Development Grant Agreement

(Forestry and Environment Policy Grant)

between

REPUBLIC OF CAMEROON

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 20, 2006
DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated June 20, 2006, between REPUBLIC OF CAMEROON (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient has carried out specific measures and taken actions to promote growth in the environment and forestry sectors, including under the third structural adjustment credit that was granted by the Association (the SAC III Forestry Reforms);

(B) the Association has received from the Recipient a letter dated March 1, 2005 describing a program of further actions, objectives and policies designed to promote growth in the Recipient’s green environment and forestry sectors and achieve sustainable reductions in poverty (hereinafter called the Program) declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during the execution thereof;

(C) the Recipient has also requested the International Bank for Reconstruction and Development (the Bank), acting as implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility Trust Fund (GEF Trust Fund) by certain members of the Bank as participants of the GEF, to provide additional assistance towards the financing of the Program, and by the Global Environment Facility Trust Fund Grant Agreement (the GEF Trust Fund Grant Agreement) of even date herewith, the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to ten million United States Dollars (US$10,000,000) (the GEF Trust Fund Grant); and

WHEREAS on the basis, inter alia, of the foregoing, the Association has decided in support of the Program to provide such assistance to the Recipient by making the Grant in three tranches as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through May 1, 2004),
with the modifications set forth in Schedule 3 to this Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Annual Budget for the Forest and Green Environment Sector” means a budgetary provision made by the Recipient during a Fiscal Year (as hereinafter defined) and allocated for management of the forest sector and related green environment sector (but excluding urban, grey, brown and marine environment);

(b) “BEAC” means Banque des Etats de l’Afrique Centrale, an institution established and operating pursuant to the “Convention de Coopération Monétaire entre les Etats de l’Afrique Centrale et la République Française”;

(c) “BEAC Deposit Account” means the deposit account to be opened at the BEAC referred to in Section 2.03 (b) of this Agreement;

(d) “CAA” means Caisse Autonome d’Amortissement, an institution established and operating pursuant to Decree No. 87/1176 dated August 28, 1985 “créant et organisant la Caisse Autonome d’Amortissement”;

(e) “CAA Deposit Account” means the deposit account to be opened by Caisse Autonome d’Amortissement referred to in Section 2.03 (b) of this Agreement;

(f) “CFAF” means Franc de la Communauté Financière en Afrique Centrale, the currency of the Recipient;

(g) “Community Forest” means a forest area as defined in Article 37 of Law No. 94-01 dated January 20, 1994, on Forest, Wildlife and Fisheries;

(h) “DEPMI” means the software used by MINEFI (as hereinafter defined) for the management and monitoring of ministry expenditures;

(i) “EMP” and “Environmental Management Plan” mean the plan adopted by the Recipient on October 6, 2005;
(j) “First Tranche” means the tranche of the proceeds of the Grant for an amount of SDR 6,800,000 to be released on or after the Effective Date;

(k) “Fiscal Year” means the fiscal year of the Recipient starting on January 1 and ending on December 31 of the same year;

(l) “Focus UTO” means the following UTOs (as hereinafter defined): Korup, Ndongooro, Bakossi Kupe, Campo Ma’an, Bouba Bek & Nki, Mbam & Djerem, Bénoué and Waza;

(m) “Management Plan” or “MP” means a plan for the monitoring and management of a UFA (as hereinafter defined) established pursuant to Law No. 94-01 dated January 20, 1994, on Forest, Wildlife and Fisheries and its implementing regulations;

(n) “Global Forest Watch Report” means the report produced by the Global Forest Watch Program of the World Resources Institute based on the Memorandum of Understanding signed with the Recipient on June 16, 2005;

(o) “Management Efficiency Score” or “MES” means the level of efficiency in the management of Protected Areas (as hereinafter defined), as measured pursuant to the site level tracking tool developed for the World Bank-WWF Alliance in April 2003, as adapted in 2005;

