

---

---

**CONFORMED COPY**

**CREDIT NUMBER 4593-CM**

# **Financing Agreement**

**(Community Development Program Support Project – Phase 2)**

**between**

**REPUBLIC OF CAMEROON**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 16, 2009**

---

---

**CREDIT NUMBER 4593 -CM**

**FINANCING AGREEMENT**

AGREEMENT dated September 16, 2009, entered into between REPUBLIC OF CAMEROON (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty six million seven hundred thousand Special Drawing Rights (SDR 26,700,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Euro.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) A situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out; and
  - (b) the Project Implementation *Arrêté* shall have been amended, suspended abrogated, repealed, or waived so as to materially and adversely affect the implementation of the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has amended the Project Implementation *Arrêté* to put in place the institutional and organizational arrangements described in Section I of Schedule 2 to this Agreement and to expand the geographic coverage of the Project, in form and substance satisfactory to the Association.
  - (b) The Recipient has updated the Project Implementation Manual, the Monitoring and Evaluation Manual and the Financial Management Manual, in form and substance satisfactory to the Association.
  - (c) The Recipient has recruited: (i) two accountants in the NCU; (ii) one accountant in each of the RCUs in the New Regions; and (iii) an internal auditor for the Project located at NCU, with terms of reference and qualifications acceptable to the Association.

- (d) The Recipient has either appointed or recruited with terms of reference and qualifications acceptable to the Association regional environmental focal points located within each RCU.

- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister at the time in charge of Economy and Planning.

- 6.02. The Recipient's Address is:

Ministry of Economy, Planning and Regional Development (MINEPAT)  
Yaoundé  
Republic of Cameroon

Facsimile:

(237) 22 22 15 09

- 6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Yaoundé, Republic of Cameroon, as of the day and year first above written.

**REPUBLIC OF CAMEROON**

**By:**

***/s/ Louis Paul Motaze***  
**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By:**

***/s/ Mary Barton-Dock***  
**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the delivery of specified basic social services in targeted Communes, and extend the ongoing process in support to decentralization to new Regions.

The Project consists of the following parts:

Part A:            Local Development Support

1. Provision of Grants as follows to Communes for the carrying out of the following activities:

- (a) CDP Preparation Grants for the preparation of Communal Development Plans and CDP Preparation Activities by Eligible Communes.
- (b) CDP-Subproject Grants for the implementation of CDP-Subprojects by Participating Communes as identified in the respective Communal Development Plan and Annual Investment Plan.

Part B:            Support to the Decentralization Process

1. Provision of institutional support to the Recipient's bodies and institutions responsible for the design and implementation of the decentralization process through the following activities:

- (a) Provision of technical assistance and implementation of studies in support of MINATD in connection with the drafting of implementing decrees under the Recipient's Decentralization Laws and the finalization of the Decentralization Charter.
- (b) Organization of workshops and dissemination of the Decentralization Laws and corresponding implementing decrees.
- (c) Provision of consultant services and acquisition of small cartographic equipment required for the mapping of Communes.
- (d) Organization of study tours on decentralization and local development for the technical secretariat of the Inter-Ministerial Committee on Local Services and the Mayors' Association.
- (e) Development and deployment by MINATD of a financial management and accounting software for Communes.

2. Implementation of capacity building activities for Communes and other local stakeholders, as follows:
  - (a) For Communes: (i) development of an operation guide for Communes to improve their financial and procurement management capacities; (ii) organization of workshops and study tours for elected local representatives, communal procurement commissions, and community-based organizations; (iii) provision of Training, including on environment; (iv) promotion of nationwide competitions for local governments on best practices for enhancing good governance and transparency; and (v) acquisition of computer equipment.
  - (b) For other local stakeholders, such as Local Service Providers, multidisciplinary teams of the Sectoral Ministries and Technical Service Providers: (i) provision of Training and organization of workshops and study tours on decentralization and local development; (ii) financing of travel expenses of multidisciplinary teams; and (iii) publication and dissemination of a participatory planning guide, as well as a guide for procurement procedures.

