

**ORIGINAL: ARABIC.**

**LOAN NUMBER:**

**LOAN AGREEMENT**

**CONSTRUCTION, REHABILITATION AND EQUIPPING OF HEALTH  
BUILDINGS PROJECT**

**BETWEEN**

**REPUBLIC OF CAPE VERDE**

**AND**

**KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT**

**DATED: //**

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## LOAN AGREEMENT

Agreement, dated // between the Republic of Cape Verde (hereinafter referred to as the Borrower) and Kuwait Fund for Arab Economic Development (hereinafter referred to as the Fund).

Whereas, the Borrower has requested the Fund to assist in the financing of the Construction, Rehabilitation and Equipping of Health Buildings Project, described in Schedule 2 to this Agreement (hereinafter referred to as the "Project");

Whereas, the Borrower has undertaken to provide such further sums in addition to the loan provided by this Agreement as may be necessary for meeting the total cost of executing the Project;

Whereas, the purpose of the Fund is to assist Arab and other developing countries in developing their economies and to provide them with loans required for the execution of their development projects and programmes;

Whereas, the Fund is convinced of the importance and benefits of the project in contributing to the development of the Borrower's economy; and

Whereas, the Fund has agreed, in view of the foregoing, to make a loan, hereinafter referred to as the loan, to the Borrower on the terms and conditions set forth in this Agreement.

Now therefore, the parties hereto agree as follows:

### ARTICLE I

#### **The Loan; Interest and Other Charges; Repayment; Place of Payment**

**SECTION 1.01.** The Fund agrees to lend to the Borrower, on the terms and conditions set forth in this Agreement or herein referred to, an amount equivalent to four million Kuwaiti Dinars (K.D. 4,000,000).

**SECTION 1.02.** The Borrower shall pay interest at the rate of one and half of one per cent (1.5%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

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**SECTION 1.03.** An additional charge of one half of one per cent (1/2 of 1%) per annum on the amounts withdrawn from the Loan and outstanding from time to time shall be paid to meet the administrative expenses and the expenses of implementing this Agreement.

**SECTION 1.04.** In the event that the Fund, pursuant to Section 3.02 of this Agreement, enters into a special irrevocable commitment at the request of the Borrower, a charge for such special commitment shall be paid by the Borrower at the rate of one half of one per cent (1/2 of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

**SECTION 1.05.** Interest and other charges shall be computed on the basis of a 360-day year of twelve 30-day months for any period less than a full one half of a year.

**SECTION 1.06.** The Borrower shall repay the principal of the Loan in accordance with the provisions for amortization of the Loan set forth in Schedule 1 to this Agreement.

**SECTION 1.07.** Interest and other charges shall be payable semi-annually on 1<sup>st</sup> of June and 1<sup>st</sup> of December in each year.

**SECTION 1.08.** The Borrower shall have the right, upon payment of all accrued interest and all other charges, and upon not less than 45 days notice to the Fund, to repay in advance of maturity: (a) all of the principal amount of the Loan at the time outstanding or (b) all of the principal amount of any one or more maturities, provided that after such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

**SECTION 1.09.** The principal of, and interest and other charges on, the Loan shall be paid at Kuwait or at such other places as the Fund shall reasonably request.

## ARTICLE II

### Currency Provisions

**SECTION 2.01.** All accounts of the financial transactions made pursuant to this Agreement shall be, and all sums falling due thereunder shall be payable, in Kuwaiti Dinars.

**SECTION 2.02.** The Fund will purchase, at the request of and acting as an agent for the Borrower, such currencies as may be required for payment of the cost of goods to be financed from the Loan under this Agreement, or for reimbursement of

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such cost in the currency in which it was actually incurred. The amount which shall be deemed to have been withdrawn from the Loan in any such case shall be equal to the amount of Kuwaiti Dinars required for the purchase of the respective amount of foreign currency.

