

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8819-CM

Loan Agreement

(Fiscal Consolidation and Inclusive Growth Development Policy Loan)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

2 DEC 2017

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF CAMEROON ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred seventy-two million Euro (EUR 172,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan").
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and
- (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension shall be that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration shall be that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness shall be that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of economy, planning, and regional development.
- 6.02. For purposes of Section 10.01 of the General Conditions:
 - (a) the Borrower's address is:
Ministry of Economy, Planning and Regional Development
Yaoundé
Republic of Cameroon; and
 - (b) the Borrower's Electronic Address is:
Facsimile:
(237) 222 22 15 09

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF CAMEROON



Authorized Representative

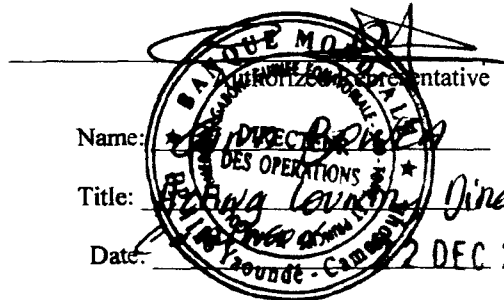
Joseph Paul MOTAZE

Title: _____

Date: 22 DEC 2017

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Joseph Paul MOTAZE

Title: Director General

Date: 22 DEC 2017

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

1. To improve revenue mobilization, the Borrower's minister responsible for finance has: (a) included an assessment of tax expenditures from indirect taxes as an annex to the draft 2018 Finance Law submitted for parliamentary approval; and (b) implemented the first phase of a program of joint audits between tax and customs authorities of the cement, forestry and telecommunications sectors.
2. To improve payroll and human resource management, the Borrower's minister responsible for civil service has initiated disciplinary proceedings before the Permanent Disciplinary Council of the Civil Service of irregular public officials identified through the 2016 civil service census.
3. To improve corporate governance and management of public enterprises, the Borrower's president has promulgated two laws detailing the responsibilities, monitoring and control of public enterprises and agencies in compliance with OHADA.
4. To improve the financial sustainability of the energy sector and enhance private sector confidence, the Borrower's minister responsible for finance has: (a) concluded with ENEO, the 11th amendment to the 2005 debt repayment agreement to clear arrears of XAF 54 billion in electricity bills and compensation subsidies accumulated between the Government and ENEO as of August 31, 2017; (b) prepared a payment plan with a clear timetable for the payment of said arrears; and (c) included in the draft 2018 Finance Law submitted for parliamentary approval: (i) a portion of the arrears to be paid in FY 2018 as specified in the payment plan referred to in (b) above; and (ii) the compensatory subsidy to be paid to ENEO in FY 2018.
5. To improve road maintenance and management of road assets, the Borrower's (a) minister responsible for finance has included in the draft 2018 Finance Law submitted for parliamentary approval, an allocation of XAF 56 billion to be transferred to the Road Maintenance Fund and (b) minister responsible for public works has adopted a list of selected routes to be maintained in accordance with the GENiS Agreements.
6. To reduce length of stay and transit time at the port of Douala: (a) the Borrower's director general of customs in his capacity as the president of the Single Window for Foreign Trade Operations, has extended the single form of foreign trade operations to all phases of the international logistics chain (pre-clearance, take-over, clearance, removal); and (b) the National Port Authority has approved the revised port tariffs in order to increase the storage levy at the port of Douala.
7. To increase the level of funding and management capacity of health facilities and improve the availability of essential medicines in health regions and districts covered by PBF, the Borrower's: (a) minister responsible for public health and minister responsible for finance

have issued a joint circular allowing all health facilities under the PBF program to benefit from special fiduciary arrangements specified in the national PBF manual; and (b) minister responsible for public health has issued a circular allowing Regional Health Promotion Funds to purchase pharmaceutical products from accredited public or private wholesalers through simplified procedures.

