

CONFORMED COPY

CREDIT NUMBER 4337-CM

Financing Agreement

(CEMAC - Transport and Transit Facilitation Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 15, 2007

CREDIT NUMBER 4337-CM

FINANCING AGREEMENT

AGREEMENT dated November 15, 2007, entered into between the REPUBLIC OF CAMEROON (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

WHEREAS (A) The Recipient is a member of the Central African Economic and Monetary Community (“CEMAC”) established among the Recipient and the Central African Republic, the Republic of Chad, the Republic of Congo, the Republic of Equatorial Guinea and the Gabonese Republic (collectively the “Member States”) with the main long term objective to create a common market for goods, services, capital and labor.

(B) Pursuant to *Règlement* no. 14/06-UEAC-160-CM-14 dated March 11, 2006, CEMAC adopted the CEMAC Trade and Transport Facilitation Program comprising the following: (i) implementation of a regional institutional framework; (ii) harmonization of national regulations; (iii) interconnectivity of customs information technology systems within the region; and (iv) implementation of a pilot trade and transport facilitation project on the Douala-N’Djamena (about 1,850 km) and Douala-Bangui (about 1,450 km) corridors (the “Program”).

(C) The Program is to be supported through financing provided or to be provided to the CEMAC and directly to the Member States. The project described in Schedule 1 to this Agreement (the “Project”), which is part of the Program, is expected to be funded through financing to be obtained from the Association, the European Commission (“EC”), the African Development Fund (“ADF”), the *Agence Française de Développement* (“AFD”) and Japan.

(i) The EC has entered into an agreement with CEMAC dated March 24, 2006 for the provision of an amount of 12,500,000 Euros for the financing of the Project and other components of the Program (the “EC FASTRAC grant Agreement”).

(ii) The EC has entered into an agreement with the Central African Republic dated March 8, 2007 for the provision of an amount of 55,000,000 Euros for the financing of the Project and other supports to the Central African Republic (the “EC CAR-9th EDF Grant Agreement”).

(iii) The EC has entered into an agreement with the Recipient dated August 10, 2006 for the provision of an amount of 81,590,000 Euros for the financing of the Project and other supports to the Recipient (the “EC Cameroon-9th EDF Grant Agreement”).

(iv) The AFD has entered into an agreement with the Recipient entitled “*Contrat de Désendettement et de Développement CCM 600701L*” as part of the debt relief initiative for the provision of an amount of 29,750,000 Euros for the financing of the Project (the AFD C2D project).

(v) The Recipient has requested from the EC, as part of the 10th European Development Fund, an additional amount of 40,000,000 Euros for the financing of the Project.

(vi) CEMAC, the Recipient, the Central African Republic, and the Republic of Chad have requested from ADF an aggregate amount approximately equivalent to 170,000,000 Dollars for the financing of the Project.

(vii) Central African Republic has requested from Japan an amount approximately equivalent to 40,000,000 Dollars for the financing of the Project.

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 ninety seven million two hundred thousand Special Drawing Rights (SDR 97,200,000) (variously, “Credit” and “Financing”) to assist in financing the activities included in Part 1 (ii) and (v), Part 2 (i), (iii) and (iv) and Part 3 (i), (ii) and (iii) of the Project (collectively the “Cameroon Project Activities”).
- 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 1 and September 1 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 Cameroon Project Activities, except Part 1 (v), and cause Part 1 (v) of the Cameroon Project Activities 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 Recipient has not established to the satisfaction of the Association that adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient's obligations under the Agreement when: (i) a financing to be provided for the financing of the Project by a financier other than the Association is not provided, or (ii) the right to withdraw funds under a financing provided for the financing of the Project by a financier other than the Association has been suspended or cancelled or terminated in whole or in part, or (iii) a financing provided for the financing of the Project by a financier other than the Association has become due and payable prior to its agreed maturity.
 - (c) The Recipient has not complied with its commitments under the Protocol on the reform and financing of the Recipient's road sub-sector entitled "*Memorandum of Understanding*" entered into in April 2006, as may be amended from time to time in a manner satisfactory to the Association.

