PRA 312

> Negotiated on 22nd November, 2016 Subject to Board Approval

PROTOCOL OF AGREEMENT BETWEEN THE REPUBLIC OF SIERRA LEONE AND THE AFRICAN DEVELOPMENT FUND

(REHABILITATION AND EXTENSION OF THE BO-KENEMA DISTRIBUTION SYSTEM)

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PROTOCOL OF AGREEMENT BETWEEN THE REPUBLIC OF SIERRA LEONE AND THE AFRICAN DEVELOPMENT FUND

(REHABILITATION AND EXTENSION OF THE BO-KENEMA DISTRIBUTION SYSTEM)

PROJECT	ID No	:
Grant No	:	

This PROTOCOL OF AGREEMENT (hereinafter referred to as	the
"Agreement") is entered into this day of, 20)16
between the REPUBLIC OF SIERRA LEONE (hereinafter called	the
"Recipient") and the AFRICAN DEVELOPMENT FUND (hereinaf	ter
called the "Fund"). The Recipient and the Fund are hereinaf	ter
collectively referred to as the "Parties".	

- WHEREAS the Recipient has requested the Fund to finance part of the foreign currency cost and part of the local currency cost of the Rehabilitation and Extension of Bo-Kenema Distribution System Project (hereinafter the "Project") by providing a Grant to the Recipient in the amount specified hereunder;
- WHEREAS the Recipient has declared its commitment to the execution of the Project;
- WHEREAS the Ministry of Energy shall be the Executing Agency of the Project and the Electricity Distribution and

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Supply Authority (EDSA) shall be the Implementing Agency for the Project;

- WHEREAS the Project is technically feasible, economically viable, socially desirable, and environmentally sustainable;
- WHEREAS the Fund has agreed on the basis, *inter alia*, of the foregoing to extend a Grant to the Recipient 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. <u>General Conditions</u>. The parties to this Agreement accept all of the provisions of the *General Conditions Applicable to Protocols of Agreements for Grants of the African Development Fund*, as may be amended from time to time, (hereinafter referred to as the "General Conditions"), with the same force and effect as if they were fully set forth herein.

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

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ARTICLE II THE GRANT

Section 2.01. <u>Amount</u>. The Fund agrees to grant to the Recipient, from the ordinary resources of the Fund, an amount in various convertible currencies, not exceeding the equivalent of Four Million Six Hundred and Eighty Eight Thousand Units of Account (UA 4, 688,000) (the "Unit of Account" being defined in Article 1(1) of the Agreement Establishing the Fund).

Section 2.02. <u>Purpose</u>. The purpose of the Grant 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.

