

**SUBSIDIARY AGREEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF
SIERRA LEONE REPRESENTED BY THE
MINISTRY OF FINANCE**

AND

**ELECTRICITY DISTRIBUTION AND SUPPLY
AUTHORITY**

Regarding the

**REGIONAL EMERGENCY SOLAR POWER
INTERVENTION PROJECT (RESPITE)**

DATED THIS 21. DAY OF MARCH 2023

THIS SUBSIDIARY AGREEMENT is made and entered into on this 31 day of March, 2023 between the Government of the Republic of Sierra Leone, represented by the Ministry of Finance (hereinafter referred to as "MOF"), on the one side, and the Electricity Distribution and Supply Authority, the Project Implementing Entity (hereinafter referred to as "EDSA"), an authority established by the National Electricity Act, 2011, on the other side. Both MOF and EDSA are collectively referred to as "THE PARTIES".

WHEREAS, under a Financing Agreement regarding the REGIONAL EMERGENCY SOLAR POWER INTERVENTION PROJECT (RESPITE) (Grant Number E1510-SL) (hereinafter referred to as the "Agreement") dated January 31, 2023 between the Republic of Sierra Leone (hereinafter referred to as the "Recipient") and the International Development Association (hereinafter referred to as the "Association"), the Association agreed to extend to the Recipient a grant (the "Grant"), which is deemed as Concessional Financing for purposes of the General Conditions of the Association, in an amount equivalent to equivalent to fifty eight million and five hundred thousand Special Drawing Rights (SDR 58,500,000), as set forth in Section 2.01 of the Agreement;

WHEREAS, the Recipient and the Association agreed that EDSA would act as Project Implementing Entity for the activities to be implemented by the Recipient under RESPITE, namely Parts I.B, III.A and IV.B and C of the Project (the "Project Implementing Entity's Respective Parts");

WHEREAS to facilitate the carrying out of the Project Implementing Entity's Respective Parts, the Recipient undertook, pursuant to Section I.B of Schedule 2 to the Agreement to make part of the proceeds of the Grant allocated from time to time to Categories (1) to (3) of the table set forth in Section III.A of Schedule 2 of the Agreement available to EDSA as a grant under a Subsidiary Agreement between the Recipient and the EDSA, under the terms and conditions acceptable to the Association (the "Subsidiary Agreement").

AND WHEREAS, the Recipient agreed to make available the proceeds of the Grant to EDSA on the terms and conditions set forth in this Subsidiary Agreement.

WHEREFORE, The PARTIES hereto agree as follows:

ARTICLE I: DEFINITIONS

1.01 Unless the context otherwise requires, the several terms defined in this Subsidiary Agreement shall have the respective meanings ascribed to them in the Agreement and the General Conditions of the Association.

ARTICLE II: GRANT

2.01 The Recipient agrees to make the proceeds from the Grant available to EDSA on a grant basis, so as to allow for the implementation of the Project Implementing Entity's Respective Parts.

ARTICLE III: IMPLEMENTATION OF THE PROJECT

3.01 General provisions

- A. EDSA and MOF declare their commitment to the objectives of the Project and shall comply with the covenants under the Agreement and this Subsidiary Agreement. They will cooperate fully to ensure that the purpose of the Grant is accomplished. They shall exercise their rights under this Subsidiary Agreement in such manner as to protect the interests of the Association and to accomplish the purposes of the Grant. Except as the Association shall otherwise agree in writing, the PARTIES shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
- B. MOF shall take or cause to be taking any action including the provision of resources necessary or appropriate to enable EDSA to perform its obligations under this Subsidiary Agreement.
- C. EDSA undertakes to implement Project Implementing Entity's Respective Parts with due diligence and efficiency. To this end, EDSA shall:
 - (i) carry out the activities under Parts I.B, III.A and IV.B and C of the Project in accordance with the provisions of Article V of the General Conditions, and provide promptly as needed, the funds, facilities, services and other resources required for said parts of the Project;
 - (ii) carry out the activities under Parts I.B, III.A and IV.B and C of the Project in conformity with sound technical, engineering, financial, administrative, and environmental and social practices, as approved by the Association.
 - (iii) exchange views with MOF and the Association with regard to the progress of the Project, and the performance of its obligations under this Subsidiary Agreement; and
 - (iv) promptly inform MOF and the Association of any condition which interferes or threatens to interfere with the progress of the Project, or the performance of its obligations under this Subsidiary Agreement.

