

No. 10122

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
CAMEROON**

Guarantee Agreement—*Douala and Yaoundé Water Supply Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements of the Bank and Loan Agreement between the Bank and the Société nationale des eaux du Cameroun). Signed at Washington on 2 June 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 31 December 1969.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
CAMEROUN**

Contrat de garantie — *Projet d'adduction d'eau de Douala et de Yaoundé* (avec, en annexe, les Conditions générales applicables au contrat d'emprunt et de garantie de la Banque et le Contrat d'emprunt entre la Banque et la Société nationale des eaux du Cameroun). Signé à Washington le 2 juin 1969

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 31 décembre 1969.

GUARANTEE AGREEMENT ¹

AGREEMENT, dated June 2, 1969, between the FEDERAL REPUBLIC OF CAMEROON (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith ² between the Bank and Société Nationale des Eaux du Cameroun (hereinafter called the Borrower), the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million dollars (\$ 5,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, ³ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of its other covenants in the Guarantee Agreement contained, the Guarantor hereby

¹ Came into force on 4 November 1969, upon notification by the Bank to the Government of Cameroon.

² See p. 298 of this volume.

³ See p. 298 of this volume.

unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specially undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions to secure a debt maturing not more than one year after the date on which it is originally incurred.

The term “assets of the Guarantor” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territory of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall

promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territory of the Guarantor for purposes relating to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor or laws in effect in its territory and free from all restrictions imposed under such laws; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. The Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territory on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. Without limiting or restricting the Guarantor's obligations under Section 2.01 of this Agreement, the Guarantor covenants that it shall cause to be taken all measures required to enable the Borrower to acquire all rights to lands and rights-of-way which shall be necessary to carry out the Project, and, except as the Bank may otherwise agree, that it shall not permit any use or abstraction of water which would adversely affect the water supply and distribution systems of Douala and Yaoundé, and in particular, that it shall not permit any pollution of the Mefou watershed upstream of the Mopfou Dam nor of the Dibamba River which would endanger the quality of the water of such water supply and distribution systems.

Section 3.06. Not later than at the time of the settlement of all accounts under the *Gérance* agreements providing for the operation of the water systems in Cameroon prior to the establishment of the Borrower, the Guarantor shall cause all such accounts to be transferred to, or assumed by, the Borrower, to be audited by qualified accountants satisfactory to the Bank, and the Guarantor shall cause a signed copy of the auditors' reports to be transmitted to the Bank promptly after their preparation.

Section 3.07. The Guarantor covenants that it shall from time to time review the tariff policies and structure of the Borrower with the Bank and the Borrower and that it shall enable the Borrower to carry out its obligations under Section 5.07 of the Loan Agreement.

Section 3.08. With reference to Section 5.10 of the Loan Agreement, the Guarantor shall take all measures necessary to ensure the payment to the Borrower promptly as required of all water charges due by the Guarantor or by any of its political subdivisions and billed by the Borrower.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Finance Minister of the Guarantor and such person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article V

Section 5.01. The *Ministre du Plan et du Développement* of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purpose of Section 10.01 of the General Conditions:

For the Guarantor:

Ministère du Plan et du Développement
Yaoundé
Federal Republic of Cameroon

Cable address:

Minplan
Yaoundé

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused the Guarantee Agreement to be

signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Federal Republic of Cameroon:

By Joseph N. OWONO
Authorized Representative

International Bank for Reconstruction and Development:

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS
[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300*].

LOAN AGREEMENT

AGREEMENT, dated June 2, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SOCIÉTÉ NATIONALE DES EAUX DU CAMEROUN (hereinafter called the Borrower), a *société anonyme* established under the laws of the Federal Republic of Cameroon under *Statuts* dated June 8, 1967, with a registered capital of 100,000,000 CFA Francs, and having its registered office in Douala.