(p) “MINEP” means the Recipient’s Ministry of Environment and Nature Protection established pursuant to Decree No. 2004/320 dated December 8, 2004 and organized pursuant to Decree 2005/117 dated April 14, 2005;

(q) “MINFOF” means the Recipient’s Ministry of Forestry and Wildlife, established by Decree No. 2004/320 of December 8, 2004, organizing the Government, and organized pursuant to Decree 2005/099 dated April 6, 2005;

(r) “MINEFI” the Recipient’s Ministry of Economy and Finance, established by Decree No. 2004/320 of December 8, 2004 organizing the Government, and organized pursuant to Decree 2005/119 dated April 15, 2005;

(s) “National Biodiversity Strategy and Action Plan” means the action plan established and in the process of being adopted by the Recipient, for the management and conservation of biological diversity in Protected Areas (as hereinafter defined);
“(t) “National Park” means a Protected Area defined and established pursuant to the provisions of Law No. 94-01 on Forest, Wildlife and Fisheries, and Decree No. 95/531 dated August 23, 1995;

(u) “ONADEF” means the National Forestry Development Office created by Decree No. 90/397 dated February 23, 1990, and replaced by ANAFOR, the National Agency for Forest Development established by Decree No. 2002/155 dated June 18, 2002;

(v) “Project Preparation Advance” means the project preparation advance granted by the Association to the Recipient pursuant to the Letter Agreements signed on behalf of the Association, respectively, on February 21, 2000, January 24, 2002, and March 6, 2003, and on behalf of the Recipient respectively, on March 16, 2000, February 2002, and April 2, 2003;

(w) “Protected Area” means a State forest (forêt domaniale de l’Etat) designated for conservation and/or protection pursuant to Law No. 94-01 on Forest, Wildlife and Fisheries, including all forest reserves mentioned in Article 2 (2) of Decree No. 95/531 dated August 23, 1995;

(x) “SAC III Forestry Reforms” means the forestry reforms carried under the third structural adjustment credit financed by the Association, as referred to in Section 3.1 of the Program;

(y) “Second Tranche” means the tranche of the proceeds of the Grant for an amount of SDR 5,600,000 to be released on or after the date on which the conditions referred to in Part A of Schedule 2 to this Agreement have been met;

(z) “Simple Management Plan” means a plan for the management of a Community Forest established and approved pursuant to Article 37 (2) of Law No. 94-01 on Forest, Wildlife and Fisheries, and its implementing regulations;

(aa) “UFA” means a Unité Forestière d’Aménagement, established and operating pursuant to Law No. 94-01 on Forest, Wildlife and Fisheries, and its implementing regulations;

(bb) “UTO” means Unité Technique Opérationnelle, a geographic area comprising permanent and non permanent forests established for specific conservation and/or operation purposes pursuant to Decree No. 98-345 dated December 21, 1998, “portant organisation du Ministère de l’Environnement et des Forêts”.
ARTICLE II

The Grant

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in the Development Grant Agreement, an amount in various currencies equivalent to seventeen million and three hundred thousand Special Drawing Rights (SDR 17,300,000).

Section 2.02. Promptly after the Effective Date, the Association shall, on behalf of the Recipient, withdraw from the Grant Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The un-withdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. (a) Subject to the provisions of paragraphs (b), (c), (d) and (e) of this Section, the Recipient shall be entitled to withdraw the proceeds of the Grant from the Grant Account in support of the Program;

(b) Except as the Association may otherwise agree: (i) all withdrawals from the Grant Account shall be deposited by the Association into a deposit account opened by CAA in CFAF on terms and conditions satisfactory to the Association; and (ii) the Recipient shall ensure that upon each deposit of an amount of the Grant into said account, this amount be transferred in a separate deposit account opened in BEAC in CFAF on terms and conditions satisfactory to the Association;

(c) The Recipient undertakes that the proceeds of the Grant shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Association determines at any time that an amount of the Grant was used to make a payment for an expenditure so excluded, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of said payment to the Association. Amounts refunded to the Association upon such request shall be cancelled;

(d) No withdrawals shall be made from the Grant Account after the aggregate amount of the Grant withdrawn from the Grant Account has reached the amount of SDR 6,800,000 unless the Association is satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association:

(i) with the progress achieved by the Recipient in the carrying out of the Program;
(ii) that the macroeconomic policy framework of the Recipient is satisfactory, as measured on the basis of indicators agreed between the Recipient and the Association; and

(iii) that the actions described in Part A of Schedule 2 to this Agreement have been taken.

