

CONFORMED COPY

LOAN NUMBER 2999 CM

Loan Agreement

(Second Urban Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 25, 1989

LOAN NUMBER 2999 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 of its Agreement, has requested the Bank to assist in the of the Project;

(B) the Project will be carried out, inter alia, by Credit Foncier du Cameroun (CFC) and Mission d'Amenagement et d'Equipement des Terrains Urbains et Ruraux (MAETUR) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to CFC and MAETUR part of the proceeds of the Loan as provided in this Agreement;

(C) the Borrower intends to seek further external financing to assist in the financing of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreements of even date herewith between the Bank and CFC and MAETUR, respectively;

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 Accounts" means the Borrower's Special Account and the CFC Special Account referred to in Section 2.02 (b) of this Agreement;
- (b) "MINUH" means Ministere de l'Urbanisme et de l'Habitat, the Borrower's Ministry responsible for town planning and housing;
- (c) "PSU" means the Project Special Unit established within MINUH by the Borrower's Decree No. 88-202 dated February 4, 1988;
- (d) "MINAT" means Ministere de l'Administration Territoriale, the Borrower's Ministry responsible for territorial administration;
- (e) "Urban Development Steering Committee" means the Steering Committee established by the Borrower's Decree No. 88-1603 dated October 25, 1988, to coordinate urban development policies and programs;
- (f) "CUD" means the Communaute Urbaine of Douala and "CUY" means the Communaute Urbaine of Yaounde, operating pursuant to the Borrower's Law No. 87-15 of July 15, 1987, instituting urban communities, and respectively established pursuant to the Borrower's Decrees No. 87-1366 and No. 87-1365 of September 24, 1987;
- (g) "Secondary City" means an urban commune, other than CUY and CUD, located in the Borrower's territory, which may benefit from an infrastructure upgrading program under Part B.3 of the Project;
- (h) "CFC" means Credit Foncier du Cameroun, an etablissement public a caractere commercial of the Borrower governed by the provisions of Decree No. 77-140 of May 13, 1977, modified by Decree No. 236 of June 17, 1981;
- (i) "MAETUR" means Mission d'Amenagement et d'Equipement des Terrains Urbains et Ruraux, an etablissement public a caractre industrial et commercial of the Borrower governed by the provisions of Decree No. 77-193 of June 23, 1977, modified by Decree No. 82-599 of November 25, 1982;
- (j) "ARAN" means Agence de Restructuration et d'Amenagement de Nylon, a cellule within MAETUR;
- (k) "FEICOM" means Fonds Special d'Equipement et d'Intervention Intercommunale, the special council support fund for municipal assistance of the Borrower created by Law No. 74-23 of December 5, 1974, and governed by the provisions of Decree No. 77-85 of March 22, 1977, modified by Rectificatif No. 174 of May 27, 1978, and Decree No. 85-130 of January 31, 1985;
- (l) "CFC Project Agreement" means the agreement between the Bank and CFC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the CFC Project Agreement;
- (m) "MAETUR Project Agreement" means the agreement between the Bank and MAETUR of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the MAETUR Project Agreement;
- (n) "CFC Financing Agreement" means the agreement to be entered into between the Borrower and CFC pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the CFC

Financing Agreement;

(o) "MAETUR Financing Agreement" means the agreement to be entered into between CFC and MAETUR pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the MAETUR Financing Agreement;

(p) "Subsidiary Financing" means a loan made or proposed to be made to a local collectively by CFC, out of the Borrower's contribution and out of the proceeds of the Loan, for an incomegenerating project in accordance with Section 2.02 (a) (ii) of this Agreement; and

(q) "CFA Franc" or "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 one hundred forty-six million dollars (\$146,000,000).

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 A.4 thereof) 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 Financings in respect of the reasonable cost of goods and services required for Part A.4 of the Project and to be financed out of the proceeds of the Loan pursuant to the provisions of Schedule 1 to this Agreement and the Schedule to the CFC Project Agreement.

(b) The Borrower shall, for the purposes of the Project (except Part A.4 thereof), open and maintain in CFAF a special account (the Borrower's Special Account) and, for the purposes of Part A.4 of the Project, open and maintain in CFAF a special account (the CFC Special Account), in a commercial bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1994, 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 per cent ($3/4$ 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 February 1 and August 1 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.