WHEREAS (A) The Borrower is engaged in the carrying out of the Douala and Yaoundé Water Supply and Distribution Systems project described in Schedule 3 to this Agreement and has requested the Bank to assist in financing part of such project by granting a loan to it in an aggregate principal amount equivalent to five million dollars (\$ 5,000,000);

(B) By agreement of even date herewith¹ between the Federal Republic of Cameroon (hereinafter called the Guarantor) and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of such loan; and

(C) The Borrower intends to contract from the Caisse Centrale de Coopération Economique (hereinafter called CCCE), an agency of the Republic of France, a loan (hereinafter called the CCCE Loan) in an aggregate principal amount

¹ See p. 290 of this volume.

equivalent to one million six hundred thousand dollars (\$ 1,600,000) to assist in financing such project; and

WHEREAS the Bank, on the basis of the foregoing, has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969¹ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the term "CCCE Loan Agreement" means the agreement between CCCE and the Borrower setting forth the terms and conditions of the CCCE Loan and includes all agreements and arrangements, if any, incidental thereto between CCCE and the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to five million dollars (\$ 5,000,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Bank and the Borrower.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Loan Agreement:

(a) such amounts as shall be required to meet payments to be made to the Bank for interest and other charges on the Loan accrued on or before June 30, 1971 or such other date as may be agreed between the Bank and the Borrower; and

¹ See p. 298 of this volume.

(b) the equivalent of seventy-five per cent (75 %) (or the equivalent of such other percentage as shall be agreed between CCCE, the Bank and the Borrower) of such amounts as shall have been paid (or, if the Bank and CCCE shall so agree, of such amounts as shall be required to make payments) for expenditures under Categories 1, 2 and 3 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement, provided, however, that: (i) except as shall be otherwise agreed between CCCE, the Bank and the Borrower, no withdrawal shall be made from the Loan Account under paragraph (b) of this Section unless the Borrower shall certify in respect of each such withdrawal that it has applied to CCCE for a withdrawal under the CCCE Loan Agreement for such expenditures on the Project in an amount equivalent to one-third ($\frac{1}{3}$) of the amount to be withdrawn from the Loan Account and that no circumstances exist which would justify the denial by CCCE of such application; and (ii) if there shall be an increase in the estimate of such expenditures under any of the Categories 1, 2 or 3, the Bank, after consultation with CCCE, may by notice to the Borrower adjust the percentage then applicable to such Category as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

Section 2.04. It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of:

(a) expenditures in CFA francs for: (i) goods produced, or services supplied from, outside the territory of the Guarantor and to be financed under Category 3 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement; and (ii) goods produced, or services supplied from, within or outside the territory of the Guarantor and to be financed under Categories 1 and 2 of said allocation of the proceeds of the Loan; provided, however, that no withdrawal shall be made on account of expenditures for taxes imposed by the Guarantor or any of its political subdivisions on, or in connection with the importation or supply of, such goods or services; and

(b) expenditures to be financed under Category 3 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement made prior to the date of this Agreement but after January 1, 1969.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of the Loan Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Bank and the Borrower, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank, except as otherwise provided in such Schedule 4.

Section 3.03. Until the completion of the Project, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project, except as the Bank shall otherwise agree.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The *Directeur général* of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering and public utility practices.

(b) In carrying out the Project, the Borrower shall employ competent and experienced engineering consultants and contractors acceptable to the Bank to an extent and upon such terms and conditions as shall have been approved by the Bank.

(c) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the reports, plans, specifications, contract documents and work and procurement schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 5.02. (a) The Borrower shall at all times manage its affairs, maintain its financial position, plan its future expansion and carry on its operations, in accordance with sound business, financial and public utility practices and under the supervision of experienced and competent management. The Borrower shall advise the Bank for comments, if any, of any proposal for the appointment of a new *Directeur général*, or of any proposal for any material modification of the organization and administrative structure of the Borrower.

(b) The Borrower shall not materially amend, suspend or abrogate without the prior agreement of the Bank the management contract (*Protocole d'Accord de Gestion*) between the Borrower and Société Electricité du Cameroun dated June 30, 1967.

(c) The Borrower shall have its accounts audited and its financial statements (balance sheet and related statements of earnings and expenses) certified annually by qualified independent accountants acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank certified copies of such statements and a signed copy of the auditor's report.

Section 5.03. (a) The Borrower shall not materially amend its *Statuts* without the prior approval of the Bank.

(b) The Borrower shall at all times maintain its existence and right to carry on operations and shall take all steps necessary to acquire, maintain and renew all licenses, consents and other rights which are necessary or useful in the conduct of its business.

(c) The Borrower shall at all times operate and maintain its plants, equipment, machinery and other property, and promptly make all necessary repairs and renewals thereof, in accordance with sound engineering and public utility practices.

