Loan Agreement

(Electricity Transmission and Reform Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated 07 JUIN, 2017
LOAN AGREEMENT

AGREEMENT dated 07 JUIN 2017, between REPUBLIC OF CAMEROON ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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 — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred and ninety-one million one hundred thousand Euros (EUR 291,100,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; provided, furthermore that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are May 15 and November 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(b) The Project Implementing Entity shall have failed to comply with its obligations under the Subsidiary Agreement.
(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project Implementing Entity will be able to perform any of its obligations under the Subsidiary Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Project Implementing Entity or for the suspension of its operations.

(e) The Borrower, in the opinion of the Bank, shall have failed to act, or failed to cause other relevant parties to act, in a manner consistent with the terms or consistent with achievement of the objectives expressed in the Transmission Sub-sector Reform Policy Statement.

4.02. The Additional Event of Acceleration consists of any event specified in paragraphs (a) through (e) of Section 4.01 of this Agreement occurring and continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Subsidiary Agreement has been executed on behalf of the Borrower and the Project Implementing Entity in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

(b) The Project Implementing Entity has recruited to the PIU, a Project coordinator, a financial management specialist, an accountant, a procurement specialist and an environmental and social safeguards specialist, all in accordance with the provisions of Section I.B.1(b) of Schedule 2 to this Agreement and Section I.A.1(b) of the Schedule to the Project Agreement.

(c) The Project Implementing Entity has adopted the Project Implementation Manual in accordance with the provisions of Section I.D of Schedule 2 to this Agreement and Section I.C of the Schedule to the Project Agreement.

(d) The Borrower has provided the Commitment Letter to the Bank in accordance with Section V.A of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter shall be that the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty days (120) days after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its minister at the time responsible for economy, planning and regional development.

6.02. The Borrower’s Address is:

Ministry of Economy, Planning and Regional Development
P.B. 660
Yaoundé
Republic of Cameroon

Facsimile:

(237) 222 22 15 09

6.03. The Bank’s Address is:

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

Telex: 248423(MCI) or 64145(MCI)  Facsimile: 1-202-477-6391
AGREED at Yaoundé, Republic of Cameroon, as of the day and year first above written.

REPUBLIC OF CAMEROON

Authorized Representative

Name: Louis Paul MOTAZE
Title: 

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Elizabeth Hayborez
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve the capacity, efficiency, and reliability of the Borrower’s national electricity transmission network.

The Project consists of the following parts:

1. Provision of support towards the operationalization of the Project Implementing Entity’s transmission portfolio, including *inter alia*:
   
   (a) Facilitation of the Project Implementing Entity’s purchase and transfer of transmission assets from ENEO, including, carrying out of related legal and operational activities for the purpose of said purchase and transfer.

   (b) Consolidation of the Project Implementing Entity’s institutional and regulatory framework including: (i) clarification and finalization of operational arrangements and business plans; and (ii) carrying out of studies to assess the implications for compliance with, and continuity of, existing contracts.

   (c) Provision of technical and management support to the Project Implementing Entity to facilitate the rapid initiation of its business operations and refinement of its organizational structure and procedures.

   (d) Provision of technical assistance to the Project Implementing Entity to facilitate and supervise the implementation of the National Transmission Grid Investment Program and the management of all resettlement, compensation, and citizen engagement processes; including support to the activities of the Assistant Program Manager and Owner’s Engineer.

2. Strengthening of the national transmission grid through, *inter alia*:

   (a) Strengthening of the city of Douala’s radial transmission system through high-priority investments, including the completion or construction, as the case may be, of 225kV and 90kV lines and HV/MV substations in the city of Douala’s electricity transmission system.

   (b) Strengthening of the city of Yaoundé’s radial transmission system through high-priority investments, including the completion of 225kV and 90 kV electricity transmission lines and substations in the city of Yaoundé’s transmission system.