**SECTION 2.03.** When repayment of principal or payment of interest and other charges on the Loan is being made, the Fund may, at the request of and acting as an agent for the Borrower, purchase the amount of Kuwaiti Dinars required for such repayment or payment, as the case may be, against payment by the Borrower of the amount required for such purchase in currency or currencies, as may be acceptable from time to time to the Fund.

Any payment to the Fund required under this Agreement shall not be deemed to have been effected except from the time and to the extent that Kuwaiti Dinars have actually been received by the Fund.

**SECTION 2.04.** Whenever it shall be necessary for the purposes of this Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Fund.

### ARTICLE III

#### Withdrawal and Use of Proceeds of the Loan

**SECTION 3.01.** The Borrower shall be entitled to withdraw from the Loan amounts expended or to be expended for the Project in accordance with the provisions of this Agreement.

Except as the Fund may otherwise agree, no amount shall be withdrawn from the Loan on account of expenses incurred prior to 1<sup>st</sup> May 2013 .

**SECTION 3.02.** Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Fund, the Fund may enter into special irrevocable commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods to be financed under this Agreement notwithstanding any subsequent cancellation of the Loan or suspension of the right of the Borrower to make withdrawals from the Loan.

**SECTION 3.03.** When the Borrower shall desire to withdraw any amount from the Loan or to request the Fund to enter into a special commitment pursuant to Section 3.02, the Borrower shall deliver to the Fund a written application in such form, and containing such statements, agreements and other documents as the Fund shall reasonably request. Applications for withdrawal, with the necessary documentation as

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hereinafter in this Article provided, shall, except as the Borrower and the Fund shall otherwise agree, be made promptly in relation to expenditures for the Project.

**SECTION 3.04.** The Borrower shall furnish to the Fund such documents and other evidence in support of the application for withdrawal as the Fund shall reasonably request, whether before or after the Fund shall have permitted any withdrawal requested in the application.

**SECTION 3.05.** Each application for withdrawal and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Fund that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn from the Loan is to be used only for the purposes specified in this Agreement.

**SECTION 3.06.** The Borrower shall apply the proceeds of the Loan exclusively to financing the reasonable cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Fund, subject to modification by further agreement between them.

**SECTION 3.07.** The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

**SECTION 3.08.** Payment by the Fund of amounts which the Borrower is entitled to withdraw from the Loan shall be made to or on the order of the Borrower.

**SECTION 3.09.** The right of the Borrower to make withdrawals from the Loan shall terminate on 31<sup>st</sup> December 2017 or such other date as may from time to time be agreed between the Borrower and the Fund.

## ARTICLE IV

### Particular Covenants

**SECTION 4.01.** The Borrower shall entrust the Ministry of Health (hereinafter called "the Ministry") with the execution and operation of the Project and shall make available to it the proceeds of the loan for its implementation.

**SECTION 4.02.** The Borrower shall make available promptly, as needed, all sums which shall be required, in addition to this Loan, all such sums to be made available on terms and conditions satisfactory to the Fund.

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**SECTION 4.03.** The Borrower shall cause the Ministry to carry out the Project with due diligence and efficiency and in conformity with sound engineering, medical, administrative and financial practices and shall provide, promptly as needed, the Fund with facilities, services and other resources for that purpose.

**SECTION 4.04.** The Borrower shall cause the Ministry, in collaboration with the Ministry of Infrastructure and Maritime Economy, to create a Project Management Unit (hereinafter called "PMU"), which shall be entrusted with supervising the implementation of the Project. Such Unit shall comprise of competent personnel to be selected from within the aforementioned Ministries exciting workforce, with the prior approval of the Fund, and shall include, inter alia, senior executives, engineers, technicians, finance and accounting specialists. The Unit shall be vested with all powers and provided with all facilities and recourses necessary to enable it to perform its tasks effectively.

**SECTION 4.05.** In carrying out the Project the Borrower shall cause the Ministry to employ engineering consultants, and other consultants as needed, acceptable to, and upon terms and conditions satisfactory to the Fund in order to assist the Unit in revising the design and specifications of the Project, preparation of tender documents, evaluation of tenders and supervision of the execution of the Project .