ARTICLE III

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:

(i) carry out, through MINUH, Parts A.1 and 2, B.1 (b), (c) and (e)(i) of the Project with the assistance of CUD; Parts B.2 (b) and (c) of the Project with the assistance of CUY; Part B.3 of the Project with the assistance of the Secondary Cities; Part C.1 of the Project under the coordination of the Urban Development Steering Committee; and Part C.2 and 3 (a) of the Project;

(ii) carry out, through MINAT, Parts A.3 and C.3 (b) of the Project;

(iii) cause CUD to carry out Part B.1 (a) of the Project;

(iv) cause CUY to carry out Part B.2 (a) of the Project; and

(v) carry out or cause to be carried out Part C.4 of the Project with the assistance of MINAT, CUD, CUY and the Secondary Cities;

all, with due diligence and in conformity with appropriate administrative, financial, engineering and urban management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without any limitation or restriction upon any of its other obligations under the Loan Agreement, the Borrower shall cause CFC and MAETUR to perform in accordance with the provisions of the CFC Project Agreement and the MAETUR Project Agreement all their respective obligations therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable CFC and MAETUR to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall ensure that MINUH, through the PSU, be responsible for the overall management, coordination and financial administration of the Project. The PSU shall act as the technical secretariat of the Urban Development Steering Committee and shall be at all times headed by a Project Manager assisted by competent staff in adequate numbers.

Section 3.02 (a) The Borrower shall: (i) relend the proceeds of the Loan allocated to Categories (3) and (4) of the table set forth in paragraph 1 of Schedule 1 to this Agreement and required for Parts A.4, B.1 (d)(ii) and B.1 (e)(ii) of the Project to CFC under a financing agreement to be entered into between the Borrower and CFC, under terms and conditions which shall have been approved by the Bank; and (ii) cause CFC to further relend said proceeds of the Loan allocated to said Category (4) and required for Parts B.1 (d)(ii) and B.1 (e)(ii) of the Project to MAETUR under a financing agreement to be entered into between CFC and MAETUR under terms and

conditions which shall have been approved by the Bank.

(b) The Borrower shall exercise its rights under the CFC Financing Agreement and shall cause CFC to exercise its rights under the MAETUR 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, the Borrower shall not assign, amend, abrogate or waive the CFC Financing Agreement or any provision thereof, nor permit CFC to assign, amend, abrogate or waive the MAETUR Financing Agreement or any provision thereof.

(c) The Borrower shall make available to MAETUR the proceeds of the Loan allocated to Category (1) (d) of the table set forth in paragraph 1 of Schedule 1 to this Agreement and required for Part B.1 (d)(i) of the Project.

Section 3.03. 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 3.04. The Bank and the Borrower hereby agree that 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 Parts A.4 and B.1 (d) and (e)(ii) of the Project shall be carried out by CFC and MAETUR, respectively, pursuant to Section 2.03 of the CFC Project Agreement and the MAETUR Project Agreement.

Section 3.05. For the purposes of Part A.3 of the Project, the Borrower shall, through MINAT:

(a) prepare an action plan on the basis of the recommendations of the on-going municipal finance study;

(b) not later than March 31, 1989, furnish said plan to the Bank for its comments; and

(c) thereafter, carry out said plan in accordance with the recommendations determined by agreement between the Borrower and the Bank.

Section 3.06. (a) The Borrower, through its Urban Development Steering Committee, and the Bank shall, from time to time, at the request of either party, and at least by June 30 of each exchange views on the progress achieved in carrying out the policy action plan included in Part C.1 of the Project,

(b) Prior to such exchange of views, the Borrower shall furnish to the Bank for its review and comments a report on the progress achieved in carrying out said policy action plan, in such detail as the Bank shall reasonably request.

Section 3.07. For the purposes of Part C.3 of the Project, the Borrower shall, through MINUH:

(a) prepare a detailed action plan for each of the parapublic enterprises concerned;

(b) not later than June 30, 1989, furnish said plans to the Bank for its comments; and

(c) thereafter, carry out said plans in accordance with the recommendations determined by agreement between the Borrower and the Bank.

Section 3.08. The Borrower shall carry out, through MINUH, and cause MAETUR to carry out the action plan for resettlement included in Part B.1 (e) of the Project in a manner satisfactory to the Bank.

Section 3.09. Except as the Bank shall otherwise agree, the Borrower shall take all steps necessary to ensure that, upon completion of Parts B.1 (b) and (c), B.2 (b) and (c) and B.3 of the Project, the facilities included in said Parts of the Project

shall have been transferred to CUD, CUY and the Secondary Cities for operation and maintenance and on terms and conditions which shall enable the Borrower to fulfill its obligations under this Agreement in respect of CUD, CUY and the Secondary Cities.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, separate records and accounts and consolidated 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 any part of the Project.

