H.E. Louis Paul Motazé  
Minister of Economy, Planning, and Regional Development  
Ministry of Economy, Planning, and Regional Development  
B.P. 660  
Yaoundé  
Cameroon

Cameroon: Credit No. 4987-CM  
(Second Additional Financing for CEMAC - Transport and Transit Facilitation Project)  
Amendment to Financing Agreement

Excellency:

We refer to the Financing Agreement (the “Agreement”) between the Republic of Cameroon (the “Recipient”) and the International Development Association (the Association), dated October 28, 2011, as amended. We also refer to your letter dated January 25, 2017, requesting some amendment to the Agreement.  

We are pleased to inform you that the Association agrees with your request. Accordingly, the Financing Agreement shall be amended as set forth in this letter (the “Amendment”).

1. Section 4.01 of the Agreement is modified by inserting paragraphs (c) and (d), respectively, as follows:

“(c) The Association determined that military combat activity along the Mora-Dabanga-Kousseri section of the road has escalated and/or security situation within the same area has deteriorated to the extent that, in the opinion of the Association, the activities under the Project cannot be satisfactorily carried out in compliance with the provisions set forth in Schedule 2 to this Agreement.”

“(d) The Collaboration Framework Agreement has been amended, suspended, terminated or waived so as to affect materially and adversely the agreed framework and specific arrangements for, inter alia, operations, security and code of conduct of the ACE and Military Personnel involved in the rehabilitation works of the Mora-Dabanga-Kousseri section of the road.”

2. Section I.A of Schedule 2 to the Agreement is modified as follows:

(a) Section I.A(c) is modified as follows:

“(c) The Ministry of Public Works shall be responsible for the technical implementation of the Project, and shall, for the purpose of completion of Mora-Dabanga-Kousseri section of the road cause the Army Corps of Engineers (ACE)
to carry out works on said section of the road pursuant to the provisions of the Collaboration Framework. To that end, the Recipient, through the Ministry of Public Works, shall prepare and submit to the Steering Committee an annual work program and budget acceptable to the Association; and no Project activities shall be carried out by the Recipient unless such activities are included in such annual work program and budget approved by the Association.

(b) A new Section I.A(d) is inserted as follows:

"(d) Not later than thirty (30) days after the date of the Amendment, establish and maintain the OBDAF Unit within the Ministry of Works with adequate staff, including a fiduciary expert, social development specialist and a road engineer, with qualifications, experience and terms of reference, acceptable to the Association. The OBDAF Unit shall be responsible for, inter alia, management of contracts relating to construction of Mora-Dabanga-Kousseri section of the road, and monitoring compliance with safeguard provisions and other Project risk mitigation measures."

(c) A new Section I.A(e) is inserted as follows:

"(e) The Ministry of Defense shall be responsible for providing security for the works and sites along the Mora-Dabanga-Kousseri section of the road in accordance with the provisions of the Collaboration Framework Agreement and the Works Security Support Framework (Dispositif Sécuritaire d'Accompagnement des travaux – DSAT)"

3. Section I.D of Schedule 2 to the Agreement is amended by re-numbering paragraphs (b), (c) and (d), respectively, as paragraphs (c), (d) and (e), and inserting a new paragraph (b) as follows:

"(b) if a resettlement action plan would be required on the basis of the Resettlement Policy Framework for the Mora-Dabanga-Kousseri section of the road: (i) said resettlement action plan shall be prepared by the Recipient, in accordance with the requirements of the Resettlement Policy Framework, disclosed locally and furnished to the Association for approval; and (ii) no works for construction or rehabilitation shall commence until: (A) all measures required to be taken under said resettlement action plan have been taken in accordance with the terms of said resettlement action plan and in a manner acceptable to the Association; and (B) the Recipient has furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said resettlement action plan. To this end, the Recipient shall ensure that the ACE, and relevant staff of the OBDAF Unit receive the required training relating to the RPF, and are appropriately sensitized and informed regarding the vulnerability of the population living along said section of the road."

4. Section I.F of Schedule 2 to the Agreement is modified as follows:

"F. Security"

"1. The Recipient shall ensure that each contract entered into for the implementation of the Project contains appropriate safeguards for the management of the security
risk resulting from conflicts in the areas where the activities under such contract are carried out.”

“2. The Recipient shall ensure that in carrying out the works along the Mora-Dabanga-Kousseri section of the road, that ACE and any Military Personnel assigned to guard the works, comply with the security arrangements and the code of conduct set forth in the Works Security Support Framework (Dispositif Sécuritaire d’Accompagnement des travaux – DSAT), including taking the mandatory training set forth in the training plan, and shall establish: (a) a security monitoring commission with the responsibility for monitoring security conditions along said section of the road; and (b) an independent observatory with the responsibility for assessing security conditions in the Far North Region.”