   (c) Strengthening and stabilization of three national transmission networks, namely, the northern transmission network, southern transmission network and eastern transmission network, and their interconnections.

   (d) Enhancing of the effectiveness and sustainability of investments in the transmission sector, through provision of support to ‘smart grid’ investments in the
transmission system, including, *inter alia*, strengthening of the Supervisory Control And Data Acquisition (SCADA) infrastructure of the national grid, upgrade of switchgear and system protection equipment, and modernization of system maintenance and diagnostics technology.

(e) Carrying out of a program of activities aimed at supporting the implementation of the environmental and social mitigation measures associated with the Project including, but not limited to, the measures detailed in the Safeguards Instruments.

3. Project management support and capacity building through:

(a) Carrying out of a program of technical assistance activities aimed at strengthening the Borrower’s sectorial institutions namely, MINNE, AER, ARSEL through, *inter alia*, preparation of feasibility studies, analytics and advisory services and capacity building related to potential future investments in electricity transmission and overall sector reform including studies on transmission infrastructure investments, updating of the Borrower’s energy sector policy and preparation of an energy masterplan, development of a grid code for power producers, completion of studies on the establishment of a regulating authority on renewable energy development, development of a program and policy on electricity access and carrying out of studies and mobilization of financing for the Borrower’s rural electrification program.

(b) Strengthening the Project Implementing Entity’s technical and fiduciary capacity to coordinate, manage and implement the Project, including technical assistance, recruitment of requisite staff, purchase of equipment, and provision of trainings, audits, and monitoring and evaluation activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Project Steering Committee

1. The Borrower shall maintain, at all times during the implementation of the Project, the Project Steering Committee with a mandate, composition and resources satisfactory to the Bank.

2. 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 the Borrower’s ministry responsible for energy and shall be comprised of, inter alia, representatives of the Borrower’s ministries responsible for economy, public works, and the general director for ARSEL.

3. The Project Steering Committee shall meet at least once every semester and shall be responsible for Project oversight, including, inter alia: (a) assisting with coordination among the relevant ministries and other institutions involved in the Project; (b) reviewing the proposed Annual Work Plans and Budgets for the Project; and (c) providing overall Project monitoring and guidance and harmonization of all activities regarding the Borrower’s electricity transmission program.

B. Subsidiary Agreement

1. In order to achieve the objectives of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a subsidiary agreement between the Borrower and the Project Implementing Entity, under terms and conditions acceptable to the Bank (“Subsidiary Agreement”), which shall include, without limitation, the following:

   (a) The proceeds of the Loan shall be made available to the Project Implementing Entity on sustainable loan terms.

   (b) The Borrower shall require the Project Implementing Entity to maintain within its structure, the Project implementing unit with composition, terms of reference and resources satisfactory to the Borrower and the Bank which shall: (i) be comprised of qualified and experienced personnel in adequate numbers, and to this end recruit, inter alia: (A) a Project coordinator, a financial management specialist, an accountant, a procurement specialist and an environmental and social safeguards specialist; and (B) no later than six (6) months after the Effective Date, a monitoring and evaluation specialist, all with qualifications, experience and terms of reference acceptable to the Bank; and (ii) be responsible for day-to-day Project coordination, implementation and supervision, including, inter alia: (A) preparing proposed Annual Work Plans and Budgets 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 information; (B) carrying out all Project financial management and procurement activities; (C) ensuring compliance with the Safeguard Instruments; and (D) monitoring and evaluating the Project.

(c) Without limitation upon the provisions of the preceding paragraph (b)(i), the Borrower shall, not later than three (3) months before the launching of the bidding documents for Parts 2(a), 2(b) and 2(c) of the Project, cause the Project Implementing Entity to recruit, in accordance with Section III of this Schedule 2, an owner’s engineer with qualifications, experience and terms of reference satisfactory to the Bank, to assist the Project Implementing Entity with supervision of the procurement, design and construction of the Electricity Infrastructure, operationalization of electricity services and preparation for operation and maintenance of said Electricity Infrastructure and electricity services (“Owner’s Engineer”).

