Re: Cameroon: Competitive Value Chains Project (Credit No. 4780-CM)
Amendment to the Amended and Restated Financing Agreement

Excellency:

We refer to the Financing Agreement between the Republic of Cameroon ("Recipient") and the International Development Association ("Association"), dated October 19, 2010 ("Original Financing Agreement"), as amended and restated on January 14, 2014 (Amended and Restated Financing Agreement) for the above referenced project ("Project"). Please note that the capitalized terms used in this letter ("Amendment Letter") and not defined herein have the meaning ascribed to them in the Amended and Restated Financing Agreement or General Conditions as applicable.

We also refer to your letter dated February 16, 2016, requesting for the restructuring of the Project. We are pleased to inform you that the Association proposes, through this Amendment Letter, to further amend the Amended and Restated Financing Agreement as follows:

1. Part A.1 of Schedule 1 to the Amended and Restated Financing Agreement is hereby amended to include paragraph (c) which shall read as follows:

"(c) Development and operationalization of wood processing centers in select cities, including Yaoundé and Douala."

2. Section I of Schedule 2 to the Amended and Restated Financing Agreement is hereby amended to include subsection H which shall read as follows:

"H. Wood Processing Centers (WPC)

1. To facilitate the implementation of Part A.1(c) of Schedule 1 to this Agreement, the Recipient shall make available wood processing centers (WPCs) referred to in Part A.1(c), notably facilities and equipment, only to select small and medium scale enterprises in accordance with eligibility criteria and procedures acceptable to the Association ("WPC Operators") and as further detailed in the POM and such WPCs will only be allowed to be operated by such WPC Operators.

2. To make available a WPC to a WPC Operator, as referred to in Section I.H.1 above, the Recipient shall enter into an operation and maintenance agreement with the WPC Operator for the purpose of operating and maintaining the WPC, on terms and conditions satisfactory to the Association ("WPC O&M Agreement"), which shall include the following:
(a) 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 WPC Operator to operate the WPC, upon the WPC Operator's failure to perform any of its obligations under the WPC O&M Agreement; and

(ii) require each WPC Operator to: (A) carry out its operations 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 WPC shall not be involved in the processing of illegally logged wood and all wood processed at the WPC shall have received certificate of legality under the Wood Legality Certification Scheme, and (ii) other practices in accordance with the provisions of the Safeguards Instruments; (B) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the operation of the WPC and the achievement of Project objectives; (C) enable the Recipient and the Association to inspect the WPC, its operation and any relevant records and documents; and (D) 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.

(b) The Recipient shall exercise its rights under each WPC O&M 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 WPC O&M Agreement or any of its provisions.

3. The Recipient shall not execute any WPC O&M Agreement unless:

(a) The Recipient has recruited an independent monitor, in accordance with Section III of Schedule 2 to this Agreement with terms of reference and qualifications satisfactory to the Association, to inspect and verify the exclusive use of legal wood by the WPCs.

(b) The Recipient has adopted a methodology acceptable to the Association for verification (by the independent monitor referred to in Section I.H.3 (a) above) of the legality of any wood to be processed by the WPCs.

(c) The Recipient has operationalized a certification scheme (Wood Legality Certification Scheme), acceptable to the Association, for certifying the legality of wood within the Recipient's territory.”

4. Section IV.A.2 of Schedule 2 to the Amended and Restated Financing Agreement is hereby amended to read as follows:

"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 Parts A.1(c), A.2 (e), B.1 (b)(i), B.1 (c), and B.2 (e) of the Project</td>
<td>15,400,000</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>1,500,000</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>300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, services, training and works under Part C.2 of the Project</td>
<td>800,000</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>
<tr>
<td>TOTAL AMOUNT</td>
<td>19,900,000”</td>
<td></td>
</tr>
</tbody>
</table>

5. Section IV.B.2 of Schedule 2 to the Amended and Restated Financing Agreement is hereby amended to read as follows:

   “2. The Closing Date is March 31, 2017.”

6. Section I.C.1(b)(iii) of Schedule 2 to the Amended and Restated Financing Agreement and number 41 of Section I of the Appendix to the Amended and Restated Financing Agreement are hereby deleted in their entirety and Section I.C.1(b)(iv) is renumbered accordingly.

7. Section I of the Appendix to the Amended and Restated Financing Agreement is hereby amended to include number 41 through 44 which shall read as follows:

   “41. “Wood Legality Certification Scheme” means the wood legality certification scheme, acceptable to the Association and validated, adopted and published by the Recipient’s ministry responsible for forestry.
   
   42. “WPC” means a wood processing center established by the Recipient for the processing of legal wood.
   
44. "WPC O&M Agreement" means the agreement to be entered into between the Recipient and a WPC Operator for the operating and management of a WPC."

Please confirm your agreement with the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. All other provisions of the Amended and Restated Financing Agreement, except as amended herein, shall remain in full force and effect.

This Amendment Letter shall be executed in two counterparts each of which shall be an original and shall become effective upon receipt by the Association of one countersigned original of this Amendment Letter.

Sincerely

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Elisabeth Huybrechts
Country Director for Cameroon
Africa Region

AGREED:

REPUBLIC OF CAMEROON

[Signature]

By:

Pact M. O. MAR

[Stamp]

MINISTERE DE L'ECONOMIE ET DE L'AMENAGEMENT DU TERRITOIRE