of its obligations under

the Development Credit Agreement or the performance by SEMRY of its obligations under the Project Agreement and the Project Financing Agreement.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all plants, installations, sites, works, buildings, property and equipment of SEMRY and any relevant records and documents and to visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. 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.

Section 6.02. The Development Credit Agreement, the Project Agreement and the Project Financing Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.04. The Borrower shall ensure that, with the exception of petrol, diesel and lubricating oils, all goods imported by SEMRY for the Project will be exempt from all import duties levied by the Borrower including, without limitation, the Common External Tariff, Customs Import Duty, Turnover Tax and Complementary Tax.

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 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 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 and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) SEMRY shall have failed to perform any covenant, agreement or obligation under the Project Agreement;
- (b) the Project Financing Agreement, or any provision of the said Agreement, shall have been assigned, amended, suspended, terminated, abrogated or waived without the prior approval of the Association;
- (c) an extraordinary situation shall have arisen which shall make it improbable that SEMRY will be able to perform its obligations under the Project Agreement or Project Financing Agreement;
- (d) the Borrower's Law No. 68/LF/9 of June 11, 1968, Decree No. 71/DF/74 of February 24, 1971 and *Arrêté* No. 722 MINFI/B3 of July 29, 1971 shall have been amended, suspended, abrogated, repealed or waived so as, in the opinion of the Association, to materially and adversely affect the ability of SEMRY to carry out the covenants, agreements and obligations set forth in the Project Agreement;
- (e) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SEMRY or for the suspension of its operations;
- (f) the CCCE Loan Agreement or the French Grant Agreement shall have been terminated (other than in accordance with the terms thereof) or in any material respect amended, suspended, waived or assigned;
- (g) any event shall have occurred which shall have operated to suspend the right of the Borrower to withdraw amounts under either the CCCE Loan Agreement or the French Grant Agreement;
- (h) SEMRY shall have sold, leased, transferred or otherwise disposed of any of its property or assets financed in part out of the proceeds of the Credit other than in the ordinary course of its business, without the prior approval of the Association; and
- (i) the Borrower shall have taken any action to terminate, amend, waive or suspend the *Protocole d'Accord* without the prior approval of the Association.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) the event specified in Section 7.02 (a) of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and
- (b) any event specified in Section 7.02 (d), (e), (f), (g), (h) or (i) of this Agreement shall occur.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions namely, that:

- (a) The execution and delivery of the Project Agreement on behalf of SEMRY have been duly authorized or ratified by all necessary corporate and governmental action.
- (b) The execution and delivery of the Project Financing Agreement on behalf of the Borrower and SEMRY, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.
- (c) SEMRY has employed the consultants referred to in Sections 3.02 of this Agreement and 2.02 of the Project Agreement.
- (d) That the terms and conditions of the French Grant Agreement shall be satisfactory to the Association and that the conditions precedent, if any, to initial disbursement under such Agreement shall have been fulfilled.
- (e) That the terms and conditions of the CCCE Loan Agreement shall be satisfactory to the Association and that the conditions precedent, if any, to initial disbursement under such Agreement shall have been fulfilled.
- (f) That the *Statuts* of SEMRY have been duly amended in a manner satisfactory to the Association, so as to increase the amount of its authorized capital to CFAF 645,000,000 and that of this amount not less than CFAF 100,000,000 shall have been paid in.

Section 8.02. The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

- (a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, SEMRY, and constitutes a valid and binding obligation of SEMRY in accordance with its terms.
- (b) That the Project Financing Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and SEMRY, respectively, and constitutes a valid and binding obligation of the Borrower and SEMRY in accordance with its terms.

Section 8.03. The date July 28, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower and the provisions of paragraphs (a), (c) and (e) of Section 3.01, of Section 4.02, and of paragraphs (a), (b), (c), (d), (e) and (h) of Section 7.02 of this Agreement, shall cease and determine the date on which the Development Credit Agreement shall terminate or on a date twenty-five years after the date of this Agreement, whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Ministère du Plan et de l'Aménagement du Territoire of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministère du Plan et de l'Aménagement du Territoire
B.P. 1046
Yaoundé
Federal Republic of Cameroon

Cable address:

Minpat
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 this 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.

Federal Republic of Cameroon:

By FRANÇOIS-XAVIER TCHOUNGUI
Authorized Representative

International Development Association:

By SIMON ALDEWERELD
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Equipment	1,270,000	100% of foreign expenditures
II. Civil Works (excluding pumps)	1,440,000	58% of total expenditures
III. On-Farm Development Works (excluding equipment)	160,000	58% of total expenditures
IV. Unallocated	<u>830,000</u>	
TOTAL	<u><u>3,700,000</u></u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower; provided, however, that if the currency of the Borrower is also that of another country in the territories of which goods are produced or from

the territories of which services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”;

(b) The term “total expenditures” means the aggregate of foreign and of expenditures for goods produced in, or services supplied from, the territories of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures prior to the date of this Agreement; and
- (b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table of paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and
- (c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association’s reasonable opinion represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of total expenditures under Category II or III shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the following Parts:

Part A. Civil Works

- (1) Reinforcement of the 49 km Logone dike and improvement of a parallel road;
- (2) Construction of the Guerleo intake control structure;
- (3) Construction of a main drain;
- (4) Construction of four pumping stations;
- (5) Rehabilitation of irrigation and drainage networks to serve approximately 1,300 ha;
- (6) Construction of new irrigation and drainage networks to serve approximately 3,000 ha;
- (7) Construction of a rice mill and related storage facilities;

- (8) Construction of housing and utility buildings.

Part B. On-Farm Development Works

The execution of land clearing and levelling, and construction of tertiary canals, drains, field dikes and farm roads on approximately 3,000 ha of newly irrigated lands.

Part C. Engineering and Supervision of all works included in Parts A and B above.

Part D. Equipment

The purchase of pumps, construction equipment for on-farm development, farm equipment, rice milling equipment, repair shop equipment and vehicles.

Part E. Management, Research and Extension Services

The expansion of management and extension services provided by SEMRY as well as a continuation of its research activities.

The Project is expected to be completed by June 30, 1975.

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.*]