(d) The Borrower shall not, without the prior approval of the Bank, lease, transfer or otherwise dispose of any of the property or assets which shall be required for the efficient operation of its business and undertaking.

(e) The Borrower shall duly comply with its obligations under any concession agreement between the Guarantor and the Borrower entered into prior to the date of the Loan Agreement. Except as the Bank shall otherwise agree, the Borrower shall not: (i) concur in any action which shall have the effect of materially amending, suspending or abrogating any such concession agreement; nor (ii) enter into any new water supply concession agreement with the Guarantor without the prior approval of the Bank.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower, the concession agreements referred to in Section 5.03 (e) of this Agreement and any other matters relating to the purposes of the Loan and the maintenance of the service thereof.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the administration, operations and financial condition of the Borrower.

(c) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of his obligations under the Loan Agreement.

(d) The Borrower shall: (i) maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; and (ii) enable the Bank's representatives to inspect the Project, the goods, all other plants, sites, works, properties and equipment of the Borrower and any relevant records and documents.

Section 5.05. (a) The Borrower shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound public utility practices.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.06. The Borrower undertakes that, except as the Bank shall otherwise agree:

(a) if the Borrower shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; and

(b) if any lien shall be created other than under paragraph (a) above on any assets of the Borrower, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank;

provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 5.07. (a) The Borrower shall from time to time review with the Guarantor and the Bank its tariff policies and structure in the light of its obligations set forth in paragraphs (b), (c) and (d) below, and shall institute not later than July, 1, 1971, and thereafter carry out, policies which shall ensure the widest distribution of water compatible with sound business, financial and public utility practices and with such obligations.

(b) The Borrower shall carry out or cause to be carried out, not later than June 30, 1970, a full physical inventory and valuation of all the net fixed assets operated by the Borrower.

(c) The Borrower shall take all necessary steps to ensure the establishment, and thereafter, the maintenance, of charges for water supplied by the Borrower, which will provide revenues sufficient: (i) to cover the operating expenses of its water supply and distribution systems, and (ii) to produce, not later than in the fiscal year beginning on July 1, 1971, and for each succeeding fiscal year thereafter, an annual return on the current value of the net fixed assets operated by the Borrower at a rate of not less than 10 % or such other percentage as may be agreed from time to time between the Guarantor, the Bank and the Borrower, having due regard to future development requirements.

(d) For the purposes of this Section:

- (i) The required annual return will be calculated by using as the denominator the current value of net fixed assets operated by the Borrower at the beginning of the year in question and, as the numerator, the operating income of the Borrower plus all other net income of the Borrower for that year, from whatever source.
- (ii) The term "current value of net fixed assets" means the gross value of all fixed assets as revalued from time to time less accumulated depreciation, based on appropriate valuation and depreciation methods approved by the Bank, but excluding the value of pipes and connections contributed by customers.
- (iii) The term "operating income" means the difference between operating revenues and operating expenses.
- (iv) The term "operating revenues" means all revenues from the Borrower's operations, including monthly service charges.
- (v) The term "operating expenses" means all direct costs of operation by the Borrower of its water supply and distribution facilities, including adequate maintenance expenses and adequate provision for depreciation and for taxes or payments to the Guarantor in lieu of taxes, if any, but excluding amortization of, interest and other charges on, debt, and provisions for the "*Amortissement de Caducité*".

Section 5.08. (a) During the period of construction of the Project described in Schedule 3 to this Agreement, the Borrower: (i) shall submit its annual investment programs to the Bank for review and approval; and (ii) shall be entitled to undertake expansion schemes or projects other than the Project without the prior approval of the Bank provided that such schemes or projects shall not result in expenses during such period equivalent in the aggregate to more than \$ 250,000.

(b) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall, after the completion of the Project, submit its investment program to the Bank for comments if it proposes to undertake expansion schemes or projects, the total expenditures for which are expected to be equal to or to exceed, in any twelve-month period, the equivalent of five hundred thousand dollars (\$ 500,000).

Section 5.09. Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, other than for money borrowed for financing the Project, unless its net revenues for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than 1.5 times the maximum debt service requirement for any succeeding fiscal year on all debt including the debt to be incurred. For the purposes of this Section:

(a) The term "debt" shall mean all indebtedness of the Borrower, including debt for the service of which the Borrower is responsible, maturing by its terms more than one year after the date on which it is originally incurred.