If, after said exchange of views, the Association is not so satisfied, the Association may give notice to the Recipient to that effect and, if within 90 days after such notice, the Recipient has not taken steps satisfactory to the Association, in respect of (i), (ii) and (iii) above, as the case may be, then the Association may, by notice to the Recipient, cancel the unwithdrawn amount of the Grant or any part thereof.

(e) No withdrawals shall be made from the Grant Account after the amount of the Grant withdrawn from the Grant Account shall have reached the amount of SDR 12,400,000 unless the Association is satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Association:

(i) with the progress achieved by the Recipient in the carrying out of the Program;

(ii) that the macroeconomic policy framework of the Recipient is satisfactory, as measured on the basis of indicators agreed between the Recipient and the Association; and

(iii) that the actions described in Part B of Schedule 2 to this Agreement have been taken.

If, after said exchange of views, the Association is not so satisfied, the Association may give notice to the Recipient to that effect and, if within 90 days after such notice, the Recipient has not taken steps satisfactory to the Association, in respect of (i), (ii) and (iii) above, as the case may be, then the Association may, by notice to the Recipient, cancel the unwithdrawn amount of the Grant or any part thereof.

Section 2.04. The Closing Date shall be December 31, 2009 or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.05. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum;
(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or cancelled; and (ii) at the rate set as of June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement;

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Recipient; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.06. Commitment charges shall be payable semiannually on April 1st and October 1st in each year.

Section 2.07. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Recipient and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 2 to this Agreement;

(b) Prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request;

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Recipient shall exchange views with the Association on any proposed action to be taken after the disbursement of the Grant which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Schedule 2 to this Agreement.

Section 3.02. (a) Without limitation upon the provisions of Section 9.01 (a) of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of Article II of this Agreement as the Association may, from time to time, reasonably request;
(b) the Recipient shall:

(i) have the CAA Deposit Account and the BEAC Deposit Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than four months after the end of the Fiscal Year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning the CAA Deposit Account and the BEAC Deposit Account and the audit thereof as the Association shall have reasonably requested.

ARTICLE IV

Additional Event of Suspension

Section 4.01. Pursuant to Section 6.02(l) of the General Conditions, the following additional events are specified, namely,

(a) that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;

(b) that the SAC III Forestry Reforms shall have been amended without prior consultation with the Association;

(c) that the right of the Recipient to withdraw the proceeds of the GEF Trust Fund Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the GEF Trust Fund Grant Agreement.

Section 4.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional events are specified, namely, that any events specified in paragraphs (a), (b) and (c) of Section 4.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Recipient.
ARTICLE V

Effectiveness; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Development Grant Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the Trust Fund GEF Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness, have been fulfilled.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of the Recipient at the time responsible for Economy and Finance is designated as the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Economy and Finance
B.P. 1630
Yaoundé
Republic of Cameroon

Cable address: Telex: Facsimile:

237 223 3717

For the Association:

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

Cable address: Telex: Facsimile:

INDEVAS 248423 (MCI) or (202) 477-6391
Washington, D.C. 64145 (MCI)
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Yaoundé, Republic of 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
SCHEDULE 1

Excluded Expenditures

For purposes of Section 2.03 (c) of this Agreement, the proceeds of the Grant shall not be used to finance any of the following expenditures:

1. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Association or the Bank shall have financed or agreed to finance under another credit, loan, or grant;

2. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:
<table>
<thead>
<tr>
<th>Group</th>
<th>Subgroup</th>
<th>Description of Items</th>
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<td>Alcoholic beverages</td>
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<tr>
<td>121</td>
<td>-</td>
<td>Tobacco, unmanufactured, tobacco refuse</td>
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<tr>
<td>122</td>
<td>-</td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
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<tr>
<td>525</td>
<td>-</td>
<td>Radioactive and associated materials</td>
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<td>-</td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
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<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
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<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
</tbody>
</table>
971 - Gold, non-monetary (excluding gold ores and concentrates)

3. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

4. expenditures for environmentally hazardous goods (for purposes of this paragraph the term “environmentally hazardous goods” means goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;

5. expenditures on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

6. expenditures under a contract in respect of which the Association determines that corrupt, fraudulent, collusive, or coercive practices were engaged in by representatives of the Recipient or of a beneficiary of the Grant during the procurement or execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the Association to remedy the situation.
SCHEDULE 2

A. Actions Referred to in Section 2.03 (d) of this Agreement

*Budget allocation and execution*

1. As of December 31 of the Fiscal Year during which the First Tranche was released, the Recipient has committed not less than 75% of the fraction of its Forest and Green Environment Sectoral Annual Budget financed out of the Grant, the GEF Trust Fund Grant and its own resources.

*Environmental and Social Monitoring*

2. The Recipient has successfully implemented activities defined for 2006 in the EMP and established an environmental and social monitoring mechanism, as evidenced by work programs, reports and implementation of mitigation measures.

*Sustainable Management of Production Forests*

3. The Recipient has: (i) reviewed MP for all UFA awarded before January 2002 and for all existing communal forests; and (ii) signed final concession agreements for UFA with companies having fulfilled their obligations and taken appropriate measures against companies in violation of their obligations (including, as the case may be, the termination of the concession), all as evidenced by copies of the signed final concession agreements and relevant notifications to companies.

*Wildlife and Protected Areas Management*

4. Three Focus UTO have received a MES between 40 and 55; three Focus UTO have received a MES between 20 and 40; one Focus UTO has received a MES of at least 17, and one Focus UTO has received a MES of at least 6, all as evidenced on the basis of a third party evaluation carried out on terms of reference satisfactory to the Association.

*Community Management of Forests Resources*

5. Simple Management Plans of good quality have been prepared and/or satisfactorily implemented in 10 Community Forests, as evidenced by said plans, a report on their implementation prepared by MINFOF and supervision assessments undertaken.
Institutional Strengthening

6. Satisfactory computerized financial management and monitoring mechanisms are operational within MINFOF and MINEP at the central, provincial and departmental level, and in coherence with DEPMI, all as evidenced by documentation showing on-going internal and external monitoring of MINFOF and MINEP expenses and financial management.

B. Actions Referred to in Section 2.03 (e) of this Agreement

Budget allocation and execution

1. As of December 31 of the Fiscal Year during which the Second Tranche was released, the Recipient has committed not less than 75% of the fraction of its Forest and Green Environment Sectoral Annual Budget financed out of the Grant, the GEF Trust Fund Grant and its own resources.

Environmental and Social Monitoring

2. An evaluation of the Program activities’ quantitative and qualitative impacts has been carried out, as evidenced by a publicly available report prepared on the basis of terms of reference defined in a participatory manner.

Sustainable Management of Production Forests

3. Illegal logging is under control in all UFA not awarded by December 2005 and in Protected Areas, as evidenced by satellite images used in the Global Forest Watch Report dated December 2005 and comparable satellite images and/or field visits of the same areas showing a significant decrease in the number of illegal logging roads in comparison to the level observed in 2005.