5. New Sections I.H, I.I and I.J are, respectively, inserted under Schedule 2 to the Agreement as follows:

“H. Specific Social Risk Mitigation Measures”

“1. In order to implement construction works along the Mora-Dabanga-Kousseri section of the road, the Recipient through the Ministry of Defense shall at all times during the implementation of the Project, take the following measures, in a form and substance satisfactory to the Association:

(a) enforce high standard rules for the selection of Military Personnel and ACE personnel involved in the works, and immediately remove any personnel involved in any alleged violation or abuse, and ensure that all Military Personnel receive the required training in international humanitarian law, civilian-military engagement, gender-based violence and other relevant areas prior to the commencement of any works;

(b) effectively implement a social communication strategy for, inter alia, engagement of local communities, non-governmental organizations, media, and authorities in the Project area along the Mora-Dabanga-Kousseri section of the road;

(c) prior to commencement of any works, establish a transparent, accessible and effective Grievance Redress Mechanism, and at all times during the rehabilitation of the Mora-Dabanga-Kousseri section of the road, actively monitor implementation of said Grievance Redress Mechanism.”
"I. Collaboration Framework Agreement and Operational Manual"

"1. Operational Manual

(a) The Recipient shall ensure that the Project is carried out in accordance with the Operational Manual (OM).

(b) The Recipient shall not amend, abrogate, waive or otherwise modify the OM, or permit the OM or any provision thereof to be amended, abrogated, waived or otherwise modified, except with the prior written agreement of the Association. In the event of any conflict between the provisions of the OM and those of this Agreement, the latter shall prevail.”

"2. Collaboration Framework Agreement

(a) The Recipient shall: (i) not later than thirty (30) days after the date of the Amendment, cause the Ministry of Public Works and the Ministry of Defense to enter into a collaboration collaboration agreement (the “Collaboration Framework Agreement); and (ii) thereafter, ensure that the works along the Mora-Dabanga-Kousseri section of the road, are carried out by the ACE in strict compliance with the provisions of the Collaboration Framework Agreement.

(b) The Recipient shall not amend, abrogate, waive or otherwise modify the Collaboration Framework Agreement, or permit the Collaboration Framework Agreement or any provision thereof to be amended, abrogated, waived or otherwise modified, except with the prior written agreement of the Association. In the event of any conflict between the provisions of the Collaboration Framework Agreement and those of this Agreement, the latter shall prevail.”

"J. TPM and Grievance Redress Mechanism"

"1. The Recipient shall take all necessary actions to enable the TPM Consultant to perform its activities in accordance with the applicable terms of reference, including but not limited to allowing and facilitating the TPM Consultant to visit and monitor the Project Area, collect relevant data and communicate with Project stakeholders and beneficiaries.

2. The Recipient shall: (a) review and discuss with the Association, monitoring reports prepared by the TPM Consultant; and (b) promptly take any actions, as may be requested by the Association upon its review of said reports.

3. The Recipient: (a) shall and shall cause respective local authorities, to fully collaborate with the TPM Consultant (b) shall review biannual reports of the TPM Consultant on grievances received, redress mechanism and any feedback provided; and (c) shall promptly implement or cause relevant local authorities to implement the recommendations provided in said reports.“

4. The Recipient shall not later than thirty (30) days after the date of the Amendment, establish and thereafter, maintain a culturally appropriate and effective
participatory and consultative mechanism ("Grievance Redress Mechanism" or "GRM") for the purpose of receiving grievances on alleged harm, or misconduct by contractors or Military Personnel, or any occurrences of gender-based violence associated with the Project activities along the Mora-Dabanga-Kousseri section of the road. To this end, the Recipient shall establish appropriate guidelines and policies, including a reasonable timeline for said GRM to ensure adequate, effective and timely redress of any grievance, alleged harm, or misconduct that may be presented for such GRM.

6. Section II.B of Schedule 2 to the Agreement is modified by inserting a new paragraph 5 as follows:

"5. Independent Financial Verification"

"The Recipient shall ensure an independent financial and technical verification of the works carried out by the ACE by an independent financial verifier and technical auditor ("Independent Financial Verifiers"). Such verification shall include verification on the use of the proceeds of the Financing."

7. The table (Procurement Methods) set forth in Section III B. 2. of Schedule 2 to the Agreement is deleted in its entirety, and is replaced with the following:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
<tr>
<td>(e) Force Account</td>
</tr>
</tbody>
</table>

8. Section III.E is inserted in Schedule 2 to the as follows:

"E. Specific Procurement Verification Requirements"

1. The Recipient shall ensure an independent validation of the delivery of the supplies and monitor variation of stock is carried out by the OBDFA in collaboration with the external supervising engineer.

2. The Recipient shall ensure that the Anti-Corruption Guidelines are included in any supplies contract, including the contract for ACE works.

9. The table set forth in Section IV.A.2 of Schedule 2 to the Agreement is deleted in its entirety and replaced with the table set forth in the Annex to this Agreement.

