



LOAN AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT BANK
AND
THE AFRICAN DEVELOPMENT FUND
(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)

**(MANO RIVER UNION REHABILITATION OF
BO-BANDAJUMA ROAD PROJECT)**



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**PROJECT ID No.: P-SL-DB0-010
LOAN No. : 5900150000702**

This LOAN AGREEMENT (hereinafter called this "Agreement") is entered into this 25th day of March, 2016 between THE REPUBLIC OF SIERRA LEONE (hereinafter called the "Borrower") on the one hand and the AFRICAN DEVELOPMENT BANK and the AFRICAN DEVELOPMENT FUND (collectively hereinafter referred to as the "Bank") on behalf of the TRANSITION SUPPORT FACILITY (hereinafter referred to as the "TSF") on the other hand. The Borrower and the Bank shall together be referred to as the "Parties".

1. WHEREAS the Borrower has requested the Transition Support Facility, to contribute to the financing of the Mano River Union Rehabilitation of Bo-Bandajuma Road Project (hereinafter called the "Project") as set out in Annex I, by providing a Loan to it in the amount specified hereunder;
2. WHEREAS the Loan will be provided from the TSF's Supplemental Financing Window, designed to provide supplemental financing to a member country's African Development Fund allocation;

3. WHEREAS the Borrower qualifies for supplemental loan financing from the TSF;
4. WHEREAS the OPEC Fund for International Development (OFID) will provide co-financing for the Project;
5. WHEREAS the Borrower has declared its commitment to the execution of the Project;
6. WHEREAS the Sierra Leone Roads Authority shall be the Executing Agency for the Project; and
7. WHEREAS the Bank has agreed on the basis, *inter alia*, of the foregoing to provide 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. General Conditions. The Parties to this Agreement accept all the provisions of the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements, as amended from time to time (hereinafter called the "General Conditions") with the same force and effect as if they were fully set forth herein.

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Section 1.02. Definitions. Whenever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions shall have the respective meanings therein set forth.