(d) Without limitation upon the provisions of Section I.B.1(b)(i) of this Schedule 2, the Borrower shall cause the Project Implementing Entity to recruit, in accordance with Section III of this Schedule 2, an assistant program manager with qualifications, experience and terms of reference satisfactory to the Bank, to assist the Project Implementing Entity with overall management of the Project Implementing Entity’s electricity transmission investment, program and overall business operations (“Assistant Program Manager”).

(e) To facilitate the carrying out of all Project procurement activities, the Borrower shall: (i) no later than six(6) months after the Effective Date, establish a special tender board (“Project Tender Board”), and thereafter maintain at all times during the implementation of the Project, said Project Tender Board with composition, terms of reference and resources satisfactory to the Bank; and (ii) without limitations upon the preceding, maintain the mandate of the SONATREL Tender Board with composition, terms of reference and resources satisfactory to the Bank until such time as the Project Tender Board shall be established and operational in accordance with the provisions of the preceding Section I.B.1(e)(i), whereupon the Project Tender Board shall take over from the SONATREL Tender Board all of the responsibilities performed by the latter with respect to all procurement activities of the Project.

(f) The Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the requirement that the Project Implementing Entity:

(i) carry out its activities under the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Loan proceeds other than the Borrower, the Project Implementation Manual, and the Safeguard Instruments;
(ii) maintain policies and procedures, adequate to enable the Project Implementing Entity to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the activities carried out under the Project and the achievement of its objectives;

(iii) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the activities carried out by the Project Implementing Entity under the Project; and (B) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and furnish promptly to the Borrower and the Bank the financial statements as so audited;

(iv) enable the Borrower and the Bank to inspect the activities carried out by the Project Implementing Entity under the Project, their operation and any relevant records and documents; and prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing; and

(v) refund any or all part of the amount of the Loan then withdrawn, upon the Borrower’s determination that the Project Implementing Entity has failed to perform any of its obligations under the Subsidiary Agreement or the Project Agreement.

2. The Borrower shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

3. Except as the Bank shall otherwise agree, the Borrower and the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

4. In the event of any conflict between the Subsidiary Agreement and the Loan Agreement, the Loan Agreement, as the case may be, shall prevail.

C. Anti-Corruption

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

D. Project Implementation Manual

1. The Borrower shall prepare or cause to be prepared, in accordance with terms of reference acceptable to the Bank, 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; (e) environmental and safeguard management; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

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

3. The Borrower 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 Bank.

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. Annual Work Plans and Budgets

1. Not later than November 30 in each calendar year (or one month after the Effective Date for the first year of Project implementation), the Borrower shall prepare or cause to be prepared for the purpose of forwarding to the Bank, 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 Bank shall have reasonably requested.

2. The Borrower shall afford the Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out (or cause to be carried out) such annual work plan and budget during such subsequent calendar year as shall have been approved by the Bank ("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 Loan.

3. Any Training proposed to be included in an Annual Work Plan and Budget, shall include, inter alia: (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 Bank’s prior written approval.

F. Safeguards

1. The Borrower shall (or cause the Project Implementing Entity to) implement the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:
(a) if any activity under Part 2 of the Project would require the adoption of a Supplemental Safeguard Instrument pursuant to a respective Safeguards Framework Document:

(i) prepare: (A) such Supplemental Safeguard Instrument in accordance with the applicable Safeguards Framework Document; (B) furnish such Supplemental Safeguard Instrument to the Bank for review and approval; and (C) thereafter adopt such Supplemental Safeguard Instrument prior to implementation of the activity; and

(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Safeguard Instrument; and

(b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur and no civil works shall commence before resettlement measures under the applicable RAP, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

2. Without limitation upon its other reporting obligations under this Agreement, the Borrower shall, for each applicable Safeguard Instrument, regularly collect, compile and furnish to the Bank reports in form and substance satisfactory to the Bank, on the status of compliance with each applicable Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Safeguard Instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instrument; and

(c) remedial measures taken or required to be taken to address such conditions.

3. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower 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 Bank's environmental and social safeguard policies; and

(b) in any Project activity that may support the drafting of regulatory instruments for the purpose of the Project, due attention will be given to said policies.
Section II.  Project Monitoring Reporting and Evaluation

A.  Project Reports

The Borrower shall (and shall cause the Project Implementing Entity to) monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B.  Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (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 Bank.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

4. Without limitations upon the provisions of the preceding Section II. B.3, the Borrower shall cause the Project Implementing Entity to recruit, in accordance with the provisions of Section III of this Schedule 2, not later than six (6) months after the Effective Date, an external auditor with qualifications, experience and terms of reference acceptable to the Bank, to carry out the audits referred to in said Section II. B.3, as it relates to the Project.

5. In furtherance of the provisions of this Section II.B of Schedule 2 to this Agreement, not later than three (3) months after the Effective Date, the Borrower shall cause the Project Implementing Entity to adapt for the purposes of the project, its computerized multi-project financial and accounting system in a manner satisfactory to the Bank, and successfully train relevant staff in the use thereof.

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 Loan 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 Loan 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 Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding, subject to the additional procedures set forth in paragraph 3 below</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
<tr>
<td>(e) Procurement from UN Agencies</td>
</tr>
</tbody>
</table>

3. **Requirements for the National Competitive Bidding.** The procedures to be followed for National Competitive Bidding shall be those set forth in the Borrower’s procurement code of September 24, 2004, as revised from time to time in a manner deemed acceptable to the Bank, subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines:

(a) in accordance with paragraph 1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Bank, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the Bank; and (ii) the deliberate and material violation of such provision may amount to an obstructive practice as defined in paragraph 1.16 (a)(v) of the Procurement Guidelines;
the invitation to bid shall be advertised in national newspapers with wide circulation;

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

(d) 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 a bidding documents, whichever is later, to prepare and submit their bids;

(e) eligible bidders, including foreign bidders, shall be allowed to participate;

(f) no domestic preference shall be given to domestic contractors and to domestically manufactured goods and association with national firm shall not be a condition for participation in a bidding process;

(g) bids are awarded to the lowest evaluated bidder provided that such bidder is qualified; No scoring system shall be allowed for the evaluation of bids, and no “blanket” limitation to the number of lots which can be awarded to a bidder shall apply;

(h) qualification criteria shall only concern the bidder’s capability and resources to perform the contract taking into account objective and measurable factors; and

(i) fees charged for bidding documents shall be reasonable and reflect only the cost of printing and delivery to the prospective bidders.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

<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 of consulting firms</td>
</tr>
<tr>
<td>(f) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>
D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

E. **Other Commitments Regarding Procurement**

Not later than three (3) months after the Effective Date and as needed throughout the implementation of Project, the Borrower shall cause the Project Implementing Entity to train the procurement staff of the PIU and the SONATREL Tender Board or the Project Tender Board, as the case may be, in the use of the Bank’s procurement procedures in a manner satisfactory to the Bank.

Section IV. **Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank 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 Loan (“Category”), the allocation of the amounts of the Loan 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 Loan Allocated (expressed in Euro)</th>
<th>Percentage of Expenditures to be financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants' services, Training and Operational Costs for Parts 1 and 3 of the Project</td>
<td>32,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants' services for Part 2 of the Project, except Part 2(e) of the Project</td>
<td>255,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of the Preparation Advance</td>
<td>3,200,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>291,100,000</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:
   (a) from the Loan Account (other than to repay the Preparation Advance) until the Bank has received payment in full of the Front-end Fee; or
   (b) under Category 2 unless: (i) the Borrower has disclosed (or caused to be disclosed) all relevant Supplemental Safeguard Instruments and compensated all applicable Affected Persons as required under the Project in accordance with the provisions of Section I.F of this Schedule 2 and Section I.E of the Schedule to the Project Agreement; and (ii) the Project Implementing Entity has recruited the Assistant Program Manager in accordance with Section I.B.1(d) of this Schedule 2 and Section I.A.2 of the Schedule to the Project Agreement.

