

CONFORMED COPY

CREDIT NUMBER 4313-CM

Financing Agreement

(Urban and Water Development Support Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 15, 2007

CREDIT NUMBER 4313-CM

FINANCING AGREEMENT

AGREEMENT dated November 15, 2007, 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 fifty three million and three hundred thousand Special Drawing Rights (SDR 53,300,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 15 and August 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 Urban Water Supply Program. To this end, the Recipient shall carry out Parts A, B and D of the Project through the CU and cause Part C of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 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) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) The Concession Contract, the Lease Contract or the Performance Contract or the Plan Contract shall have been amended, suspended, abrogated, repealed or waived so as to affect the implementation of the Project.
 - (c) The Water Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity or the Operator to perform any of their obligations under the Project Agreement, the Concession Contract, the Lease Contract, the Performance Contract or the Plan Contract.
 - (d) The Project Implementing Act has been amended, suspended, abrogated, repealed or waived so as to adversely affect the implementation of the Project.
 - (e) A situation has arisen which shall make it improbable that the Urban Water Supply Program, or a significant part thereof, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has: (i) adopted Project Implementation Act in form and substance satisfactory to the Association; (ii) has established the Steering Committee; and (iii) has established CU with the following staff: a coordinator, a financial and administrative manager and a procurement specialist, all employed in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (b) the Recipient has (i) established an operational fiduciary management system, satisfactory to the Association; (ii) opened the Designated Account A; and (iii) adopted the PAFAM in form and substance satisfactory to the Association;
 - (c) the Recipient has adopted the PIM, in form and substance satisfactory to the Association; and
 - (d) the Recipient has established the Special Procurement Commission in form and with functions satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

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 increase access of the urban population, particularly those living in low-income settlements, to basic infrastructure and services, including water supply.

The Project consists of the following parts:

Part A. Capacity building and support to decentralization

1. Support the completion of the national urban strategy coordinated by MINDUH, through the provision of technical assistance and the organization of workshops and sensitization activities.
2. Support the development by MINDUH of a national urban database to collect, store, and monitor urban data and management indicators and help build the basis for implementing a national urban public investment program, all through consultant services, training and equipment.
3. Support to improve capacity in the management of urban planning, programming, maintenance, as well as mobilization and utilization of local financial resources in Selected Cities and other cities as may be agreed upon between the Recipient and the Association, through the provision of municipal management tools, training, and technical assistance to Capacity Building Beneficiaries.
4. Support to: (a) the preparation of City Development Contracts in Selected Cities, through: (i) the preparation of technical and financial audits in the municipality of each Selected City; (ii) carrying out a participative process for the preparation of the City Development Contracts; (iii) training and technical assistance, on the basis of the findings and recommendations of the above mentioned audits; and (iv) regular communication with the beneficiaries; and (b) the development of the City Contract approach in light of a future generalization and harmonization of this urban management tool.

Part B. Infrastructure works in low-income settlements

1. In the Selected Cities, carrying out of urban works including: access and main roads, drainage works including tertiary level of storm and waste water, construction of pit latrines, water pipes, public wells and washing areas, solid waste containers, public

lightning, and construction or rehabilitation of local schools, health centers, and community centers.

2. In all of the Selected Local Governments, support capacity building in the field of contract management, accounting, procurement, financial management and reporting.

Part C. Support to the implementation of the public-private partnership in urban water services

1. Support capacity building of: (a) MINEE to develop, monitor and regulate sector policies in connection with urban water services, including revising water tariff structure, carrying out of studies on standposts management, water demand of public customers, sanitation; and, training, seminars and office equipment; and (b) Camwater to monitor the delivery of services and to plan investments, including: carrying out of technical audits of the implementation of the Lease Contract; updating and implementing financial modeling, strengthening the financial and accounting management systems, technical assistance and training for communication, planning, programming and procurement; and workshops and seminars.

2. Support to the rehabilitation of water production and distribution facilities in Douala and Yaoundé under the Work Contract; and support to the rehabilitation of Secondary Centers, including consulting services for design and supervision of works.

3. Support to the expansion of secondary and tertiary distribution networks in Douala, Yaoundé and Secondary Centers necessary to allow for constructing approximately 50,000 social connections under the GPOBA Grant; support to the construction of approximately 20,000 additional social connections; and support to the expansion of production capacities and primary distribution networks in Secondary Centers, including consulting services for design and supervision.

