Financing Agreement

(Mining Sector Capacity Building Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JUNE 28, 2012
CREDIT NUMBER 5024-CM

FINANCING AGREEMENT

AGREEMENT dated _______________, 2012, entered into between REPUBLIC OF CAMEROON ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

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 nineteen million three hundred Special Drawing Rights (SDR 19,300,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule I to this Agreement ("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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 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 the Project through MINIMIDT in accordance with the provisions of Article IV of the General Conditions.

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 Event of Suspension consists of the following, namely that at any time before the Disbursement Deadline Date, the Recipient has failed, in the opinion of the Association, to apply standards or implement measures consistent with international good practice to ensure the environmentally and socially sustainable management of all mining operations in its jurisdiction that have commenced or are materially revised subsequent to the date of this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has adopted the Project Implementation Manual in accordance with Section I.D. of Schedule 2 to this Agreement.

(b) The Recipient has established the Project Implementation Unit within MINIMIDT and has recruited for the Project Implementation Unit, the following staff: a Project coordinator, a procurement specialist, a financial management specialist, an accountant and a monitoring and evaluations specialist in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.

(c) The Recipient has established the Project Steering Committee in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

(d) In furtherance of the provisions of Section II.B of Schedule 2 to this Agreement, the Recipient has established, within the Project Implementation Unit, and successfully trained relevant staff in the use thereof, a computerized financial and accounting system satisfactory to the Association.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
5.03. 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 its Minister of 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
Facsimile:

1-202-477-6391
AGREED at Yaounde, Republic of Cameroon as of the day and year first above written.

28 JUIN 2012

Emmanuel NGANOU

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve: (i) efficiency and transparency of the Recipient's mining sector management, and (ii) the Recipient's frameworks for sustainable mining development.

The Project consists of the following parts:

PART A: Managing Access to Mineral Resources and Governance of Mining Operations

1. Program of Geo-data Acquisition, Interpretation, Storage and Promotion

Acquisition, interpretation, storage and dissemination of geo-data to support mineral sector development including, inter alia: conduct of regional airborne surveys in selected areas; establishment of a national digital geo-data management center for the purpose of public dissemination of such data; and refurbish and equipping of MINIMIDT's facilities and the center for mining and geology research within MINRESI.


Strengthening of oversight capabilities of mining-related ministries, including, inter alia: (i) implementation of a program of activities aimed at developing the Recipient's mining-related regulatory framework such activities to include, inter alia: development of cadastral procedures; development of environmentally and socially sustainable practices in artisanal mining; development of sound health, safety, and environmental standards for mining activities; and preparation of a model mineral development agreement; (ii) establishment of a modern computer-based cadastral system and a supporting administrative structure within MINIMIDT for the efficient and transparent management of mineral exploration and mining rights; (iii) strengthening of capacity within MINIMIDT and other mining related ministries for effective negotiation of mining agreements through the provision of consultants' services and training required for the purpose; (iv) strengthening of the mining inspection functions within MINIMIDT through, inter alia, the establishment of a computer-based mining inspection management system; and (v) development of a comprehensive environmental and social management framework for the Recipient's mining sector, and expansion of capacity within MINIMIDT and other ministries as determined by the SESA for environmental and social management of mining activities through the provision of goods, training and consultants' services required for the purpose.
3. **Improving Transparency and Accountability in the Mining Sector**

Implementation of a program of activities aimed at supporting the adoption of transparency and certification mechanisms for the mining sector modeled on international best practices, such activities to include, *inter alia*: training and workshop activities for applicable stakeholders and provision of goods and consultants' services required for the purpose.

**PART B: Systematizing the Integration of Mineral Development into Local and Regional Development**

1. **Mineral Resources Dynamic Management System**

Establishment of a geographic information system for grouping of geological data with other natural resources and socio economic information in two selected regions of the Recipient’s territory.

2. **Coordination of Mines, Forests and Environment Stakeholders**

Strengthening capacity for the coordination of stakeholders in mining, forests and environment management; the establishment of a land-use conflict resolution mechanism with the cooperation of related ministries as determined by the SESA; and provision of consultants’ services, training and operational costs required for the purpose.

