

ORIGINAL : ARABIC

LOAN NUMBER:

1022



**PROJECT AGREEMENT**

**REVAMPING OF AQUATIC ENVIRONMENT IN THE GREATER FREETOWN  
PROJECT**

**BETWEEN**

**KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT**

**AND**

**GUMA VALLEY WATER COMPANY**

**DATED 17/11/2019**

## PROJECT AGREEMENT

AGREEMENT, dated 17.1.2019 between Kuwait Fund for Arab Economic Development (hereinafter referred to as the Fund) and Guma Valley Water Company (hereinafter referred to as the Company).

WHEREAS, by an agreement dated 17.1.2019 between the Republic of Sierra Leone (hereinafter referred to as the Borrower) and the Fund, which agreement is hereinafter called the Loan Agreement, the Fund has agreed to assist in financing of the Revamping of Aquatic Environment in the Greater Freetown Project to be undertaken by the Company, the Fund has agreed to lend to the Borrower an amount of Kuwaiti Dinars five million (K.D. 5,000,000) on the terms and conditions set forth in the Loan Agreement but only on condition, inter alia, that the Company agrees to undertake certain obligations to the Fund as hereinafter provided;

WHEREAS, the proceeds of the Loan provided for under the Loan Agreement will be made available to the Company by virtue of Section 4.01 of the Loan Agreement to enable it to carry out the project;

NOW THEREFORE the parties hereto hereby agree as follows:

### ARTICLE I

#### Definitions

**SECTION 1.01.** Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meaning therein assigned to them.

### ARTICLE II

#### Execution and Operation of the Project

**SECTION 2.01.** The Company shall carry out the execution of the Project with due diligence and efficiency and in conformity with sound engineering, financial, administrative and public utility practices.

**SECTION 2.02.** With a view to the efficient implementation of the project, the Company shall continue the use of its Project Implementation Unit, which is currently headed by a competent engineer acting as a director, supported by sufficient and experienced technical and financial staff. The Unit shall be charged with the responsibility of following-up and coordinating the construction activities of the Project. The said Unit shall be vested with all powers and provided with all facilities and recourses necessary to enable it to perform its tasks efficiently.



**SECTION 2.03.** The Company shall apply the proceeds of the Loan made available to it exclusively for the financing of the reasonable cost of goods required to carry out the Project. 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 as determined by agreement between the Borrower and the Fund subject to modification by further agreement between them.

**SECTION 2.04.** The Company shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

**SECTION 2.05.** The Company shall 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 shall from time to time request.

**SECTION 2.06.** The Company shall take all necessary measures to avoid or, at least, minimise any adverse effects on the environment in the Project areas which may result from the execution of the Project.

**SECTION 2.07.** The Company shall take, or cause to be taken, all necessary measures for the acquisition of land or right in respect of land as may be required for the execution of the Project. Such measures related to items from the Project that are financed from the proceeds of the Loan shall be taken not later than 30<sup>th</sup> November 2019, or any other such date as shall be agreed with the Fund, so as not to jeopardise the execution programme of the Project.

**SECTION 2.08.** The Company shall maintain records adequate to identify the goods financed out of the proceeds of the Loan made available to it, 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 and the operations of the Company.

**SECTION 2.09.** The Company shall insure or cause to be insured 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 is payable, or in freely convertible currency.

The Company shall also take out and maintain or cause to be taken out and maintained insurance against risks related to the Project in such amounts as shall be consistent with sound public utilities practices.



**SECTION 2.10.** The Company undertakes to regularly monitor the produced water quality, during the running operating stage of the project, and take all necessary actions to ensure its conformity to the mandatory health standards and the national quality standard for potable water.

**SECTION 2.11.** The Company shall take all necessary measures to (a) ensure the reduction of the adverse impact that the implementation of the Project may have on the community, and on the commercial and industrial activities located in the Project area. To that end, the Company shall endeavor to engage the services of police, fire brigade, Chamber of Commerce and community leaders to conduct public hearings, as well as public awareness campaigns, and (b) without prejudice to the generality of the foregoing, promoting conservation in water consumption amongst consumers by conducting appropriate social awareness campaigns.

**SECTION 2.12.** The Company shall take, or cause to be taken, all necessary measures to ensure the continued adequacy of sewerage facilities in the area of Greater Freetown, in order to cope with the influx of wastewater as a consequent to the increased water supply under the Project

**SECTION 2.13.** The Company shall undertake all necessary protective measures to (a) prevent the spread of diseases, as a result of collecting sewage and solid waste, particularly as a result of the increased availability of potable water, and the disposal of solid waste; (b) protect laborers, workers and other personnel who, over the course of performing their duties, will be dealing with the disposals of raw sewage and solid waste; and (c) entrust a specialized agency to monitor the project area to ensure no contagious diseases that may spread as a result of the operation of the project.

**SECTION 2.14.** In order to ensure the optimal utilisation of the project, the Company shall maximise, as reasonably possible, the number of consumers connected to the water distribution networks and sanitation system, including the installation of adequate metering systems, and shall take the necessary measures to prevent illicit water connections.