- 4.02. Any event specified in Section 4.01 of this Agreement occurring and continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient shall constitute an Additional Event of Acceleration.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
 - (b) The Recipient has amended its *arrêté* no. 096/CAB/PM dated July 8, 2005 creating the Ministry of the Public Works' *Cellule de Gestion des Projets*, in form and substance satisfactory to the Association, including to adequately reflect its procurement responsibilities.
 - (c) The Recipient has recruited a procurement specialist with terms of reference, experience and qualification satisfactory to the Association.
 - (d) The Recipient has adopted a Cameroon Project Activities Implementation Manual in form and substance satisfactory to the Association.
 - (e) The Recipient has upgraded its computerized information system for the financial management of the Cameroon Project Activities (including software customization, revision of its administrative, accounting and financial manual, in form and substance satisfactory to the Association, training and short term assistance), in a manner satisfactory to the Association.
 - (f) The Recipient has prepared appropriate terms of references in form and substance satisfactory to the Association for the recruitment of an external auditor for the Cameroon Project Activities except Part 1 (v).
 - (g) The Recipient has recruited a consultant, with terms of reference, qualification and experience satisfactory to the Association, to carry out an independent evaluation ("*étude en vue d'atteindre les objectifs de la compétitivité du Port Autonome de Douala*") included as part of the reform of the Port of Douala.
- 5.02. The Additional Legal Matters consist of the following:
- (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.

- 5.03. The Effectiveness Deadline is the date ninety days (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 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Recipient's Minister at the time responsible for Economy, Planning and Regional Development.

- 6.02. The Recipient's Address is:

Ministry of Economy, Planning and Regional Development
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 facilitate regional trade among the Member States and improve the Recipient's, the Central African Republic's and the Republic of Chad's access to world markets, through: (i) improving the implementation of the CEMAC Customs Union; and (ii) reducing physical and non physical barriers along the Douala-N'Djamena and Douala-Bangui corridors (collectively the "Corridors").

The Project, which is part of the Program, consists of the following parts:

Part 1: Roads and Railway Infrastructure Improvement in the Corridors, including through support to:

- (i) periodic maintenance, rehabilitation and upgrading works on selected sections of the Corridors;
- (ii) paving of gravel road sections;
- (iii) axle load control policies harmonization and enforcement;
- (iv) construction and improvement of rest areas;
- (v) rehabilitation of critical rail infrastructure; and
- (vi) HIV-AIDS awareness and mitigation measures.

Part 2: Transport Facilitation Investments, through support to:

- (i) communication between stakeholders, especially within the port community, including IT interfacing;
- (ii) transit improvements, including cargo tracking and border posts;
- (iii) port and maritime safety and security; and
- (iv) improvement of intermodal interfaces.

Part 3: Customs and Transport Sector Institutional Strengthening and Capacity Building, through support to:

- (i) strengthening CEMAC custom union and National Customs;
- (ii) institutional support for transport facilitation institutions; and
- (iii) management and coordination of the Project's activities.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

Under the oversight of the Regional Committee for the Monitoring of the Program (*Comité Régional de Supervision du Programme Régional de Facilitation des Transports en Zone CEMAC*), the Recipient shall, throughout the implementation of the Cameroon Project Activities, maintain the following implementation and coordination arrangements:

- (a) The Ministry of Public Works and the Ministry of Transport, each for its part, shall be responsible for the oversight of the Cameroon Project Activities, and in particular the overall reporting and coordination.
- (b) The Project Steering Committee, with terms of reference, composition and resources satisfactory to the Association, shall be responsible for the national coordination and overall management of the Cameroon Project Activities, including such activities undertaken to secure compliance of the Cameroon Project Activities with good governance principles. It shall be supported by a permanent secretariat, with terms of reference, qualification and experience satisfactory to the Association.
- (c) The Ministry of Public Works shall be responsible for the technical implementation of Part 1 (ii) and Part 3(iii) of the Cameroon Project Activities. The Port of Douala and the National Customs shall be responsible, each for its part, for the technical implementation of Part 2(i) and (iii) of the Cameroon Project Activities. The Ministry of Transport and the Port of Douala shall be responsible, each one for its part, for the technical implementation of Part 2(iv) of the Cameroon Project Activities. The Ministry of Transport and the National Customs shall be responsible, each one for its part, for the technical implementation of Part 3(ii) of the Cameroon Project Activities. The National Customs shall be responsible for the technical implementation of Part 3 (i) of the Cameroon Project Activities.
- (d) The Project Implementing Entity shall carry out Part 1(v) of the Cameroon Project Activities (the Project Implementing Entity's "Respective Part 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 the proceeds of Category (2) of the Financing (as defined below) 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 ("Subsidiary Agreement"), which shall include, *inter alia*: (a) the Project Implementing Entity's commitment to comply with the provisions of the Cameroon Project Activities Implementation Manual, the Rail Environment and Social Management Plan; (b) the Project Implementing Entity's commitment to maintain, throughout the implementation of its Respective Part of the Project, appropriate staff with terms of reference, qualification and experience satisfactory to the Recipient and the Association; and (c) monitoring, reporting, evaluation and other fiduciary obligations consistent with the Recipient's obligations under this Agreement.
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. Staff and Manual