**SECTION 4.06.** All contracts for the execution of the Project, which are to be financed from the proceeds of the Loan and any modifications thereto shall be subject to the Fund's approval.

**SECTION 4.07.** The Borrower shall entrust the Ministry to furnish to the Fund, promptly upon their preparation the studies of, and the plans and specifications for the Project, the schedules of its execution and any material modifications subsequently made therein, in such detail as the Fund from time to time may request.

**SECTION 4.08.** The Borrower shall take or cause to be taken all action which shall be necessary to acquire, as and when needed, in accordance with the implementation programme of the project, all such lands and rights in respect of land as shall be required for carrying out the Project. The Borrower shall ensure that any one affected by such action shall be compensated.

**SECTION 4.09.** The Borrower shall entrust the Ministry to maintain or cause to be maintained records adequate to identify the goods 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 position of the Ministry which is carrying out the Project, shall cause the Ministry to afford all reasonable opportunity for accredited representatives of the Fund to make visits for

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purposes related to the Loan, and to inspect the Project, the goods and any relevant records and documents, and shall cause the Ministry to furnish the Fund all such information as the Fund shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods and the operations and financial position of the Ministry which is carrying out the Project.

The Borrower shall cause the Ministry to furnish to the Fund every three months, from the date of this Agreement, with periodic reports on the execution of the Project and the general status of the Loan as well as all other information as the Fund shall reasonably request in relation to the Project and the Loan.

**SECTION 4.10.** The Borrower shall cause the Ministry to insure with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in freely convertible currency.

The Borrower shall cause the Ministry to take out and maintain, with responsible insurers, insurance against risks related to the implementation of the Project in such amounts as shall be consistent with sound commercial practices.

**SECTION 4.11.** The Borrower shall take or cause to be taken, all necessary measures to ensure the avoidance or minimization, to the extent possible, of any adverse effects on the environment which may result from the execution of the Project.

**SECTION 4.12.** The Borrower shall ensure that the delivery of the medical equipment needed for the Project shall coincide with the completion of the health buildings included in the Project, and shall further ensure that the staff necessary for operating such equipments is appropriately trained to yield optimum benefits of their usage .

**SECTION 4.13. (a)** The Borrower shall cause the Ministry to maintain at all times adequate number of skilled medical staff, including doctors, nurses and pharmacists , needed for efficient running of the Project health facilities.

(b) The Borrower shall cause the Ministry to ensure that the Project health facilities shall have at all times adequate amounts of the necessary drugs and medical supplies required for its services.

**SECTION 4.14.** The Borrower undertakes for the purpose of carrying out and operating the Project, to make appropriate arrangements that it will be entrusted to

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the Ministry which will continue at all times to function under rules or regulations in form and substance satisfactory to the Fund and have such powers, management and administration as are necessary for the diligent and efficient carrying out and operation of the Project.

The Borrower shall in particular inform the Fund of any proposed action which would affect adversely the nature or regulations of the Ministry and shall afford the Fund all reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereof.

**SECTION 4.15.** The Borrower and the Fund shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each party shall furnish to the other such information in English as it may reasonably requests concerning the general status of the Loan.

The Borrower and the Fund 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 Borrower shall promptly inform the Fund of any condition which interferes or threatens to interfere with the accomplishment of the purposes of the Loan (including substantial increase in the cost of the Project) or the maintenance of the service thereof.

**SECTION 4.16.** It is the mutual intention of the Borrower and the Fund that no other external debt shall enjoy any priority over the Loan by way of a lien hereafter created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for an 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 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;
- (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or
- (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term 'assets of the Borrower' as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any entity owned or controlled by the Borrower or by any such political subdivisions, including the

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Central Bank of the Borrower or any other institution performing the functions of a Central Bank and the term lien includes mortgages, pledges, charges, privileges and priorities of any kind.

**SECTION 4.17.** The principal of, and interest on the Loan and all other charges shall be paid without deduction for, and free from any tax in force or charges under the laws of the Borrower or laws in effect in its territories whether at present or in the future.