ARTICLE II

THE LOAN

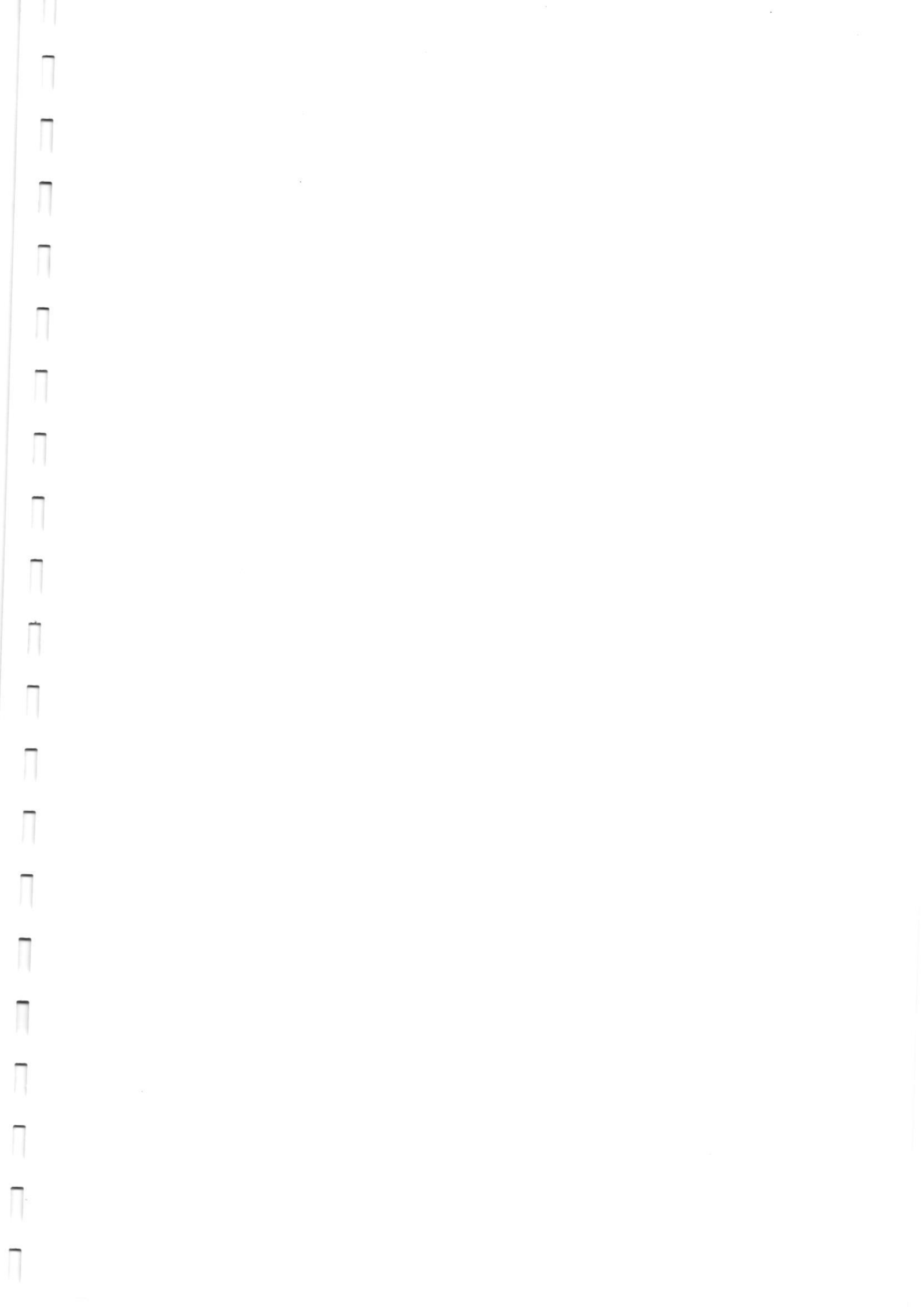
Section 2.01. Amount. The Bank agrees to lend to the Borrower, from the resources of the Bank in various convertible currencies other than the currency of the Borrower, an amount not exceeding the equivalent of Three Million, Two Hundred and Thirty Thousand Units of Account (UA 3,230,000), (hereinafter called the "Loan"), (the Unit of Account being defined in Article 1(1) of the Agreement Establishing the Fund).

Section 2.02. Purpose. The purpose of the Loan is to finance part of the foreign currency costs and part of the local currency costs of the Project as described in Annex I of this Agreement.

Section 2.03. Allocation. The Loan shall be allocated to categories of eligible expenditure provided for in Annex II of this Agreement.

Section 2.04. Currency (ies) of Disbursement.

- (a) All disbursements made by the Bank to the Borrower shall be denominated in US Dollars. For purposes of this Agreement, "US Dollars" or "USD" shall mean the lawful currency of the United States of America;
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(b) Notwithstanding the provisions of Section 2.04(a), in accordance with Section 4.04 of the General Conditions:

- (i) in any case where the Bank shall be unable to access or procure US Dollars for purposes of the Loan, the Bank shall notify the Borrower immediately after becoming aware of such inability and propose to the Borrower a currency of substitution which shall be either the European Community Euro, the British Pound Sterling, or the Japanese Yen;
- (ii) if within sixty (60) calendar days following such notification, the Bank and the Borrower cannot agree on a currency of substitution, then the Borrower may cancel that portion of the Loan; and
- (iii) the date of conversion between the USD, and the currency of substitution shall be the date of disbursement of such substitute currency.

Section 2.05. Currency (ies) of Payment.

All amounts due to the Bank pursuant to this Agreement shall be payable in the currency (ies) disbursed.

