

CONFORMED COPY

LOAN NUMBER 3110 CM

(Economic Management Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 17, 1989

LOAN NUMBER 3110 CM

LOAN AGREEMENT

AGREEMENT, dated July 17, 1989, between the REPUBLIC OF CAMEROON (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) the Borrower intends to seek further external financing in an approximate amount equivalent to four million dollars (\$4,000,000) to assist in financing the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "MINPAT" means the Borrower's ministry responsible for planning and territorial development;
- (b) "MINFI" means the Borrower's ministry responsible for finance;
- (c) "CAA" means the Borrower's Caisse Autonome d'Amortissement under the supervision of MINFI;
- (d) "Technical Committee" means the Comite Technique de Preparation et de Suivi du Programme d'Ajustement Structurel created by the Borrower's Decree No. 88/1861 of December 27, 1988;
- (e) "PMS" means the Project Management Secretariat within the Technical Committee;
- (f) "Special Account" mean the account referred to in Section 2.02 (b) of this Agreement;
- (g) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated January 24, 1989 and February 8, 1989 between the Borrower and the Bank; and
- (h) "CFA Franc" and "CFAF" mean the Franc de la Communaute Financiere Africaine, the currency of the Borrower.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of nine million dollars (\$9,000,000), being the sum of withdrawals of the proceeds of the Loan with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFA Francs a special account in a commercial bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be

cancelled.

Section 2.03. The Closing Date shall be December 31, 1993 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

(e) Notwithstanding the provisions of paragraph (a) of this Section, the interest rate for the Interest Period commencing in the first Semester of 1989 shall be seven and sixty-five hundredths percent (7.65%).

Section 2.06. Interest and other charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate planning, training, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) For the purposes of the coordination of all Project activities, the Borrower shall establish and maintain within the Technical Committee a Project Management Secretariat (the PMS), headed by the Technical Committee coordinator, including an administrative officer and an accountant, and assisted by support staff in adequate numbers.

Section 3.02. Except as the Bank shall otherwise agree, procurement of goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. Before undertaking any activity under Parts B (b), C (d) and F of the Project, the Borrower shall, through the PMS, prepare and furnish to the Bank, for its approval, a detailed proposal for each such activity, including a reasoned justification, a plan of execution, if required, and a list of supporting services to be provided therefor.

Section 3.04. (a) Beginning December 31, 1989 and thereafter at six months' intervals: (i) the Borrower shall, through the PMS, prepare and furnish to the Bank for its review and approval proposed work plans for the execution of the Project during the following six months; and (ii) the Borrower and the Bank shall exchange views on the status of the Project activities, the results and recommendations originating therefrom, and further action to be taken for carrying out the Project and accomplishing the purposes of the Loan. Furthermore, not later than June 30, 1990, the Borrower and the Bank shall exchange views on the Project funding requirements and the proposed ways and means to fulfill them.

(b) Prior to such exchange of views, the Borrower shall furnish to the Bank a report on the progress achieved in carrying out the Project, in such detail as the Bank shall reasonably request.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not

later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that:

(a) Subject to paragraph (b) of this Section:

(i) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(b) paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Bank that:

(i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (a) (ii) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the PMS has been established within the Technical Committee with the coordinator of the Technical Committee appointed as its head, and the administrator and the accountant referred to in Section 3.01 (b) of this Agreement have assumed their functions.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower responsible for planning and regional development is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Planning and
Regional Development
Yaounde
Republic of Cameroon

Cable address:

MINPAT
Yaounde

Telex:

8203 KN

With copy to:

Ministry of Finance
Yaounde
Republic of Cameroon

Cable address:

MINFI
Yaounde

Telex:

8260 KN

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Yaounde, Republic of Cameroon, as of the day and year first above written.