8. To improve efficiency of health sector spending, the Borrower's minister responsible for health has expanded the administrative coverage of the PBF program by introducing at least four additional performance contracts at the central level of the MoPH.
9. To increase accessibility to textbooks in primary and secondary schools, the Borrower's prime minister has issued: (a) a circular on the principles guiding the new school textbook policy to reduce the cost of books and increase their availability; and (b) a *décret*: (i) reorganizing the *Conseil National d'Agrément des Manuel Scolaires et des Matériel Didactiques* (CNAMSMD); and (ii) setting up the national commission to streamline the development cycle of textbooks.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Tranche Allocated (expressed in Euros)
(1) Single Withdrawal Tranche	171,570,000
(2) Front-end Fee	430,000
TOTAL AMOUNT	172,000,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

1. The Borrower shall open a Deposit Account, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain the following two deposit accounts on terms and conditions satisfactory to the Bank:
 - (a) a deposit account in Euro ("Foreign Currency Deposit Account"); and
 - (b) a deposit account in XAF ("Local Currency Deposit Account").
2. All withdrawals from the Loan Account shall be deposited by the Bank into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Loan into the Foreign Currency Deposit Account, the Borrower shall deposit an equivalent amount into the Local Currency Deposit Account. All amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for Eligible Expenditures.

E. Audit. Upon the Bank's request, the Borrower shall:

1. have the Deposit Accounts audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case, not later than four months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
3. furnish to the Bank such other information concerning the Deposit Accounts and their audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2018.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments¹

Principal Payment Date	Installment Share
On each May 15 and November 15, beginning May 15, 2025 through May 15, 2047	2.17
On November 15, 2047	2.35

¹ The determination of the principal amounts of the Loan repayable on each Principal Payment Date is made in accordance with Section 3.03 of the General Conditions.

APPENDIX

Definitions

1. “*Conseil National d’Agrément des Manuels Scolaires et des Matériels Didactiques*” or “CNAMSMD” means the Borrower’s national council for the approval of school books and teaching materials established pursuant to the Borrower’s *Décret 2017/11738/CAB/PM du 23 novembre 2017 Portant Organisation du Conseil National d’Agrément des Manuels Scolaires et des Matériels Didactiques*.
2. “Deposit Accounts” means both the Foreign Currency Deposit Account and the Local Currency Deposit Account.
3. “ENEO” means a public limited liability company regulated under the Borrower’s laws and registered with the *Régistre du Commerce et du Crédit Mobilier de Douala* under No. 4624, and headquartered on Avenue Charles De Gaulle in Douala.
4. “Finance Law” means the Borrower’s annual budget as approved by the Borrower’s legal processes.
5. “Fiscal Year” or “FY” means the Borrower’s fiscal year as determined by the Finance Law.
6. “Foreign Currency Deposit Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated July 14, 2017.
8. “GENIS Agreements” means service-level management and maintenance agreements.
9. “Local Currency Deposit Account” means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
10. “MINTP” means the Borrower’s ministry responsible for public works, and any successor thereto.
11. “MoPH” means the Borrower’s ministry responsible for public health, and any successor thereto.
12. “National Port Authority” means the Borrower’s national port authority established pursuant to the Borrower’s *Décret 99/130 de juin 1999 Portant Création du Port Autonome de Douala*.
13. “OHADA” means the organization for the harmonization of business laws in Africa, a system of corporate law and implementing institutions adopted in 1993 by 17 west and central African countries.
14. “PBF” means performance-based financing.

15. "Permanent Disciplinary Council of the Civil Service" means the Borrower's council established pursuant to the Borrower's *Décret 2000/685 du 13 septembre 2000 Portant Organisation et Fonctionnement du Conseil Permanent de Discipline de la Fonction Publique et Fixant les Règles de la Procédure Disciplinaire*.
16. "Program" means the program of objectives, policies, and actions set forth or referred to in the letter dated November 13, 2017, from the Borrower to the Bank declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule I to this Agreement, and actions to be taken consistent with the program's objectives.
17. "Regional Health Promotion Funds" means *Fonds Regionale pour la Promotion de la Santé*, the funds established in select regions of the Recipient pursuant to the Borrower's laws to perform all public service activities in the health domain within the relevant jurisdiction.
18. "Road Maintenance Fund" means the Borrower's road management fund established pursuant to the Borrower's *loi 96/07 du 8 avril 1996 Portant Protection du Patrimoine Routier National* and modified by the Borrower's *loi 2004/021 du 22 juillet 2004 Modifiant et Complétant Certaines Dispositions de la Loi 96/07*.
19. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
20. "Single Window for Foreign Trade Operations" means the Borrower's single window for foreign trade operations established pursuant to the Borrower's *Décret 99/128 du 15 juin 1999 Portant Organisation et Fonctionnement des Organismes Portuaires Autonomes* and the Borrower's *Statut du 7 juillet 1999 portant Création d'un Guichet Unique des Opérations du Commerce Extérieur sous la Forme d'un Groupement d'Intérêt Economique*.
21. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule I to this Agreement.
22. "XAF" means the local currency of the Borrower.