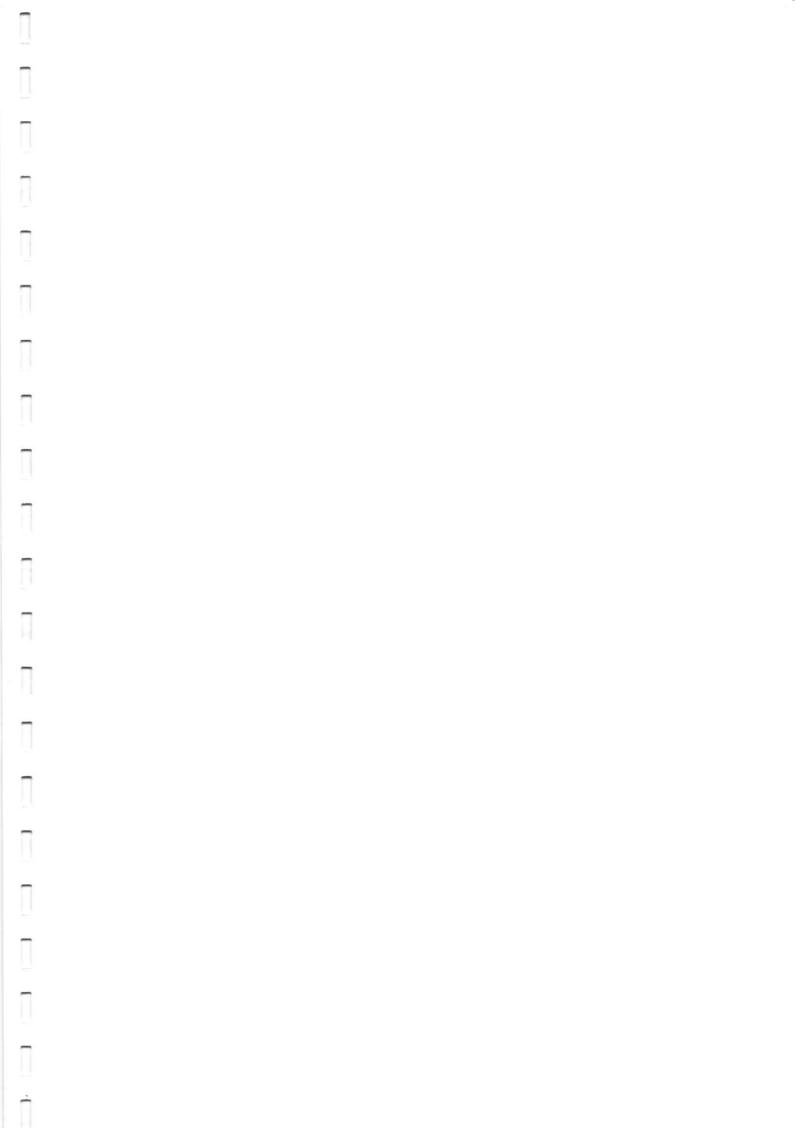
Section 2.03. <u>Allocation</u>. The Grant shall be allocated to the categories of expenditure in conformity with Annex II of this Agreement, or as may be otherwise determined by the Parties.

ARTICLE III CONDITIONS PRECEDENT TO ENTRY INTO FORCE

Section 3.01. <u>Conditions Precedent to Entry into Force</u>. This Agreement shall enter into force on the date of signature by the Recipient and the Fund.



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ARTICLE IV

CONDITIONS PRECEDENT TO FIRST DISBURSEMENT, OTHER CONDITIONS AND UNDERTAKINGS

Section 4.01. Conditions Precedent to First Disbursement. The obligation of the Fund to make the first disbursement of the Grant shall be conditional upon the entry into force of this Agreement in accordance with Section 3.01 above, and the fulfillment by the Recipient, in form and substance satisfactory to the Fund, of the following condition:

(i) Provide evidence to the Fund of the Implementing Agency opening a Special Account denominated in United States Dollars in a commercial bank acceptable to the Fund, into which the proceeds of the Grant will be deposited.

Section 4.02. <u>Undertakings</u>. The Recipient undertakes, in form and substance satisfactory to the Fund, to:

- (i) Carry out, and cause its contractors to carry out, the Project in accordance with: (a) Bank's rules and procedures; (b) national legislation; and (c) the recommendations, requirements and procedures set forth in the Environmental and Social Management Plan prepared for the Project; and
- (ii) Deliver to the Bank Project quarterly reports in form and substance acceptable to the Bank, describing the Borrower's

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implementation of the ESMP (including any implementation failures and related remedies, if any).