3.02 Institutional arrangements

- A. As per the Agreement, the Recipient has agreed to: (i) vest the overall responsibility for Project oversight with the Ministry of Energy ("MoE"); and (ii) take all measures necessary for EDSA to implement Parts I.B, III.A and IV.B and C of the Project.
- B. EDSA shall maintain, throughout the period of implementation of the Project, the EDSA PIU vested with such powers, financial resources, functions and competencies, satisfactory to the Association and set forth in the ROM and EDSA PIM (as defined hereafter).
- C. Without prejudice to the provisions of paragraph B above, EDSA shall ensure that the EDSA PIU shall, at all times during the implementation of the Project, (i) be supported by the Sierra Leone Supervision Engineer in connection with works to be carried out under the Project Implementing Entity Respective Parts; and (ii) maintained with staff, in sufficient numbers and with qualifications, and terms of reference satisfactory to the Association, as set forth in EDSA PIM, including at least: a Project coordinator; a procurement specialist; a financial management specialist; an Monitoring & Evaluation specialist; a social risk management specialist; an environmental specialist, and a

gender-based violence specialist; and (iii) be vested with such powers, financial resources, functions and competencies, satisfactory to the Association, as set forth in the EDSA PIM.

- D. The Recipient and EDSA hereby acknowledge that RESPITE is a regional project for which the participating countries have entered in to a Memorandum of Understanding. One of the objectives of the Project being to mutualize resources and know-how, in particular in the field of procurement, specific functions have been assigned to each the Regional Technical Committee (RTC) and the RESPITE Coordination Unit (RCU), for the purpose of Project implementation. Among others, it has been agreed that EDSA will enter into a Service Agreement with the RCU, the signing of which is a condition of effectiveness of the Agreement. The Recipient and EDSA undertake to fully cooperate with the RTC and the RCU, as set forth in the Agreement, the Memorandum of Understanding, the Service Agreement and the ROM. EDSA undertakes to fully comply with its obligations under the Service Agreement and will not modify or waive any of its terms, without the prior agreement of the Association.
- E. The Electricity and Water Regulatory Commission will also be involved as appropriate in the implementation of the Project Implementing Entity Respective Parts, including for the issuance of any authorizations, license, permits, or concessions that may be required as a result, or for the purpose of, implementing Parts I.B, III.A and IV.C of the Project. The Recipient and EDSA shall ensure that all such legal and regulatory requirements are complied with at all times.

3.03 Project Implementation Manual

A. **RESPITE Operation Manual ("ROM")**. EDSA shall implement and comply at all times with the provisions of the ROM, which must be adopted by the Recipient no later than sixty (60) days from the date of effectiveness of the Agreement.

B. **EDSA PIM**. EDSA shall, no later than sixty (60) days from the date of effectiveness of the Agreement, adopt the EDSA PIM for the purpose of implementing Parts I.B, III.A and IV.C of the Project, in form and substance satisfactory to the Association, which manual shall set forth, *inter alia*: (i) roles and responsibilities of the MoE, EDSA and the EDSA PIU in the implementation of Parts I.B, III.A and IV.C of the Project; (ii) detailed guidelines and procedures for the implementation of Parts I.B, III.A and IV.C of the Project, including administration and coordination, monitoring and evaluation, procurement and contract management, environmental and social risks mitigation measures (ancillary to those of the ESCP), fraud and corruption mitigation measures, the administrative structure and procedures of the Project grievance redress mechanism; (iii) any financial management requirements, including detailed information on disbursement and financial management arrangement and procedures for financial approvals hierarchies and segregation of duties; management of bank accounts and payment processes; management and accounting of assets, and preparation of unaudited interim financial reports and annual Financial Statements, including the terms of reference for the external auditor; (iv) procedures for the preparation and approval of the Annual Work Plans & Budgets (as defined below); (v) specific arrangements for the purpose of reporting, monitoring and evaluation (including the Project's results framework and indicators); and (vi) such other arrangements and procedures as shall be required for the effective implementation of Parts I.B, III.A and IV.C of the Project. EDSA will implement the Project pursuant to the EDSA PIM, in a manner and substance satisfactory to the Association, and shall not amend the EDSA PIM unless otherwise agreed with the Association.

C. In case of any inconsistencies between the Project Implementation Manuals (ROM and/or EDSA PIM) and the provisions of the Agreement, the provisions of the Agreement shall prevail.