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ARTICLE III

REPAYMENT OF THE PRINCIPAL, SERVICE CHARGE, COMMITMENT CHARGE AND DATES OF PAYMENT

Section 3.01. Repayment of the Principal. Subject to Section 3.05, the Borrower shall repay the principal of the Loan over a period of thirty (30) years, after a ten (10) year grace period commencing from the date of this Agreement, at the rate of two per cent (2%) per annum from the 11th to the 20th year inclusive and at the rate of four per cent (4%) per annum of the principal thereafter.

Section 3.02. Service Charge. Subject to Section 3.05, the Borrower shall pay a service charge (hereinafter referred to as the "Service Charge") at the rate of three-quarters of one per cent (0.75%) per annum on the principal amount of the Loan disbursed and outstanding from time to time.

Section 3.03. Commitment Charge. The Borrower shall pay a commitment charge (hereinafter referred to as the "Commitment Charge") at the rate of one half per cent (0.50%) per annum on the undisbursed portion of the Loan, which shall begin to accrue one hundred and twenty (120) days after the date of signature of this Agreement.

Section 3.04. Dates of Payment. The principal of the Loan shall be repaid in equal and consecutive semi-annual installments, the first of which shall be payable on 15th January or 15th July, whichever immediately follows the expiration of the grace period referred to in Section 3.01 above. The service

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charge and the commitment charge shall be payable semi-annually on 15th January and 15th July of each year.

Section 3.05. Accelerated Repayment.

- (i) The Bank may modify the repayment terms applicable to the principal amount of the Loan disbursed and outstanding in accordance with clauses (ii) or (iii) of this Section 3.05 whenever all of the following events have occurred: (a) the Borrower's per capita gross national income, as determined by the Bank, has exceeded for more than two consecutive years the level established by the Bank for determining eligibility to access the Bank's resources; (b) the Borrower is creditworthy for borrowing from the African Development Bank window; and (c) after due consideration of the development of the Borrower's economy and other relevant country factors, the Board of Directors of the Bank has reviewed and approved modification of the Borrower's loan terms with the Bank.
- (ii) The Bank shall, upon the occurrence of the events referred to in clause (i) of this Section 3.05, notify the Borrower of the same and require the Borrower to either:
 - (a) repay twice the amount of each semi-annual installment of the disbursed and outstanding principal amount of the Loan until the Loan has been fully repaid (the "Principal Option"); or
 - (b) while maintaining the maturity of the Loan, increase the Service Charge applicable to the Loan to a per annum rate agreed with the

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Bank that would result in the same level of concessionality as the Principal Option (the "Interest Option"); or

- (c) if the applicable Service Charge under the Interest Option would be greater than the fixed rate for an African Development Bank sovereign-guaranteed loan, (1) repay an amount agreed with the Bank that is greater than the then applicable semi-annual installment and (2) increase the Service Charge applicable to the Loan to a per annum rate agreed with the Bank that is equal to that of the fixed rate for a similar African Development Bank sovereign-guaranteed loan (the "Combination Option").
- (iii) The Borrower shall notify the Bank within two (2) months following the date of notification as to whether it elects to undertake the Principal Option, the Interest Option or, if applicable, the Combination Option. In the event that the Borrower does not respond within the two-month period, the Bank shall automatically apply the Principal Option.
- (iv) The Borrower shall commence such modified repayment as of the first semi-annual payment date, as specified in Section 3.04 above, falling not less than six (6) months after the date on which the Bank notifies the Borrower that the events specified in clause (i) of this Section 3.05 have occurred; provided, however, that in no event shall the Borrower be required to commence such modified repayment prior to the grace period referred to in Section 3.01 above.

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- (v) If, at any time after the repayment terms have been modified pursuant to clause (i) of this Section 3.05, the Bank determines that the Borrower's economic condition has deteriorated significantly, the Bank may, if so requested by the Borrower, further revise the terms of repayment of the principal amount of the Loan disbursed and then outstanding and/or the Service Charge to conform to the repayment terms originally provided for in this Agreement, taking into account any repayments already made by the Borrower.