Wildlife and Protected Areas Management

4. Three Focus UTO have received a MES over 55; three Focus UTO have received a MES between 40 and 55; one Focus UTO has received a MES of at least 26, and one Focus UTO has received a MES of at least 17, all as evidenced on the basis of a third party evaluation carried out on terms of reference satisfactory to the Association; the National Biodiversity Strategy and Action Plan has been updated and adopted by MINFOF and MINEP; and the fraction of the Deng Deng zone retained for conservation purposes has been transformed into a wildlife reserve and the protection of this site has been guaranteed in the field.
Community Management of Forests Resources

5. At least 90% of plantations established on state owned gazetted land and previously under ONADEF’s management are reassigned to appropriate management structures: competitive award of management contracts to the private sector, management contract with local communities, transformation into UFAs or integration into existing UFAs, transformation into Protected Areas with no productive purpose (conservation and/or protection), integration into National Parks, or environmental protection areas or declassification of plantations into urban zones, all as evidenced by official signed acts by MINFOF and/or MINEP in support of the new status.

Institutional Strengthening

6. At least 50 forestry facilities have been rehabilitated (including through infrastructure, equipment and/or training) at the technical directorate, provincial and departmental level, as evidenced by upgrade reports, listings of works carried out, equipment bought, and field visits.
SCHEDULE 3

Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04 (a), 3.04 (b), 3.05, 6.05, and Article VII, are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:
   
   (a) The term “Borrower” is modified to read “Recipient”.
   
   (b) The term “Credit” is modified to read “Grant”.
   
   (c) The term “credit” is modified to read “grant”; except that where used in Sections 6.02 (a) (ii) and 6.02 (c) (i), as modified below, the term “credit” shall continue to read “credit”.
   
   (d) The term “Credit Account” is modified to read “Grant Account”.
   
   (e) The term “Development Credit Agreement” is modified to read “Development Grant Agreement”.

3. Paragraph 12 of Section 2.01 is modified to read:

   12. “‘Project’ means the program, referred to in the Preamble to the Development Grant Agreement, in support of which the Grant is made.”

4. Article IV is modified as follows:

   (a) Section 4.01 is modified to read:

   “Except as the Recipient and the Association shall otherwise agree, withdrawals from the Grant Account shall be made in the currency specified in Section 2.02 (b) of the Development Grant Agreement; provided, however, that withdrawals in the currency of the Recipient”
shall be made in such currency or currencies as the Association shall from time to time reasonably select.”;

(b) Section 4.02 (a) and its heading are modified to read as follows:

“Section 4.02 Currencies in which Commitment Charges are Payable

(a) The Recipient shall pay the commitment charge on the Grant in the currency specified in the Development Grant Agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”;

(c) Wherever used in Section 4.02 (c) and (e) of the General Conditions the words “principal and service charges” are modified to read “commitment charge”;

(d) Section 4.03 and its heading are modified to read as follows:

“Section 4.03. Amount of the Grant

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

5. Section 5.01 is modified to read:

“The Recipient shall be entitled to withdraw the proceeds of the Grant from the Grant Account in accordance with the provisions of the Development Grant Agreement and of these General Conditions.”

6. The last sentence of Section 5.03 is deleted.

7. Section 6.02 is modified as follows:

(a) The phrase “any other development credit agreement” in Section 6.02 (a) (ii) is modified to read: “any other development grant, credit or financing agreement”. 
(b) The phrase “any development credit agreement” in Section 6.02 (c) (i) is modified to read: “any development grant, credit or financing agreement”.

8. The words “The principal of, and any other charges on” in paragraph (a) of Section 8.01 are modified to read “The commitment charge on”.

9. Section 9.06 (c) is modified to read:

“(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Association, the Recipient shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the program referred to in the Preamble to the Development Grant Agreement, the performance by the Recipient and the Association of their respective obligations under the Development Grant Agreement and the accomplishment of the purposes of the Grant.”

10. Section 9.04 is deleted in its entirety and Sections 9.05, 9.06 (as modified above), 9.07 and 9.08 are renumbered, respectively, Sections 9.04, 9.05, 9.06 and 9.07.