Financing Agreement

(Competitive Value Chains Project)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 19, 2010
FINANCING AGREEMENT

AGREEMENT dated October 19, 2010, entered into between REPUBLIC OF CAMEROON ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to nineteen million nine hundred thousand Special Drawing Rights (SDR 19,900,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the MINEPAT 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 — EFFECTIVENESS; TERMINATION

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

(a) The Recipient has legally established the PCU within MINEPAT pursuant to the Project Implementation Legislation, in a manner and with functions and resources satisfactory to the Association, and with the following qualified staff of the PCU, proposed by a specialized recruiting firm, all competitively recruited in accordance with Section III of Schedule 2 of this Agreement: a national coordinator, seconded by: (i) wood and tourism value chain experts; (ii) an environment and social expert; (iii) a procurement expert; and (iv) an administrative and financial manager.

(b) The Recipient has adopted a Project Operational Manual, in form and substance satisfactory to the Association.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister at the time in charge of economy and planning.
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 248423 (MCI) 1-202-477-6391
Telex: Washington, D.C.

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

REPUBLIC OF CAMEROON

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to contribute to the growth of the wood and tourism value chains within the territory of the Recipient by improving their competitiveness and the investment climate.

The Project consists of the following parts:

Part A: Sustainable wood processing

1. Reforms to promote the processing of certified dry wood
   (a) Improve the institutional, policy and regulatory framework along the wood value chain through the carrying out of studies and the provision of technical assistance in support of: (i) the development of a domestic market for competitive certified dry wood; (ii) the drying and processing of wood; and (iii) formalization of the wood artisans.
   (b) Technical assistance to improve the coordination of private operators in the wood value chain.

2. Promotion of sustainable wood processing techniques and vocational training
   (a) The carrying out of a study and an information campaign to promote to producers and consumers the use of dried wood cut along standard dimensions using high yield cutting techniques.
   (b) The carrying out of a study to develop specific recommendations as to how to improve the provision of vocational training by both the public and private sector.
   (c) The implementation of recommendations from the above mentioned study on vocational training.

3. Preparatory studies for creating a wood cluster in Yaoundé

The carrying out of economic, feasibility, technical design, environmental and social studies necessary for the preparation and creation of a wood cluster in Yaoundé, as a center for legally supplied wood processing.
Part B: Ecotourism

1. Upgrading of tourism sites

(a) Mount Cameroon

Development of ecotourism in the Mount Cameroon area, through: (i) the physical demarcation of the park, (ii) the finalization and adoption of the Mount Cameroon Management Plan and the provision of technical assistance and equipment for park management, (iii) the provision of technical assistance, equipment and training to Mount CEO, (iv) the establishment of a reception, tourist services and parking areas; (v) the rehabilitation and expansion of intermediate camps, shelters and cookhouses, trails, signaling and communication systems; and (vi) the implementation of local promotional campaigns.

(b) Chiefdoms in the Western and North Western Regions

Development of cultural tourism in the chiefdoms in the Western and North Western Regions of the Recipient, through: (i) the rehabilitation of historical buildings and creation of museums and the development of areas for artisanal activities, (ii) the provision of equipment and technical assistance to help protect precious artefacts from fire and theft, (iii) the setting up of a signalling systems around the two regions, and (iv) the carrying out of local promotional campaigns together with the provision of technical assistance and equipment to help strengthen and create tourism offices.

(c) Kribi

Development of tourism in the Kribi area, through the upgrading of Kribi’s beaches and city centre, and technical assistance and equipment to the tourism office.

(d) Campo Ma’an

Development of ecotourism in the Campo Ma’an National Park through: (i) the updating of the Campo Ma’an Management Plan, (ii) the provision of technical assistance to strengthen the capacity of the park management with respect to ecotourism activities, (iii) activities in support of local indigenous populations, (iv) the completion of the habituation program of Gorillas, (v) the rehabilitation of roads, trails and signaling within the park; and (vi) the carrying out of local promotional campaigns.
2. **Reforms of the tourism institutional framework, promotion and vocational training**

   (a) The carrying out of a study on the elaboration of new dedicated institutional set up for the management of protected areas and tourism sites.

   (b) The provision of technical assistance to improve the coordination of private operators in the tourism sector.

