

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4820-CM

Financing Agreement

(Urban and Water Development Support Project
- Additional Financing)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 29, 2010

Public Disclosure Authorized

CREDIT NUMBER 4820-CM

FINANCING AGREEMENT

AGREEMENT dated December 29, 2010, between REPUBLIC OF CAMEROON (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS; AMENDMENTS TO THE ORIGINAL FINANCING AGREEMENT

- 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.
- 1.03. The Original Financing Agreement is amended as set out in Section IV of 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 eighteen million nine hundred thousand Special Drawing Rights (SDR 18,900,000) (variously, “Credit” and “Financing”) to assist in financing the project set forth on Schedule 1 to this Agreement (the “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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. 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.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that a Subsidiary Agreement have been duly executed on behalf of the Recipient and the Project Implementing Entity in form and substance satisfactory to the Association.

- 5.02. The Additional Legal Matter consists of the following, namely that 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 (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

- 6.02. The Recipient's Address is:

Ministry of Economy, Planning and Regional Development
Yaoundé
Republic of Cameroon

Cable address:	Facsimile:
MINEPAT	(237) 22221509

- 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) or 64145 (MCI)	1-202-477-6391

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

REPUBLIC OF CAMEROON

/s/ Louis Paul Motazé

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Gaston Sorgho

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. Improving financial management capacity in the management of urban planning, programming and maintenance for Selected Cities, through: (a) the provision of municipal management tools, training, and technical assistance to Capacity Building Beneficiaries for: (i) development of maintenance programs for municipal infrastructure and facilities; (ii) improvement of fees and tax collection; and (iii) consolidation and collection of municipal accounting; and (b) the expansion of the municipal organizational and financial audits to additional municipalities in Yaoundé and in Douala.

2. Enhancement of the accounting transparency of Selected Cities in the preparation of City Development Contracts, through: (i) improving annual municipal budget and programs preparation; and (ii) public dissemination of municipal management information.

Part B. Infrastructure works in low-income settlements

1. In Douala 2, Yaoundé 3 and Yaoundé 4, carrying out of urban works including: construction or rehabilitation of access and main roads, drainage works including tertiary level of storm and waste water, construction of pit latrines, public wells and washing areas, solid waste containers, public lightning, and construction or rehabilitation of community centers.

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

1. Capacity building of 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 of the financial and accounting management systems, technical assistance and training for communication, planning, programming and procurement; and workshops and seminars.

2. Rehabilitation of water production and distribution facilities in Douala and Yaoundé; and rehabilitation of Secondary Centers, including consulting services for design and supervision of works.

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

Part D. Project management

1. Project management and coordination, including carrying out of environmental licensing, 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 and Other Arrangements

A. Institutional Arrangements

1. Sections I (excluding Part B. and D thereof), II.B, and III of Schedule 2 to the Original Financing Agreement (together with the definitions of the terms utilized therein, as set forth in the Appendix to the Original Financing Agreement, except as modified below) are hereby incorporated by reference and apply to the Credit, and the Recipient undertakes to comply with the provisions thereof. Further to the foregoing, the following terms, wherever they appear in said Sections of Schedule 2 to the Original Financing Agreement, shall be deemed to be modified as set forth below:
 - (a) the term “Recipient” shall be read as the Recipient of this Credit.
 - (b) the term “Consultant Guidelines” shall be read as the Consultant Guidelines defined in the Appendix to this Agreement.
 - (c) the term “Procurement Guidelines” shall be read as the Procurement Guidelines defined in the Appendix to this Agreement.
 - (d) the term “Procurement Plan” shall be read as the Procurement Plan defined in the Appendix to this Agreement.
 - (e) the term “Project” shall be read as the Project described in this Agreement.
 - (f) the term ESMF shall be read as the ESMF defined in the Appendix to this Agreement.
 - (g) the term RPF shall be read as the RPF defined in the Appendix to this Agreement.
 - (h) the term “National Competitive Bidding” shall be read as specified in the Appendix to this Agreement.
2. The Recipient shall maintain throughout Project implementation, a safeguards specialist within the PCU whose responsibilities will include: (a) strengthening the social and environmental safeguards capacity within the agencies and contractors participating in the Project; (b) monitoring of safeguard compliance on all Project sites; (c) improve the documentation records on consultation and

agreements reached with the community and with households affected in particular; (d) ensure that stand-alone EAs/EMP/RAPs will be prepared as needed and submitted for the Ministry of Environment approval; (e) ensure compliance with each EMP by contractors and firms in charge of technical supervision; and (f) ensure timely and appropriate public consultation and disclosure of all safeguard documents.