Section 3.06. Prepayment. In the event that the Borrower graduates from being eligible to borrow only from the African Development Fund window, the Borrower and the Bank may agree, but shall be under no obligation to do so, that the Borrower repay, in advance of maturity, the principal amount of the Loan then outstanding in one lump-sum payment on a date agreed between the parties, and the agreement between the Borrower and the Bank may provide a discount on the amount to be prepaid in full satisfaction of the principal amount of the Loan then outstanding.

ARTICLE IV

CONDITIONS PRECEDENT TO ENTRY INTO FORCE AND TO FIRST DISBURSEMENT, OTHER CONDITIONS AND UNDERTAKINGS

Section 4.01. Conditions Precedent to Entry into Force. The entry into force of this Loan Agreement shall be subject to the fulfillment by the Borrower of the provisions of Section 12.01 of the General Conditions.

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Section 4.02. Conditions Precedent to First Disbursement. The obligations of the Fund to make the first disbursement of the Loan shall be conditional upon the entry into force of the Agreement in accordance with Section 4.01 above and the fulfillment by the Borrower of the following conditions:

- i) Evidence of having developed and submitted to the Bank the updated Resettlement Action Plan (RAP); the Works Schedule and Compensation Payment Schedule detailing: (a) each section of the road under the Project and; (b) the timeframe for compensation and resettlement of all Project Affected Persons (PAPs) in respect of each section under the Project;
- ii) Evidence of having compensated and/or resettled all PAPs with respect to the civil works for the first section of the road identified under the Works Schedule under the Project. The compensation shall be done in accordance with the Updated RAP and Compensation Payment Schedule; and
- iii) Evidence of the appointment of a Project Manager with terms of reference, qualifications and experience acceptable to the Bank.

Section 4.03. Other Conditions. The Borrower shall:

- (i) Prior to commencement of civil works for each of the remaining sections of the road, the Borrower shall have submitted evidence, in form and substance satisfactory to the Fund, of having compensated and/or resettled all PAPs, with respect to such section of the road in accordance with the Updated RAP;
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- (ii) Within three (3) months of the date of signature of this Agreement, submit an Environmental Impact Assessment Licence or Certificate of Approval from the authorised approval agency in Sierra Leone;
- (iii) Within three (3) months of the date of signature of this Agreement, submit an implementation manual agreed upon between the Borrower, the Bank and OPEC Fund for International Development for common implementation arrangements including institutional, procurement, disbursement, financial management, environmental and social measures, monitoring and evaluation, and reporting arrangements for the execution of the Project;
- (iv) Within three (3) months of the date of signature of this Agreement, submit evidence of the Executing Agency having formed an interagency committee to manage the Mano River Union Trade Facilitation needs Assessment component with the Ministry of Trade and Industry; and
- (v) A committee will be established with the Sierra Leone Roads Safety Authority to assist in implementation of the Road Safety awareness aspects of the Project.

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Section 4.04. Undertakings. The Borrower undertakes to implement and report on the implementation of the Environment and Social Management Plan, Environment and Social Impact Assessment, and the RAP on a quarterly basis in a form acceptable to the Bank.

ARTICLE V
DISBURSEMENTS AND APPLICATION
OF AMOUNTS DISBURSED

Section 5.01. Disbursements. The amount of the Loan shall be disbursed by the Bank, subject to the provisions of this Agreement and the General Conditions, for the purposes set forth in this Agreement for expenditures made in respect of the cost of goods, works and services required for the Project to be financed under this Agreement.

Section 5.02. Closing date. For the purposes of Section 6.03 paragraph (1) (f) of the General Conditions, the closing date shall be **31 December 2019**, or such later date as shall be agreed between the Borrower and the Bank.