2. The Closing Date is December 31, 2022.

Section V. Other Undertakings

A. The Borrower shall provide a letter confirming the allocation of an amount equivalent to ten million Dollars ($10,000,000) to the Counterpart Funds Account as the initial installment of the Borrower’s financing for the purpose of relocation and compensation of Affected Persons under Part 2 of the Project (“Commitment Letter”).

B. Allocation of Project-Related Safeguard Funds
1. Unless otherwise agreed with the Bank, the Borrower shall, beginning in the Fiscal Year 2018 through the end of Project implementation, maintain an allocation in the annual Budget and Finance Law for the compensation of Affected Persons on the basis of the total budget expenditures for the compensation of Affected Persons as agreed on an annual basis with the Bank.

2. The Borrower shall on an annual basis, prior to the preparation and approval of the Borrower’s Budget and Finance Law, fix the total budget for expenditures related to the compensation of Affected Persons in consultation with the Bank.

C. Counterpart Funds

Notwithstanding the provisions of the preceding Section V.B.1, the Borrower shall:

1. maintain, throughout the implementation of the Project, in a financial institution and on terms and conditions acceptable to the Bank, an account into which it shall deposit all counterpart funds required for Part 2 (e) of the Project (“Counterpart Funds Account”);

2. without limitation upon the provisions of Section 4.03 of the General Conditions, deposit into the Counterpart Funds Account: (a) no later than six months after the Effective Date, an amount equivalent to ten million Dollars ($10,000,000) and; thereafter (b) on a schedule and in installments agreed with the Bank as reflected in the Annual Work Plan and Budget, a total additional amount equivalent to forty million Dollars ($40,000,000) for Part 2 (e) of the Project, all in the Borrower’s currency (“Counterpart Funds”); and

3. ensure that all Counterpart Funds shall be used exclusively to pay for expenditures required for said Part 2 (e) of the Project.

D. No later than twelve (12) months after the Effective Date, the Borrower shall ensure that all key elements of the Project Implementing Entity’s future Revenue Mechanism including rate base, rate of return, eligible expenses and related fiscal and or subsidy provisions have been defined and adopted by the Project Implementing Entity in form and substance acceptable to the Bank.

E. Without limitations upon the provisions of Section 5.03 of the General Conditions, the Borrower shall waive any and all Taxes, applicable to all Eligible Expenditures under the Project.
SCHEDULE 3

Amortization Schedule

1. 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"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying:

(a) Withdrawn Loan Balance as of the first Principal Payment Date; by
(b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15</td>
<td></td>
</tr>
<tr>
<td>Beginning May 15, 2024 through May 15, 2046</td>
<td>2.17%</td>
</tr>
<tr>
<td>On November 15, 2046</td>
<td>2.35%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall
be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. "Affected Person" means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and "Affected Person" means any of the Affected Persons.

3. "Annual Work Plan and Budget" means the annual work plan and budget as prepared by the Project Implementing Entity and approved by the Bank in accordance with the provisions of Section I.E of Schedule 2 to this Agreement and Section I.D of the Schedule to the Project Agreement.


5. "ARSEL" means the Borrower's electricity sector regulatory entity, established pursuant to the Borrower's Loi No. 98/022 du 24 décembre 1998, régissant le secteur de l'électricité, modified by the Borrower's Loi No. 2011/022 du 14 décembre 2011 and operating as a public administration agency pursuant to the Borrower's Loi No. 99/016 du 22 décembre 1999 portant statut général des établissements publics et des entreprises du secteur public et parapublic.