Part C: Project Coordination, Management, Monitoring and Evaluation, and Communication

Provision of support for Project implementation in the form of technical advisory services, transportation facilities and office equipment, minor works, Training and Operating Costs for the benefit of the NCU and the RCUs to facilitate the implementation of financial and technical audits, impact evaluations, beneficiary assessments, Training programs, outreach and communication activities, and coordination among stakeholders.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall implement the Project through its Ministry of Economy, Planning, and Regional Development, which shall be responsible for the overall oversight of the Project.
2. The Recipient shall maintain, throughout Project implementation, a Steering Committee with composition, functions and resources satisfactory to the Association, and consistent with the requirements of the Project Implementation *Arrêté*, to be responsible for approving the Annual Work Plans and Budgets as well as for monitoring and providing guidance on the overall implementation of the Project.
3. The Recipient shall maintain throughout Project implementation, the following bodies, with staffing, functions and resources satisfactory to the Association, to be in charge of the coordination and management of the Project:
  - (a) At the national level, a National Coordination Unit within MINEPAT, which shall be responsible for, *inter alia*: (i) coordinating the overall implementation of the Project; (ii) consolidating and submitting to SC for approval work plans, budgets and progress reports; and (iii) carrying out of reporting, monitoring and evaluation activities at the national level.
  - (b) At the regional level, one Regional Coordination Unit in each Region of the Recipient, which shall be responsible for, *inter alia*: (i) coordinating the overall implementation of the Project within its Region; (ii) preparing work plans, budgets and progress reports for its Region; (iii) carrying out reporting, monitoring and evaluation activities in the Region; (iv) ensuring that CDPs are consistent with the Recipient's regional development master plans; and (v) signing of Grant Agreements with Beneficiaries.
4. Annual Consultations

The Recipient shall cause NCU and the RCUs to organize annual regional workshops with relevant stakeholders to establish annual priorities for local development activities in conformity with the provisions of the Project Implementation Manual.



**B. Manuals**

1. Except as the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the Project Implementation Manual, the Monitoring and Evaluation Manual and the Financial Management Manual, and shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof. In the event of any inconsistency between this Agreement, on the one hand, and the Project Implementation Manual or the Financial Management Manual, on the other hand, the provisions of this Agreement shall prevail.
2. For purposes of Part A.1 of the Project, the Recipient shall apply the proceeds of the Credit allocated to the provision of CDP Preparation Grants and CDP-Subproject Grants, in accordance with the guidelines, procedures and criteria, and terms and conditions, set forth in the Project Implementation Manual, and the additional terms and conditions set forth in sub-sections I.D, E and F of Schedule 2 to this Agreement.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Communal Development Plans and CDP Preparation Grants**

1. The Recipient shall provide CDP Preparation Grants for the benefit of Eligible Communes for the preparation of Communal Development Plans in accordance with the provisions of this Agreement and the Project Implementation Manual, subject to the following additional terms and conditions:
  - (a) all Communes other than those whose CDPs have previously been reviewed, approved and validated in accordance with the provisions of this Section D.2 shall be considered eligible for CDP Preparation Grants;
  - (b) CDPs shall include: (i) technical and environmental feasibility studies on the Subprojects proposed to be implemented in the first year of such CDP; and (ii) Annual Investment Plans for the duration of the CDP describing the Subprojects to be implemented during a given year of Project implementation; and
  - (c) the Communes that already have a CDP that has been previously reviewed, approved and validated in accordance with the provisions of this Section D.2, but that have not fulfilled the CDP Preparation Activities for a given year of implementation of such CDP shall be considered eligible for CDP Preparation Grants for such CDP Preparation Activities.

2. Each CDP shall have been reviewed and approved by the Municipal Council and then validated by the Divisional Officer.

**E. CDP-Subproject Grants**

1. Further to sub-section B.2 of this Section, the use of the proceeds of the Credit allocated to CDP-Subproject Grants for the implementation of CDP-Subprojects under Part A.1(b) of the Project shall be subject to the following additional terms and conditions:
  - (a) By October 30 of each year, MINEPAT shall: (i) confirm, based on objective criteria laid down in the Project Implementation Manual, the final Annual Allocation of funds to be made available to each Participating Commune as CDP-Subproject Grants; and (ii) inform each Participating Commune of its final annual allocation.
  - (b) Based on these allocations and on the priorities laid down in its Communal Development Plan, each Participating Commune shall confirm its Annual Investment Plan, in accordance with the requirements laid down in the Project Implementation Manual, describing a selected number of Subprojects to be financed under the annual investment plan by CDP-Subproject Grants. The final Annual Investment Plan shall be reviewed and approved by the Municipal Council and then validated by the Divisional Officer and included in the relevant CDP-Subproject Grant.
2. Without limitation upon the criteria specified in the Project Implementation Manual, and except as the Association shall otherwise agree, no CDP-Subproject shall be eligible to be financed by a CDP-Subproject Grant unless the relevant RCU shall have determined, on the basis of an initial assessment of the Participating Commune and guidelines and criteria specified in the Project Implementation Manual that such CDP-Subproject satisfies the eligibility criteria, which shall include, *inter alia*, the following:
  - (i) The CDP-Subproject has been included as part of the Communal Development Plan and the Participating Commune's Annual Investment Plan approved under Section I.E of Schedule 2 of this Agreement;
  - (ii) the CDP-Subproject shall be implemented by a Participating Commune;
  - (iii) the CDP-Subproject does not fall within any of the negative list of ineligible activities set forth in the Project Implementation Manual;
  - (iv) the Participating Commune shall contribute an agreed percentage of the investment cost as specified in the Project Implementation Manual based on the nature of the Subproject;