(b) Debt shall be deemed to be incurred on the date of execution and delivery of a contract, loan agreement or other instrument providing for such debt.

(c) The term "net revenues" shall mean gross revenues from all sources, adjusted to take account of the Borrower's rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating and administrative expenses and provision for taxes, if any, but before provision covering depreciation and debt service requirements.

(d) The term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt.

(e) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Section 5.10. The Borrower shall take all steps necessary (i) to ensure the prompt collection, on a current basis, of all water charges billed by it; and (ii) to

ensure the collection not later than on December 31, 1969 of the unpaid bills for water charges sent by the Borrower between July 1, 1967 and June 30, 1969.

Section 5.11. Except as the Bank and the Borrower shall otherwise agree, if the Borrower shall repay in advance of maturity any part of its indebtedness under the CCCE Loan Agreement, the Borrower shall simultaneously repay a proportionate amount of the Loan then outstanding. All the provisions of the General Conditions relating to repayment in advance of maturity shall be applicable to any repayment by the Borrower in accordance with this Section.

Section 5.12. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territory of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.13. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then, at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

(a) Any legislation or regulation of the Guarantor governing the establishment, organization, powers and operations of the Borrower, or any concession agreement between the Guarantor and the Borrower, shall have been materially amended, suspended or abrogated so as to affect adversely the operations or financial condition of the Borrower or the performance by the Borrower of its obligations under the Loan Agreement, and such event shall continue for a period of sixty days;

(b) The CCCE Loan shall have become due and payable prior to the agreed maturity pursuant to the terms thereof.

Section 6.03. For the purposes of Section 6.02 of the General Conditions, the following event is specified, namely, that CCCE shall have suspended or cancelled the right of the Borrower to make withdrawals under the CCCE Loan Agreement.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

- (a) The CCCE Loan Agreement shall have been duly and validly concluded upon terms and conditions satisfactory to the Bank and the conditions precedent, if any, to initial disbursements under said CCCE Loan Agreement shall have been fulfilled.
- (b) All lands necessary for the carrying out of the Project described in Schedule 3 to this Agreement shall have been duly and validly procured by or for the benefit of the Borrower.
- (c) The Borrower shall have certified in writing to the Bank that, as of a date to be agreed between the Bank and the Borrower (which shall be prior to the date set forth in Section 7.02 of this Agreement) there has been no material adverse change in its condition since the date of the Loan Agreement.

Section 7.02. The date September 1, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be May 31, 1972, or such later date as shall be agreed between the Bank and the Borrower.

Section 8.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Intbafrad
Washington, D.C.

For the Borrower:

Société Nationale des Eaux du Cameroun
Douala, Cameroon

Cable address:

Société Nationale des Eaux du Cameroun
Douala

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused the Loan Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development:

By J. Burke KNAPP
Vice President

Société Nationale des Eaux du Cameroun:

By Moussa YAYA
Authorized Representative

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts expressed in Dollar equivalent</i>
1. Pumps, equipment, pipes and fittings under Parts I (c) and II (c) of the Project	1,150,000
2. Civil works and related supplies	2,680,000
3. Consultant services for engineering and supervision	200,000
4. Interest and other charges on the Loan	300,000
5. Unallocated	670,000
	TOTAL 5,000,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories 1 to 4 shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category 5.

2. If the estimate of the cost of the items included in any of the Categories 1 to 4 shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan will be allocated by the Bank, at the request of the Borrower, to such Category from Category 5, subject, however, to