**SECTION 4.18.** This Agreement shall be free from any taxes, imposts, levies, fees and dues of any nature imposed under the laws of the Borrower or laws in effect in its territories, whether at present or in the future, on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay or cause to be paid all such taxes, imposts, levies and dues, if any, imposed under the laws of the country or countries in whose currency the Loan may be repaid.

**SECTION 4.19.** The principal of, and interest and other charges on, the Loan shall be paid free from all restrictions including exchange restrictions imposed under the laws of the Borrower or laws in effect in its territories, whether at present or in the future.

**SECTION 4.20.** The Borrower shall take or cause to be taken all action which shall be necessary on its part to execute the Project and shall not take, or permit to be taken, any action which would prevent or interfere with the execution or operation of the Project or the performance of any of the provisions of this Agreement.

**SECTION 4.21.** All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters and the Borrower shall accord the Fund in respect thereof full immunity from censorship and inspection.

**SECTION 4.22.** All Fund assets and income shall be exempt from nationalization, confiscation and seizure.

## ARTICLE V

### Cancellation and Suspension

**SECTION 5.01.** The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Fund shall have entered into a special commitment pursuant to Section 3.02 of this Agreement.

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**SECTION 5.02.** If any of the following events shall have happened and be continuing, the Fund may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan:

- (a) A default shall have occurred in the payment of principal or interest or any other payment required under this Agreement or any other Loan Agreement between the Borrower and the Fund;
- (b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under this Agreement;
- (c) The Fund shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other loan agreement between the Borrower and the Fund because of a default on the part of the Borrower;
- (d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement.

Any event occurring after the date of this Agreement and prior to the effective date which would have entitled the Fund to suspend the Borrower's right to make withdrawals if this Agreement had been effective on the date such event occurred, will entitle the Fund to suspend withdrawals under the Loan exactly as if it had occurred after the effective date.

The right of the Borrower to make withdrawals under the Loan shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Fund shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that in the case of any such notice of restoration the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Fund in respect of any other subsequent event described in this Section.

**SECTION 5.03.** If any event specified in paragraph (a) of Section 5.02 shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Fund to the Borrower, or if any event specified in paragraphs (b), (c) and (d) of Section 5.02 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower, then at any subsequent time during the continuance thereof, the Fund at its option, may declare the principal of the Loan to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

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**SECTION 5.04.** If (a) the right of the Borrower to make withdrawals from the Loan shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) the date specified in Section 3.09 as the Closing Date an amount of the Loan shall remain unwithdrawn, the Fund may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

**SECTION 5.05.** No cancellation or suspension by the Fund shall apply to amounts subject to any special commitment entered into by the Fund pursuant to Section 3.02 except as expressly provided in such commitment.

**SECTION 5.06.** Except as the Fund may otherwise agree any cancellation shall be applied pro rata to the several instalments of the principal amount of the Loan maturing after the date of such cancellation.

**SECTION 5.07.** Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall be continued in full force and effect except as in this Article specifically provided.

## ARTICLE VI

### Enforceability of this Agreement; Failure to Exercise Rights; Arbitration

**SECTION 6.01.** The rights and obligations of the Fund and the Borrower under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. Neither the Borrower nor the Fund shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

**SECTION 6.02.** No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in such default, nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

**SECTION 6.03.** Any controversy between the parties to this Agreement and any claim by either party against the other arising out of this Agreement shall be determined by agreement of the parties, and failing such agreement the controversy or claim shall be submitted to arbitration by an Arbitral Tribunal as provided in the following Section.

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**SECTION 6.04.** The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Borrower; the second arbitrator shall be appointed by the Fund; and the third arbitrator (hereinafter sometime called the Umpire) shall be appointed by agreement of the parties. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as hereinbefore prescribed for the appointment of the original arbitrator, and such successor, shall have all the powers and duties of such original arbitrator.