Section 5.03. Application for Disbursement. Amounts disbursed on account of the Loan shall be applied by the Borrower solely for the purposes for which they were disbursed.

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ARTICLE VI

PROCUREMENT OF CIVIL WORKS AND SERVICES

Section 6.01. Procurement of Civil Works. The procurement of civil works shall be carried out in accordance with the Fund's *Rules and Procedures for Procurement of Goods and Works*, (May 2008, Revised July 2012), as amended from time to time using the Bank's Standard Bidding Documents (SBD) and as further set out below:

- (a) Procurement of contracts for civil works above UA 1.5 million per contract including rehabilitation of 46 km section of road between Bo and Bandajuma, will be carried out under International Competitive Bidding (ICB) procedures, without prequalification.

Section 6.02. Procurement of Consulting Services. The procurement of consultancy services will be carried out in line with the Bank's *Rules and Procedures for the Use of Consultants* dated (May 2008 and revised July 2012), as amended from time to time, using the Bank's relevant Standard Bidding Documents and as further set out below:

- (a) Procurement of contracts for Consultancy Services for supervision of road works shall be procured through shortlist of firms using Quality Cost Based Selection (QCBS) method;

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- (b) Procurement of contracts for Cross Border Improvement Studies shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (c) Monitoring and Evaluation shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (d) Update of Studies for Kailahum Koindu Guinean Border shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (e) Pre-feasibility study for rehabilitation of the Mano River Bridge shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (f) HIV/AIDS, Malaria, Gender and Road Safety awareness campaign shall be procured using shortlisting of consulting firms using Least Cost Selection (LCS); and
- (g) Technical and Financial Audits shall be procured using shortlisting of consulting firms using Least Cost Selection (LCS).

Section 6.03. Specific Procurement Notice. When the amount of the contract is less than UA 200,000, the Borrower may limit the publication of a Specific Procurement Notice (SPN) requesting for expressions of interest