10. Section IV B.1 is deleted, Section IV.B.2 is renumbered as Section IV.B.3, and new Sections IV.B.1 and IV.B.2 are, respectively, inserted as follows:
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. No withdrawals shall be made for payments of under Category (4) for works on the Mora – Dabanga and the Dabanga – Kousseri road under Part 1 of the Project that are procured through Force Account method, unless:

(a) the Recipient has opened, an Output-And-Performance-Based Designated Force Account, and thereafter, maintain said Out-put-And-Performance Based Designated Force Account until completion of works on said roads; and

(b) the Output-And-Performance-Based Designated Force Account referred to in sub-paragraph (a) immediately above, has been independently verified on the basis of the outputs and defined specifications as set out in a pre-agreed output unit cost. It being understood that, such independent verification of output shall be evidenced by the monitoring of construction material quantities, and determined on the basis of multiple costs comparators and showing changes in cost fluctuations, all in form and substance satisfactory to the Association.

11. The Definitions set forth in Section I of the Appendix to the Agreement are modified as follows:

(a) Paragraphs 7, 8 and 26 are, respectively, is modified as follows:


8. “ESMP” or “Environmental and Social Management Plan” means collectively: (i) the document entitled “Plan de Gestion Environnementale et Sociale” prepared by the Ministry of Public Works at the request of the Recipient and dated January 2007, as updated in January 2017; (ii) the document entitled “Etude en vue du bitumage de la voie de contournement de la ville de Kousseri – Rapport d'Etude d'Impact Environnemental” prepared by the consulting firm ECTA-BTP SARL at the request of the Recipient and dated July 2009, as updated in January 2017; and (iii) the environmental and social management plan prepared as part of the ESIA.

26. “Safeguards Instruments” means collectively (i) the ESIA, (ii) the ESMP, (iii) the Resettlement Action Plans; and (iv) the Resettlement Policy Framework.

(b) New paragraphs 30 through 38 are, respectively, inserted as follows:

30. “Army Corps of Engineers” or “ACE” means the Recipient’s Génie Militaire, the military engineers unit under the Ministry of Defense.”
"31. "Collaboration Framework Agreement" means the framework Agreement to be executed between the Ministry of Public Works and the Ministry of Defense providing the framework for, inter alia, operations, security and a code of conduct for the ACE involved in the rehabilitation works of the Mora-Dabanga-Kousseri section of the road, and the Military Personnel involved in the provision of security of said works."

"32. "GRM" or "Grievance Redress Mechanism" means the system aimed to receive grievances on alleged harm, or misconduct by contractors or Military Personnel, or any occurrences of gender-based violence that might be associated with the Project activities along the Mora-Dabanga-Kousseri section of the road.

"33. "Ministry of Defense" means the Recipient’s ministry responsible for defense, or any successor thereto.

"34. "Military Personnel" means the Recipient’s regular military combat personnel, including the ACE military personnel, other than the civilian personnel that are assigned to the ACE.

"35. "OBDFA Unit" means the Output Based Designated Force Account Unit referred to in Section I.A(d) of Schedule 2 to the Agreement, and charged with the responsibility fiduciary, social and environmental safeguards and control of the standard of works along the Mora-Dabanga-Kousseri section of the road.

"36. "Resettlement Policy Framework" means the Recipient’s framework, acceptable to the Association, dated January 2017, and disclosed in-country on January 20, 2017, and by the Association on January 23, 2017, setting forth the modalities for resettlement and compensation of Affected Persons, including guidelines for the preparation of the resettlement plans, as the same may be amended from time to time with the agreement of the Association.

"37. "TPM" or "Third Party Monitoring" means monitoring activity (including, inter alia: periodic site visits; assessments of local context and conditions; interviews; awareness raising; training and preparation of reports) to be carried out by a TPM Consultant with the purpose of, inter alia, monitoring civilian-military engagement, gender-based violence, and detecting any occurrence of child and forced labor in connection with the Project activities along the Mora-Dabanga-Kousseri section of the road, and confirming compliance with applicable laws and regulations on civilian-military engagement, gender-based violence, child and forced labor; all in accordance with the relevant terms of reference approved by the Association.

"38. "TPM Consultant" means a firm or organization, with internationally recognized expertise in social audit and monitoring and evaluation of development projects in a conflict affected zone, to be engaged by the Association for carrying out TPM and GRM in accordance with the relevant terms of reference approved by the Association.

All provisions of the Agreement which are not expressly modified in accordance with this letter remain unchanged.
Please indicate your agreement with the foregoing, by countersigning and dating the two original copies of this letter and returning one countersigned original copy to the Association. Upon receipt by the Association of said original countersigned by the authorized representative of the Recipient and dated, this amendment shall become effective as of the date of countersignature of this letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

By:

Country Director for Cameroon
Africa Region

[Stamp]

[Signature]

Authorized Representative

Name: Louis Paul MOTAZE

Date: 06 MARS 2017
### ANNEX

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, non-consulting services and consultants' services (including audits) and Training for Parts 1 and 2 of the Project, except Part 1(ii) of the Project</td>
<td>29,930,000</td>
<td>100% VAT not included</td>
</tr>
<tr>
<td>(2) Operating Costs for Part 2 of the Project</td>
<td>2,400,000</td>
<td>100% all taxes included</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(4) OB DFA arrangement under Force Account for Part 1 of the Project</td>
<td>38,370,000</td>
<td>100% VAT not included</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>70,700,000</td>
<td></td>
</tr>
</tbody>
</table>