

CONFORMED COPY

CREDIT NUMBER 4659-CM

Project Agreement

(Additional Financing for CEMAC - Transport and Transit Facilitation Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

CAMRAIL

Dated January 29, 2010

CREDIT NUMBER 4659-CM

PROJECT AGREEMENT

AGREEMENT dated January 29, 2010 entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and CAMRAIL (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the REPUBLIC OF CAMEROON (“Recipient) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part 2 of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is its General Manager.

4.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI)

1-202-477-6391

4.03. The Project Implementing Entity's Address is:

CAMRAIL
BP 766
Douala
Cameroun

Facsimile:

237- 33-40-82-52

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mary Barton-Dock

Authorized Representative

CAMRAIL

By /s/ Quentin Gérard

Authorized Representative

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

The Project Implementing Entity shall carry out Part 2 of Project (the Project Implementing Entity's "Respective Part of the Project"), under the oversight of the Ministry of Transports.

B. Staff and Manual

- (a) The Project Implementing Entity shall, throughout the implementation of its Respective Part of the Project, maintain appropriate staff in adequate number, with terms of reference, qualification and experience satisfactory to the Association.
- (b) The Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the CAMRAIL Project 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 its Respective Part of the Project.
- (c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the CAMRAIL Project Implementation Manual and this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

- (a) The Project Implementing Entity shall implement its Respective Part of the Project in accordance with the guidelines, procedures, timetables and other specifications set forth in the Rail Environment and Social Management Plan.
- (b) Except as the Association shall agree in writing, the Project Implementing Entity shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the provisions of the Rail Environment and Social Management Plan.
- (c) Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall regularly collect, compile and submit to the Recipient for transmission to the Association, on a semi-annual basis, reports on the status of compliance with the Rail Environment and Social Management Plan, which may be included in the Project Report, giving details of:
 - (A) measures taken in furtherance of the Rail Environment and Social Management Plan;
 - (B) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Rail Environment and Social Management Plan; and
 - (C) remedial measures taken or required to be taken to address such conditions.

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

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than thirty days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) Cumulative length of sections submitted to temporary speed restrictions, exceeding ninety days, is below four kilometers;
 - (ii) Commercial locomotives' availability exceeds 75% after 2010 and 80% after 2012;
 - (iii) 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;
 - (iv) 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) is below 25% in 2010 and 24% in 2012.

2. The Project Implementing Entity shall assist the Recipient in preparing a report to be provided to the Association three months before the Mid-term Review, integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of its Respective Part of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of its Respective Part of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently and take all actions necessary on its part to take any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project Implementing Entity's Respective Part of the Project in furtherance of the objectives of the Project.
3. The Project Implementing Entity shall provide to the Recipient not later than June 30, 2015, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity's Respective Part of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