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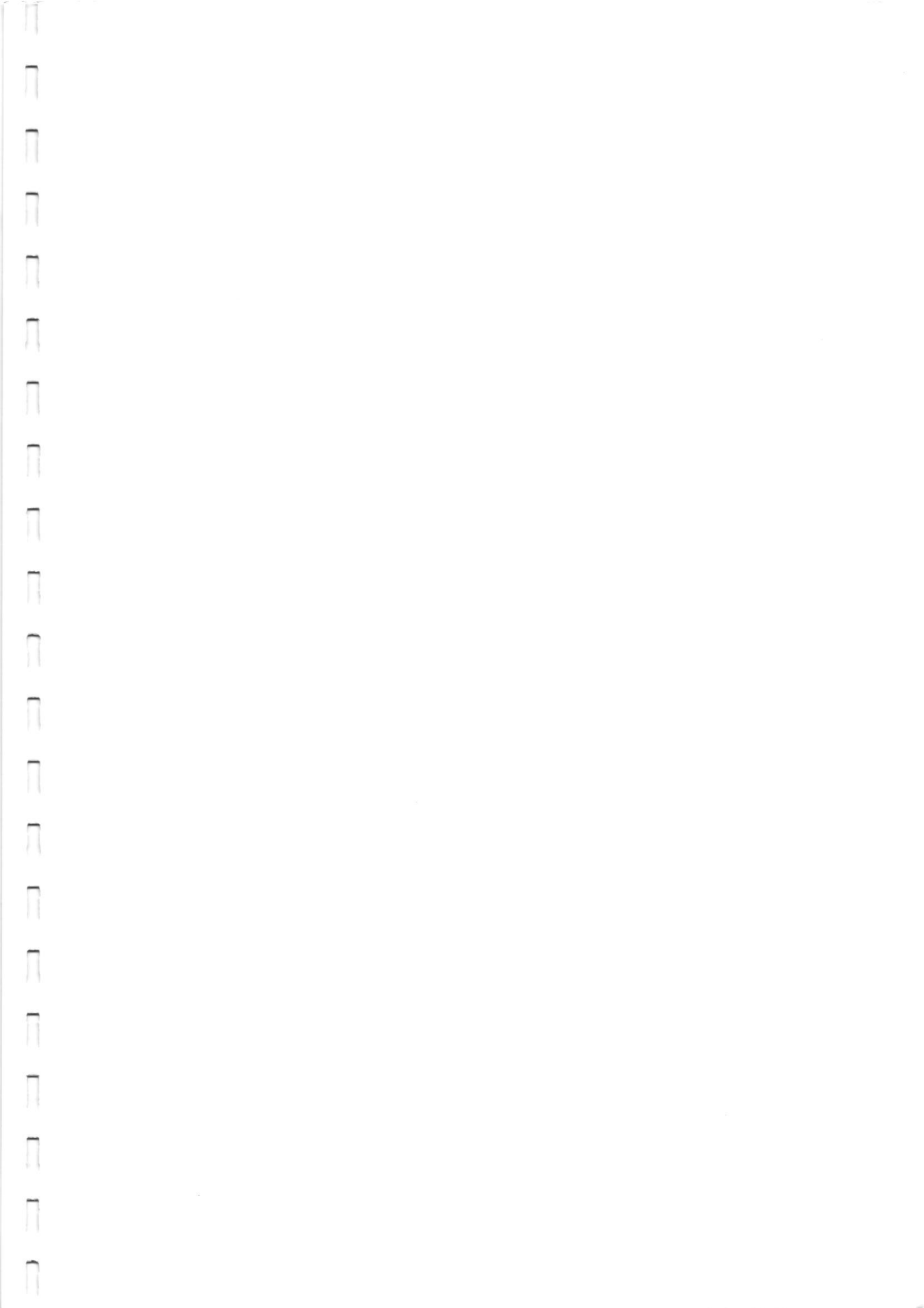
to national or regional newspapers. However, any eligible consultant, being regional or not, may express their desire to be short-listed. Requests for Expressions of Interest (REOIs) for all consulting services to cost the equivalent to UA 200,000 and above will be published in the United Nations Development Business (UNDB) online, Bank's external website and the national press.

Section 6.04. Procurement Plan. The Procurement Plan will be updated by the Borrower's Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Any revisions proposed to the Procurement Plan shall be submitted to the Bank for prior approval. The Borrower shall implement the Procurement Plan in the manner in which it has been agreed with the Bank.

Section 6.05. Review Procedures.

- (a) With respect to such contracts subject to prior review, the following documents are subject to review and approval before promulgation in compliance with the Bank's Prior Review requirements: General Procurement Notice, Specific Procurement Notices, Tender Documents or request for proposal from Consultants, Tender Evaluation reports or Reports on Evaluation of Consultant's Proposals, including recommendations for contracts Award, Draft contracts if these have been amended and differ from the drafts included in the tender documents, Reports on Evaluation of Consultants' Financial Proposals, including recommendations for contract award, minutes of negotiations and duly initialled contracts documents.

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ARTICLE VII

FINANCIAL MANAGEMENT, REPORTS AND AUDITING

Section 7.01. Financial Management. The Executing Agency shall be responsible for the financial management of the Project.

Section 7.02. Report. The Executing agency shall conduct its report for the Project using the International Public Sector Accounting Standards framework. The Executing Agency will submit quarterly interim unaudited financial reports in a form acceptable to the Bank no later than forty five (45) days after the end of each quarter.

Section 7.03. Audit. Audits of the Project will be conducted by an independent audit firm, on terms and reference acceptable to the Bank. The Executing Agency will be required to submit to the Bank, audited financial statements and associated management letter within six (6) months of the end of each financial year audited.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Where an extraordinary or unforeseeable situation has arisen, which, in the opinion of both parties, is likely to be prejudicial to the execution of the Project, the Fund may, in order to cover the cost of any specialized inspection or other action required to redress the situation, allocate out of the proceeds of the Loan an amount not exceeding the equivalent of one

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per cent (1%) of the Loan amount or Thirty Two Thousand Three Hundred Units of Account (UA 32,300). These expenses shall be met without the necessity of any advance application by the Borrower, but the Fund shall promptly notify the Borrower of the precise amount allocated.