**SECTION 2.15.** The Company shall take the necessary measures to a) monitor the water flow through the various elements of the Project by utilising adequate water management systems thereof, and b) manage the reduction of water losses in the water supply from its current levels to about 20%. The Company shall furnish to the Fund all information pertaining the outcome of such measures by not later than 31<sup>st</sup> December 2019, or any other such date as may be agreed with the Fund. Such measures shall include the devising of a study to reduce water losses in the transmission and distribution networks for its review.

**SECTION 2.16.** The Company shall adequately operate and maintain the Project, and also to operate and maintain structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof, in accordance with sound engineering and financial and administrative practices. To that end, the Company shall take all necessary measures to ensure the availability of sufficient financial and other resources for the



operation and systematic and periodic maintenance of the Project, as well as for the operation and maintenance of other works necessary for the proper and efficient operation of the Project.

**SECTION 2.17.** Without limiting the generality of the preceding paragraph, the Company shall ensure that proper occupational health safety practices in the installation and maintenance of the Project facilities are adopted.

**SECTION 2.18.** The Company shall all times maintain adequate levels of staff. To this end, it shall take the necessary action to prepare and carry out, in good time before the completion of the Project, a plan for the recruitment and training of sufficient number of personnel to undertake the operation and maintenance of the Project. Such plan shall indicate the number and qualifications of the candidates to be recruited and/or trained, the type of training, place, duration and cost thereof and be presented to the Fund, not later than 31<sup>st</sup> December 2024, or such later date as may be agreed between the Borrower and the Fund, for its review and approval.

### ARTICLE III

#### Financial Covenants

**SECTION 3.01.** The Company shall at all times manage its affairs, carry on its operations and keep its records and accounts in conformity with sound financial practices.

**SECTION 3.02.** The Company shall take the necessary measures, including but not limited to, establishing and reviewing its water tariffs to ensure that it will gradually realize revenues sufficient to cover its operations, and any other obligations.

**SECTION 3.03.** The Company shall cause its accounts and financial statements for each year to be audited in accordance with sound and internationally accepted accounting and auditing standards and practices consistently applied by independent auditors acceptable to the Fund. The Company shall furnish to the Fund, not later than six months from the end of each financial year of the Company, a copy of its audited financial statements and related accounts together with a copy of the auditor's report.

**SECTION 3.04.** The Company shall take appropriate measures designed to ensure, that following the completion of the Project, will collect the applicable charges from consumers for water supply, on current basis, so that the amount of its receivables at any time will not exceed the total amounts billed during the preceding sixty days.



## ARTICLE IV

### General Consultation

**SECTION 4.01.** The Company shall furnish to 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 of the Company.

The Company shall enable the Fund's representatives to inspect the Project, the goods financed from the proceeds of the Loan, and any records and documents relevant to the Project.

**SECTION 4.02.** The Company and the Fund shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Company shall furnish to the Fund and to the Borrower, as of the date of entry into force of this Agreement, quarterly reports on the progress of execution of the Project and containing such other information as the Fund may have reasonably requested.

On completion of the Project and not later than six month from the date of such completion, the Company shall furnish to the Fund, and to the Borrower, a Project completion report containing, among other things, a comparison of the actual costs of the Project and the duration of its execution with the costs and duration originally estimated therefor. The report shall explain the reasons for any substantial increase in the costs originally estimated for the Project or delay in its execution and indicate the problems and obstacles encountered and the measures taken to surmount them.

The Company and the Fund shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan. The Company 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 performance by the Company of its obligations under this Agreement.

## ARTICLE V

### Miscellaneous Provisions

**SECTION 5.01.** The Company shall pay all taxes, imposts, levies, fees and dues of any nature that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of this Agreement.

**SECTION 5.02.** Any notice or request required or permitted to be given or made under this Project Agreement shall be in writing. Such notice or request shall be deemed to have been fully 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 its address hereinafter specified, or at such other

address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

**For the Company:**

**Guma Valley Water Company**  
12/14 Lamina Sankoh Street  
Freetown, Sierra Leone  
Tel: +(232) 76 547 857

**Alternative address for Faxes and E-Mail:**

**E-Mail**

[mkpenge@gumavalley.sl](mailto:mkpenge@gumavalley.sl)  
[maadakpenge36@gmail.com](mailto:maadakpenge36@gmail.com)

**For the Fund**

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

**Alternative address for Faxes and E-Mail:**

**Fax**

+965-22999190

**E-Mail**

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

**SECTION 5.03.** Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of the Company may be taken or executed by its Managing Director, or such other person thereunto duly authorized by him.

**SECTION 5.04.** The Company shall furnish to the Fund sufficient evidence of the authority of the person or persons who will, on behalf of the Company execute and deliver this Project Agreement.



ARTICLE VI

Effective Date : Termination

**SECTION 6.01.** This Project Agreement shall come into force and effect on the same date as of the Loan Agreement.

**SECTION 6.02.** This Project Agreement and the obligations of the parties hereunder shall terminate on the date when the Loan Agreement shall terminate in accordance with its terms.

IN WITNESS WHEREOF the parties hereto have caused this project Agreement to be signed in Kuwait in their respective names by their representatives, thereunto duly authorized, and delivered in Kuwait, in two copies, each considered an original and both to the same and one effect, the day and year first above written.

Kuwait Fund for Arab  
Economic Development

By .....  
(Authorized Representative)

Guma Valley Water Company

By .....  
(Authorized Representative)