6. "Assistant Program Manager" means an entity acceptable to the Bank to be retained by the Project Implementing Entity to assist the Project Implementing Entity with overall management of the Project Implementing Entity's electricity transmission investment program and overall business operations pursuant to Section I.B.1(d) of Schedule 2 to this Agreement and Section I.A.2 of the Schedule to the Project Agreement.

7. "Budget and Finance Law" means the Borrower's annual budget as approved by the Borrower's legal processes, referred to in Section V.B of Schedule 2 to this Agreement.

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

9. "Commitment Letter" means the letter referred to in Section V.A of Schedule 2 to this Agreement.

11. "Counterpart Funds" means an amount of approximately US$50 million to be provided by the Borrower in accordance with the provisions of Section V.C.2 of Schedule 2 to this Agreement.

12. "Counterpart Funds Account" means the account to be opened by the Borrower in accordance with the provisions of Section V.C.1 of Schedule 2 to this Agreement.

13. "ENEO" means a public limited liability company regulated under the Borrower’s laws and registered with the Registre du Commerce et du Credit Mobilier de Douala under No.4624, and headquartered on Avenue Charles De Gaulle in Douala.

14. "Environmental and Social Impact Assessment" or "ESIA" means an assessment to be carried out by the Borrower for the purposes of Part 2 of the Project, in form and substance satisfactory to the Bank, to evaluate the Project’s potential environmental and social risks and impacts in its area of influence, including impact on physical cultural resources; examine alternatives and identify ways of mitigating and managing adverse environmental and social impact throughout Project implementation, as the same may be amended from time to time with the agreement of the Bank and such term includes any schedules or annexes to the assessment.

15. "Environmental and Social Management Framework" or "ESMF" means the framework disclosed in the Borrower’s territory on July 28, 2016 and at the Bank’s Infoshop on July 27, 2016, in form and substance satisfactory to the Bank, outlining environmental and social implementation procedures, mitigation measures and monitoring procedures for the Project, as said framework may be amended from time to time with the Bank’s prior written approval, and such term includes any schedules or annexes to the framework.

16. "Environmental and Social Management Plan" or "ESMP" means a plan to be prepared by the Borrower for the purposes of Part 2 of the Project proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Bank, and such term includes any schedules or annexes to the plan.

17. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

18. "Indigenous Peoples Plan" and "IPP" mean the plans to be prepared by the Borrower on the basis of the IPPF, in form and substance satisfactory to the Bank, defining specific measures to be implemented for indigenous minorities in order to protect them and to ensure that members of said minorities be granted equal legal, financial and organizational opportunities under the Project, as the said plan may be amended and/or supplemented
from time to time with the prior written consent of the Bank, and such term includes any schedules to such document.

19. "Indigenous Peoples Policy Framework" or "IPPF" means the Borrower's framework disclosed for the purposes of the Project in the Borrower's territory on July 28, 2016 and at the Bank's Infoshop on July 27, 2016, outlining measures to ensure culturally appropriate social and economic benefits for the indigenous peoples under the Project and avoidance, minimization, or mitigation of, or compensation for, any potential adverse effects on the indigenous peoples associated with activities to be implemented under the Project, as the same may be updated from time to time with the prior written consent of the Bank, and such term includes any schedules to said framework.

20. "MINEE" means the Borrower's ministry responsible for energy and water, any successor thereto.

21. "National Transmission Grid Investment Program" means a five year transmission investment program detailed in the Borrower's power sector development plan and approved in 2014.

22. "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; materials and supplies; and utilities, media information campaigns and communications' expenses, but excluding the salaries of officials and public servants of the Borrower's civil service.

23. "Owner's Engineer" means an independent third-party engineer acceptable to the Bank to be retained by the Project Implementing Entity to oversee the design and construction of the Electricity Infrastructure pursuant to Section I.B.1(c) of Schedule 2 to this Agreement and Section I.A.3 of the Schedule to the Project Agreement.