- (v) no other source of financing will support the implementation of the CDP-Subproject other than the co-financing to be provided by the Communes;
- (vi) all relevant Safeguard Documents have been prepared and relevant activities taken in connection with such CDP-Subproject in accordance with the ESMF and/or RPF;
- (vii) a committee for the management of the CDP-Subproject composed of representatives from beneficiaries has been put in place and adequate arrangements have been made for financing the maintenance and other recurrent costs related to the CDP-Subproject, upon its completion; and
- (viii) the technical and environmental feasibility studies conducted by a Local Monitor have been finalized in form and substance satisfactory to the Association and justify the financing of the CDP-Subproject.

**F. Provisions Common to Grants**

1. No CDP Preparation Activity or CDP-Subproject shall be eligible for financing out of the proceeds of a Grant unless a Grant Agreement has been concluded between the relevant RCU and each Beneficiary to this effect in the form of the standard model form provided in the Project Implementation Manual, and on terms and conditions satisfactory to the Recipient and the Association, and set forth or referred to in this Agreement and the Project Implementation Manual, including the following additional terms and conditions:
  - (i) The Beneficiary shall be required to carry out the each Microproject to be financed by the Grant with due diligence and efficiency, and in accordance with sound administrative, financial and technical practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Credit proceeds other than the Recipient, and with due regard to appropriate environmental considerations, as reflected in the Safeguards Documents.
  - (ii) The Beneficiary shall have the obligation to ensure at all times that:
    - (A) goods, works and consultants' services to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement; and (B) in the case of a CDP-Subproject, a) such goods, works and consultants' services shall be used exclusively for implementing the activities described in the Annual Investment Plan and achieving the objectives of such activities; and b) upon completion of each Microproject contained in the CDP-Subproject, each such Microproject shall be operated and maintained in accordance with the operation and maintenance plan agreed upon with the Recipient.

- (iii) The Beneficiary shall: (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Grant; and (B) at the Recipient's or the Association's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association.
- (iv) The Recipient shall have the right to inspect, by itself or jointly with representatives of the Association, if the Association shall so request, the goods, works and services financed by the Grant, the operation of any Subproject and any relevant records and documents, and obtain any report in connection therewith, of such scope and in such detail as the Association shall reasonably request.
- (v) The Recipient shall have the right to obtain all such information as the Recipient or the Association shall reasonably request relating to the administration, operations and financial condition of each Beneficiary, and the benefits derived from the Grant.
- (vi) The Recipient shall have the right to suspend the right of any Beneficiary to the use of the proceeds of the Grant, or any part thereof, or obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement
- (vii) In the case of a CDP-Subproject:
  - (A) disbursements under each CDP-Subproject Grant Agreement shall be in two phases as follows: (i) 60% of the amount of each Microproject included in the CDP-Subproject Grant, upon signing of such CDP-Subproject Grant; and (ii) the balance, upon approval by the relevant RCU after submission by the relevant Participating Commune to the Recipient through RCU and the NCU of evidence of satisfactory implementation of the relevant Microproject, as assessed by representatives of the relevant sectoral ministries and the monitoring progress report issued by a Local Monitor; and
  - (B) the CDP Subproject Grant shall be used exclusively to cover all or part of the CDP Subprojects included in the relevant Participating Commune's Annual Investment Plan for a given year.

