

CONFORMED COPY

LOAN NUMBER 2912 CM

Project Agreement

(Cocoa Rehabilitation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

and

SOCIETE DE DEVELOPPEMENT DU CACAO

Dated April 21, 1988

LOAN NUMBER 2912 CM

PROJECT AGREEMENT

AGREEMENT, dated April 21, 1988, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and SOCIETE DE DEVELOPPEMENT DU CACAO (SODECAO).

WHEREAS (A) by the Loan Agreement of even date herewith between Republic of Cameroon (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred three million dollars (\$103,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that SODECAO agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a financing agreement to be entered into between the Borrower and SODECAO, part of the proceeds of the loan provided for under the Loan Agreement will be made available to SODECAO on the terms and conditions set forth in said Financing Agreement; and

WHEREAS SODECAO, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) SODECAO declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement and, to this end, shall carry out Part A of the Project and assist FONADER in the carrying out of Part D of the Project, with due diligence and efficiency and in conformity with appropriate administrative, financial, economic and agricultural practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and, except as the Bank and SODECAO shall otherwise agree, SODECAO shall carry out Part A of the Project in accordance with the Implementation Program set forth in the Schedule to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for Part A of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to the Loan Agreement.

Section 2.03. SODECAO shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Part A of the Project.

Section 2.04. SODECAO shall duly perform all its obligations under the Financing Agreement. Except as the Bank shall otherwise agree, SODECAO shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Financing Agreement or any provision thereof.

Section 2.05. (a) SODECAO shall, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement and under the Financing Agreement, and other matters relating to the purposes of the Loan.

(b) SODECAO shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Loan, or the performance by SODECAO of its obligations under this Agreement and under the Financing Agreement.

ARTICLE III

Management and Operations of SODECAO

Section 3.01. (a) SODECAO shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, economic and agricultural practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

(b) Without limitation upon the generality of the foregoing paragraph (a), SODECAO shall at all times employ a general director, a deputy general director, a financial director, a management controller, an agricultural production director, a feeder roads director and a workshop

manager, all with appropriate qualifications and experience.

Section 3.02. SODECAO shall at all times operate and maintain its facilities, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and agricultural practices.

Section 3.03. SODECAO shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. SODECAO shall at all times take all such action as shall be necessary on its part to acquire, maintain and renew all rights, powers and privileges which are necessary or useful for the purpose of carrying out its obligations under this Agreement.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) SODECAO shall maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition.

(b) SODECAO shall:

(i) have its records, accounts and financial statements (balance sheets, statements) for each fiscal year appropriate auditing principles consistently independent auditors acceptable to the Bank; statements of income and expenses and related audited, in accordance with applied, by

(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) 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, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

#### ARTICLE V

##### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of SODECAO thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify SODECAO thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered

by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

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)

For SODECAO:

Societe de Developpement  
du Cacao  
P.O. Box 1651  
Yaounde  
Republic of Cameroon

Cable address:

SOECAO  
Yaounde

Telex:

8574-KN

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of SOECAO may be taken or executed by SOECAO's General Director or such other person or persons as SOECAO shall designate in writing, and SOECAO shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ismail Serageldin

Acting Regional Vice President  
Africa

SOCIETE DE DEVELOPPEMENT DU CACAO

By /s/ Paul Pondi

Authorized Representative

SCHEDULE

Implementation Program

1. SODECAO shall, not later than June 30, 1988, enter into an agreement with IRA on terms and conditions which shall be satisfactory to the Bank, providing for respective responsibilities for the carrying out of the adaptive research program for anti-Mirid treatment and Black Pod control under Part A.4 of the Project.

2. In the carrying out of Part A.5 of the Project, SODECAO shall evenly decentralize its road activities during the period 1988-1989 to the three centers of Bafia, Yaounde and Ebolowa under the overall supervision of its feeder roads director assisted by one deputy director.

3. Foodcrop planting materials shall be sold by SODECAO to farmers at full cost.

4. SODECAO shall, not later than March 31 of each year, furnish to the Bank for its approval proposed annual work programs and budgets relating thereto.

5. SODECAO shall take all necessary measures to achieve the following targets:

(a) Taking as a base its budget for fiscal year July 1, 1986/June 30, 1987, personnel costs and operating costs will be reduced in real terms respectively by:

- . 2% and 3% for fiscal year 1987/88;
- . 4% and 6% for fiscal year 1988/89;
- . 6% and 9% for fiscal year 1989/90;
- . 8% and 12% for fiscal year 1990/91; and
- . 10% and 15% for fiscal year 1991/92.

For the purposes of this paragraph:

(i) the term "personnel costs" means the total wage bill of SODECAO for permanent allowances, bonuses and and temporary staff, including gross salaries, benefits; and

(ii) the term "operating costs" means the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, interest and other charges on debt, but excluding provision for depreciation, other non-cash operating charges and personnel costs.

(b) Extension activities will be undertaken in 200 cooperative centers during fiscal year 1988/89 and said number will cumulatively reach:

- . 400 during fiscal year 1989/90;
- . 600 during fiscal year 1990/91;
- . 800 during fiscal year 1991/92; and
- . 1,000 during fiscal year 1992/93.

(c) Anti-Mirid treatment will be reorganized in 300 cooperative centers during fiscal year 1988/89 and said number will cumulatively reach:

- . 600 during fiscal year 1989/90;
- . 900 during fiscal year 1990/91;
- . 1,200 during fiscal year 1991/92; and

. 1,500 during fiscal year 1992/93.

(d) SODECAO shall take all necessary measures on its part to increase the charge on fungicide for Black Pod treatment in accordance with the Program of policy reforms.