Section 8.02. Authorized Representatives. The Minister of Finance and Economic Development of the Borrower, or such other person as he or she may designate in writing, shall be the authorized representative for the purposes of Section 11.02 of the General Conditions.

Section 8.03. Date of the Agreement. For all purposes of this Agreement, the date thereof shall be that appearing in the opening sentence hereof.

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Section 8.04. Addresses. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Mail Address:

Ministry of Finance and
Economic Development
Treasury Building
George Street
Freetown
SIERRA LEONE
Tel: (232) 22 22 56 12
Fax: (232) 22 22 83 55

**For the Bank:
And the Fund**

Headquarters' Address:

African Development Bank
African Development Fund
01 B.P. 1387
Abidjan 01
CÔTE D'IVOIRE
Tel: (225) 20.26.44.44

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IN WITNESS WHEREOF the Borrower and the Bank, each acting through its authorized representative, have signed this Agreement in two (2) original counterparts in English on the date first above written.

FOR THE REPUBLIC OF SIERRA LEONE

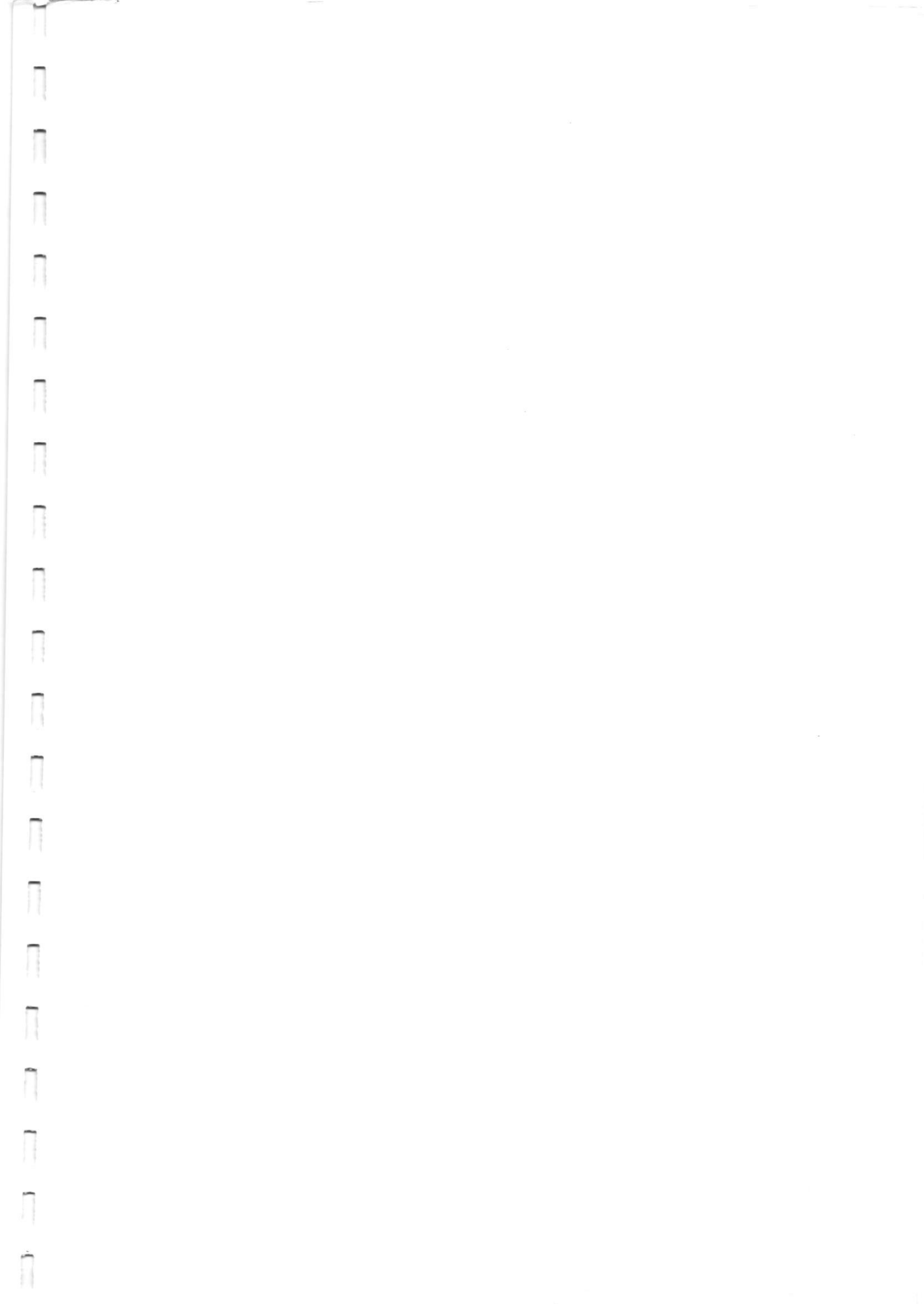


KAIFALA MARAH
MINISTER OF FINANCE AND
ECONOMIC DEVELOPMENT

FOR THE AFRICAN DEVELOPMENT BANK
AND
FOR THE AFRICAN DEVELOPMENT FUND
(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)



STEFAN LUIS NALLETAMBY
ACTING VICE PRESIDENT



ANNEX I
PROJECT DESCRIPTION

The overall goal of the Project is to support Sierra Leone's economic growth agenda through development of strategic transport infrastructure that significantly contribute to its poverty reduction strategy.

The objectives of the Project are to provide efficient nation-wide road transport access to the southern districts of Bo and Pujehun and regionally to the Mano River Union Member States and ECOWAS as a whole. The Project is expected to improve the living conditions of the communities in the Project's zone of influence. The expected