(b) The Borrower shall:

(i) have the accounts referred to in paragraph (a) of this Section, including the Special Accounts, 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 six months after the end of each such year, a certified copy of 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 accounts and the audit thereof and said records 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, separate 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 separate accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report thereof contains, in respect of such separate accounts, a separate opinion by said auditors as to whether the statements of expenditures 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.

Section 4.02. The Borrower shall cause CUD, CUY and the Secondary Cities to develop and carry out a program of road and drain maintenance satisfactory to the Bank. For this purpose, the Borrower shall cause said entities to prepare and furnish, beginning March 31, 1989, and thereafter not later than March 31 of each year, to the Borrower and the Bank for review and comments: (a) a report on municipal finances for the current year, including current and investment expenditures; and (b) a work plan and draft budget for the following year's road and drain maintenance work, including current and investment expenditures.

Section 4.03. The Borrower shall, through MINUH: (a) not later than March 31, 1989, prepare and furnish to the Bank for its review and comments its three-year urban

investment program; and (b) by March 31 of each year thereafter, update said urban investment program and furnish it to the Bank for its review and comments.

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) CFC or MAETUR shall have failed to perform any of its obligations under the CFC Project Agreement or the MAETUR Project Agreement, respectively.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that CFC or MAETUR will be able to perform its obligations under the CFC Project Agreement or the MAETUR Project Agreement, respectively.

(c) The Borrower's Decrees No. 77-140 and No. 236 dated May 13, 1977, and June 17, 1981, or Decrees No. 77-193 and No. 82-599 dated June 23, 1977, and November 25, 1982, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of CFC or MAETUR to perform any of their respective obligations under the CFC Project Agreement or the MAETUR Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of CFC or MAETUR or for the suspension of their respective operations.

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

(A) the right of the Borrower to withdraw the proceeds of any grant or loan of the Project shall have been 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: (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 and 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 events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower;

(b) the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur; and

(c) the event specified in paragraph (e) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of subparagraph (ii) of that paragraph.

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) the CFC Financing Agreement has been executed on behalf of the Borrower and CFC; and

(b) the MAETUR Financing Agreement has been executed on behalf of CFC and MAETUR.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the CFC Project Agreement has been duly authorized or ratified by CFC and is legally binding upon CFC in accordance with its terms;

(b) that the MAETUR Project Agreement has been duly authorized or ratified by MAETUR, and is legally binding upon MAETUR in accordance with its terms;

(c) that the CFC Financing Agreement has been duly authorized or ratified by the Borrower and CFC and is legally binding upon the Borrower and CFC in accordance with its terms; and

(d) that the MAETUR Financing Agreement has been duly authorized or ratified by CFC and MAETUR and is legally binding upon CFC and MAETUR in accordance with its terms.

Section 6.03. 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 the plan 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 the Plan 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 Expenditures to be Financed
(1) Works		
(a) Douala infrastruc- ture	42,500,000	55%
(b) Yaounde infrastruc- ture	19,100,000	55%
(c) Secondary Cities in- frastructure	18,900,000	55%
(d) Nylon infra- structure	11,700,000	85%
(2) Materials	2,900,000	80%

and equipment

(3) Goods and services financed under Part A.4 of the Project	3,700,000	50%
(4) Land development		
(a) under Part B.1 (d)(ii) of the Project	2,100,000	85%
(b) under Part B.1 (e)(ii) of the Project	1,900,000	55%
(5) Consultants' services and training	21,200,000	80%
(6) Unallocated	22,000,000	
TOTAL	146,000,000	

2. 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 \$7,000,000, may be made in respect of Categories (1) (c) and (d), (4) (a) and (5) on account of payments made for expenditures before that date but after January 1, 1988;

(b) payments for any Subsidiary Financing in respect of Category (3) unless the policies and procedures set forth in the Schedule to the CFC Project Agreement have been complied with; and

(c) payments made for expenditures in respect of Category 1 (b) and (c) unless the Bank is satisfied that any action proposed in Yaounde or a Secondary City under Part B.2 and 3 of the Project will attain an economic rate of return of at least 12% and adequate arrangements have been made for the procurement, execution and supervision of the completion of works.

SCHEDULE 2

Description of the Project

The objectives of the Project are to consolidate the basis for sustainable urban development through: (i) improving resource mobilization; (ii) improving infrastructure; (iii) better defining functional responsibilities for the provision of urban services; and (iv) strengthening management capabilities of urban agencies.

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: Urban Resources Mobilization

1. Carrying out of preparatory cartographic works for the establishment of a fiscal cadastre and of a feasibility study for the possible levy of a property tax for CUD and CUY.

2. Land resources management in CUD and CUY through the identification and demarcation of state-owned lands and lands owned by local collectivities and the development of a computerized land data base.

