

CONFORMED COPY

GRANT NUMBER H219-CM

Financing Agreement

**(Debt Relief Grant under the Enhanced
Heavily Indebted Poor Countries (HIPC) Debt Initiative)**

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 7, 2006

FINANCING AGREEMENT

AGREEMENT dated September 7, 2006, entered into between REPUBLIC OF CAMEROON (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Project (as defined in the Appendix to this Agreement). The Association agreed to provide debt relief to the Recipient under and in accordance with the terms of the Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative (the HIPC Debt Initiative) at the time the Recipient reached the decision point (the Decision Point) under the HIPC Debt Initiative in October 2000. At the Decision Point, the Association agreed that it would provide a supplemental HIPC debt relief credit to the Recipient when the Recipient reached the completion point (the Completion Point) under the HIPC Debt Initiative to fund the prepayment by the Recipient of debt owed by the Recipient to the International Bank for Reconstruction and Development (IBRD or the Bank) as part of the debt relief to be provided to the Recipient under the HIPC Debt Initiative. The Recipient has now reached the Completion Point. At the Completion Point, the Association agreed that it would provide a supplemental HIPC debt relief grant to the Recipient, rather than a supplemental HIPC debt relief credit as agreed at the Decision Point. The Recipient has given notice to the Association of its intent to prepay its IBRD Debt (as defined below) with the proceeds of this Grant under the terms and conditions set forth in this Agreement. The Recipient and the Association therefore 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 the Financing 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 grant to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the Grant Amount.
- 2.02. (a) On the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and pay to the Bank the portion of the Grant Amount representing an amount in various currencies equivalent to an amount in Special Drawing Rights equal to: (i) the IBRD Debt; plus (ii) the interest accrued and unpaid on the IBRD Debt as of the Effective Date; plus (iii) any prepayment penalties applicable under the loan agreements documenting the IBRD Debt as of the Effective Date, for application by the Bank in prepayment

of the IBRD Debt, in payment of interest accrued and unpaid on the IBRD Debt as of the Effective Date, and in payment of prepayment penalties payable in respect of the IBRD Debt on the Effective Date.

- (b) On or after the Effective Date, the Association shall reimburse the Recipient the portion of the Grant Amount representing an amount in various currencies equivalent to an amount in Special Drawing Rights equal to the amount of all payments (principal and interest) made by the Recipient to the Bank to service its outstanding debt to the Bank during the period between the Completion Point and the Effective Date, by depositing such amount in the following account of the Recipient: *Standard Chartered Bank – Yaounde – CAA 010 4 200 66 304*.
 - (c) The Association shall inform the Recipient as promptly as possible of the Grant Amount, the amount of the components that make up the Grant Amount and of the date of withdrawals from the Grant Account as set forth in paragraphs (a) and (b) above.
- 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 Payment Dates are January 15 and July 15 in each year.
- 2.05. The Payment Currency is the US Dollar.
- 2.06. The Closing Date is September 30, 2006.

ARTICLE III — TERMINATION

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

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Recipient's Representative is the Minister of Economy and Finance.

4.02. The Recipient's Address is:

Ministry of Economy and Finance
Yaounde
Republic of Cameroon

Cable:

Telex:

Facsimile:

MINEFI

(237) 223 3717

4.03. The Association's Address is:

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

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

REPUBLIC OF CAMEROON

By: */s/ Abah Abah Polycarpe*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ Markus Repnik*
Authorized Representative

APPENDIX

Section I. Definitions

1. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 with the modifications set forth in Section II of this Appendix;
2. “Grant Amount” means the amount in various currencies equivalent to an amount in Special Drawing Rights equal to: (a) the IBRD Debt; plus (b) the interest accrued and unpaid on the IBRD debt as of the Effective Date; plus (c) any prepayment penalties applicable under the loan agreements documenting the IBRD Debt as of the Effective Date; plus (d) the amount of all payments (principal and interest) made by the Recipient to the Bank to service its outstanding debt to the Bank during the period between the Completion Point and the Effective Date; and
3. “IBRD Debt” means the principal amount of the Recipient’s debt to the Bank outstanding as of the Effective Date.

Section II. Modifications to the General Conditions

The modifications to the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, are as follows:

1. Paragraphs (b) and (c) of Section 2.01 are deleted in their entirety.
2. Sections 2.02; 2.03; 2.04; 2.05; 2.06; 2.07 and 2.08 are deleted in their entirety.
3. The first sentence of paragraph (b) of Section 3.01 is modified by deleting the words “by the Recipient”.
4. Sections 4.01, 4.02, 4.03; 4.04; 4.05; 4.06; 4.07; 4.08; 4.09 and 4.11 are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
5. Article VI is deleted in its entirety.
6. Paragraph (b) in Section 8.03 is deleted in its entirety.
7. 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 definitions numbered 2; 3; 10; 11; 12; 13; 21; 24; 29; 33; 43; 44; and 50 are deleted in their entirety;
- (b) the term “Project” is modified to read as follows:

“Project’ means the prepayment of the IBRD Debt, interest and penalties as set forth in Section 2.02 of the Financing Agreement.”