Part D. Project management

1. Supporting Project implementation and coordination; environmental management and mitigation, financial and fiduciary management, technical audits and financial audits as well as communication campaigns and beneficiary surveys, all through technical advisory services and Operating Costs, Training and the acquisition of equipment for CU.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Except as the Association shall otherwise agree, the Recipient shall: (a) apply the criteria, policies, procedures and arrangements set out in the PIM and the PAFAM; and (b) not amend or waive, or permit to be amended or waived, the PIM and the PAFAM, or any provision thereof.

2. The Recipient shall at all times during Project implementation, maintain:
 - (a) the Steering Committee with form and function satisfactory to the Association, in charge of: (i) providing general strategic direction and oversight of the Project implementation; (ii) ensure communication and cooperation among stakeholders; including the private sector; (iii) approve annual work programs and budgets; and (iv) review progress reports, and audit reports;

 - (b) the CU with functions, composition and staffing (including qualifications and experience of personnel) satisfactory to the Association, to be responsible for: (i) day-to-day implementation of Parts A, B and D of the Project, including management of procurement and disbursement for activities under its responsibility and replenishment applications for the Designated Account A, and management of all environmental and social matters in accordance with the provisions of Paragraph D.1 through 3 of this Schedule; (ii) approval of work plans and budgets submitted by Selected Local Governments and consolidation of annual work programs and budgets; (iii) maintenance of records for all transactions and accounts related to CU; (iv) contracting and supervision of contractors; and (v) preparation and production of progress reports, consolidated financial statements and quarterly unaudited financial statements. The CU will at all time include the following key staff: a coordinator, a civil engineer, a procurement specialist, an administrative and financial officer, an accountant, a capacity building specialist, and a monitoring and evaluation specialist.

3. The CU shall ensure proper coordination and communication with all agencies involved in the implementation of the Project, including: (i) as regards Part B of

the Project, the Selected Local Governments and will provide proper assistance to the same for the implementation of Project activities and to build capacity; and (ii) as regards Part C of the Project, the Project Implementing Entity and the Operator.

4. The Recipient shall ensure that all central and decentralized authorities, and other authorities at the regional and communal levels as provided by the laws of the Recipient, regulatory bodies and public utilities companies be properly involved where necessary and shall cause the same to duly cooperate for the proper implementation of the Project.
5. The Recipient for a period of at least two years from the Date of Effectiveness maintain the Special Procurement Commission in form and with functions satisfactory to the Association, and at the lapse of this period, will consult with the Association on a transfer of procurement activities to Selected Local Governments for Part B of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project Implementing Entity's Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include ("Subsidiary Agreement"):
 - (a) the principal amount shall be the equivalent in CFAF of the amount of the Financing withdrawn from the Financing Account under Part C of the Project (such equivalent to be determined as of the date, or respective date of withdrawal);
 - (b) half of the proceeds shall be made available to the Project Implementing Entity by the Recipient as a grant; and the other part as a credit for which the principal terms and conditions shall be: (i) an interest rate of 4.6% per annum on the principal amount of such credit withdrawn and outstanding from time to time; and (ii) the terms of the credit shall be of 20 years including a seven-year grace period;
 - (c) the Project Implementing Entity shall perform all of its obligations under the Project Agreement; and

- (d) goods, works and services required for Part C of the Project shall be procured in accordance with the Association's procedures.
- 2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Infrastructure works in low-income settlements

- 1. For the implementation of Part B, each Selected Local Governments will submit to the CU in advance for approval an annual work plan, satisfactory to the Association, including planned works and equipments, cost estimate; procurement plan, overall budget and a training plan. Upon the approval of the work plan, the CU will ensure prompt payment of invoices to providers and assist staff of the relevant Selected Local Governments in the implementation and supervision of said activities, including the strengthening of fiduciary and reporting mechanisms, so as to build project management capacity within the Selected Local Governments and enable the future transfer of all activities to the Selected Local Governments, as may be agreed upon with the Association.

D. Safeguards

- 1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the ESMF and the RPF, and except as the Association shall otherwise agree, shall not amend or waive any provision of the ESMF and the RPF, if such amendment or waiver may, in the opinion of the Association materially or adversely affect the implementation of the Project.
- 2. The Recipient shall: (a) before commencing the implementation of any activity listed in Schedule 1 to this Agreement with respect to which the completion of an ESIA, is required in accordance with the ESMF, prepare or cause to be prepared and furnish to the Association said ESIA and any EMP and/or RAP as appropriate specific to such activity, in form and substance satisfactory to the Association, describing: (i) the potential adverse environmental and/or social impact of such activity; (ii) the measures for the offsetting, reducing, or mitigating of such impact; and (iii) the institutional arrangement for monitoring and implementing such measures; (b) publicly disclose or cause to be disclosed any ESIA, EMP or RAP; and (c) carry out or cause to be carried out any activity required under any EMP or RAP to mitigate, reduce, offset and/or compensate any adverse impact.