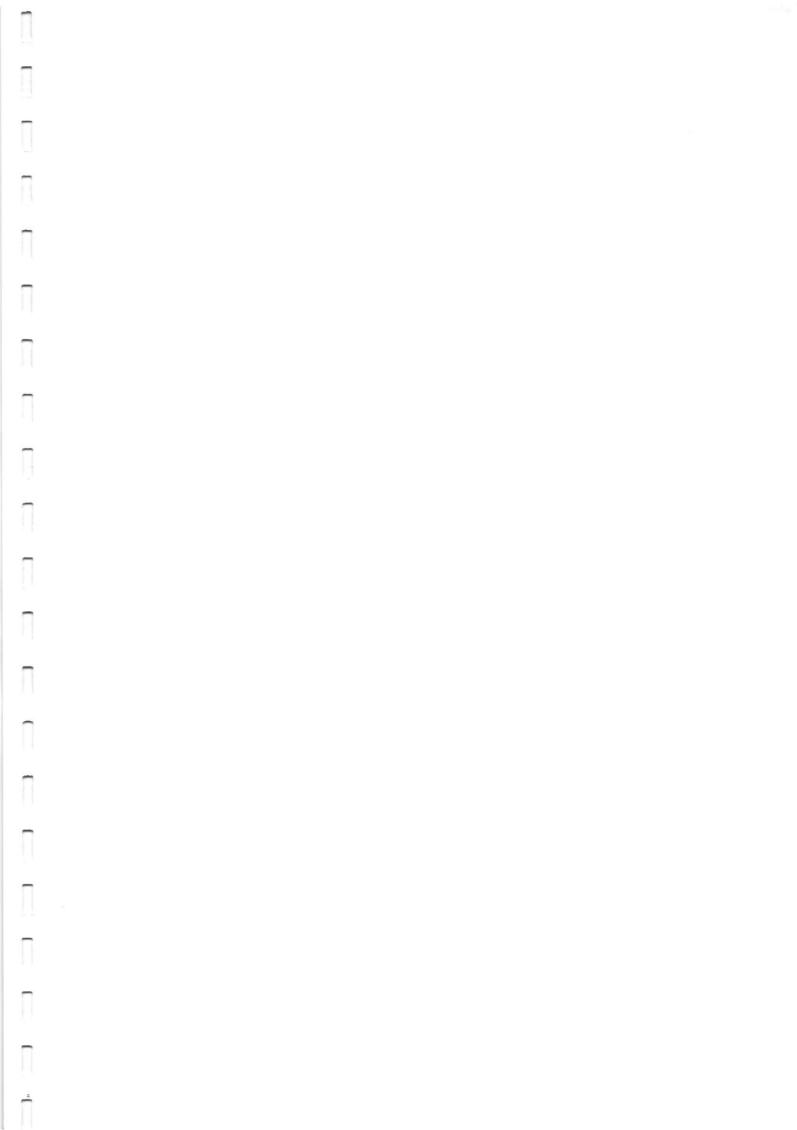
ARTICLE V <u>DISBURSEMENTS AND APPLICATION</u> <u>OF AMOUNTS DISBURSED</u>

Section 5.01. <u>Disbursements</u>. The amount of the Grant shall be disbursed by the Fund, subject to the provisions of this Agreement and the General Conditions, for the purposes set forth in this Agreement. Disbursements will be made in accordance with the provisions of the Bank's Disbursement Handbook.

Section 5.02. <u>Closing Date</u>. 30th June 2020, or such later date as shall be agreed upon in writing between the Recipient and the Fund as specified for the purposes of Section 5.03 (1) (g) of the General Conditions.

Section 5.03. <u>Application of Disbursements</u>. Amounts disbursed on account of the Grant shall be applied by the Recipient solely for the purposes for which they were disbursed.

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ARTICLE VI PROCUREMENT

Section 6.01. <u>Procurement.</u> Procurement of works and the acquisition of consulting services financed by the proceeds of the Grant shall be carried out in accordance with the Bank's *Procurement Policy and Methodology for Bank Group Funded Operations*, October 2015, as amended from time to time, and as further set out below:

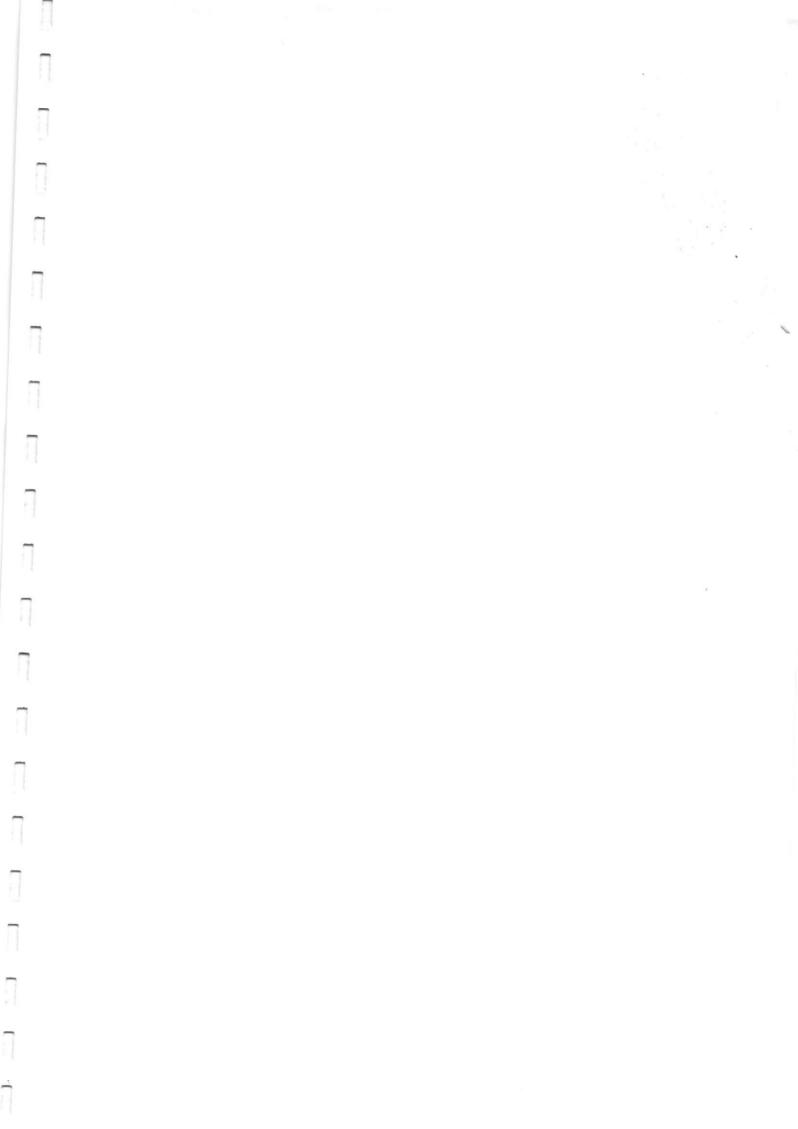
(a) Civil Works

The procurement of civil works shall be carried out using the International Competitive Bidding (ICB) method and using the Bank's Standard Solicitation Documents (SSDs). Works procured under this method, would include: Rehabilitation and Expanding Distribution Networks, Metering and services Lines (New & Existing) and temporary generation will be undertaken using International Competitive Bidding (ICB).

(b) Consulting Services

(i) The procurement of consultancy services shall be carried out through a shortlist using the Quality and Cost Based Selection (QCBS) method and using the Bank's Standard Solicitation Documents (SSDs). Services procured under this method would include Project Management & Engineering supervision services and technical assistance and capacity building; and

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(ii) The procurement of consultancy services for project audit shall be carried out through shortlist using the Least-Cost Selection (LCS) method.

Section 6.02. <u>Procurement Plan.</u> The Recipient shall submit to the Fund for the Fund's written approval, a Procurement Plan setting out: (i) the particular contracts required to carry out the Project during an initial period of at least eighteen (18) months; (ii) the proposed methods for procurement of each such contract; and (iii) the related Fund's review procedures. The Procurement Plan shall be updated annually or more frequently if needed, during the implementation of the Project to cover each succeeding period, in all cases subject to the approval of the Fund.

Section 6.03. <u>Review Procedures</u>. All contracts for works and services shall be subject to prior review by the Fund.

ARTICLE VII

FINANCIAL MANAGEMENT, REPORTING AND AUDITING

Section 7.01. <u>Financial Management.</u> The Recipient shall, pursuant to Section 7.07 of the General Conditions, cause the Implementing Agency to keep and maintain separate records and books of account, which shall identify, in accordance with consistently maintained

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appropriate accounting standards and practices, the activities financed out of the resources of the Grant.