- (a) The Recipient shall, throughout the implementation of the Cameroon Project Activities, maintain appropriate staff with terms of reference, qualification and experience satisfactory to the Association.
- (b) The Recipient shall carry out the Cameroon Project Activities except those included in Part 1 (v) in accordance with the provisions of the Cameroon Project Activities Implementation Manual, and shall not, unless the Association shall otherwise agree, amend or waive any provision thereof which in the opinion of the Association may adversely and materially affect the implementation of the Cameroon Project Activities.

D. Safeguards

- (a) The Recipient shall implement the Cameroon Project Activities in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environment and Social Management Plan and the Resettlement Action Plan.

- (b) Except as the Association shall agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the provisions of the Environment and Social Management Plan and the Resettlement Action Plan, when in the opinion of the Association, it may adversely and materially affect the implementation of the Cameroon Project Activities.
- (c) The Recipient shall ensure that the Project Implementing Entity implement the Cameroon Project Activities in accordance with the guidelines, procedures, timetables and other specifications set forth in the Rail Environment and Social Management Plan.
- (d) Except as the Association shall agree in writing, the Recipient shall refrain from consenting to the Project Implementing Entity abrogating, amending, repealing, suspending, waiving or otherwise failing to enforce the provisions of the Rail Environment and Social Management Plan, when in the opinion of the Association, it may adversely and materially affect the implementation of the Cameroon Project Activities.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. (a) The Recipient shall monitor and evaluate the progress of the Cameroon Project Activities 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 forty five 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:
 - (i) The completion throughout Project implementation of an annual independent audit of the scanning procedures of goods at the Port of Douala, and validation of the report thereof by the National Customs and *Société Générale de Surveillance*, a control and inspection company incorporated under the laws of Switzerland and partner of the Recipient;
 - (ii) No manual custom procedure is reported at Douala, Kousseri, Touboro or Garoua Boulai, for goods in transit;

- (iii) The time to release customs' bonds on the Recipient's territory decreases by at least 50%;
- (iv) The Central African Republic's customs and the Republic of Chad's customs automatically receive at least 50% of the transit documents collected by the National Customs;
- (v) There is no more fixed customs checkpoint for secured goods along the Corridors;
- (vi) The letter entitled "Cameroon Customs Flash" is published on a monthly basis and a list of customs indicators, and a set of indicators including at least one indicator of National Customs' revenues, one indicator of customs clearance time for goods in transit, one indicator of customs clearance time for domestic goods, one indicator of time to release customs' bonds, and one indicator on number of custom's bond called, shall be published in each issue;
- (vii) Port of Douala average dwell time for main importers decreases by 20%;
- (viii) Average transit time for imports from the exit at the Port of Douala to Bangui decreases by 20%;
- (ix) Average transit time for imports from the exit at the Port of Douala to N'Djaména decreases by 20%;
- (x) The variance of transit time for imports from arrival at the Port of Douala to Bangui decreases by 20%;
- (xi) The variance of transit time for imports from arrival at the Port of Douala to N'Djamena decreases by 20%;
- (xii) Average number of trucks turnarounds increases by 20% in the Douala-Bangui corridor;
- (xiii) Average number of trucks turnarounds increases by 20% in the Douala-N'Djamena corridor;
- (xiv) Secured cargo is not submitted to any control except for police verifications, border crossing procedures and weighing stations;
- (xv) Cumulative length of sections submitted to speed restrictions is below four kilometers;

- (xvi) Commercial locomotives' availability exceeds 80% after 2010;
 - (xvii) The Project Implementing Entity's debt coverage ratio (as defined in the Development Credit Agreement no. 3695-CM between the Association and the Recipient) is equal to or exceeds 1.4 throughout the implementation of the Project;
 - (xviii) The Project Implementing Entity's liquidity ratio (as defined in the Development Credit Agreement no. 3695-CM between the Association and the Recipient) exceeds 1.1 after 2010; and
 - (xix) The Project Implementing Entity's staff costs to turnover ratio (as defined in the Development Credit Agreement no. 3695-CM between the Association and the Recipient) reaches 25% in 2010 and 24% in 2012.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Cameroon Project Activities and related plan required pursuant to that Section shall be furnished to the Association not later than July 31, 2013.