   (c) Creation of an e-tourism portal to promote Cameroon as a tourism destination.

   (d) The implementation of national and international promotional campaigns for the sites rehabilitated by the Project.

   (e) The carrying out of a study to develop specific recommendations as to how to improve the provision of vocational training by both the public and private sector.

   (f) The implementation of recommendations from the above mentioned study on vocational training.

**Part C: Cross-cutting actions to support competitiveness and investment**

1. **Investment climate reforms**

   (a) Support to the Cameroon Business Forum (CBF) as the main platform for public-private dialogue on investment climate issues through the provision of expert technical assistance to the Permanent Secretariat of the CBF and the General Directorate of Economy within MINEPAT, as well as technical studies to support selected investment climate reforms.

   (b) Support to the simplification, consolidation and elimination of certain taxes and licenses through the setting up of an on-line inventory of all legal business taxes and licenses followed by a systematic review and assessment thereof.

   (c) Support to the Competitiveness Committee to mobilize support on key competitiveness issues and opportunities, through: (i) the review of the investment regimes including taxes and tariffs levied on imported equipment; (ii) the carrying out of benchmarking studies on key factor costs; (iii) the elaboration of strategies for export driven agribusiness value chains; (iv) the carrying out of a study to develop the ecotourism potential of the Dja biosphere reserve and Rhumsiki; (v) the carrying out of feasibility studies for wood processing clusters in the eastern region of
the Recipient; (vi) the elaboration of a master plan to develop the Maritime Growth Pole; (vii) the carrying out of a study and workshop to support the design of a national competitiveness fund; and (viii) capacity building of the Competitiveness Committee through the provision of training and equipment.

2. **Sub-grant to support key private investments in the wood and tourism value chains**

The provision of Sub-grants through the FAC to eligible SMEs operating in the wood processing and tourism sectors.

**Part D: Project Coordination, Monitoring and Evaluation**

1. Provision of support for Project implementation, including procurement, financial management and overall monitoring and evaluation by the PCU and the FAC Management Unit.

2. Establishment of a monitoring and evaluation system and impact evaluation studies.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall implement the Project through MINEPAT which shall be responsible for the overall oversight of the Project.

2. The Recipient shall establish the PCU, and thereafter maintain the PCU and the Steering Committee throughout Project implementation in accordance with the Project Implementation Legislation and with composition, functions and resources satisfactory to the Association, including the following provisions:

Steering Committee

(a) The Steering Committee shall be presided over by the Minister of MINEPAT or his representative, with the Competitiveness Committee acting as its technical secretariat, and be comprised, inter alia, of: (i) representatives of the ministries of the Recipient in charge of: environment, forest, tourism, industry and finance; and (ii) representatives of the private sector, and shall meet at least two times a year.

(b) Without limitation upon the provisions of subparagraph (a) of this Section, the Steering Committee shall be responsible for:

(i) approving the Project’s Annual Work Plan and Budget prepared by the PCU;

(ii) overseeing overall performance of the Project and providing policy guidance; and

(iii) identifying necessary Project adjustments based on monitoring and evaluation results.

Project Coordination Unit:

(a) The PCU shall be headed by a national coordinator, who shall be supported by suitably qualified and experience staff in adequate numbers, including: (i) two value chain experts; (ii) an environment and social expert; (iii) a procurement expert; (iv) an administrative and financial manager; (v) a transversal issue expert; (vi) a monitoring and evaluations expert; and (vii) an infrastructure expert, all of whom shall
have been recruited in accordance with Section III of Schedule 2 of this Agreement.

(b) Without limitation upon the provisions of subparagraph (a) of this Section, the PCU shall be responsible for day-to-day Project coordination and supervision, including:

(i) preparation of Annual Work Plans and Budgets and consolidated Project reports for submission to the Steering Committee for approval;

(ii) development of a communication and outreach strategy;

(iii) establishment and maintenance the Project management information system;

(iv) conducting overall Project financial management in collaboration with the CAA;

(v) undertaking monitoring and evaluation activities of the Project; and

(vi) ensuring smooth delegation of activities to other entities.