2. The Recipient shall exercise its rights under each Grant Agreement in such manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Credit. Except as the Recipient and the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

**G. Safeguards**

1. The Recipient shall carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the Environmental and Social Management Framework and the Resettlement Policy Framework and the Indigenous People Development Plan, and, wherever applicable for the purpose of any activity and prior to the implementation thereof, (i) prepare; (ii) except as otherwise agreed with the Association, submit to the Association for approval; and (iii) disclose and implement, Environmental and Social Management Plans, Waste Management Plans and Resettlement Action Plans in accordance with the Environmental and Social Management Framework and the Resettlement Policy Framework, respectively, and in form and substance acceptable to the Association.
2. The Recipient shall not amend or waive, or permit to be waived, any of the Safeguard Documents, or any provision thereof, in a manner which, in the opinion of the Association may materially and adversely affect the implementation of the Project.
3. The Borrower shall ensure that: (i) all measures for carrying out the recommendations of the Safeguard Documents are taken in a timely manner; and (ii) the Project Reports referred to in Part A of Section II of this Schedule shall include adequate information on monitoring the measures set forth in the Safeguard Documents for the implementation of the Project.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports (which shall include the Environmental Monitoring Reports) in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following, as measured by the completion of the Project:

- (i) Percentage of Eligible Communes that have increased the rate of coverage of social services by at least 5% in at least one of the following four sectors: health, education, water and sanitation; as measured by the number of users or service points over the baseline situation.
  - (ii) Percentage of Eligible Communes (99) in the following Regions: North, North West; South West, East and Littoral that have prepared Communal Development Plans of a quality acceptable to the Association.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six (6) months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines shall apply to goods manufactured in the territory of Recipient.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding <sup>(1)</sup>
(b) Shopping
(c) Community Participation
(d) Direct Contracting

---

<sup>1</sup> Subject to the following additional procedures:

- in accordance with paragraph 1.14 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines;
- bids shall be advertised in national newspapers with wide circulation;
- bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later;
- eligible bidders, including foreign bidders, shall be allowed to participate;
- no domestic preference shall be given to domestic contractors and to domestically manufactured goods;
- bids are awarded to the lowest evaluated bidder proven this bidder is qualified; and
- fees charged for the bidding documents shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on Consultants' Qualifications
(e) Single-Source Selection
(f) Individual Consultants

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:



<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, minor works, Training, Operating Costs and services for the Project	9,600,000	100%
(2) Goods and services for CDP Preparation Grants	5,500,000	100%
(3) Goods, works and services for CDP-Subproject Grants	11,600,000	100%
<b>TOTAL AMOUNT</b>	26,700,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments:
  - (a) made prior to the date of this Agreement; and
  - (b) under Categories (2) and (3), respectively, and with respect to each CDP Preparation Grant or CDP-Subproject Grant, unless: (i) a CDP Preparation Grant Agreement or a CDP-Subproject Grant Agreement has been signed by the parties thereto; and (ii) the Commune party to such CDP Preparation Grant or CDP-Subproject Grant, as applicable, has an accountant.
2. The Closing Date is November 30, 2013.

**Section V. Other Undertakings**

**A. Mid-term Review**

1. No later than thirty (30) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient and the Association shall carry out a mid-term review of the Project, covering the progress achieved in the implementation of the Project. The Recipient shall prepare under terms of reference satisfactory to the Association, and furnish to the Association approximately one month

prior to the beginning of such mid-term review of the Project, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement and the Project Implementation Manual, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives of the Project during the period following such date.

2. As part of such mid-term review, the Association shall perform an environmental audit of the implementation of the Project.

**B. Safeguards**

1. The Recipient shall ensure that MINEP, MINAS and MINEPAT have put in place and comply with, strengthened coordination mechanisms at the regional and departmental levels.
2. The Recipient shall ensure the environmental training for representatives of NCU, RCUs, MINEP, MINAS at the national, regional and concerned staff at the communal level and for relevant stakeholders.
3. The Recipient shall ensure the timely funding of preparation of appropriate Safeguard Documents for the Subprojects.
4. The Recipient shall ensure that the Project prepare Environmental Monitoring Reports in form and substance satisfactory to the Association as part of the Project Reports.

**C. Procurement**

1. The Recipient shall maintain for the duration of the Project a procurement specialist within NCU with terms of reference, qualifications and experience acceptable to the Association.