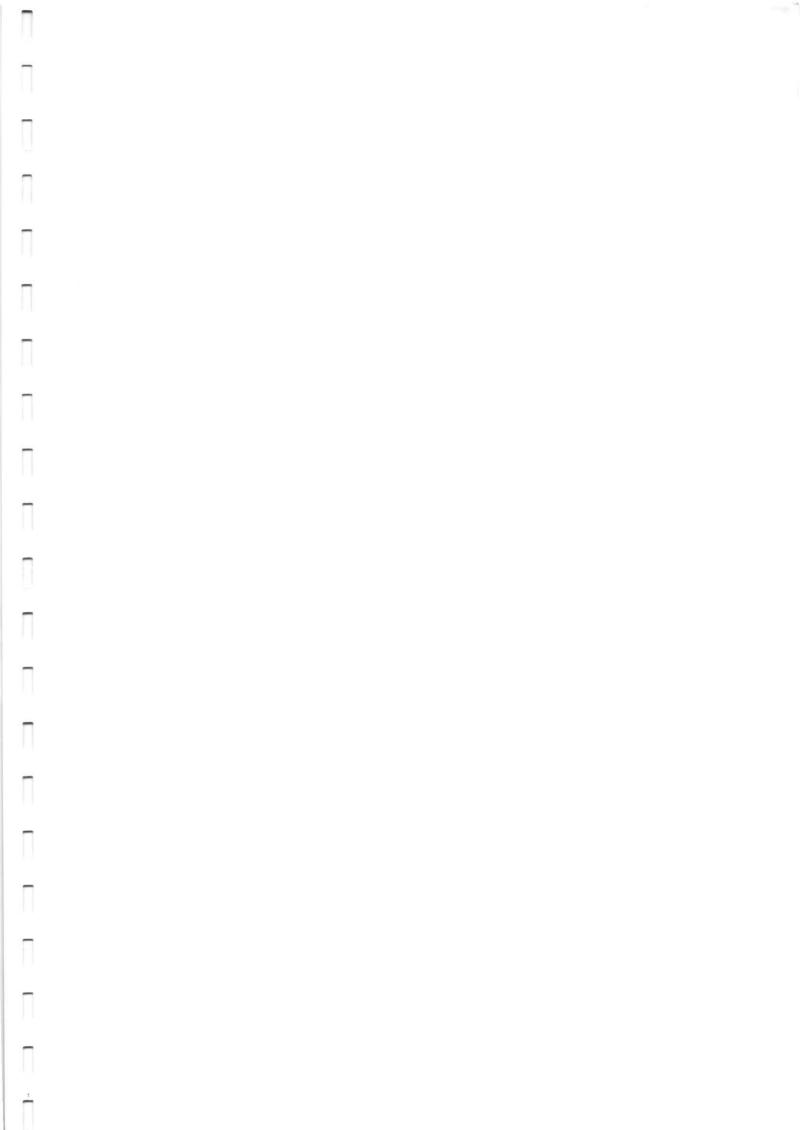
Section 7.02. <u>Reporting.</u> The Implementing Agency will prepare, or cause to be prepared, on a quarterly basis, interim unaudited financial reports to be submitted to the Bank within 30 days of the end of the quarter reported on.

Section 7.03. <u>Audit.</u> The Audit Service Sierra Leone (ASSL) will audit the project directly, or alternatively outsource the audit of the project to an acceptable independent audit firm, selected on terms of reference approved by the Bank. The Implementing Agency will be required to submit to the Bank, the audited project 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. <u>Authorized Representatives</u>. The Minister of Finance and Economic Development of the Recipient or such other person as the Minister may designate in writing shall be the authorized representative for the purposes of Section 9.02 of the General Conditions.

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Section 8.02. <u>Date of the Agreement</u>. This Agreement shall be deemed to have been concluded on the date appearing in the opening sentence hereof.