3.04 Environmental and Social Standards.

A. EDSA shall ensure that the Project is carried out in accordance with the Environmental and Social Standards of the World Bank, in a manner satisfactory to the Association.

B. Without limitation upon paragraph 1 above, EDSA shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner satisfactory to the Association. To this end, EDSA shall ensure that:

- (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
- (ii) sufficient funds are available to cover the costs of implementing the ESCP;
- (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
- (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

C. Without limitation upon the provisions of paragraph 2 above, if 60 days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Project Implementing Entity shall: (a) not later than 30 days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.

D. In case of any inconsistencies between the ESCP and the provisions of this Subsidiary Agreement or of the Agreement, the provisions of the Agreement shall prevail.

E. EDSA shall ensure that:

- (i) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance satisfactory to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (ii) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

F. EDSA shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner satisfactory to the Association.

G. EDSA shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors, primary suppliers and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, and labour related issues, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

3.05 Annual Work Plans & Budgets

EDSA, through the EDSA PIU, shall:

- (i) prepare on an annual basis, by no later than November 30 of each year, commencing on January 31, 2023, an annual plan of activities under Parts I.B, III.A and IV.C of the Project and ancillary budget and source of funding proposed for the next following Fiscal Year of Project implementation (the "Annual Work Plan & Budget"), which plan and budget shall be of such scope and detail as set forth in the ROM and in the EDSA PIM and/or as the Association shall reasonably request;
- (ii) submit each such Annual Work Plan & Budget to the RCU, which will subsequently submit a consolidated Annual Work Plan & Budget covering all components of the Project to the Association for its review and comments; and
- (iii) thereafter, ensure that Parts I.B, III.A and IV.C of the Project are carried out in accordance with the Annual Work Plans & Budgets as agreed with the Association.

3.06 Disbursements

A. The Recipient authorizes EDSA to withdraw any amounts from the Grant Account, by submitting to the Association a written withdrawal application in the form specified by the Association. Withdrawal applications shall be submitted with all documentary proof that the Association may request. The specimen signature of the authorized signatory for withdrawal applications will be furnished together with the first withdrawal application. Any withdrawal application and documentary proof must be in form and substance satisfactory to the Association.

B. EDSA will submit to the Association an application for an advance payment for an amount not to exceed six months cash forecast, to be deposited in a Designated Account which shall be opened with Sierra Leone Commercial Bank and which will be managed by the EDSA

PIU. This advance may be replenished on a monthly basis up the maximum amount agreed with the Association.

- C. Withdrawal applications for the Designated Account must follow the disbursement guidelines and the provisions of the Disbursement and Financial Information Letter and of Article II of the Agreement.
- D. The Recipient may suspend or cancel the right of EDSA to use the proceeds of the Grant, and seek reimbursement of any part of the Grant already withdrawn, in case of breach by EDSA of any of its obligations under this Subsidiary Agreement.

3.07 Procurement

- A. No later than thirty (30) days from the Effective Date, (i) EDSA will submit the Project Procurement Strategy for Development for Sierra Leone to the Association for its review and approval; and (ii) the EDSA PIU will hire a procurement specialist, with qualifications, experience and terms of reference satisfactory to the Association.
- B. EDSA shall ensure compliance with the procedures for the procurement of works, goods consultants' services and non-consultants services under the Project, as set forth in the Procurement Regulations, Project Procurement Strategy for Development, and Procurement Plan.

3.08 Project Monitoring, Reporting and Evaluation

- A. EDSA shall maintain procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Association, the progress of, and achievement of the objectives of the Project.
- B. EDSA shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar quarter and shall be furnished to the RCU not later than forty five days after the end of said quarter for incorporation and forwarding by the RCU to the Association of the overall Project Report.
- C. EDSA shall provide to the Recipient not later than six (6) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

3.09 Financial Management, book keeping and auditing

- A. No later than six (6) months from the Effective Date, the EDSA PIU will recruit external auditors for Parts I.B, III.A and IV.C of the Project, with qualifications and terms of reference satisfactory to the Association.
- B. EDSA shall:
 - (i) maintain financial management policies and procedures adequate to enable it to monitor and evaluate the financial management of the Project, in accordance with indicators acceptable to the Association;

- (ii) maintain records adequate to enable identification of the works, goods and services financed out of the proceeds of the Grant, to disclose the use thereof, to record 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 EDSA;
- (iii) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations and financial condition, including the operations, resources and expenditures related to the Project;
- (iv) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
- (v) enable MOF and the Association to inspect the Project, its operation and any relevant records and documents; and
- (vi) prepare and furnish to MOF and the Association all such information as the Government or the Association shall reasonably request relating to the foregoing.