**D. Audits**

1. Not later than four months after the Effective Date, the Recipient shall recruit the external auditor for the financial audit of the Project pursuant to terms of reference and with qualifications, and experience acceptable to the Association.
2. Not later than six months after the Effective Date, the Recipient shall recruit an auditor for the Project pursuant to terms of reference and with qualifications and experience acceptable to the Association to perform randomized technical and financial audits of the Communes.

3. The Recipient shall perform on a yearly basis, through the auditor recruited for such purpose pursuant to paragraph 2 of this Section V.D, random technical and financial audits of CDP-Subprojects in Participating Communes on a yearly basis or as otherwise agreed with the Association.
4. The Recipient shall provide, throughout Project implementation, the Simplified Communal Operational Manual and Training for the staff of the Communes in the New Regions in the financial management and procurements arrangements of the Project.
5. The Recipient has upgraded the integrated financial management software used by the Project to include the New Regions and trained the staff of NCU and each of the RCUs, in the use of the integrated financial management software to be used by the Project, by no later than three months after the Effective Date.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15	
commencing September 15, 2019 to and including March 15, 2029	<b>1</b>
commencing September 15, 2029 to and including March 15, 2049	<b>2</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

**APPENDIX****Definitions**

1. “Annual Allocation” means the aggregate annual allocation attributed to a Participating Commune for the duration of Project implementation as determined in the PIM for the purposes of CDP-Subproject Grants.
2. “Annual Investment Plan” means the plan that Participating Communes are required to prepare in accordance with Section I.D.1(b) of Schedule 2 to this Agreement, for each year of Project implementation as part of the preparation of the Communal Development Plan, and which identifies a selected number of CDP-Subprojects to be financed by a CDP-Subproject Grant during a given year and confirmed every year pursuant to Section I.E.1(a) of Schedule 2 to this Agreement.
3. “Annual Work Plans and Budgets” means the annual work plans and budgets for the Project.
4. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
5. “Beneficiary” means an Eligible Commune or a Participating Commune, as the case may be.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “CDP Preparation Activity” means the preparation of a Communal Development Plan by an Eligible Commune and/or technical and environmental feasibility studies, Communes’ contractual support staff salaries and expenses of CDP approval sessions of the relevant Municipal Council and Commune’s procurement commissions, for each year of CDP implementation.
8. “CDP Preparation Grant” means a grant in the amount determined in the PIM on the basis of each Eligible Commune’s Allocation, made, or to be made, to an Eligible Commune out of the proceeds of the Credit to finance a CDP Preparation Activity.
9. “CDP Preparation Grant Agreement” means the agreement, satisfactory to the Association, to be entered into between an Eligible Commune and an RCU for the purpose of extending a CDP Preparation Grant.
10. “CDP-Subproject” means, collectively, the Microprojects to be carried out by a Participating Commune as identified in its Annual Investment Plan and Communal

Development Plan, financed, or proposed to be financed through a CDP-Subproject Grant under Part A.1.(b) of the Project.

11. “CDP-Subproject Grant” means a grant made, or to be made, to a Participating Commune out of the proceeds of the Credit to finance a CDP-Subproject under Part A.1(b) of the Project.
12. “CDP-Subproject Grant Agreement” means the agreement, satisfactory to the Association, to be entered into between a Participating Commune and a RCU for the purpose of extending a CDP-Subproject Grant.
13. “Communal Development Plan” or “CDP” means the five-year development plan to be prepared by Eligible Communes and approved by their Municipal Councils and the Divisional Officers pursuant to the Project Implementation *Arrêté*.
14. “Commune” means a decentralized local government entity established and operating under the laws of the Recipient (Law No. 74/23 dated December 5, 1974), relating to communal organization and any amendment thereto.
15. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
16. “Decentralization Charter” means the legal text defining the rules guiding the partnership between the administration and local government (regions and communes).
17. “Decentralization Laws” means, collectively, (i) the Law for General Guidelines on Decentralization, No.2004/17 of the 22 July 2004 on the Orientation of Decentralization; (ii) the Law Applicable to Regions, No 2004/19 of 22 July 2004 to lay down rules applicable to Regions; and (iii) the Law Applicable to Communes, No.2004/18 of 22 July 2004 to lay down rules applicable to communes.
18. “Displaced Persons” means persons who, on account of the execution of a Subproject under Part A of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Displaced Person” means any of the Displaced Persons.
19. “Divisional Officer” means the *Préfet* of each of the *Départements* of the Recipient within which the Eligible Communes are located.