B. Anti-Corruption

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

C. Sub-grants

1. For purposes of Part C.2 of the Project, the Recipient shall establish the FAC, the FAC Management Unit and the FAC Review Committee pursuant to the FAC Legislation, in a manner and with functions and resources satisfactory to the Association, and provide them with suitably qualified and experienced staff in adequate numbers, and under terms of reference and conditions acceptable to the Association, including: (i) in the case of the FAC Management Unit, an administrator and two technical experts and a social and environment expert; and (ii) in the case of the FAC Review Committee, the national coordinator of the Project, two recognized private sector representatives of the wood sector and two recognized private sector representatives of the tourism sector.

2. The Recipient shall make Sub-grants to Eligible SMEs under Part C.2 of the Project in accordance with eligibility criteria and procedures acceptable to the Association, which shall include the following:
(a) a pre-screening by the FAC Management Unit of the eligibility of the SMEs submitting Sub-grant proposals, having regard to eligibility criteria and procedures acceptable to the Association, which shall be specified in the POM and shall include the following:

(i) Each applicant SME must have been legally established under a structure created and operating for a minimum of three years under the laws of the Recipient, and with a status allowing commercial activities on the territory of the Recipient;

(ii) Each applicant SME must have no more than 50 employees, an annual turnover under CFAF 500 million, and capital assets under CFAF 200 million; and

(iii) Each applicant SME must show its capacity to finance the remaining 50 percent of the proposed Sub-project.

(b) a review by the FAC Review Committee of the Sub-grant proposal, on the basis of a detailed evaluation by the FAC Management Unit, pursuant to eligibility criteria and procedures acceptable to the Association as further specified in the POM which shall include the following:

(i) the amount of the proposed Sub-grant shall, in the case of any single Eligible SME, be not less than FCFA 5 million and not more than FCFA 50 million;

(ii) at least 80% of the FAC is to finance either the purchase of equipment, works, non-financial services, or professional Training specifically included in the Positive List;

(iii) no Sub-grants shall finance equipment that could be used for wood logging;

(iv) no Sub-grants shall finance wood processing or cutting equipment to be used within the Wood Cluster until the Wood Cluster has been established in form and substance satisfactory to the Association and in full compliance with the Association’s environmental and social safeguard requirements, including the establishment of a proper independent wood certification scheme for the Wood Cluster, as confirmed in writing by the Association in its sole discretion;
(v) no Sub-grants shall finance wood processing or cutting equipment (other than the equipment to be used within the Wood Cluster in accordance and subject to the requirements of sub-clause (iv) above) until the enabling environment for wood processing in the country of the Recipient is improved in form and substance satisfactory to the Association, as confirmed in writing by the Association in its sole discretion; and

(vi) the proposed Sub-project complies with the requirements of the Social and Environmental Safeguard Frameworks.

3. The Recipient shall make each Sub-grant under a Sub-grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:

(a) The Sub-grant shall be on a grant basis.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or to obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-grant Agreement; and

(ii) require each Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including (i) ensuring that the proceeds of the Financing will not be used to finance activities involving illegally logged wood, and (ii) other practices in accordance with the provisions of the Safeguards Instruments and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of Section III of Schedule 2 to this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards
acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

4. The Recipient shall exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

D. Midterm Review

1. Twenty-four (24) months after the Effective Date, or such later dates as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Association, carry out a progress review of the Project ("Mid-Term Review"), covering the progress achieved in the implementation of the Project.

2. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association 2 months prior to the beginning of the Mid-Term Review, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.

3. Following such Mid-Term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.
E. Manual

1. (a) The Recipient shall prepare and adopt a project implementation manual ("Project Operational Manual"), outlining: (i) the organizational and technical procedures that govern the Project; and (ii) the procedures governing the Sub-grants, including the Positive List.

(b) Except as the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the Project Operational Manual; and shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived, the aforementioned, or any provision thereof. In case of inconsistency between the POM, and this Agreement, the terms of this Agreement shall prevail.

2. For purposes of Part C.2 of the Project, the Recipient shall apply the proceeds of the Credit allocated to the provision of Sub-grants, in accordance with the guidelines, procedures and criteria, and terms and conditions, set forth in the Project Operational Manual, and the additional terms and conditions set forth in sub-sections I.C and F of Schedule 2 to this Agreement.