outcomes include: (a) reduced transport costs and travel time; (b) enhanced potential for agriculture value chain development thereby contributing to poverty reduction among communities along the corridor; and (c) improved access to social – economic services including, local markets, schools and health facilities; and (d) improved road safety.

The total financing for the Project is UA 23,840,000 million of which UA 3,710,000 million will come from the ADF (PBA) window, UA 3,230,000 million will come from the TSF-Pillar 1 window, UA 14,240,000 million will come from the OPEC Fund for International Development and UA 2,660,000 million will come from the Government of Sierra Leone as counter-part funding.

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The Project comprises three components:

Component 1: Infrastructure Investments

This component includes: Rehabilitation of 46 km section of road; consultancy services for supervision of road works; update of studies for the Kailahum Koindu Guinean Border road; Pre-feasibility study for rehabilitation of the Mano River Bridge; Study to identify Trade and Transport Facilitation needs and assessment of Joint Border operations within the Mano River Union Transport Corridors.

Component 2: Project Management

This component entails: Project implementation support; monitoring and evaluation; technical and financial audits.

Component 3: Cross Cutting

This component entails: HIV/AIDS, malaria, ebola, gender and Road safety awareness campaign; and compensation for Project Affected People (PAPs).

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ANNEX II
ALLOCATION OF THE LOAN

The present Annex indicates the categories of expenditures to be financed out of the resources of the Loan.

Categories of Expenditures
(In UA Millions)

Category	Costs in Million UA		
	Foreign Currency	Local Currency	Total
Civil Works	2.15	0.54	2.69
Contingency	0.43	0.11	0.54
Total project costs	2.58	0.65	3.23

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