20. “Eligible Commune” means any Commune deemed eligible for a CDP Preparation Grant under Section I.D of Schedule 2 to this Agreement and the Project Implementation Manual to develop its Communal Development Plan and related CDP Preparation Activities.
21. “Environmental and Social Management Framework” means the Environmental and Social Management Framework of the Recipient dated February 25, 2009, and disclosed in the country of the Recipient on February 27, 2009 and at the Association’s *Inshop* on March 5, 2009, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, including for medical and market waste generating activities, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, measures and policies, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association.
22. “Environmental and Social Management Plan” means the document to be prepared by Beneficiaries in connection with Subprojects describing the potential adverse environmental and social impacts of a Subproject during: (i) planning, designing and construction; (ii) operation; and (iii) outlining institutional arrangements for the implementation and monitoring of mitigation measures, as well as cost estimates for these measures, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association.
23. “Environmental Monitoring Reports” means the environmental monitoring reports on the status of compliance with the Safeguard Documents to be prepared by the implementing entities of the Project pursuant to Section V.B.4 of Schedule 2 of this Agreement.
24. “Financial Management Manual” means the manual dated May 2004 adopted by the Recipient for the PNDP I, to be updated by the Recipient pursuant to Section 5.01 (b) of this Agreement, outlining the administrative, financial management and accounting arrangements for the implementation of the Project, as the same may be amended from time to time with the prior written consent of the Association, and such term includes any schedules to such manual.
25. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
26. “Grant” means a CDP Preparation Grant or a CDP-Subproject Grant, as the case may be.
27. “Grant Agreement” means a CDP Preparation Grant Agreement or a CDP-Subproject Grant Agreement, as the case may be.
28. “Indigenous Peoples Development Plan” means the document adopted by the Recipient and disclosed in the country of the Recipient on February 25, 2009 and at the Association’s *Infoshop* on March 5, 2009, defining specific measures to be implemented for indigenous

minorities in order to protect them and to ensure that members of said minorities be granted equal legal, financial and organizational opportunities under the Program.

29. “Inter-Ministerial Committee on Local Services” means the committee established pursuant to the Recipient’s Decree establishing the Inter-Ministerial Committee on Local Services No. 2008/014 of 17 January 2008.
30. “Local Monitor” means a local monitor to be recruited by a Participating Commune for the performance of the technical and environmental feasibility studies as set forth in Section I.E.2 (vii) of Schedule 2 of this Agreement and/or for the performance of the technical and financial review of the implementation of each Microproject as set forth in Section I.F.1(vii) of Schedule 2 of this Agreement.
31. “Local Service Provider” means any of the decentralized technical public services of the Recipient, or any other entity providing assistance to the Beneficiaries for: (i) the preparation of Communal Development Plans; and (ii) the identification, appraisal, preparation, and supervision of Subprojects.
32. “Mayors’ Association” means United Councils and Cities of Cameroon (UCCC) and governed by *Arrêté* No. 1277/RDA/J06/BAPP of 07 January 2004.
33. “Microproject” means a subproject activity of a specific nature identified by a Commune as part of its CDP as necessary to improve the delivery of such Commune’s basic social services and included in a CDP-Subproject.
34. “MINAS” means the Recipient’s Ministry of Social Affairs.
35. “MINATD” means the Recipient’s Ministry of Territorial Administration and Decentralization.
36. “MINEP” means the Recipient’s Ministry of Environmental Protection.
37. “MINEPAT” means the Recipient’s Ministry of Economy, Planning, and Regional Development.
38. “Monitoring and Evaluation Manual” means the monitoring and evaluation manual dated May 2004 adopted by the Recipient for the PNDP I, to be updated by the Recipient pursuant to Section 5.01 (b) of this Agreement, outlining the monitoring and evaluation arrangements for the implementation of the Project, as the same may be amended from time to time with the prior written consent of the Association, and such term includes any schedules to such manual.
39. “Municipal Council” means Deliberative organ of councils governed by law No. 2004/18 of 22 July 2004 to lay down rules applicable to Communes (Section 26).