24. "Preparation Advance" means the advance referred to in Section 2.07(a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on October 4, 2016, and on behalf of the Borrower on October 5, 2016.


26. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 12, 2016 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.

27. "Project Implementation Manual" means the manual to be prepared and adopted by the Project Implementing Entity in accordance with the provisions of Section I.D of Schedule
2 to this Agreement and Section I.C of the Schedule to the Project Agreement, as the same may be revised from time to time with the prior written consent of the Bank.

28. “Project Implementation Unit” or “PIU” means the unit established within the Project Implementing Entity pursuant to its Décision No. 003/SONATREL/DG/CAB portant création, organisation et fonctionnement d’une Unité de Gestion du Projet de Mise à niveau et de Développement du Réseau de Transport d’Electricité et de Réforme du Secteur (PMDRTERS) au sein de la Société Nationale de Transport de l’Electricité (SONATREL), responsible for the day to day implementation of the Project.

29. “Project Implementing Entity” means SONATREL (Société Nationale de Transport de l’Electricité), the Borrower’s national power transmission utility, established pursuant to the Project Implementing Entity’s Legislation.


31. “Project Steering Committee” means the steering committee established by the Borrower, pursuant to the Borrower’s Décret No. 0000585/MTNEE/CAB du 21 Novembre 2014 portant creation, organisation et fonctionnement d’un Comité de pilotage du processus de mise en place de la societe gestionnaire du reseau de transport public de l’electricite au Cameroun.

32. “Project Tender Board” means the special tender board to be established and maintained by the Borrower and SONATREL in accordance with the provisions of Section I.B.1(e)(i) of Schedule 2 to this Agreement.

33. “Resettlement Action Plan” or “RAP” means a plan to be prepared by the Borrower for the purposes of Part 2 of the Project, in form and substance satisfactory to the Bank, setting forth the specific modalities for resettlement and compensation of Affected Persons under the Project, as said document may be amended and/or supplemented from time to time with the prior written concurrence of the Bank and subject to the initial consultation and disclosure requirements carried out on the RAP, and such term includes any schedules or annexes to the plan.

34. “Resettlement Policy Framework” or “RPF” means the framework prepared by the Borrower for the purposes of the Project and disclosed in the Borrower’s territory on July 28, 2016 and at the Bank’s Infoshop on July 27, 2016, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Bank, and such term includes any schedules to such framework.

35. “Revenue Mechanism” means a document to be prepared by the Project Implementing Entity pursuant to Section V.D of Schedule 2 to this Agreement, as a public utility entity,
detailing its unique revenue structure to ensure its sustainability and achievement of its mandate and obligations.

36. "Safeguards Framework Document" means, collectively, the ESMF, RPF and IPPF.

37. "Safeguards Instruments" means, collectively, the ESIA, ESMF, RPF, IPPF and any Supplemental Safeguards Instrument.

38. "SONATREL Tender Board" means the tender board established pursuant to the Borrower's Arrêté No. 0202/A/Minmap du 11 Aout 2016 portant création d'une Commission interne de passation des marchés auprès de la Société Nationale de Transport de l'Electricite (SONATREL), and referred to in Section I.B.1(e)(ii) of Schedule 2 to this Agreement.

39. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement, pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.

40. "Supplemental Safeguards Instrument" means collectively, any ESMP, RAP, IPP or any other instrument required under the terms of the Safeguards Framework Documents, to be prepared by the Borrower and approved by the Bank for purposes of Part 2 of the Project, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the said plan may be amended and/or supplemented from time to time with the prior written concurrence of the Bank.

41. "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.

42. "Transmission Sub-sector Reform Policy Statement" means the Borrower's statement dated, August 25, 2016, laying out the key parameters and roadmap for the complete unbundling of its electricity sector, including the set-up of the third party access model and operationalization of the Project Implementing Entity.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge"
(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.

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