3. **Anti-Corruption**

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

4. **Project Reports**

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 satisfactory to the Association set forth in the PIM. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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 the Financing allocated from time to time to Category (1)(b) 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 so made available 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 dates 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) repayment of the principal amount so withdrawn over 20 years including a ten 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 provisions of 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. 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.
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, EMP and/or RAP is required in accordance with the ESMF or RPF: (i) 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: (A) the potential adverse environmental and/or social impact of such activity; (B) the measures for the offsetting, reducing, or mitigating of such impact; and (C) the institutional arrangement for monitoring and implementing such measures; (ii) publicly disclose or cause to be disclosed any ESIA, EMP or RAP, as shall have been approved by the Association; and (b) carry out or cause to be carried out all measures required pursuant to such EMP or RAP to mitigate, reduce, offset and/or compensate any adverse impact in accordance with the provisions thereof.
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.
4. The Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with said frameworks and plans, giving details of:
 - (a) measures taken in furtherance of such frameworks and plans;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such frameworks and plans; and

- (c) remedial measures taken or required to be taken to address such conditions.

D. Annual Work Plans

1. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association before the beginning of each Fiscal Year, for the Association's consideration, a proposed work plan of activities to be included in the Project for the following Fiscal Year, such plan to include an implementation schedule and budget and financing plan thereof, as well as the corresponding procurement plan for such period. If any activities proposed for inclusion in the Project would, pursuant to the ESMF or RPF, require one or more ESIA, EMP or RAP, the Recipient shall prepare and furnish, together with such proposed work plan, a draft of each such ESIA, EMP or RAP.
2. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on such proposed plan and any such instruments, and thereafter, shall implement such work plan and such instruments as shall have been approved by the Association, with due diligence.

Section II. 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 may 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		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 and B of the Project	8,600,000	
(b) for Part C of the Project	9,600,000	
(c) for Part D of the Project	700,000	
TOTAL AMOUNT	18,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date of the Project is August 31, 2014.

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 February 15, 2021 to and including August 15, 2030	1
commencing February 15, 2031 to and including August 15, 2050	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. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section II of this Appendix.
2. “Annual Work Plans” means the annual work plans for the Project approved by the Association in accordance with the provisions of Section I.D of Schedule 2 to this Agreement and “Annual Work Plan” means any of the Annual Work Plans.
3. “Camwater” means Cameroon Water Utilities Corporation, a State owned company established and operating pursuant to the Project Implementing Entity’s Legislation.
4. “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.1 of the Project.
5. “Category” means a category set forth in the table in Section II of Schedule 2 to this Agreement.
6. “CFA Francs” or “CFAF” means *Franc de la Coopération Financière en Afrique Centrale*, the currency of the Recipient.
7. “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.
8. “Concession Contract” means the contract dated December 18, 2007, between the Recipient and the Project Implementing Entity for holding and developing urban water supply assets, as the same may be amended from time to time.
9. “Consultant Guidelines” means:
 - (a) except as provided in paragraph (b) below, the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010; and

- (b) in the case of contracts financed or to be financed in whole or in part, using the proceeds of the Original Financing, and for which the invitation to bid was issued prior to the date of this Agreement, “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
10. “CU” means the coordination unit for the Project (*Unité de Coordination du Projet*) established and operating pursuant to the Project Implementation Act.
11. “Douala 2” means Douala 2, one of the six local governments responsible for the administration of the neighborhoods in the City of Douala.
12. “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).
13. “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.
14. “ESMF” means Environmental and Social Management Framework, the document adopted by the Recipient on December 29, 2006, as updated as of June 21, 2010, 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.
15. “Fiscal Year” means the period from January 1 to December 31.
16. “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.
17. “Lease Contract” means the contract dated December 18, 2007 between the Recipient, the Project Implementing Entity and the Operator (as hereinafter defined) for the supply of urban water.
18. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.

19. “Local Governments” means an administrative entity of the Recipient established pursuant to the Recipient’s Law # 2004/018 of July 22, 2004 defining the rules and regulations of local governments.
20. “Operating Costs” means the reasonable 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 (but excluding salaries of civil servants of the Recipient).
21. “Operator” means the private sector firm which is a party to the Lease Contract, Performance Contract and Work Contract with the Project Implementing Entity (as all hereinafter defined).
22. “Original Financing Agreement” means the financing agreement (Credit-4313-CM) dated November 15, 2007, between the Recipient and the International Development Association, for the Urban and Water Development Support Project, as amended to the date of this Agreement.
23. “Original Project” means the project described in the Original Financing Agreement.
24. “Original Project Agreement” means the project agreement dated November 15, 2007 between the Recipient and the Project Implementing Entity signed pursuant to the Original Financing Agreement.
25. “PAFAM” means the Project administrative, financial and accounting manual dated 2008, outlining the administrative, financial and accounting arrangements for the implementation of the Project, adopted by the Recipient, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PAFAM.
26. “Performance Contract” means the contract dated December 18, 2007 between the Operator, the Project Implementing Entity and the Recipient.
27. “PIM” means the Project implementation manual dated 2008 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, adopted by the Recipient as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM
28. “Plan Contract” means the contract dated December 18, 2007 between the Recipient and the Project Implementing Entity.

