

CONFORMED COPY

LOAN NUMBER 3014 CM

(Livestock Sector Development Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 25, 1989

LOAN NUMBER 3014 CM

LOAN AGREEMENT

AGREEMENT, dated January 25, 1989, between REPUBLIC OF CAMEROON (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) the Bank has received a letter, dated October 25, 1988, from the Borrower describing a program of action, objectives and policies designed to achieve structural adjustment of the Borrower's livestock sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(C) the Borrower intends to contract from International Fund for Agricultural Development (IFAD) a loan (the IFAD Loan) in an amount equivalent to eight million four hundred thousand Special Drawing Rights (SDR 8,400,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the IFAD Loan Agreement) to be entered into between the Borrower and IFAD;

(D) the Borrower has contracted from European Development Fund, European Economic Community (EDF) a grant (the EDF Grant) in an amount equivalent to one million eight hundred thousand Units of Account (ECU 1,800,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the EDF Convention) entered into on August 8, 1988, between the Borrower and EDF;

(E) the Borrower intends to contract from the Republic of France, acting through the Fonds d'Aide et de Cooperation (FAC), a grant (the FAC Grant) in an estimated amount equivalent to one million seven hundred thousand dollars (\$1,700,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the FAC Grant Agreement) to be entered into between the Borrower and the Republic of France; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(b) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated November 20, 1987 and May 17, 1988 between the Borrower and the Bank;

(c) "MINEPIA" means the Borrower's ministry responsible for livestock, fisheries and animal industries;

(d) "SODEPA" means Societe de Developpement et d' Exploitation des Productions Animales, a development corporation of the Borrower;

(e) "OPV" means Office Pharmaceutique Veterinaire, an office of the Borrower;

(f) "Financing Agreement" means the agreement to be entered into between the Borrower and a financial intermediary 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 Financing Agreement;

(g) "Subsidiary Loan" means a loan made or proposed to be made by the financial intermediary referred to in Section 3.01 (b) of this Agreement, out of the proceeds of the Loan in accordance with Section 2.02 (a)(ii) of this Agreement; and

(h) "CFA franc" and the letters "CFAF" means the Franc de la Communaute Financiere Africaine, the currency of the Borrower.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to thirty-four million six hundred thousand dollars

(\$34,600,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement:

(i) for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement (except Part E of the Project) and to be financed out of the proceeds of the Loan; and

(ii) for amounts disbursed (or, if the Bank shall so agree, for disbursements required to be made) under Subsidiary Loans in respect of the reasonable cost of goods and services required for Part E of the Project (except Part E.3 thereof) and to be financed out of the proceeds of the Loan pursuant to the provisions of Schedules 1 and 7 to this Agreement.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in a commercial bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1995 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

(i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.

(iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through MINEPIA with due diligence and efficiency and in conformity with appropriate administrative, financial, agricultural extension and livestock development practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall make available the proceeds of the Loan allocated from time to time to Category (7) of the table set forth in paragraph 1 of Schedule 1 to this Agreement to one or several financial intermediaries in sound financial condition, with appropriate policies and technical and operational structures and capabilities, under a separate financing agreement to be entered between the Borrower and each said financial intermediary under terms and conditions which shall have been approved by the Bank.

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

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. In order to assist MINEPIA in carrying out the Project, the Borrower shall, not later than June 1, 1989, employ and thereafter maintain in position an administrative controller whose qualifications, experience and terms of reference shall be satisfactory to the Bank.

Section 3.04. Beginning March 31, 1989, and not later than March 31 of each year thereafter, the Borrower shall forward to the Bank for its approval:

(a) MINEPIA's proposed annual work programs, including training plans, to be carried out under the Project; and

(b) proposed economic and technical studies to be carried out under Part B.4 of the Project for the following year, including detailed terms of reference, financial requirements and organizational arrangements.

Section 3.05. The Borrower shall:

(a) carry out the study included under Part B.5 of the Project and complete it not later than December 31, 1989;

(b) review the recommendations of said study in consultation with the Bank together with a proposed timetable for the implementation thereof; and

(c) carry out said recommendations as of July 1, 1990, in accordance with the program and timetable determined in agreement with the Bank.

Section 3.06. Before undertaking any activity for any of the national agro-pastoral development areas under Part C of the Project, the Borrower shall forward to the Bank for its approval detailed plans concerning proposed infrastructure, financial requirements and organizational arrangements for any such area.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures 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 shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor; or

(B) any such loan shall have become due and payable prior to the maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, the event specified in paragraph (b) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) all conditions precedent to the effectiveness of the IFAD Loan Agreement and the FAC Grant Agreement, other than any related to the effectiveness of this Agreement, have been fulfilled;

(b) the Borrower has furnished evidence satisfactory to the Bank that it has established, applicable for an initial twelve-months' period, the charges referred to in paragraph 2 (a) of Schedule 5 to this Agreement and made appropriate arrangements for their collection;

(c) the Borrower has communicated to the Bank the name of the area referred to in paragraph 1 of Schedule 5 to this Agreement; and

(d) the Borrower has established the Committee, referred to in paragraph 3 of Schedule 7 to this Agreement, in a manner satisfactory to the Bank.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for planning and regional development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Planning and
Regional Development
Yaounde
Republic of Cameroon

Cable address:

MINPAT
Yaounde

Telex:

8203-KN

With copy to:

Ministry of Finance

Yaounde
Republic of Cameroon

Cable address:

MINFI
Yaounde

Telex:

8260-KN

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.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF CAMEROON

