Amended and Restated Financing Agreement

(Energy Sector Development Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 19, 2013
FINANCING AGREEMENT

AGREEMENT dated March 12, 2013, entered into between REPUBLIC OF CAMEROON ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) under an agreement, dated October 30, 2008, between the Recipient and the Association ("Original Financing Agreement"), the Association agreed to provide the Recipient with a credit ("Original Credit") in an amount equivalent to thirty-nine million nine hundred thousand Special Drawing Rights (SDR 39,900,000) to assist in financing the project described in Schedule 1 to the Original Financing Agreement ("Original Project");

(B) the Recipient has requested (1) in the letter dated, June 20, 2012, that the Association cancel a portion of the Original Credit by an amount equivalent to nine million eight hundred and thirty-nine thousand and ninety-seven Special Drawing Rights (SDR 9,839,097) and (2) in the letter dated, April 10, 2012, that the Association (i) restructure the activities of the Original Project in accordance with the recommendations of the supervision mission carried out on February 13 through February 21, 2012, and in response to changes in the Recipient's electricity sector-related policies and (ii) extend the closing date of the Original Project by twenty-four (24) months to allow a sufficient period for the full implementation of the revised Project activities; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement, with effect as of the Effective Date of this Agreement, to read set forth herein.

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 thirty million sixty thousand nine hundred and two Special Drawing Rights (SDR 30,060,902) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 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.

2.08. The Payment Currency is Euro.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MINEE, AER, ARSEL and EDC 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 — TERMINATION**

4.01. 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 V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient’s Representative is its minister at the time in charge of Economy, Planning and Regional Development.

5.02. The Recipient’s Address is:

Ministry of Economy, Planning and Regional Development
Yaoundé
Republic of Cameroon

Facsimile:

(237) 22 22 15 09
5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

Washington, D.C.

AGREED at Yaoundé, Republic of Cameroon, as of the day and year first above written.

REPUBLIC OF CAMEROON

By

Authorized Representative
Name: Emmanuel NGOUOUD
Title: COUNTRY DIRECTOR

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
Name: GREGORY BANKERT
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to contribute to the realization of the Recipient’s growth and poverty reduction strategy by increasing access to modern energy in rural areas and by increasing the reliability of electricity supply through improved management of sector resources.

The Project consists of the following parts:

Part A: Rural electrification

Design of grid-connected rural electrification schemes and construction of related infrastructure in select areas in the Recipient’s territory.

Part B: Capacity building

Carrying out of an institutional strengthening program for the Recipient’s energy sector-related ministry and agencies, consisting of provision of technical assistance for sector reforms including, inter alia, the carrying out of:

(1) a study to identify options for the future structuring of transmission operation in the national electricity system;

(2) technical assistance to support the development of secondary legislation associated with the Recipient’s Electricity Law;

(3) a functional review of sector regulation and provision of capacity building to applicable sector ministries and agencies based on the review;

(4) an update of the Recipient’s Electricity Sector Master Plan 2030 and the Rural Electrification Master Plan; and

Part C: Preparation of related future projects and Project management

(1) Assistance to EDC for the following activities in connection with the preparation of the Recipient’s LPHP: (i) recruitment of an engineering firm and other consultants for the establishment of a LPHP preparation unit within EDC; (ii) technical, environmental and social studies, including reviews by the independent panels of technical, dam safety and environmental and social experts; and (iii) the preparation of bidding documents; all in the form of studies and technical assistance.

(2) Provision of just-in-time support to start up activities associated with LPHP.

(3) Assistance to the Recipient for the preparation of a pre-feasibility study for subsequent construction of a hydropower plant outside the Project.

(4) Project coordination, management and monitoring, preparation of financial audits and periodic evaluations.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. MINEE

(a) MINEE shall be responsible for overall Project coordination, including, *inter alia*, (i) project implementation for its respective part of the Project; and (ii) collection of necessary documentation from AER, ARSEL and EDC for the purpose of preparing proposed consolidated annual work plans of activities for inclusion in the Project, updating the consolidated Procurement Plan and related budgets and consolidating Project Reports.

(b) Without limitation upon the provisions of Paragraph (a) of Section I.A.1 of this Schedule 2, MINEE shall maintain a project team which shall at all times be comprised of qualified and experienced personnel in adequate numbers all with terms of reference acceptable to the Association, and to this end, the Recipient shall maintain, *inter alia*, a Project Coordinator, an accountant, a procurement specialist and a financial management specialist, all with qualifications, experience, and terms of reference acceptable to the Association.