3. **Local and Regional Linkages**

Implementation of a program of activities aimed at promoting local and regional linkages among mining sector stakeholders, such activities to include, *inter alia*: provision of training and economic opportunity awareness activities to communities in the mining areas; provision of training to municipal authorities to manage mining related social impacts; development of mechanisms for better channeling of mining benefits to mining-affected communities; promotion of local content and business enhancing techniques to small and medium scale enterprises through goods, training and consultants’ services required for the purpose.

4. **PPP Framework for Mining-related Infrastructure**

Development of tools and expertise within the Recipient’s mining-related ministries and related private sector through the provision of technical analysis, legislations reviews and workshops to facilitate public-private partnerships for investments in mining-related infrastructure.

**PART C: Project Management**

Project coordination, management, and monitoring, and carrying out of financial audits and periodic evaluations, and provision of goods required for the purpose.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Steering Committee

   (a) The Recipient shall establish and thereafter maintain, at all times during the implementation of the Project, a committee with a mandate, composition and resources satisfactory to the Association ("Project Steering Committee").

   (b) Without limitation upon the provisions of paragraph (a) of Section I.A.1 of this Schedule 2, the Project Steering Committee shall be chaired by the Minister of MINIMIDT or his or her representative, and be comprised of, inter alia, representatives of the Recipient’s ministries responsible for economic planning, finance, environment, forestry, lands, and social affairs.

   (c) The Project Steering Committee shall meet at least once every semester, and shall be responsible for, inter alia: (i) reviewing the proposed annual work plans and related budgets for the Project, reviewing the draft annual implementation and audit reports, as well as the procurement plan prepared by the Project Implementation Unit; (ii) overseeing overall implementation and performance of the Project and providing policy guidance; and (iii) identifying necessary Project adjustments based on monitoring and evaluation results.

2. Project Implementation Unit

   (a) The Recipient shall establish and thereafter maintain at all times during Project implementation, a Project implementation unit, with composition, terms of reference and resources satisfactory to the Association ("Project Implementation Unit").

   (b) Without limitation upon the provisions of Paragraph (a) of Section I.A.2 of this Schedule 2, the Project Implementation Unit shall at all times: (i) be comprised of qualified and experienced personnel in adequate numbers, and to this end, the Recipient shall recruit, inter alia: (A) a Project coordinator, a procurement specialist, a financial management specialist, an accountant and a monitoring and evaluation specialist; and (B) not later than three months after the Effectiveness Date, an environmental and social safeguards specialist; all with qualifications,
experience, and terms of reference acceptable to the Association in accordance with the provisions of Section III of this Schedule; and (ii) be responsible for day-to-day Project coordination and implementation, including: (A) preparing proposed annual work plans of activities for inclusion in the Project, and updating the procurement plan and related budgets and consolidating Project Reports for the Project Steering Committee's review; (B) carrying out Project financial management and procurement activities; and (C) monitoring and evaluating the Project.

B. Anti-Corruption

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

C. Annual Work Plans and Budgets

1. Not later than October 15 in each calendar year (or, for the first year of Project implementation, one month after the Effective Date, whichever is later), the Recipient shall prepare, a draft annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested.

2. The Recipient shall, not later than October 15 in each calendar year (or, for the first year of Project implementation, one month after the Effective Date, whichever is later), furnish such draft annual work plan and budget to the Association and afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall, inter alia, identify: (a) particulars of the training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.
D. Manual

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association, a Project implementation manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; and (e) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall afford the Association a reasonable opportunity to review such manual, and shall thereafter adopt such manual as shall have been approved by the Association ("Project Implementation Manual").

3. The Recipient shall carry out the Project in accordance with the Project Implementation Manual and shall, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision of either one thereof, without the prior written consent of the Association.

4. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Safeguards

1. (a) For purposes of Part A.2(v) of the Project, the Recipient shall: (i) not later than 18 months after the Effective Date: (A) carry out a strategic environmental and social assessment of the Recipient’s mining sector under terms of reference satisfactory to the Association ("SESA") in order to identify and assess environmental and social issues associated with its mining sector (including the adequacy of the Recipient’s environmental and resettlement policies) and recommend measures based on said assessment to address such issues; (B) prepare and furnish to the Association a detailed time-bound action plan to implement such recommendations, including inter alia, the regulatory instruments required therefor; and (C) afford the Association a reasonable opportunity to review the SESA and said action plan; (ii) thereafter, but not later than 6 months after the completion of the SESA, disclose in an accessible public manner and adopt such action plan as shall have been agreed with the Association; and (iii) timely implement such actions outlined in the said action plan as agreed with the Association.

(b) The Recipient shall ensure that the Project Reports referred to in Part A of Section II of this Schedule include adequate information on the status
of preparation and implementation of the regulatory instruments referred to in paragraph 1 (a) above.

2. The Recipient shall ensure that:

(a) all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Association's environmental and social safeguard policies; and

(b) in drafting any regulatory instruments under the Project, due attention will be given to said policies.

Section II. Project Monitoring, Reporting and Evaluation

A. 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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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.

4. The Recipient shall establish and maintain at all times during Project implementation, and successfully train relevant staff in the use thereof, a computerized accounting system within the Project Implementation Unit, in form and substance acceptable to the Association.
In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage auditors for the purpose not later than four months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project 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 Project 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, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:
### Procurement Method

| (a) National Competitive Bidding, subject to the additional requirements set forth or referred to in paragraph 3 of this Section III.B |
| (b) Shopping |
| (c) Limited International Bidding |
| (d) Direct Contracting |
| (e) Procurement from United Nations Agencies |

#### 3. Requirements for National Competitive Bidding.

(i) Each bidding document and contract shall provide that the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and the deliberate and material violation of such provision shall constitute an obstructive practice as defined in the Procurement Guidelines;

(ii) The invitation to bid shall be advertised in national newspapers with wide circulation;

(iii) The bid evaluation, qualification of bidders and contract award criteria shall be clearly indicated in the bidding documents;

(iv) The bidders shall be given adequate response time (at least four weeks from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later) to prepare and submit their bids;

(v) The contracts shall be awarded to the lowest evaluated bidder;

(vi) The eligible foreign bidders shall not be precluded from participating; and

(vii) No margin of preference shall be granted to domestic contractors or to domestically manufactured goods.
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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on the Consultants' Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services. Training, Workshops and Operating Costs for the Project</td>
<td>18,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>650,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>19,300,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 is June 30, 2017.
**SCHEDULE 3**

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each 15 February and 15 August</td>
<td></td>
</tr>
<tr>
<td>commencing February 15, 2022 to and including August 15, 2031</td>
<td>1%</td>
</tr>
<tr>
<td>commencing February 15, 2032 to and including August 15, 2051</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.C of Schedule 2 to this Agreement.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Disbursement Deadline Date" refers to the Closing Date or such later date established by the Association for receipt of applications for withdrawal (and supporting documentation) pursuant to Section 3.7 of the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association.


9. "Operating Costs" means incremental recurrent expenditures incurred on account of Project implementation, including: local contractual support staff salaries; travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications' expenses, but excluding the salaries of officials and public servants of the Recipient's civil service.

10. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the
letter agreement signed on behalf of the Association on July 15, 2011 and on behalf of the Recipient on July 25, 2011.


12. "Procurement Plan" means the Recipient's procurement plan for the Project, dated, August 31, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

13. "Project Implementation Manual" means the manual referred to in Section I.D.2 of Schedule 2 to this Agreement as the same may be revised from time to time with the prior written consent of the Association.

14. "Project Implementation Unit" means the unit referred to in Section I.A.2 of Schedule 2 of this Agreement.

15. "Project Steering Committee" means the committee referred to in Section I.A.1 of Schedule 2 of this Agreement.

16. "Strategic Environmental and Social Assessment" or "SESA" means the assessment to be carried out by the Recipient under Part A.2(v) of the Project in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

17. "Taxes" means taxes as defined in the General Conditions with the exclusion of value added taxes and custom duties.

18. "Training" means the training of persons under the Project, including through seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.