29. “Project Implementation Act” means the act dated _November 30, 2007 adopted by the Recipient in support of the implementation of the Project and establishing, inter alia, the CU and the SC.
30. “Procurement Guidelines” mean:
 - (a) except as provided in paragraph (b) below, “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010; and
 - (b) in the case of contracts financed or to be financed in whole or in part, using the proceeds of the Original Financing, and for which the invitation to bid was issued prior to the date of this Agreement, “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
31. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 8, 2010, 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.
32. “Project Implementing Entity” means Camwater.
33. “Project Implementing Entity’s Legislation” means the Recipient’s Decree entitled “*Décret no. 2005/494 du 31 décembre 2005 créant Camwater*”, as the same may be amended from time to time.
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 updated as of June 21, 2010.
36. “SC” means the steering committee for the Project established and operating pursuant to the Project Implementation Act.
37. “Secondary Centers” means the cities outside of Douala and Yaoundé in which the Operator provides 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. “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.
41. “Training” means the reasonable expenses incurred for per diem, travel, purchase of training materials and rental of facilities, and includes such expenses incurred for workshops and seminars.
42. “Urban Communities” means urban communities, as established pursuant to the Recipient’s Law No.2004/018 of July 22, 2004 defining the rules and regulations of local governments.
43. “Water Legislation” means the Recipient’s Law entitled “*Loi 98/005 du 14 avril 1998 portant régime de l’eau*”, and Decree entitled “*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*”.
44. “Work Contract” means the contract dated December 18, 2007 entered into between the Project Implementing Entity and the Operator for the purpose of carrying out works under Part C of the Project.
45. “Yaoundé 3” means Yaoundé 3, one of the seven local governments responsible for the administration of neighborhoods in the city of Yaoundé.
46. “Yaoundé 4” means Yaoundé 4, one of the seven local governments responsible for the administration of neighborhoods in the city of Yaoundé.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under

paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

- “15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

Section IV: Modifications to the Original Financing Agreement

1. The Closing Date of the Original Project is revised to August 31, 2014.
2. The following new Section I.E is inserted in Schedule of the Original Financing Agreement:

“E. Anti-Corruption

As of the date of the Additional Financing Agreement, the Recipient shall ensure that the Project shall be carried out in accordance with the provisions of the Anti-Corruption Guidelines. “

3. Section II.A.1(b) of Schedule 2 of the Original Financing Agreement is deleted in its entirety and Section II.A.1(a) of Schedule 2 of the Original Financing Agreement is replaced with the following text:

“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 satisfactory to the Association set forth in the PIM. Each Project Report shall cover the period of six months, and shall be furnished to the Association not later than one month after the end of the period covered by such report.”

4. The reference to “National Competitive Bidding” in Section III.B.2 of the Original Financing Agreement shall be read to be subject to the following additional procedures:

The procedures to be followed for National Competitive Bidding shall be those set forth in the Recipient’s Procurement Code of September 24, 2004 as revised from time to time in a manner deemed acceptable to the Association, subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines:

- (a) in accordance with paragraph 1.14 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines;

- (b) invitations to bid shall be advertised in national newspapers with wide circulation;
 - (c) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later;
 - (d) eligible bidders, including foreign bidders, shall be allowed to participate;
 - (e) no domestic preference shall be given to domestic contractors and to domestically manufactured goods;
 - (f) bids are awarded to the lowest evaluated bidder proven this bidder is qualified; and
 - (g) fees charged for the bidding documents shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.
5. Sections V.E, V.F and V.G of Schedule 2 of the Original Financing Agreement are deleted in their entirety.
6. The definitions of “Consultant Guidelines” “General Conditions” and “Procurement Guidelines” set forth in paragraphs 8, 14 and 28 of the Appendix to the Original Financing Agreement are deleted in their entirety and replaced with the following definitions:

“Consultant Guidelines” means

- (a) except as provided in paragraph (b) below, the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010; and
- (b) in the case of contracts for which the invitation to bid was issued prior to the date of the Additional Financing Agreement, “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.

“General Conditions” means: (i) prior the date of the Additional Financing Agreement, “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, and (ii) as of the date of the Additional Financing Agreement, the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.

“Procurement Guidelines” means:

- (c) except as provided in paragraph (b) below, “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010; and
- (d) in the case of contracts for which the invitation to bid was issued prior to the date of the Additional Financing Agreement, “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.

7. The following new definitions are inserted in the Appendix to the Original Financing Agreement as a new paragraphs 2 and 3 and all subsequent definitions are renumbered accordingly:

“Additional Financing Agreement” means the financing agreement to be signed between the Recipient and the International Development Association to provided additional financing for the Project.

“Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section II of the Appendix to the Additional Financing Agreement.