3. The Recipient shall at all time during Project implementation ensure that staff with appropriate qualifications and in sufficient number be employed by the CU to assist as appropriate in the implementation the ESMF and RPF and the planning, preparation, implementation, supervision and monitoring of any required ESIA, EMP, and RAP thereto.

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 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 one month 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:
 - by the Closing Date, 25 kilometers of roadway rehabilitated or constructed under the Project are passable by standard vehicles in all seasons;
 - by the Closing Date, 32 kilometers of drainage network rehabilitated or constructed under the Project in targeted areas are operating;
 - water tariff have increased as follows: 8 % by December 31, 2008; 4 % by December 31, 2009; 4% by December 31, 2010 and 4% by December 31, 2011;
 - by the Closing Date, 1,200,000 additional people are connected to water supply services, including 700,000 social connections; and
 - by the Closing Date, 6 City Development Contracts have been prepared.
2. The Recipient shall:

- (a) at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement, and the Subsidiary Agreement, the Concession Contract and other matters relating to the purposes of the accomplishment of the objective of the Project;
- (b) promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the objectives of the Project, or the performance of its obligations under this Agreement, the Subsidiary Agreement and the Concession Contract;
- (c) on or thirty months after the Effective Date, carry out jointly with the Association, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review), to cover, amongst other things, progress made in meeting the Project's objective; and overall Project performance against Project performance indicators.
- (d) prepare and, at least four weeks prior to the Midterm Review, furnish to the Association a report describing the status of implementation of each component of the Project and a summary report of Project implementation generally; and
- (e) no later than four weeks after the Midterm Review, prepare and submit to the Association an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

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 day 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,

commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. 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.
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:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Limited International Bidding
(d) Direct Contracting

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.

Procurement Method
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on the 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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, works consultants' services, audit fees, training and operating costs	30,400,000	100 %(exclusive of Taxes) as regards Parts A, B and C of the Project and 100 % (inclusive of Taxes) as regards to Part D of the Project
(a) for Parts A, B and D of the Project	21,800,000	
(b) for Part C of the Project		
(2) Refund of Project Preparation Advance	1,100,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	53,300,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement; and
 - (b) under Category 1 (b) until: (i) the Concession Contract, the Lease Contract, Work Contract the Performance Contract and the Plan Contract, all satisfactory to the Association have been executed; (ii) the Project Implementing Entity has established an accounting, financial management and reporting system satisfactory to the Association and has recruited external auditors satisfactory to the Association; (iii) the Project Agreement has been executed; (iv) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity; (v) a legal opinion satisfactory to the Association from counsel

acceptable to the Association shall have confirmed that: (A) the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms; and (B) the Project Agreement has been duly authorized or ratified by the Project Implementing Entity and is legally binding upon the Project Implementing Entity in accordance with its terms.

2. The Closing Date is August 31, 2012.

Section V. Other Undertakings

- A. Two years after project effectiveness and every year thereafter, and taking into consideration other capacity building programs currently planned or underway, as coordinated primarily by the MINATD, the Association and the Recipient will review the need for capacity building in the Selected Cities and in other cities that may become eligible for capacity building support under Parts A and B.2 of the Project.
- B. For the implementation of Part B.1 of the Project, the Recipient will ensure proper coordination with other urban rehabilitation programs.
- C. No later than 2 years after project effectiveness, the Recipient shall have within each Selected Local Governments established adequate capacity in the field of: (i) procurement, including recruitment and training of staff with proper qualification and in adequate number; and (ii) financial management, including recruitment and training of staff with proper qualification and in adequate number, and proper financial and accounting reporting and control system, all as evidenced by assessment reports in form and substance satisfactory to the Association.
- D. The Recipient shall cause the Project Implementing Entity to provide promptly as needed its contribution in support of the works to allow connections under Part C.3 of the Project.
- E. The Recipient shall: (i) have a technical audit, the conditions of which are defined in more details in the PIM/PAFAM, carried out to review procurement, statements of expenditures, and immobilizations and more generally the implementation of the Project for each period running from July 1 of each fiscal year through June 30 of the following fiscal year (or other period determined by the Association) (the Technical Audit Period), by independent technical auditors acceptable to the Association, and (ii) furnish to the Association as soon as

available, but in any case not later than four months after the end of the Technical Audit Period a report prepared by said technical auditors on said technical audit.