40. “NCU” means the National Coordination Unit (*Cellule Nationale de Coordination*) established and operating pursuant to the Project Implementation *Arrêté* and referred to in Section I.A.3 of Schedule 2 to this Agreement.
41. “New Regions” means the following Regions: *Extreme Nord, Nord-Ouest, Sud-Ouest, Est and Littoral*.
42. “Operating Costs” means the reasonable incremental operating costs incurred by NCU, RCUs under the Project, based on annual budgets satisfactory to the Association, on account of local contractual support staff salaries, employment benefits, travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation, maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications’ expenses, but excluding the salaries of officials and public servants of the Recipient’s civil service.
43. “Participating Commune” means any Commune whose CDPs have previously been reviewed, approved and validated in accordance with the provisions of Section I.D.2 of Schedule 2 to this Agreement and the Project Implementation Manual and who has fulfilled the necessary CDP Preparation Activities for a given year.
44. “PNDP I” means the Community Development Support Project- Phase I financed by the Development Credit Agreement (Credit 3876-CM) between the Recipient and the Association, dated July 8, 2004.
45. “PNDP Environmental Specialist” means the NCU and RCU staff in charge of the monitoring of environmental and social project activities.
46. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
47. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 9, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
48. “Program” means the program designed, *inter alia*, to support the implementation of the Recipient’s rural development strategy and set forth or referred to in the letter dated January 14, 2004 from the Recipient to the Association.
49. “Project Implementation *Arrêté*” means the Recipient’s *arrêté* No. 002/PM dated January 9, 2004, “*Portant organisation du cadre institutionnel d’exécution du Programme National de Développement Participatif*”, as amended in accordance with Section 5.01(a) of this Agreement.

50. “Project Implementation Manual” or “PIM” means the manual dated May 2004 adopted by the Recipient for the PNDP I, to be updated by the Recipient in accordance with Section 5.01 (b) of this Agreement, outlining: (i) implementation, organizational, disbursement, monitoring and procurement rules and procedures for the purposes of Project implementation; (ii) a standard model form of CDP Preparation Grant Agreement and CDP-Subproject Grant Agreement acceptable to the Association; (iii) the eligibility criteria for Subprojects, the provision of CDP Preparation Grants and CDP-Subproject Grants; (iv) the Allocation on a yearly basis of each Commune for the duration of the Project; and (v) an annex setting forth the Simplified Communal Operational Manual; as the same may be amended from time to time with the prior written consent of the Association, and such term includes any schedules to such manual.
51. “RCU” means each of the Regional Coordination Units established at the regional level in accordance with Section I.A.3.(b) of Schedule 2 to this Agreement and pursuant to the Project Implementation *Arrêté*.
52. “Region” means a decentralized local government entity established and operating under the laws of the Recipient (Law No. 96-06 of January 18, 1996), relating to regional organization and any amendment thereto.
53. “Resettlement Action Plan” means the document to be prepared by Beneficiaries in connection with Subprojects defining a program of actions, measures and policies for compensation and resettlement of Displaced Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the Resettlement Action Plan, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.
54. “Resettlement Policy Framework” means the Resettlement Policy Framework of the Recipient dated January 2009, and disclosed in the country of the Recipient on February 27, 2009 and at the Association’s *Infoshop* on March 5, 2009, outlining the policies and procedures to be implemented in the event that the implementation of Subprojects requires land acquisition, thereby having potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.
55. “Safeguard Documents” means the Environmental and Social Management Framework, the Resettlement Policy Framework, the Environmental and Social Management Plans, and the Resettlement Action Plans, the Indigenous Peoples Development Plan, and the Waste Management Plans.
56. “Sectoral Ministries” means all ministries of the Recipient involved in the implementation of Subprojects.

57. “Simplified Communal Operational Manual” means the specific operational manual for the Communes, as annexed to the Project Operational Manual.
58. “Steering Committee” or “SC” means the steering committee for the Project established and operating pursuant to the Project Implementation *Arrêté* and referred to in Section I.A.2 of Schedule 2 to this Agreement.
59. “Subproject” means a CDP Preparation Activity or a CDP-Subproject, as the case may be.
60. “Technical Service Provider” means a non-governmental organization, team of consultants, construction firm or association, as the case may be, established and operating pursuant to the laws of the Recipient and deemed eligible in terms of the Project Implementation Manual to implement or provide assistance in connection with the implementation of a Subproject.
61. “Training” means the training of persons involved in Project-supported activities, based on annual budgets satisfactory to the Association, such term including seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.
62. “Waste Management Plan” means the document adopted by the Recipient and disclosed in the country of the Recipient on February 27, 2009 and at the *Infoshop* on March 5, 2009, as part of the ESMF, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, and eliminate, offset or mitigate any adverse environmental impacts of, shealth care waste and market waste generating activities, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, measures and policies.