Arbitration proceedings may be instituted under this Section upon notice by either party to the other. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature and extent of the relief sought, and the name of the arbitrator appointed by the party instituting such proceedings.

Within thirty days after the giving of such notice, the other party shall notify the party instituting the proceedings of the name of the arbitrator appointed by such other party and failing this, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the party instituting the proceedings.

If within sixty days after the giving of the notice instituting the arbitration proceedings the parties shall not have agreed upon the Umpire, either party may request the President of the International Court of Justice to appoint the Umpire.

The Arbitral Tribunal shall convene for the first time at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

Subject to the provision of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure so as to afford a fair hearing to each party and shall determine the matters submitted to it whether both parties appear before it or in default of appearance of either of them. Decisions of the Arbitral Tribunal shall be by majority vote and it shall render its award in writing. Such award shall be signed, at least, by a majority of the members of the Arbitral Tribunal and a signed counterpart thereof shall be transmitted to each party. The award of the Arbitral Tribunal rendered in accordance with the provisions of this Section shall be final and binding upon the parties who shall abide by, and comply with such award.

The parties shall fix the amount of remuneration or fees of the arbitrators and such other persons as shall be required for the conduct of the

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arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

The Arbitral Tribunal shall apply the principles common under the current laws of the Borrower and the State of Kuwait, as well as the principles of justice.

**SECTION 6.05.** The provisions for arbitration set forth in the previous Section shall be in lieu of any other procedure for the determination of controversies between the parties to this Agreement and any claim by either party against the other party arising thereunder.

**SECTION 6.06.** Service of any notice or process in connection with any proceedings under this Article may be made in the manner provided in Section 7.01. The parties to this Agreement may waive any and all other requirements for the service of any such notice or process.

## ARTICLE VII

### Miscellaneous Provisions

**SECTION 7.01.** Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 8.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex, telegram or cable to the party to which it is required or permitted to be given or made at such party's address specified in this Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

**SECTION 7.02.** The Borrower shall furnish to the Fund sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article III or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

**SECTION 7.03.** Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the

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Borrower may be taken or executed by the Minister of Finance and Planning or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by his aforementioned representative or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement. The Fund may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

## ARTICLE VIII

### Effective Date: Termination

**SECTION 8.01.** This Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

**SECTION 8.02.** As part of the evidence to be furnished pursuant to Section 8.01, the Borrower shall furnish to the Fund an opinion or opinions of competent authority showing that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

**SECTION 8.03.** Except as shall be otherwise agreed by the Fund and the Borrower, this Agreement shall come into force and effect on the date upon which the Fund dispatches by cable to the Borrower notice of its acceptance of the evidence required by Section 8.01.

**SECTION 8.04.** If all acts required to be performed pursuant to Section 8.01 shall not have been performed before 90 days after the signature of this Agreement or such other date as shall be agreed upon by the Fund and the Borrower, the Fund may at any time thereafter at its option terminate this Agreement by notice to the Borrower. Upon the giving of such notice this Agreement and all obligations of the parties thereunder shall forthwith terminate.

**SECTION 8.05.** If and when the entire principal amount of the Loan and all interest and other charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

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## ARTICLE IX

### Definitions

**SECTION 9.01.** Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any schedule hereto:

- (1) The term 'Project' means the Construction, Rehabilitation and Equipping of Health Buildings Project for which the Loan is granted, as described in Schedule 2 to this Agreement and as the description thereof shall be amended from time to time by agreement between the Fund and the Borrower.
- (2) The term 'goods' means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.
- (3) The term 'Ministry of Health' means the ministry established by virtue of Act No. 39/2010 of 27<sup>th</sup> September 2010.
- (4) The term 'Ministry of Infrastructure and Maritime Economy' means the ministry established by virtue of Act No. 16/2013 of 9<sup>th</sup> May 2013.