3. Municipal finance improvement in tax billing and collection.
4. Carrying out of a program of loans to urban communes and communities for income-generating projects.

Part B: Priority Urban Infrastructure

1. Carrying out of a program in Douala including:

(a) traffic management improvements of about 17 intersections to be equipped with traffic signals and street markings, and upgrading of about 20 km of sidewalks;

(b) road improvement through upgrading or construction of about 10 km of primary roads;

(c) drainage improvement through widening, deepening and lining of about 4.5 km of storm water drains;

(d) continuation of the development of the Nylon neighborhood undertaken under the Urban Development Project (Loan No. 2244-CM), through: (i) primary infrastructure construction; (ii) land development to upgrade an area of about 50 ha; and (iii) provision of housing credit to purchasers of lots under the land development program referred to in (ii) above; and

(e) resettlement of households to be displaced in order to permit clearing of road and drain rights-of-way required for the execution of Part B.1 (b) and (c) above, in accordance with an action plan including: (i) compensation of displaced households; (ii) development of small lots with basic services in a resettlement area of about 35 ha and sale of said lots to displaced households; and (iii) provision of housing credit to purchasers of lots referred to in (ii) above.

2. Carrying out of a program in Yaounde including:

(a) traffic management improvements of about 4 intersections and completion of a traffic management study for central Yaounde;

(b) road improvement through upgrading of about 6 km of primary roads; and

(c) rehabilitation of the paved road network.

3. Carrying out of a program in the Secondary Cities for maintenance, rehabilitation and upgrading of the urban road and drainage networks.

Part C: Institutional Development

1. Implementation of a policy action plan to consolidate the Borrower's urban strategy for defining institutional and financing mechanisms and identifying investment programs, through the provision of technical assistance.

2. Strengthening MINUH's project management capabilities, through:

(a) provision of technical assistance to the PSU to coordinate and supervise Project implementation; and

(b) on-the-job and external training.

3. Carrying out of action plans concerning the parapublic enterprises: (a) in the urban and housing sectors, namely, Societe Immobiliere du Cameroun (SIC), MAETUR and CFC; and (b) in the communal credit sector, namely, FEICOM.

4. Strengthening CUD'S, CUY's and the Secondary Cities' technical and financial management capabilities, through the provision of technical assistance and training and the acquisition of equipment.

* * * * *

The Project is expected to be completed by December 31, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
On each February 1 and August 1 beginning February 1, 1994 through February 1, 2005	6,085,000
On August 1, 2005	6,045,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
Not more than three years before maturity	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by: 0.18

More than three years but not more than six years before maturity	0.35
More than six years but not more than eleven years before maturity	0.65
More than eleven years but not more than fifteen years before maturity	0.88
More than fifteen years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).
2. To the extent practicable, contracts shall be grouped in bid packages estimated to cost the equivalent of \$500,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Cameroon may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Civil works for traffic management under Part B.1 and 2 of the Project estimated to cost an aggregate amount of \$6,000,000 equivalent, and equipment and materials estimated to cost less than the equivalent of \$500,000 but more than the equivalent of \$50,000 per contract, up to an aggregate amount of \$1,000,000 equivalent, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.
2. Items or groups of items for equipment, vehicles and materials estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount not to exceed the equivalent of \$500,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.
3. Notwithstanding the provisions of Part A hereof and of the preceding paragraphs 1 and 2, goods and services financed under Part A.4 of the Project shall be purchased in accordance with the provisions of paragraph 5 (a)(ii) of the Schedule to the CFC Project Agreement.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:
 - (a) With respect to each contract estimated to cost the equivalent of \$300,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the

Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to the Loan Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ or cause to be employed consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means in the case of the Borrower's Special Account Categories (1), (2), (4) and (5) and, in the case of the CFC Special Account, Category (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for Parts A, B and C of the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount to be withdrawn from the Loan Account and deposited in each of the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent to \$10,000,000 in the case of the Borrower's Special Account and \$1,000,000 in the case of the CFC Special Account.

2. Except as the Bank shall otherwise agree, payments out of the Special Accounts shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Bank requests for replenishment of the Special Account at such intervals as the Bank shall specify on the basis of such

requests, the Bank shall withdraw from the Loan Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Bank, prior to or at the time of such request, such documents and other evidence as the Bank shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into a Special Account shall be made by the Bank when either of the following situations first arises:

(i) the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(ii) the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of a Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Bank, deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Bank into the Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Bank shall have determined at any time that any amount outstanding in a Special Account will not be required to cover further payments for eligible expenditures, the borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount for crediting to the Loan Account.