the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 2

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
June 15, 1972	80,000	June 15, 1981	140,000
December 15, 1972.....	80,000	December 15, 1981.....	145,000
June 15, 1973	85,000	June 15, 1982	150,000
December 15, 1973.....	85,000	December 15, 1982.....	155,000
June 15, 1974	90,000	June 15, 1983	160,000
December 15, 1974.....	90,000	December 15, 1983.....	165,000
June 15, 1975	95,000	June 15, 1984	170,000
December 15, 1975.....	100,000	December 15, 1984.....	175,000
June 15, 1976	100,000	June 15, 1985	180,000
December 15, 1976.....	105,000	December 15, 1985.....	185,000
June 15, 1977	110,000	June 15, 1986	195,000
December 15, 1977.....	110,000	December 15, 1986.....	200,000
June 15, 1978	115,000	June 15, 1987	205,000
December 15, 1978.....	120,000	December 15, 1987.....	210,000
June 15, 1979	125,000	June 15, 1988	220,000
December 15, 1979.....	125,000	December 15, 1988.....	225,000
June 15, 1980	130,000	June 15, 1989	240,000
December 15, 1980.....	135,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	$\frac{3}{4}\%$
More than three years but not more than six years before maturity.....	$1\frac{3}{4}\%$
More than six years but not more than eleven years before maturity.....	$2\frac{3}{4}\%$
More than eleven years but not more than sixteen years before maturity.....	$4\frac{1}{2}\%$
More than sixteen years but not more than eighteen years before maturity....	$5\frac{1}{2}\%$
More than eighteen years before maturity	$6\frac{1}{2}\%$

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project consists of expansions and improvements of the water supply and distribution systems of Douala and of Yaoundé. The Project includes:

I. Douala water supply and distribution system:

- (a) Construction of water treatment facilities at Japoma designed for a rated capacity of about 15,000 cubic meters per day, and of intake, pumping and related facilities;
- (b) Construction of reservoirs at Bassa and Koumassi with a total storage capacity of about 10,000 cubic meters, and of booster stations;
- (c) Supply and installation of pumps, equipment, pipes and fittings.

II. Yaoundé water supply and distribution system:

- (a) Construction of an earth dam on the Mefou River at Mopfou to provide a reservoir with a storage capacity of about 5,000,000 cubic meters and related structures;
- (b) Construction of water treatment facilities designed for a rated capacity of about 16,000 cubic meters per day, of reservoirs with a total storage capacity of about 9,000 cubic meters, of booster stations, pumping and other related facilities;
- (c) Supply and installation of pumps, equipment, pipes and fittings.

The Project is expected to be completed by June 30, 1971.

SCHEDULE 4

PROCUREMENT

1. With respect to goods and services in Categories 1 and 2 of the allocation of the proceeds of the Loan, referred to in Section 2.02 of this Agreement, and required to be procured on the basis of international competitive bidding under Section 3.02 of this Agreement, identical or similar items to be procured shall be grouped together wherever practicable for the purposes of bidding and procurement, and such grouping of items shall be subject to the approval of the Bank.

2. In respect of (i) civil works contracts expected to cost more than the equivalent of \$50,000 and (ii) contracts for the supply of equipment expected to cost more than the equivalent of \$25,000:

(a) If prequalification of bidders is used, notices of prequalification and a description of the prequalification and advertising procedures to be followed will be submitted to the Bank for review and approval prior to the issuance of notices of prequalification.

(b) Invitations to bid, specifications, the proposed terms and conditions of contracts, the text of proposed bid advertisements to be published and all other tender documents will be submitted to the Bank for review and approval prior to the issuance of invitations to bid, together with a description of the advertising procedures to be followed.

(c) After bids have been received and analyzed, a copy of the *procès-verbal* of the public opening of the tenders, the analysis of bids, recommendations of the Consultants where applicable and the Borrower's proposals for awards, together with the reasons for such proposals, will be submitted to the Bank for review and approval prior to any award of contract or issuance of any letter of intent.

(d) If the proposed final contract differs materially from the terms and conditions contained in the respective documents approved by the Bank under subparagraphs (a) and (b) above, then the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of such contract or issuance of any letter of intent.

(e) One conformed copy of any letter of intent issued and of any contract executed under this paragraph 2 will be sent to the Bank promptly after its issuance or execution.

3. In respect of (i) civil works contracts expected to cost not more than the equivalent of \$50,000 and (ii) contracts for the supply of equipment expected to cost not more than the equivalent of \$25,000, copies of all tender documents, including invitations to bid, bid analyses and evaluations and a copy of the *procès-verbal* of the public opening of the tenders, as well as one conformed copy of any contract or letter of intent relating to the procurement of such items or groups of items, shall be sent to the Bank promptly after the execution of any such contract or issuance of any such letter of intent and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of any such contract or letter of intent.

4. Whenever a contract under the Project is awarded to a supplier, contractor or consultant not registered in the Federal Republic of Cameroon, the Borrower will facilitate the accomplishment by such supplier, contractor or consultant of all regulatory formalities which may be required to enable it to carry out such contract.