The following addresses are specified for the purposes of Section 7.01:

**For the Borrower:**

Ministry of Finance and Planning  
P.O. Box. 30  
Praia - Republic of Cape Verde

Alternative address for cable and fax:

**EMAIL**

[esana.carvalho@minfin.gov.cv](mailto:esana.carvalho@minfin.gov.cv)

**FAX**

(238) 2615844

(238) 2613897

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**For the Fund:**

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait. - 13030

Alternative address for faxes and E-mail:

**FAX**

**E-Mail**

(965) 22999190  
(965) 22999091

[operations@kuwait-fund.org](mailto:operations@kuwait-fund.org)

**IN WITNESSETH WHEREOF** the parties hereto acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in Praia, in two copies, each considered an original and all to the same and one effect, as of the day and year first above written.

Kuwait Fund for Arab  
Economic Development

Republic of Cape Verde

By:.....  
(Authorized Representative)

By:.....  
(Authorized Representative)

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## SCHEDULE (1)

### REPAYMENT PROVISIONS

The amount of principal withdrawn from loan shall be repaid in 40 semi annual installments, the amount and order of sequence of each being as set forth in the attached schedule. The first of these installments shall be due on the first date on which any interest or other charges on the loan shall fall due, in accordance with the provisions of the Loan Agreement, after the elapse of a grace period of 5 years, commencing from the date on which the Fund pays, any amount from the loan pursuant to the first withdrawal application made by the Borrower or the date on which the Fund issues an undertaking pursuant to Section 3.02 of the Loan Agreement, in case the first withdrawal application requests the issue of such undertaking, whichever is earlier of the two dates. The remaining installments for the repayment of the principal shall be due consecutively, every six-month, after the date on which the first installment falls due.

**ANNEX TO SCHEDULE 1**  
**AMORTIZATION SCHEDULE**

<b>Sl. No.</b>	<b>Payment of Principal (Expressed in Kuwaiti Dinars)</b>
1	100000
2	100000
3	100000
4	100000
5	100000
6	100000
7	100000
8	100000
9	100000
10	100000
11	100000
12	100000
13	100000
14	100000
15	100000
16	100000
17	100000
18	100000
19	100000
20	100000
21	100000
22	100000
23	100000
24	100000
25	100000
26	100000
27	100000
28	100000
29	100000
30	100000
31	100000
32	100000
33	100000
34	100000
35	100000
36	100000
37	100000
38	100000
39	100000
40	100000
<b>Total</b>	<b>4,000,000</b>



## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The aim of the project is to enhance the development of the health sector in Cape Verde, by improving the quality and efficiency of medical coverage as well as meeting the increasing needs for the provision of modern medical care services and specialized diagnostic and therapeutic services, for the people of the Cape Verde Islands, through new construction, rehabilitation and equipping hospitals and health care centers, thus providing better medical service which contribute to saving the lives of patients, and will have a positive impact on the social and economic development, and on poverty reduction.

#### The Project consists of the following components:

**Civil Works:** Include construction new buildings, and rehabilitation of existed buildings, including electro-mechanical engineering works, for the following :

**A-** New building construction:

- Diagnosis center and Public Health Laboratory (Praia - Santiago)
- Órgãos Health Center (Sao Lourenco dos Órgãos - Santiago)
- Santa Cruz Health Center (Santa Cruz - Santiago)
- Santa Catarina Health Center (Santa Catarina - Santiago)
- Cancelo Sanitary Health Station (Santa Cruz - Santiago)

**B-** Rehabilitation works

- Health Center of Boa Vista (Boa Vista -Boa Vista )
- Occupational Therapy Center (sao Vicente- Sao Vicente)
- Health Center of Trindade (Praia- San tiago)
- Dr. Baptisa de Sousa Hospital (Mindlo – sao Vicente)

**Supply and installation of Furniture and Medical equipments:**

For all buildings listed above, as well as for Hemodialysis Centre at Dr. Agostinho Neto Hospital and Sao Vicente Sanitary Centre, which have been completed recently. These include:

- Medical furniture
- Medical equipments
- Auxiliary medical instruments

3. **Supply of Vehicles:**

- 4 Ambulances
- 2 Small Bus (16 passengers)

4. **Land Acquisition.**

5. **Consultancy Services:**

1. Detailed design and Preparation of tender documents and assistance in evaluation of tenders.

2. Supervision of construction and procurement services.

The execution of the project is expected be completed by the end year of 2017.