By /s/ Paul Pondi

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ismail Serageldin

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditure to be Financed
(1) Works for Parts B.3 and C.2 of the	600,000	100%

Project			
(2)	Vehicles and equipment except for Extreme North Province	5,300,000	100% of foreign expenditures and 85% of local expenditures
(3)	Consultants' services and training	3,500,000	100%
(4)	Insecticides	5,600,000	100%
(5)	Veterinary drugs	600,000	50%
(6)	Operating costs except for Extreme North Province	8,800,000	90% up to \$4,000,000, then 60% up to \$7,000,000, and 30% thereafter
(7)	Goods and services for Part E of the Project (except Part E.3 thereof)	6,400,000	100%
(8)	Refunding of Project Preparation Advance	300,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(9)	Unallocated	3,500,000	
	TOTAL	34,600,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided however that, if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be "foreign expenditures"; and

(c) the term "operating costs" means mission travel and subsistence allowances for local and expatriate staff involved in the Project, operation and maintenance of Project vehicles, equipment, office supplies and small inputs such as fertilizers and seeds for demonstration purposes.

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

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$300,000, may be made in respect of Category (1) on account of payments made for expenditures before that date but after January 1, 1988;

(b) payments for insecticides in respect of Category (4) unless the Bank is

satisfied with the type of insecticides selected and that their use will be coordinated and supervised in accordance with environmental guidelines satisfactory to the Bank; and

(c) payments for goods and services financed under any Subsidiary Loan under Category (7): (i) until the Bank has dispatched notice to the Borrower and the financial intermediary concerned that it has received and accepted the evidence that the corresponding Financing Agreement has been executed by the parties thereto and, as part of such evidence, the Bank has been furnished with an opinion(s) satisfactory to the Bank showing that said Financing Agreement has been duly authorized or ratified by the parties thereto and is legally binding upon its respective parties in accordance with its terms; and (ii) unless the policies and procedures set forth in Schedule 7 to this Agreement have been complied with.

SCHEDULE 2

Description of the Project

The objectives of the Project are to increase livestock producer income and meat and milk production, while reducing the financial burden on the Borrower arising from services provided by it to the livestock sector through: (a) improvement of the efficiency of the livestock production sector; (b) promoting the role of the private sector in the provision of services to the producers; (c) making parastatal enterprises profitable and competitive; and (d) strengthening the planning and extension capabilities of MINEPIA's livestock services.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Action Program

Carrying out of an Action Program, as outlined in Schedule 5 to this Agreement, for putting into effect reforms in the livestock sector.

Part B: Institution Building

1. Establishment and/or strengthening of about 250 producer associations (traditional cattle and small stock owners, groups of poultry and dairy producers), with a particular focus on the promotion of women's activities, and consolidation thereof into four regional federations in the Borrower's Provinces of: (a) Adamaoua and East, (b) Northwest and West, (c) Extreme North and North, and (d) Center, South and Littoral, including training, acquisition of equipment and vehicles.

2. Promotion of grass roots participation by women and poor herders in development activities to be tested in the Borrower's Extreme North Province and, if successful, to be extended to other Provinces of the Borrower.

3. Improvement of livestock extension services whose activities shall be harmonized to the extent possible with those of crop extension services in the Borrower's Provinces of Adamaoua, Northwest and Extreme North, including training, acquisition of equipment, vehicles and supplies, and completion of construction of livestock services infrastructure in the Adamaoua Province.

4. Support to MINEPIA's Directorate of Studies, Projects and Training, through the establishment of a documentation center, the establishment of a monitoring and evaluation system, the development of procedures for the identification and preparation of investments and the carrying out of economic and technical studies, including training and acquisition of equipment.

5. Carrying out of a study of the procedures applied by MINEPIA's services relating to budget preparation and administration, and technical support in particular for the administration of Project funds.

Part C: Resource Management

1. Demarcation of about eleven national agro-pastoral development areas of 10,000 ha to 150,000 ha each and allocation of long-term exclusive grazing rights thereon to selected producer associations in the Borrower's Provinces of Adamaoua, East, Northwest, West, Extreme North and North.
2. Carrying out of detailed land tenure surveys, construction of about 40 km of access roads, 180 km of feeder roads and 20 water points for the above-mentioned areas.
3. Introduction of improved land-use management techniques and the carrying out of research activities on range land improvement, including acquisition of equipment and vehicles for the above-mentioned areas.
4. Setting up a protection system for areas previously cleared of the tsetse fly under the Second Livestock Project (Credit No. 1010 CM) and, if proved successful by 1991, further eradication of the tsetse fly over an adjacent area of about 12,000 km² in the eastern part of the Borrower's Adamaoua Province.

Part D: Animal Health

1. Reorganization of OPV to make it profitable and financially autonomous.
2. Introduction of a sheep and goat improvement program in the Borrower's Extreme North, West, Center and South Provinces and a village poultry health program in the Borrower's Extreme North, West, Northwest, Center and South Provinces.

Part E: Production Credit

Making Subsidiary Loans to finance:

1. private companies or individuals authorized to import veterinary pharmaceuticals;
2. the establishment of veterinary health clinics;
3. herd and land-use development and other economic activities in the areas referred to in Part C.1 hereof;
4. semi-intensive poultry production; and
5. feed and livestock processing industries.

* * *

The Project is expected to be completed by December 31, 1994.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each April 15 and October 15	
beginning April 15, 1994 through April 15, 2005	1,440,000
On October 15, 2005	1,480,000