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 forty five days after the end of each calendar quarter, interim un-audited financial reports for the Cameroon Project Activities 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 Cameroon Project Activities 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 Cameroon Project Activities 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 the Recipient and works to be carried out by domestic contractors.

- 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) <i>National Competitive Bidding (*)</i>
(b) <i>Shopping</i>
(c) <i>Direct Contracting</i>

(*) Subject to the following additional procedures: (i) bids are advertised in national newspapers with wide circulation; (ii) bid evaluation, bidder qualification and award criteria are specified clearly in the bidding documents; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidder proven this bidder is qualified; (v) eligible bidders, including foreign bidders, are not precluded from participating; and (vi) no preference margin is granted to domestic contractors.

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) <i>Quality Based Selection</i>
(b) <i>Selection Under a Fixed Budget</i>
(c) <i>Least Cost Selection</i>
(d) <i>Selection Based on Consultant’s Qualifications</i>
(e) <i>Single Source Selection</i>
(f) <i>Selection of Individual Consultants</i>

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) Works and consultants’ services for Part 1 (ii) of the Cameroon Project Activities	43,920,000	100% taxes not included
(2) Goods, Works and consultants’ services for Part 1 (v) of the Cameroon Project Activities	31,370,000	100% taxes not included
(3) Goods, works and consultants’ services for Part 2 and Part 3 of the Cameroon Project Activities with the exception of Operating Costs for Part 3	12,860,000	100% taxes not included
(4) Operating Costs for Part 3 of the Cameroon Project Activities and Training	1,460,000	100% all taxes included
(5) Unallocated	7,590,000	
TOTAL AMOUNT	97,200,000	

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, except that withdrawals up to an aggregate amount not to exceed \$1,000,000 equivalent may be made for payments made prior to this date but on or after June 1, 2007, for Eligible Expenditures under Categories (3) and (4); or
 - (b) under Category 2 until: (i) the Recipient has caused the Project Implementing Entity to revise its administrative, accounting and financial manual in form and substance satisfactory to the Association, and (ii) an amendment to the Concession Agreement, in form and substance satisfactory to the Association has been signed between the Recipient and the Project Implementing Entity and transmitted to the Association together with a legal opinion, in form and substance satisfactory to the Association, issued by a lawyer acceptable to the Association, confirming that such amendment to the Concession Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity, and that it is binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
2. The Closing Date is January 31, 2013.

Section V. Other Undertakings

- (a) No later than six months after the Effective Date, the Recipient shall recruit an external auditor for the Cameroon Project Activities, with terms of reference, qualification and experience satisfactory to the Association.
- (b) No later than six months after the Effective Date, the Recipient shall recruit an accountant for the Cameroon Project Activities, with terms of references, qualifications and experience satisfactory to the Association.
- (c) No later than June 30, 2008, the Recipient shall: (i) implement the recommendations of the audit report on its accounts as of December 31, 2005 and the related management letter, completed in application of the provisions of the Loan Agreement no. F/CMR/PL/D/2001/2 signed between the African Development Bank and the Recipient on May 29, 2001 for the financing of the Melon-Dschang project, Road Improvement Project in the Western, Littoral and Southern provinces, and (ii) obtain that the Project

Implementing Entity implement the recommendations of the audit report on its accounts as of December 31, 2005 and the related management letter, completed in application of the provisions of the Development Credit Agreement for the extension of credit Cr. 3695-CM by the Association.

- (d) The Recipient shall produce and deliver to the Association every six months a semi-annual governance report on its activities referred to in Section I, Part A (b) of this Annex, during the period covered by such report and including recommendations for the future, in form and scope satisfactory to the Association.
- (e) The Recipient shall include annually in its budget an appropriate maintenance budget for the portions of the Corridors which are on its territory.
- (f) No later than December 31, 2010, the Recipient shall enforce the harmonized axle load limits for the CEMAC area.
- (g) The Recipient shall take all necessary actions on its part for the harmonization of the market access taxation for transporters in the Project area no later than December 31, 2008.
- (h) The Recipient shall publish the National Customs' statistics and the National Customs' indicators agreed upon with the Association on a monthly basis in a widely distributed national newspaper satisfactory to the Association.
- (i) No later than twenty-four months after the Effective Date, or any later date agreed between the Recipient and the Association, the Recipient and the Association shall carry out a mid-term review of the Cameroon Project Activities, on the progress made in the implementation of the Cameroon Project Activities. The Recipient shall prepare, on the basis of terms of reference satisfactory to the Association, and transmit to the Association, no later than three months before the beginning of such mid-term review of the Cameroon Project Activities, a report including the results of the monitoring and evaluation activities carried out in accordance with this Agreement, on the progress made in the implementation of the Cameroon Project Activities during the period covered by such report, and making recommendations to ensure the efficient implementation of the Cameroon Project Activities and the achievement of the Project objectives during the period after the mid-term review. The other technical and financial partners supporting the Program shall be invited to participate in the mid-term review.