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Side Letter No. 1

**REPUBLIC OF CAPE VERDE**

Date:

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait, 13030

Dear Sirs,

With reference to Section 3.06 of the Loan Agreement signed between us today for the financing of the Construction, Rehabilitation and Equipping of Health Buildings Project, we attach herewith a List of Goods showing the items to be financed from the proceeds of the Loan, the allocation for each item and the percentage of expenditures thereon to be so financed. We agree that if the Fund finds that the allocation for any item is insufficient to finance the percentage of expenditure thereon as specified in the List of Goods, it may take any of the following measures:

- (b) To allocate for the item, within the limit of the amount necessary to cover the shortfall in financing on the basis of the specified percentage, an additional amount against the allocation for contingencies in the List of Goods or against the allocation for any other item, if the Fund considers that there is a surplus in that allocation.
- (c) To reduce the percentage to be financed from the Loan, of the cost of the particular item, if the additional allocation for that item, in accordance with the foregoing, is insufficient to cover the shortfall referred to above, or if the Fund is of the opinion that it is not possible to allocate any additional amount from the Loan for that item, so that as a consequence of such reduction withdrawals from the Loan for financing the cost, the goods, works or services included in that item will continue until the total allocated amount for the item is disbursed in full.

We confirm that the proceeds of the Loan will not be used in any manner for the payment of any taxes or duties imposed under the laws in force in the Republic of Cape Verde.

The consulting services required for the Project will be procured on the basis of a short list of the consulting firms to be invited to submit proposals, which will be prepared in agreement with the Fund. Such list will consist of associations between Kuwaiti and Cape Verdean consultants. Invitation of proposals from the short listed association of consultants will be made on the basis of such terms of reference as will be agreed with the Fund. The letter of invitation will require the consultants thereof to submit their technical and financial proposals in separate envelopes and to furnish

copies thereof to the fund. We shall open and evaluate the technical proposals first and then open the financial proposals and make a combined evaluation of the technical and financial aspects of the proposals. The evaluation in each stage will be made in accordance with criteria agreed in advance with the Fund, and following completion of the evaluation, we shall furnish you with a report thereon together with the proposed selection of the consultants for your approval. In order that any consulting firm may be eligible for short listing as a Kuwaiti or Cape Verdean, such firm must be owned to the extent of at least 50% by Kuwaiti or Cape Verdean citizens respectively.

As regards contracts for the execution of civil works, unless otherwise agreed with the Fund, will be procured through international competitive bidding. The notice of the invitation of bids will be published in the local press and in two Kuwaiti daily papers, in addition to at least one international periodical, as may be agreed with the Fund, with advance copy of the advertisement being furnished to the Fund for its comments and approval. A report on the evaluation of bids will be prepared and submitted to the Fund for review and approval. This will be followed by opening the offers. A report on the evaluation of the offers thereof will be prepared with the assistance of the consultants appointed for the Project, in accordance with criteria agreed with the Fund in advance, and submitted to the Fund, together with the recommendation for award for review and approval by the Fund. A margin of preference of 5% of the lowest evaluated bid will be allowed for joint ventures of Kuwaiti and Cape Verdean contractors. For the purpose of this provision, a contractor will be considered as Kuwaiti or Cape Verdean if it is beneficially owned to the extent of at least 50% by Kuwaiti or Cape Verdean nationals respectively.

As regards the supply and installation of medical equipments, furniture, ambulances and vehicles to be financed from the Loan, we confirm that such goods will be procured through an open international competitive bidding among specialists in the medical field. The invitation for bids will be published in the local and foreign press, including, one newspaper published in the State of Kuwait, and a specialist magazine .

We also confirm that all items mentioned in the preceding paragraph will be grouped in appropriate packages from the point of view of type and size in order to facilitate, to the extent possible, obtaining of bids on international competitive basis.