2. AER

To facilitate the carrying out of its respective part of the Project, AER shall maintain, throughout Project implementation, an accountant, a procurement specialist, a financial management specialist, an environmental specialist, and an engineer recruited in accordance with the provisions of Section III of this Schedule 2 or appointed, all with qualifications, experience, and pursuant to terms of reference satisfactory to the Association.

3. ARSEL

To facilitate the carrying out of its respective part of the Project, ARSEL shall maintain, throughout Project implementation, an accountant, a procurement specialist, and a financial management specialist recruited in accordance with the provisions of Section III of this Schedule 2 or appointed, all with qualifications, experience, and pursuant to terms of reference satisfactory to the Association.

4. EDC

To facilitate the carrying out of its respective part of the Project, EDC shall maintain, throughout Project implementation, an accountant, a procurement specialist, and a financial management specialist recruited in accordance with the provisions of Section III of this Schedule 2 or appointed, all with qualifications, experience, and pursuant to terms of reference satisfactory to the Association.
5. **Procurement Commission.**

Without limitation upon the provisions of Section I.A.1 through Section I.A.4 of this Schedule 2, MINEE, AER, ARSEL and EDC shall each maintain a Procurement Commission, in form and substance and with functions and resources satisfactory to the Association.

B. **Anti-Corruption**

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

C. **Safeguards**

1. The Recipient shall implement the Project in accordance with the provisions of the Safeguard Instruments, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. If any activity under the Project would require the adoption of an Environmental and Social Management Plan or Resettlement Action Plan, the Recipient shall, prior to implementation thereof, prepare, submit to the Association for review and approval and thereafter adopt and locally disclose such Environmental and Social Management Plan or Resettlement Action Plan.

3. Without limitation upon its other reporting obligations under Section II.A of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with the Safeguard Instruments, if any, giving adequate details of:

   (a) measures taken in furtherance of such Safeguard Instruments, if any;

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

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

4. 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.

5. In the event of any conflict between the provisions of the Safeguard Instruments and those of this Agreement, those of this Agreement shall prevail.
D. Manual

1. The Recipient shall furnish to the Association a Project implementation manual revised in form and substance satisfactory to the Association and adopted pursuant to Section 4.01(a) of this Agreement, setting forth, inter alia, the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; and (v) monitoring, evaluation, reporting and communication ("Project Implementation Manual").

2. The Recipient shall carry out the Project in accordance with the Project Implementation Manual, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual, or any provision thereof.

3. 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 quarter, and shall be furnished to the Association not later than fifteen (15) working days 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 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 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. The Recipient shall maintain external financial auditors, with qualifications, experience, and terms of reference satisfactory to the Association, for purposes of the audit referred to in Section II.B.3 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 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>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
<td>subject to the additional requirements set forth or referred to in paragraph 3 of this Section III.B</td>
</tr>
<tr>
<td>(b) Shopping</td>
<td></td>
</tr>
<tr>
<td>(c) Limited International Bidding</td>
<td></td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
<td></td>
</tr>
</tbody>
</table>

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 Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Competitive Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single-source Selection</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 Recipient’s Procurement Code of September 24, 2004 as revised from time to time in a manner deemed acceptable to the Association, subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines.

(i) Each bidding document and contract financed out of the proceeds of the Financing 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 may amount to 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 a bidding documents, whichever is later) to prepare and submit their bids;

(v) The contracts shall be awarded for the lowest evaluated bid, provided that it is qualified;

(vi) The eligible bidders, including foreign bidders, shall not be precluded from participating; and
(vii) No preference margin shall be granted to domestic contractors.

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, and consultants’ services for Part A of the Project</td>
<td>17,056,691.57</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, services and Training for Part B of the Project</td>
<td>3,952,481.09</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, services and Training for Part C of the Project</td>
<td>9,051,729.39</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>30,060,902.05</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 December 31, 2015
Section V. Other Undertakings

A. For purposes of Section 4.06 of the General Conditions, the Recipient shall transfer to AES-SONEL, no later than two weeks after completion of each infrastructure as determined during Project implementation, for AES-SONEL to operate and manage, the infrastructure to be constructed under Part A of Schedule 1 to this Agreement and shall ensure that (1) such transfer is carried out in a manner acceptable to the Association and (2) the infrastructure is at all times properly operated and maintained. Without limitations to the foregoing, the Recipient shall not transfer said infrastructure to any entity, other than AES-SONEL, without the prior written consent of the Association, such consent not to be unreasonably withheld or delayed.