3.10 Anti-Corruption Guidelines

EDSA shall carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

3.11 Other obligations

- A. No later than six (6) months from the Effective Date, the EDSA PIU will recruit a consulting firm with qualifications and experience and under terms of reference satisfactory to the Association, in order to perform the functions of the supervision engineer (the "Sierra Leone Supervision Engineer") and assist the Recipient and the EDSA PIU with the implementation of Parts I.B and III.A of the Project, including: (i) providing guidance and recommendations on technical and policy matters in relation to the Project Implementation Entity Respective Parts; (ii) preparing bidding documents and subsequent changes/variations thereof; (iii) supporting in evaluating technical and financial proposals; (iv) support in supervising and certifying contractors' performance/delivery of contract obligations, including carrying out site and documentary inspections, and performing quality controls tests; (v) handling contractual matters and procurement disputes; (vi) certifying payment appropriation for invoices from service providers and/or Project contractors; (vii) providing training, guidance and recommendations to the Recipient, and the EDSA PIU, and instructions to contractors, to ensure the Project's compliance with the ESSs, the ESCP, and any safeguard documents prepared thereunder; and (viii) preparing the Project Reports.
- B. The EDSA PIU will recruit a firm with qualifications and experience and under terms of reference satisfactory to the Association, in order to carry out operation and maintenance functions over equipment supplied under Parts I.B and III.A of the Project.

ARTICLE IV: DISPUTES AND CONSTRUCTION OF THIS SUBSIDIARY AGREEMENT

4.01 Any interpretation, construction disputes or conflicts in connection with this Subsidiary Agreement shall be dealt with as follows:

- a) This Subsidiary Agreement shall be interpreted and construed in accordance with the Laws of the Republic of Sierra Leone.
- b) In the case of conflict between this Subsidiary Agreement and the Agreement, the Agreement shall prevail.
- c) All disputes, differences and questions arising under this Subsidiary Agreement shall be settled amicably, with the opinion of the Attorney General and Minister of Justice of the Republic of Sierra Leone being final in said dispute.

ARTICLE V: ADDRESS AND MISCELLANEOUS

5.01 Any notice required or permitted to be given under this Subsidiary Agreement shall be in writing and deemed given and effective once signed and delivered to the following addresses:

For the Government of Sierra Leone

Treasury Building George Street

Freetown

REPUBLIC OF SIERRA LEONE

TEL: (+232) 99 64 14 38

E-mail: info@mofed.gov.sl

Attention: Ministry of Finance

For the Project Implementing Entity:

Electricity Distribution and Supply Authority

36 Siaka Stevens Street, Electricity House

Freetown

Tel: (+232) 78 10 91 76

E-mail: akamara03@aol.com

Attention: Director General

5.02 Any communication between the parties hereto in the connection with this Subsidiary Agreement shall be made by written communication to the foregoing addresses. If the above addresses and/ or names are changed, the party concerned shall, within thirty (30) days of the change, notify the Party hereto in writing of the new addresses and/ or names.

5.03 This Subsidiary Agreement shall come into force and effect after its signature by the respective parties.

5.04 The PARTIES represent and warrant that the execution of this Subsidiary Agreement has been duly authorized; and its execution is not a breach of either Party's constituting documents or any law governing or affecting the PARTIES.

ARTICLE VI: BIDDING EFFECTS

6.01 These obligations hereunder will remain in effect for so long as the Agreement remains effective.

IN WITNESS WHEREOF, the **PARTIES** hereto have caused this Subsidiary Agreement to be duly executed by their respective authorized officers on the day and year first mentioned above written.

FOR THE REPUBLIC OF SIERRA LEONE



Sheku 31/03/2023

[SHEKU AHMED FANTAMADI BANGURA MINISTER OF FINANCE]

FOR ELECTRICITY DISTRIBUTION AND SUPPLY AUTHORITY

Abu Bakarr 3/2023



[ABU BAKARR SHERIFF KAMARRUDDIN DIRECTOR GENERAL]