Any material modification proposed to be made in the terms and conditions of any contract before or after its awarding shall also be presented to your approval.

In all cases we shall furnish to you the draft tender documents on the basis of which bids are to be published and we shall make such reasonable modifications in the draft documents or the bidding procedure as may be requested by the Fund. Upon the receipt of bids for any goods to be supplied or manufactured, or for implementing civil, mechanical and electrical works to be financed out of the proceeds of the Loan, such bids will be evaluated with the assistance of the consulting engineers appointed



for the Project and a report on the evaluation together with the recommendation for award of the contract, will be furnished to the Fund for review and approval.

We understand that if we exercise, in accordance with Section 3.02 of the loan Agreement, the option of requesting the Fund to issue any special commitment in connection with the confirmation of any documentary letter of credit for meeting expenditures on the Project, such request will be made on the basis that the special commitment of the Fund is to be made to a Kuwaiti Bank operating in Kuwait or overseas.

Following the signature of any contract to be financed from the loan, we shall furnish the Fund with a conformed and duly certified copy of such contract for your records and for the purpose of disbursements from the Loan. Any material modification proposed to be made in any contract approved by the Fund will be presented to the Fund for approval in advance of making the modification.

Please confirm that the foregoing corresponds to the understandings reached during our negotiations and indicate your agreement to the attached List of Goods by signing the form of confirmation on the attached copy of this letter and returning it to us.

Republic of Cape Verde

By:.....  
(Authorized Representative)

Accepted:

Kuwait Fund for Arab  
Economic Development

By:.....  
(Authorized

Representative)

### LIST OF GOODS

No.	Items	Allocation of Proceeds (expressed in Kuwaiti Dinars)	Percentage of foreign cost of the Item
1.	Civil works	2,250,00	90.00%
2.	Supply and Installation of Medical Equipment and Furniture	1,230,000	90%
3.	Supply of Vehicles	110,000	100%
4.	Consultancy Services	180,000	100.00%
5.	Contingencies	230,000	
<b>Total</b>		<b>4,000,000</b>	

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Side Letter No. 2

**REPUBLIC OF CAPE VERDE**

Date:

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait, 13030

Dear Sirs:

With reference to the Loan Agreement signed today between us for the financing of the Construction, Rehabilitation and Equipping of Health Buildings Project, we confirm that we have been duly informed that in accordance with the regulations in force in the State of Kuwait, the use of public funds in transactions involving any firm or entity subject to boycott under these regulations is prohibited.

We therefore undertake that the proceeds of the above-mentioned Loan will not be used in any manner to finance directly or indirectly goods or services produced by any country, firm or entity subject to boycott according to the regulations in force in the State of Kuwait.

Republic of Cape Verde

By:.....  
(Authorized Representative)

Confirmed:

Kuwait Fund for Arab  
Economic Development

By:.....  
(Authorized Representative)

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Side Letter No. 3

**REPUBLIC OF CAPE VERDE**

Date:

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait, 13030

Dear Sirs:

We refer to Section 2.04 of the Loan Agreement of even date herewith between us for the financing of the Construction, Rehabilitation and Equipping of Health Buildings Project. We understand that the rate of exchange between the Kuwaiti Dinar and other currency or currencies used for disbursement or debt service payment under the Loan shall be determined as follows: (a) the rate used for disbursement purposes shall be the rate advised by the bank effecting the payment made from the Loan in any currency other than the Kuwaiti Dinar, and (b) in case of debt service payment in a currency acceptable to the Fund, other than the Kuwaiti Dinar, the rate of exchange between such other currency and the Kuwaiti Dinar shall be the rate published by the Central Bank of Kuwait on the day the payment was received.

Please confirm your agreement to the foregoing by signing the attached copy of this letter and returning it to us.

Republic of Cape Verde

By:.....  
(Authorized Representative)

Confirmed:

Kuwait Fund for Arab  
Economic Development

By:.....  
(Authorized Representative)