F. Safeguards

1. The Recipient shall cause the Project to be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environmental and Social Management Framework, the Indigenous Peoples Plan and the Resettlement Policy Framework; 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. Wherever required in terms of said frameworks and plan, the Recipient shall, for the purposes of any activity, and prior to implementation thereof, proceed to have an Environmental Management Plan, and/or Resettlement Action Plan, as the case may be,

(a) prepared in form and substance satisfactory to the Association,

(b) except as otherwise agreed with the Association, submitted to the Association for review and approval, and

(c) thereafter, adopted and locally disclosed.

3. 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 said frameworks and plans, giving details of:
measure taken in furtherance of such frameworks and plans;

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

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

G. Annual Work Plans

1. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not later than January 15 in each calendar year, for the Association’s consideration, a proposed work plan of activities to be included in the Project for the following calendar year, such plan to include an implementation schedule and budget and financing plan therefore.

2. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on such proposed plan and any such instruments, and thereafter, shall implement such work plan and such instruments as shall have been approved by the Association, with due diligence.

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

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than 6 months after the Closing Date.

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 as part of the Project Report, not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Project Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

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

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

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<tbody>
<tr>
<td>(a)</td>
<td>National Competitive Bidding&lt;sup&gt;1&lt;/sup&gt;</td>
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<tr>
<td>(b)</td>
<td>Shopping</td>
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<tr>
<td>(c)</td>
<td>Direct contracting</td>
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<td>(d)</td>
<td>Procurement from United Nations Agencies</td>
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<td>(e)</td>
<td>Community Participation</td>
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<tr>
<td>(f)</td>
<td>Force Account</td>
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### C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

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<sup>1</sup> Subject to the following additional procedures:

- in accordance with paragraph 1.14 (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 subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14 (a)(v) of the Procurement Guidelines;
- bids shall be advertised in national newspapers with wide circulation;
- bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later;
- eligible bidders, including foreign bidders, shall be allowed to participate;
- no domestic preference shall be given to domestic contractors and to domestically manufactured goods;
- bids are awarded to the lowest evaluated bidder proven this bidder is qualified; and
- fees charged for the bidding documents shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.
**Procurement Method**

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

**D. Review by the Association of Procurement Decisions**

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

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Training, Operating Costs and services for Part A, B.1 (a) (ii) and (iii), B.1 (b)(ii),(iii) and (iv), B.1 (c), B.1 (d)(i), (ii),(iii) and (iv), B.2, C.1 and D of the Project ; and Works for Part A.2 (c), B.1 (b)(i), B.1 (c), and B.2 (e) of the Project</td>
<td>13,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works for Part B.1 (a)(i), (iv) and (v) of the Project and services and goods for Part B.1 (a)(vi) of the Project</td>
<td>900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Works for Part B.1 (d)(v) of the Project and services and goods for Part B.1 (d)(vi) of the Project</td>
<td>200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, services, training and works under Part C.2 of the Project</td>
<td>3,000,000</td>
<td>100% of amounts disbursed through Sub-grants</td>
</tr>
<tr>
<td>(5) Refund of Project Preparation Advance</td>
<td>1,900,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
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<td>(6) Unallocated</td>
<td>700,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>19,900,000</td>
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</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed DTS 700,000 equivalent may be made for payments made prior to this date but on or after May 1, 2010, for Eligible Expenditures under Category (1).
(b) under Category (2) unless the Recipient has: (i) adopted and published the Mount Cameroon Management Plan in form and substance satisfactory to the Association; (ii) established a park management structure for Mount Cameroon in form and substance satisfactory to the Association; and (iii) completed, adopted and disclosed in a manner satisfactory to the Association, the Supplemental Social and Environmental Safeguard Instruments, all in form and substance satisfactory to the Association, for the activities to be implemented under Part B.1 (a) of the Project;

(c) under Category (3) unless the Recipient has: (i) updated and published the Campo Ma’an Management Plan in form and substance satisfactory to the Association; (ii) strengthened the park management structure for Campo Ma’an in form and substance satisfactory to the Association; and (iii) completed, adopted and disclosed in a manner satisfactory to the Association, the Supplemental Social and Environmental Safeguard Instruments, all in form and substance satisfactory to the Association, for the activities to be implemented under Part B.1 (d) of the Project;

(d) under Category (4) for each Sub-grant, unless: (i) the Recipient has legally established the FAC, the FAC Management Unit and the FAC Review Committee, and recruited the staff listed in Section I.C.1 of Schedule 2 of this Agreement; and (ii) in respect of any Sub-grant, a Sub-grant Agreement has been signed.