B. The Recipient shall ensure that the Financing shall be used exclusively for the financing of activities detailed in Schedule 1 of this Agreement, except that, after the Effective Date of the Lom Pangar Financing Agreement, no portion of the Financing shall be used for any expenditure under Part C (1) of Schedule 1 of this Agreement.

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 February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2018 to and including February 15, 2028</td>
<td>1</td>
</tr>
<tr>
<td>commencing August 15, 2028 to and including February 15, 2048</td>
<td>2</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “AER” means the rural electrification agency of the Recipient (l’Agence d’Electrification Rurale) established pursuant to the Recipient’s Decree 99/126, dated September 8, 1999 (the “AER Decree”).

2. “AES-SONEL” means a private company with shareholding of 56% AES Corporation (USA) and 44% Government of Cameroon established pursuant to a concession contract signed on July 18, 2001 between AES Corporation and Government of Cameroon, selected by the Recipient for the purpose of operating and managing the electrification infrastructure to be constructed under Part A of Schedule 1 to this Agreement in accordance with Section V.A of Schedule 2 to this Agreement.


5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. “Coordination Committee” means the coordination committee of the Project to be established and maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

8. “EDC” means the Electricity Development Corporation, established pursuant to the Recipient’s Decree 2006/406 dated November 29, 2006 (the “EDC Decree”).


10. “Electricity Sector Master Plan 2030” means the Recipient’s national electricity master plan covering the period 2013–2030.

11. “Environmental and Social Management Plan” or “ESMP” means a plan, approved by the Association for the Project, to be prepared by the Recipient, if and as required by the ESMF, 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 same may be amended from time to time with the agreement of the Association.
12. “Environmental and Social Management Framework” and “ESMF” means the environmental and social management framework, dated February 2008, disclosed in country on 18 September 2012 and at the World Bank’s Infoshop on 11 October 2012, assessing the potential adverse environmental and social impact associated with activities to be implemented under the Project, and the measures to be taken to offset, reduce, or mitigate such adverse impact, as the said assessment may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.


15. “LPHP” means the Recipient’s proposed Lom Pangar Hydropower project comprised of the construction of a regulation dam at the confluence of the rivers Lom and Pangar, associated transmission line, planned associated electricity generation facility for rural electrification in the region, access routes and all other associated infrastructure, as well as all associated and ancillary direct, indirect and cumulative environmental and social impacts according to the definition of the World Bank safeguard policies.


17. “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 salaries, fees, honoraria and bonuses of officials and public servants of the Recipient’s civil service.

18. “Original Credit” means the original credit provided by the Association to the Recipient pursuant to Section 2.01 of the Original Financing Agreement.


20. “Original Project” means the project described in Schedule 1 of the Original Financing Agreement.

21. “Procurement Commission” means the commission required and established by the Recipient’s national procurement laws, to be maintained within MINEE, AER, ARSEL and EDC in accordance with Section I.A.5 of Schedule 2 to this Agreement.

23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated July 20, 2012 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.

24. "Project Coordinator" means the project coordinator referred to in Section I.A.1 (b) of Schedule 2 to this Agreement.

25. "Project Implementation Manual" means the manual, dated 28 January 2009 as the same may be revised from time to time with the prior written consent of the Association.

26. "Resettlement Action Plan" means the Recipient's plan, to be agreed with the Association and setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under the Project in accordance with the provisions of the Resettlement Policy Framework (as hereinafter defined), as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to said Plan.

27. "Resettlement Policy Framework" or "RPF" means the resettlement policy framework of the Recipient adopted in February 2008, disclosed in country on 18 October 2012 and at the World Bank's Infoshop on 11 October 2012, setting forth the modalities for social analysis and a resettlement policy framework outlining the modalities for land acquisition, resettlement and rehabilitation of displaced persons under the Project, as the said assessment may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.

28. "Rural Electrification Master Plan" means the Recipient's national plan for rural electrification covering the period from 2013 to 2028.

29. "Safeguard Instruments" means the Environmental and Social Management Framework, the Resettlement Policy Framework, and any Environmental and Social Management Plan or Resettlement Action Plan required under the terms of the Environmental and Social Management Framework or Resettlement Policy Framework.

30. "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.