- (j) The Recipient shall publish each year its Financial Statements, within six months of the end of the period they cover, on the government's website of the Recipient.
- (k) No later than December 31, 2008, the Recipient shall adopt a road map established further to the independent evaluation referred to at Section 5.1(g) of this Agreement, in form and substance satisfactory to the Association, and as of that date, the Recipient shall implement the activities, on the basis of the calendar included in such road map, in a manner satisfactory to the Association.
- (l) The Recipient shall refrain from undertaking obligations, and shall ensure that the Project Implementing Entity refrain from undertaking obligations, related to fret management, which could adversely and substantially affect the implementation of its respective obligations by the Recipient under this Agreement, or by the Project Implementing Entity under the Project Agreement, and the achievement of the Project objective.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1:	
commencing September 1, 2017 to and including March 1, 2027	1
commencing September 1, 2027 to and including March 1, 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**Definitions**

1. “Cameroon Project Activities” means such activities included in the Project financed through funds made available by the Association to the Republic of Cameroon, included in Part 1 (ii) and (v), Part 2 (i), (iii) and (iv) and Part 3 (i), (ii) and (iii) of the Project.
2. “Cameroon Project Activities Implementation Manual” means the Recipient’s guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the Cameroon Project Activities, including in the areas of administrative, accounting, financial management, procurement, monitoring and evaluation, coordination, social and environment, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time in agreement with the Association, and such term includes any schedule to the Cameroon Project Activities Implementation Manual.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CEMAC” means the Central African Economic and Monetary Community.
5. “Concession Agreement” means the agreement entitled *Convention de Concession du Chemin de Fer* entered into between the Recipient and the Project Implementing Entity on January 19, 1999 as amended from time to time until the date of this Agreement
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004, as revised in October 2006.
7. “Environment and Social Management Plan” means the document entitled “*Plan de Gestion Environnementale et Sociale*” prepared by the Ministry of Public Works at the request of the Recipient and dated January 2007.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
9. “Ministry of Public Works” means the *Ministère des Travaux Publics*, the Recipient’s ministry in charge, *inter alia*, of public works.
10. “Ministry of Transport” means the *Ministère des Transports*, the Recipient’s ministry in charge, *inter alia*, of transport.

11. “National Customs” means the Recipient’s customs administration (*Direction Générale des Douanes*) established in the Recipient’s Ministry of Economy and Finance.
12. “Operating Costs” means the incremental operating expenses incurred on account of the Project implementation, management and monitoring including rent for buildings; office, vehicles, office equipment and other operation and maintenance costs; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries of officials and public servants of the Recipient’s civil service.
13. “Port of Douala” means the *Port Autonome de Douala*, established by the Recipient by decree no. 99-130 dated June 15, 1999 and complemented by decree no. 2002-163 dated June 24, 2002 approving the governing document of the *Port Autonome de Douala*.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, as revised in October 2006.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 10, 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.
16. “Project Implementing Entity” means CAMRAIL.
17. “Project Implementing Entity’s Legislation” means collectively the Concession Agreement, the Project Implementing Entity’s constitutive documents and the laws and regulations applicable to the activities carried out under the Concession Agreement.
18. “Rail Environment and Social Management Plan” means the document entitled “*Plan de Gestion de l’Environnement et de la Sécurité*” prepared by the Project Implementing Entity at the request of the Recipient and dated February 2007.
19. “Resettlement Action Plan” means the document entitled “*Plan de Réinstallation*” prepared by the Ministry of Public Works at the request of the Recipient and dated October 2006.
20. “Steering Committee” means the committee established by the Recipient by *arrêté* no. 121/CAB/PM dated September 14, 2005 for the creation, organization and operation of the National Steering Committee of the integrated road program and the transport facilitation project in the CEMAC area.

21. “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.
22. “Training” means the training of persons involved in the Cameroon Project Activities, such term including seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.