2. The Closing Date is March 30, 2016.

Section V. Other Undertakings

1. Not later than 3 months after the Effective Date, the Recipient shall recruit a financial management specialist, transversal issue expert, monitoring and evaluations expert, infrastructure expert, within the PCU, in accordance with Section III of Schedule 2 of this Agreement and under terms of reference and conditions acceptable to the Association.

2. Not later than 4 months after the Effective Date, the Recipient shall recruit the external auditors for the Project in accordance with Section III of Schedule 2 of this Agreement and pursuant to terms of reference and with qualifications acceptable to the Association.

3. Not later than 4 months after the Effective Date, the Recipient shall have established a specialized procurement Tender Board in form and substance satisfactory to the Association and nominated all of its members.
4. Not later than 4 months after the Effective Date, the Recipient shall install an integrated financial management system within the PCU and provide relevant training to the PCU staff for its use.

5. The Recipient shall ensure that the staff of the PCU and the members of the Tender Board shall undergo appropriate procurement training throughout Project implementation.

6. The Recipient shall ensure that the staff of the PCU and other stakeholders undergo appropriate safeguards training throughout Project implementation.

7. Prior to, or as part of, the final adoption and implementation of each of the Campo Ma’an Management Plan and the Mount Cameroon Management Plan, the Recipient shall adopt a plan of action in relation to such management plan, acceptable to the Association, describing the specific mitigation measures to be undertaken to assist any Displaced Persons and processes to address restriction of access of eligible Displaced Persons to the natural resources of the Campo Ma’an and Mount Cameroon National Parks.

8. Not later than 10 months after the Effective Date, the Recipient shall recruit an independent operations auditor to perform a technical audit of the FAC and, inter alia, on-site technical audits of the activities financed under Part C.2 of the Project (the “Technical Audits”).

9. The Recipient shall carry out the Technical Audits on a yearly basis, starting with the first year after the conditions of Section IV.B.1 (d) of this Schedule 2 have been met.
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 March 15 and September 15:</td>
<td></td>
</tr>
<tr>
<td>commencing September 15, 2020 to and including March 15, 2030</td>
<td>1%</td>
</tr>
<tr>
<td>commencing September 15, 2030 to and including March 15, 2050</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section 1: Definitions

1. “Annual Work Plans and Budgets” means the annual work plans and budgets for the Project.


3. “Beneficiary” means an Eligible SME that signs a Sub-grant Agreement.

4. “CAA” means “Caisse Autonome d’Amortissement du Cameroun”.

5. “Cameroon Business Forum” means the platform for public-private sector dialogue in Cameroon in charge of investment climate presided by the Prime Minister of the Recipient.


7. “Campo Ma’an National Park” means the national park in the Campo Ma’an area established by the Prime Minister of Cameroon on January 6, 2000 (Decree 2000/004/PM).

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


11. “Displaced Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
12. "Eligible SME" means a small or medium enterprise that satisfies the criteria set forth in Section I.C.2 of Schedule 2 of this Agreement and the POM.

13. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework of the Recipient disclosed in the territory of the Recipient on December 23, 2009, and at the Association’s Infoshop on December 23, 2009, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, measures and policies, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association.

14. "Environmental Management Plan" or "EMP" means a subproject-specific environmental management plan, acceptable to the Association, including if required a waste management plan, giving details of measures appropriate or required to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, together with budget and costs estimates, sources of funding, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, such environmental management plan.

15. "FAC" means the Competitiveness Support Fund (Fonds d’Appui à la Compétitivité) to be established and governed under the FAC Legislation.

16. "FAC Legislation" means the legal text establishing the FAC Management Unit and FAC Review Committee issued pursuant to Section I.C.1 of Schedule 2 to this Agreement.

17. "FAC Management Unit" means the management unit of the FAC established by the FAC Legislation pursuant to Section I.C.1 of Schedule 2 to this Agreement.

18. "FAC Review Committee" means the review committee of the FAC established by the FAC Legislation pursuant to Section I.C.1 of Schedule 2 to this Agreement.

19. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
20. “Indigenous Peoples Plan” means the Recipient’s plan dated January 2010 adopted by the Recipient and disclosed in the territory of the Recipient on January 18, 2010, and at the Association’s Infoshop on January 19, 2010, and defining specific measures 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, to be implemented under a specific activity, in accordance with the provisions of the Indigenous People Framework, 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.

21. “Maritime Growth Pole” means the geographic area covered by the Littoral, South Western and South Regions in the country of the Recipient.

22. “MINEPAT” means the Ministry of Economy, Planning and Regional Development of the Recipient.

23. “Mount Cameroon Management Plan” means the management plan that needs to be elaborated and approved by the Ministry of Forests and Wildlife of Cameroon following the decision of the Recipient to create a National Park at Mount Cameroon by Decree No. 2009/2272/PM, dated December 18, 2009.

24. “Mount CEO” means Mount Cameroon Ecotourism Organization, the inter-communal organization in charge of managing Mount Cameroon as an ecotourism destination.

25. “Operating Costs” means the incremental operating costs incurred under the Project on account of local contractual support staff salaries, employment benefits, travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation, maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications’ expenses, but excluding the salaries of officials and public servants of the Recipient’s civil service.

26. “PCU” means the Project Coordination Unit of the Project required to be established pursuant to Section 5.01(a) of this Agreement.

27. “Positive List” means the list included the Project Operational Manual specifying the equipment, works, non-financial services, or professional Training eligible for financing under a Sub-grant.

Association’s *Infoshop* on April 22, 2010, giving details of a program of actions, measures and policies designed to mitigate any adverse social impacts on neighboring communities, along with the procedural and institutional measures needed to implement such actions, measures and policies, as the said frameworks may be amended and/or supplemented from time to time with the prior written consent of the Association.


30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 19, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. “Project Implementation Legislation” means the decree or other regulatory instrument establishing the PCU and/or the Steering Committee.

32. “Project Operational Manual” or “POM” means the manual referred to in Section I.E.1 of Schedule 2 of this Agreement, and as the same may be amended from time to time with the prior written consent of the Association, and such term includes any schedules to such manual.

33. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on February 5, 2009 and on behalf of the Recipient on February 13, 2009.

34. “Region” means the region of the Recipient set up by Decree 2008/376, dated November 12, 2008, (*Décret Portant Organisation Administrative de la République du Cameroun*).

35. “Resettlement Action Plan” or “RAP” 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 a specific activity, 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.

January 19, 2010, 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 with time to time with the prior written consent of the Association, and such term includes any schedules to such document.


39. “Steering Committee” or “SC” means the steering committee established pursuant to Section I.A.2 of Schedule 2 to this Agreement.

40. “Sub-grant” means a grant made, or to be made, to an Eligible SME out of the proceeds of the Credit to finance a Sub-project under Part C.2 of the Project.

41. “Sub-grant Agreement” means the agreement, satisfactory to the Association, to be entered into between an Eligible SME and the FAC Management Unit for the purpose of extending a Sub-grant.

42. “Sub-project” means an investment sub-project concerning the production, collection, marketing, processing, and/or other services along a Target Value Chain to be carried out by Eligible SMEs financed or proposed to be financed through a Sub-grant under Part C.2 of the Project.

43. “Supplemental Social and Environmental Safeguard Instruments” means any EMP, RAP, or other supplemental social and environmental safeguard instruments as required under the terms of any of the Social and Environmental Safeguard Frameworks.

44. “Target Value Chains” means the following two value chains identified as strategic by the Recipient: (i) the wood processing industry; and (ii) the tourism industry.

45. “Technical Audits” means the technical audits referenced in Section V.8 of Schedule 2 of this Agreement.

46. “Tender Board” means the special commission to be in charge of the procurement activities of the Project other than under Part A.1 of the Project, to be established pursuant to Section V.3 of Schedule 2 of this Agreement.
47. “Training” means the training of persons involved in Project-supported activities, based on annual budgets satisfactory to the Association, such term including seminars, workshops, and study tours, and costs associated with such activity include 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.

48. “Wood Cluster” means the industrial zone for the wood processing industry for which preparatory studies will be carried out under Part A.3 of the Project.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. Suspension by the Association

... (i) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as
a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“… (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“… (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn 13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made
by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”