- F. The Recipient shall no later than January 1, 2009, (a) prepare and furnish to the Association for approval: (i) a proposal on a new tariff structure for water, to be implemented starting June 30, 2009; and (ii) a proposal on a mechanism to apply the annual percentage increase of the water tariff differentially to the various tariff categories; and (b) implement said proposals taking the recommendations of the Association if any into consideration.

- G. (i) The Recipient shall take all necessary measures to increase, annually, the tariff of water, starting January 1, 2008, so as to allow Project Implementing Entity to achieve a targeted financial equilibrium in the water supply sub-sector by December 31, 2011; and

(ii) for the purpose of this Section, “targeted financial equilibrium” shall mean the equilibrium such that the net cash and near cash balance of Project Implementing Entity, is positive or zero; the net cash and near cash balance at the end of any given year shall mean the cash and near cash at the beginning of that year, plus the net cash flow (positive or negative) for that year; and the net cash flow for that year shall mean the sum of the net operating cash flow, plus any additional external financing (grants, subsidies, increases in equity capital and drawings under loans of more than one year) received during that year, less the increase in net working capital requirement, the repayments of loans of more than one year and the investments for that year.

- H. The Recipient shall, no later than January 1, 2008, start the implementation of the Action Plan for Reduction of Water Consumption of the Administration and ensure timely payment of bonded public customers within four month after their reception of water bills.

- I. No later than six months from the Effective Date, the Recipient has employed the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section II of Schedule 2 to this Agreement.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2017 to and including February 15, 2027	1
commencing August 15, 2027 to and including February 15, 2047	2

* 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

Section I. Definitions

1. “Action Plan for Reduction of Water Consumption of the Administration” means the Recipient’s plan adopted by the Recipient as part of Urban Water Supply Program (as hereinafter defined), setting forth actions to be implemented to reduce water consumption by the recipient’s administration, including bonded public customers, i.e. public administration of strategic importance whose payments have been guaranteed by the Recipient, such as hospitals, military installations.
2. “Camwater” means Cameroon Water Utilities Corporation, a State owned company established and operating pursuant to *Décret no. 2005/494 du 31 décembre 2005 créant Camwater*.
3. “Capacity Building Beneficiaries” means Urban Communities (as hereinafter defined), Local Governments (as hereinafter defined), local representatives of the central government, the ministries in charge of decentralization and urban development matters, as well as local community groups, small and medium enterprises and local consulting firms, eligible for assistance under Part A.2 of the Project.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CFA Francs” or “CFAF” means *Franc de la Coopération Financière en Afrique Centrale*, the currency of the Recipient.
6. “City Development Contracts” means a document prepared and signed by local authorities, the central government and beneficiary communities in a given urban area, the purpose of which is to define, for a given period, objectives, priorities, an action plan, responsibilities, a financial plan, and provisions for monitoring and evaluation in the field of urban development.
7. “Concession Contract” means the contract satisfactory to the Association to be entered into between the Recipient and the Project Implementing Entity for holding and developing urban water supply assets.

8. “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.
9. “CU” means the coordination unit for the Project (*Unité de Coordination du Projet*) to be established and operating pursuant to the Project Implementation Act and referred to in Section I. A.2 of Schedule 2 to this Agreement.
10. “Designated Account A” means the Designated Account to be opened and managed by CU for the purpose of carrying out Parts A, B and D of the Project.
11. “EMP” means environmental management plan, the plan, in form and substance satisfactory to the Association, to be adopted as the case may be by the Recipient, describing measures for the mitigation, reduction and or offset of the environmental and social impacts of activities identified under the Project, pursuant to the ESMF and ESIA (as hereinafter defined).
12. “ESIA” means environmental and social impact assessment, the evaluation of the potential environmental and social risks and impacts of activities under the Project, to be prepared by the Recipient in accordance with the provisions of Section I D of Schedule 2 to this Agreement and to include an EMP, as the same may be amended from time to time with the prior approval of the Association.
13. “ESMF” means Environmental and Social Management Framework, the document adopted by the Recipient on December 29, 2006, consisting of a framework outlining the modalities for social and environmental screening of Project activities and rules and procedures for the preparation and implementation of ESIA to be complied with, as the case may be, prior to carrying out such activity.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
15. “GPOBA Grant” means the grant to be extended to the Recipient by the Global Partnership on Output-Based Aid on the basis of a grant agreement for the purpose of supporting the development of social water connections.
16. “Lease Contract” means the contract satisfactory to the Association to be entered into between the Recipient, the Project Implementing Entity and the Operator (as hereinafter defined) for the supply of urban water, as referred to in Section IV.B of Schedule 2 to this Agreement.