REPUBLIC OF CAMEROON

By /s/ Elisabeth Tankeu

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Ismail Serageldin

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Long-term consultants' services	1,100,000	100%
(2) Short-term consultants' services	5,300,000	100%
(3) Consultants' services for Parts B (b), C (d) and F of the Project	1,150,000	100%
(4) Training for Part E of the Project	100,000	100%
(5) Equipment for Part E of the Project	100,000	85%
(6) Refunding of Project Preparation Advance	350,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	900,000	
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TOTAL	9,000,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower, in the context of its program of actions, objectives and policies designed to achieve structural adjustment of its economy, in: (a) formulating and implementing reforms; and (b) promoting a better policy analysis and management of its economy.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Support to the Public Investment Program

(a) Support in the preparation, monitoring and updating of a computerized rolling multi-year investment program, including: (i) the establishment of detailed procedures for project selection; (ii) the preparation of a computerized system for major projects with project-by-project files indicating investment expenditures by component; (iii) an analysis of the impact of major projects on the Borrower's current budget; (iv) the elaboration of computerized systems; and (v) the preparation and carrying out of training programs.

(b) Support to the Borrower in the procurement area, including: (i) the analysis and revision of bidding and procurement procedures to make them more efficient; (ii) the standardization of bidding and procurement documents; and (iii) the preparation and carrying out of training programs for technical staff.

Part B: Support to National Statistics

Support to the reform of the national statistics system, including:

(a) the preparation of a master plan ("schema directeur") to reorganize the national statistics system, improvements in organization, data processing and collection, and statistical methodology, the definition and setting up of a data bank, the carrying out of on-the-job training programs and seminars, and the acquisition of computer equipment for the central office at Yaounde and for five regional offices; and

(b) further activities to be determined and carried out following the recommendations of the above-mentioned master plan.

Part C: Support to Debt Management

(a) Carrying out of studies for defining the structure, organization and procedures of the CAA, including: (i) the preparation of a master plan ("schema directeur") and of a staffing plan and a training program to be carried out in a second phase; and (ii) the formulation of procedures for improving the monitoring of Government-guaranteed debt.

(b) Preparation and carrying out of training programs for operators and users of CAA existing computer equipment.

(c) Carrying out of a study on CAA long-term computer equipment needs.

(d) Further activities to be determined and carried out following the recommendations of the studies referred to in paragraphs (a) and (c) above.

(e) Acquisition of computer equipment.

Part D: Support to the Civil Service Reform

Support to the civil service reform measures, including:

(a) the reorganization plans and the staffing requirements of key ministries;

(b) the revision of the regulatory framework;

(c) payroll management reform;

- (d) a more efficient use of the national human resources; and
- (e) the acquisition of computer equipment.

Part E: Support to the Public Enterprise Sector Reform

Support to the public enterprise sector reform measures, including:

- (a) the carrying out of diagnostic studies and, when appropriate, the preparation of rehabilitation plans for public and parapublic sector enterprises;
- (b) the design of a management information system;
- (c) the carrying out of studies, in particular, on: (i) the identification of ways and means to mitigate the potentially negative social impact of employment curtailment by public enterprises; (ii) the detailed review of relationships between the Government and selected public enterprises, together with recommendations to clarify said relationships on a case-by-case basis; and (iii) methods to improve the productivity of cash crops (cotton, coffee and cocoa);
- (d) the supervision of public enterprises under restructuration and the provision of legal, auditing, privatization experts' or liquidators' services for public enterprises to be privatized or liquidated;
- (e) the carrying out of seminars to explain the measures taken in the context of the public enterprise sector reform; and
- (f) the strengthening of the operations of the Technical Commission in charge of the public enterprise reform through the acquisition of equipment and the attendance to seminars related to public enterprise sector reform.

Part F: Other Activities

Other activities consisting of technical assistance, training, studies and acquisition of equipment to be determined during Project implementation.

Part G: PMS Operations

Strengthening of the operations of the PMS through the acquisition of equipment.

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The Project is expected to be completed by June 30, 1993.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each April 1 and October 1	
beginning October 1, 1994 through April 1, 2006	375,000

