



**OFID** The OPEC Fund for International Development

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LOAN NO. 1425P

WATER SUPPLY PROJECT

LOAN AGREEMENT

BETWEEN

THE REPUBLIC OF CAMEROON

AND

THE OPEC FUND FOR  
INTERNATIONAL DEVELOPMENT (OFID)

DATED

MARCH 7, 2012

AGREEMENT dated March 7, 2012, between the Republic of Cameroon ("the Borrower") and OFID.

Whereas the Borrower has requested a loan from OFID for part financing of the Project described in Schedule 1;

And whereas OFID has approved a loan to the Borrower in the amount of six million Dollars (\$6,000,000) upon the terms and conditions set forth hereinafter;

Now, therefore, the parties to this Loan Agreement (the "Agreement") hereby agree as follows:

Article 1

GENERAL CONDITIONS; DEFINITIONS

1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings:

- (a) "Authorized Representative of the Borrower" means the Minister of Economy, Planning and Regional Development of the Borrower;
- (b) "Closing Date" means December 31, 2014;
- (c) "Dollar" and the sign "\$" mean and refer to the lawful currency of the United States of America;
- (d) "Eligible Expenditure Commencement Date" means October 5, 2011;

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- (e) "Executing Agency" means the Ministry of Energy and Water through its Directorate of Hydraulics and Hydrology;
- (f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December 2007;
- (g) "Grace Period" means the period beginning on March 7, 2012 and ending five (5) years from that Date; and
- (h) "Loan Administrator" means the Arab Bank for Economic Development in Africa.

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## Article 2 THE LOAN

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount of six million Dollars (\$6,000,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of one and three quarter of one per cent (1.75%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charges shall be paid semi-annually on March 15 and September 15 in each year into OFID Account.

2.05 Immediately following the end of the Grace Period, the Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management, in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty (30) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

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Article 3  
EFFECTIVENESS

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of:

- (a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower;
- (b) a certificate issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and
- (c) evidence that the loan or other financing agreement between the Loan Administrator and the Borrower for financing the Project has been declared effective or will be declared effective concurrently with this Agreement.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.

3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

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Article 4  
ADDRESSES

4.01 The parties' addresses are as specified below:

For the Borrower:

Ministry of Economy, Planning and Regional Development  
B.P. 13750  
Yaoundé  
REPUBLIC OF CAMEROON  
Facsimile: (++)237-22) 221509

For OFID:

The OPEC Fund for International Development  
Parkring 8  
A-1010 Vienna  
AUSTRIA  
Facsimile: (++)43-1) 513 92 38

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IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE BORROWER:

Signature:

Name: H.E. Emmanuel Njanou Djoumessi

Title: Minister of Economy, Planning and Regional Development

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT  
(OFID):

Signature:

Name: Mr. Suleiman J. Al-Herbish

Title: Director-General



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THE REPUBLIC OF CAMEROON  
WATER SUPPLY PROJECT

SCHEDULE 1  
DESCRIPTION OF THE PROJECT

The Project aims to provide populations with sustainable access to safe drinking water, particularly in the localities of Akom II, Mvangan, Olamze, Mvengue, Kette, Mesamena and Bot Makak.

The Project will be achieved through the implementation of the following components:

**1. Civil, Hydro-Mechanical, and Electrical Works**

This component comprises the following sub-components:

- (a) Water supply facilities:
  - (i) Drilling and equipping of 14 new wells, the reconstruction and preparation of 2 existing wells, and the construction and equipping of 16 pumping stations.
  - (ii) Linking 14 pump stations to the electricity grid and importing and installing 18 generators for the stations.
  - (iii) Construction of gravel roads to connect the wells to the main road networks of the seven localities.
  
- (b) Water transmission pipes and reservoirs:
  - (i) Supply and installation of transmission pipes (27 km in length, and 75-110 mm in diameter) to enable the transfer of water from the wells to the water reservoirs.
  - (ii) Construction of 3 reservoirs, with a holding capacity of 200 m<sup>3</sup>, and 4 tanks equipped with chlorine disinfectant units.
  
- (c) Distribution pipes and connections:
  - (i) Supply and installation of water supply pipes (48.3 km in length, and 63-200 mm in diameter).
  - (ii) In addition to installing 112 public water distribution points; connections will be supplied and installed to 1,980 households.

- (d) Administrative and residential buildings:
  - (i) Construction of an office building (125 square meters) for the use of the staff overseeing the works, as well as, a 100 square meter house for the manager of the project site in each of the seven centers.

**2. Operating Equipment and Maintenance**

This component includes the provision of necessary equipment and tools to ensure operation of the project and proper maintenance thereof.

**3. PIU Support**

This component will fund the operating cost of the coordinating unit and the Project Implementation Unit and includes:

- (a) Salaries,
- (b) Per diem for supervisory missions,
- (c) Operating cost of equipment and transport vehicles,
- (d) The provision of office equipment which includes 7 computers, 3 copy machines, one fax machine, one projector, and office furniture,
- (e) 3 vehicles for the use of the coordinating unit and PIU officials, and
- (f) 7 motorcycles for the use of the technical supervisors of the PIU.

**4. Consultancy Services**

This component will finance a consultancy firm to be recruited to prepare detailed engineering design, finalize tender documents, and supervise and control the execution of the project.

**5. Auditing**

This component will fund the recruitment of an auditor to audit the accounts on an annual basis.

**6. Capacity Building**

This component will support the organization of training courses and awareness campaigns.

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## THE REPUBLIC OF CAMEROON WATER SUPPLY PROJECT

### SCHEDULE 2 LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of each component:

Component	Amount of the Loan Allocated (Expressed in Dollars)	Percentage of Total Expenditures to be Financed
1. Civil, Hydro-Mechanical & Electrical Works	4,701,000	49.86
2. Operating Equipment & Maintenance	---	---
3. PIU Support	215,000	24.57
4. Consultancy Services	---	---
5. Audit	152,000	100
6. Capacity Building	200,000	100
7. Physical & Price Contingencies	732,000	41.40
Total:	<u>6,000,000</u>	

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

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THE REPUBLIC OF CAMEROON  
WATER SUPPLY PROJECT

SCHEDULE 3  
AMORTIZATION

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in Dollars)
1	March 15, 2017	200,000
2	September 15, 2017	200,000
3	March 15, 2018	200,000
4	September 15, 2018	200,000
5	March 15, 2019	200,000
6	September 15, 2019	200,000
7	March 15, 2020	200,000
8	September 15, 2020	200,000
9	March 15, 2021	200,000
10	September 15, 2021	200,000
11	March 15, 2022	200,000
12	September 15, 2022	200,000
13	March 15, 2023	200,000
14	September 15, 2023	200,000
15	March 15, 2024	200,000
16	September 15, 2024	200,000
17	March 15, 2025	200,000
18	September 15, 2025	200,000
19	March 15, 2026	200,000
20	September 15, 2026	200,000
21	March 15, 2027	200,000
22	September 15, 2027	200,000
23	March 15, 2028	200,000
24	September 15, 2028	200,000
25	March 15, 2029	200,000
26	September 15, 2029	200,000
27	March 15, 2030	200,000
28	September 15, 2030	200,000
29	March 15, 2031	200,000
30	September 15, 2031	<u>200,000</u>

Total: 6,000,000

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