17. “Local Governments” means an administrative entity of the Recipient established pursuant to Law # 2004/018 of July 22, 2004 defining the rules and regulations of local governments.
18. “MINATD” means the Recipient’s Ministry of Territorial Administration and Decentralization.
19. “MINDUH” means the Recipient’s Ministry of Housing and Urban Development.
20. “MINEE” means the Recipient’s Ministry of Energy and Water.
21. “MINEFI” means the Recipient’s Ministry of Economy and Finance.
22. “Operating Costs” means the incremental expenses incurred by CU on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, per diem, supervision costs and salaries of locally contracted staff.
23. “Operator” means the private sector firm to be selected pursuant to a competitive and transparent procurement process satisfactory to the Association, and in compliance with the Recipient’s privatization laws, and to enter into the Lease Contract, Performance Contract and Work Contract with the Project’s Implementing Entity (as all hereinafter defined), as referred to in Section IV.B of Schedule 2 to this Agreement.
24. “PAFAM” means the Project administrative, financial and accounting manual, outlining the administrative, financial and accounting arrangements for the implementation of the Project, to be adopted by the Recipient pursuant to Section 5.01 (b) of this Agreement as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PAFAM.
25. “Performance Contract” means the contract satisfactory to the Association, to be entered into between the Operator and the Project’s Implementing Entity, as referred to in Section IV.B of Schedule 2 to this Agreement.
26. “PIM” means the Project implementation manual outlining operational modalities for the implementation of Project activities including, *inter alia*, the institutional, disbursement, procurement and environmental mitigation

arrangements for the implementation of the Project, to be adopted by the Recipient pursuant to Section 5.01 (c) of this Agreement as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM.

27. “Plan Contract” means the contract satisfactory to the Association, to be entered into between the Project’s Implementing Entity and the Recipient, as referred to in Section IV.B of Schedule 2 to this Agreement.
28. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
29. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 30, 2007, 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.
30. “Project Implementation Act” means the legal text adopted by the Recipient in support of the implementation of the Project and establishing, inter alia, the CU and the SC.
31. “Project Implementing Entity” means Camwater.
32. “Project Implementing Entity’s Legislation” means “*Décret no. 2005/494 du 31 décembre 2005 créant Camwater*”.
33. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on April 3, 2006 and on behalf of the Recipient on April 4, 2006.
34. “RAP” means resettlement action plan, the document to be prepared by the Recipient, as the case may be, pursuant to the RPF.
35. “RPF” means resettlement policy framework for land acquisition, compensation, resettlement and rehabilitation under the Project adopted by the Recipient on December 29, 2006, as said framework may be amended from time to time with the prior concurrence of the Association.

36. “SC” means the steering committee for the Project to be established and operating pursuant to the Project Implementation Act.
37. “Secondary Centers” means the cities outside of Douala and Yaoundé where the Operator will provide water supply services.
38. “Selected Cities” means the cities of Bamenda, Douala, Maroua, Mbalmayo, and Yaoundé selected by the Recipient to benefit from assistance under Parts A and B of the Project.
39. “Selected Local Governments” mean the Local Governments in charge of implementing, jointly with the CU, the activities under Part B of the Project, as defined in the PIM.
40. “Special Procurement Commission” means the special commission in charge of procurement for Parts A and B of the Project.
41. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.
42. “Training” means the expenses incurred on per diem, travel, purchase of training materials and rental of facilities, and includes workshops and seminars.
43. “Urban Communities” means urban communities, as established pursuant to Law #2004/018 of July 22, 2004 defining the rules and regulations of local governments.
44. “Urban Water Supply Program” means the program set out in the letter from the Recipient to the Association approved by the Recipient on April 19, 2007, describing a set of objectives, policies and actions for the development of the Recipient’s urban water supply, including the Action Plan for Reduction of Water Consumption of the Administration, and declaring the Recipient’s commitment to the execution of the Urban Water Supply Program.
45. “Water Legislation” means the Recipient’s “*Loi 98/005 du 14 avril 1998 portant régime de l’eau*” and “*Décret no. 2005/493 du 31 décembre 2005 fixant les modalités de délégation des services publics de l’eau potable en milieu urbain et périurbain*”.

46. "Work Contract" means the contract satisfactory to the Association to be entered into between the Project Implementing Entity and the Operator for the purpose of carrying out works under Part C of the Project, referred to in Section IV. B of Schedule 2 to this Agreement.