Section 8.03. <u>Addresses</u>. The following addresses are specified for the purposes of Section 9.01 of the General Conditions.

For the Recipient:

Mail Address:

Ministry of Finance and Economic

Development Building...

SIERRA LEONE

Tel :...

Attention:

The Minister of Finance and Economic

Development

For the Fund:

Headquarters Mail Address:

African Development Fund

01 B.P. 1387 Abidjan 01

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Tel: (225) 20 26 35 44

Sierra Leone Field Office:

African Development Fund

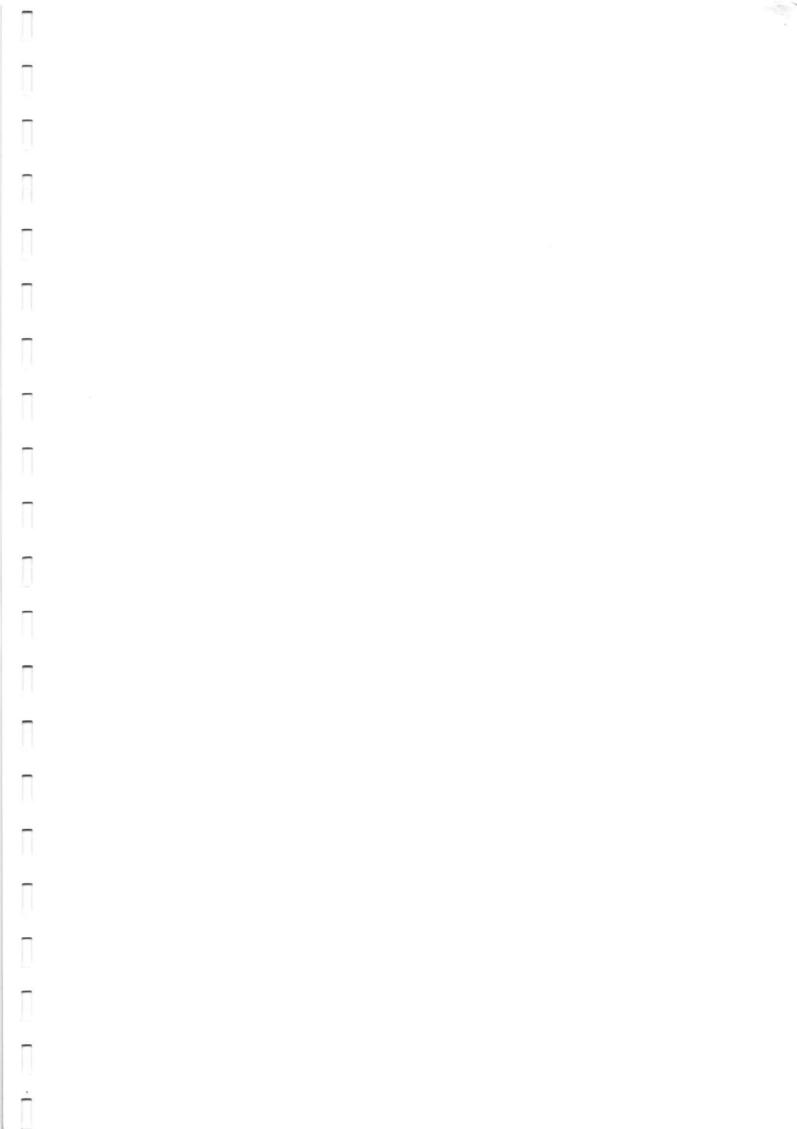
SIERRA LEONE

Tel: ...

To the attention of:

The Resident Representative

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IN WITNESS WHEREOF the Recipient and the Fund, each acting through its authorized representative, have signed this Agreement in two (2) original counterparts in English on the date appearing in the opening sentence of this Agreement.

FOR THE REPUBLIC OF SIERRA LEONE

MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

FOR THE AFRICAN DEVELOPMENT FUND

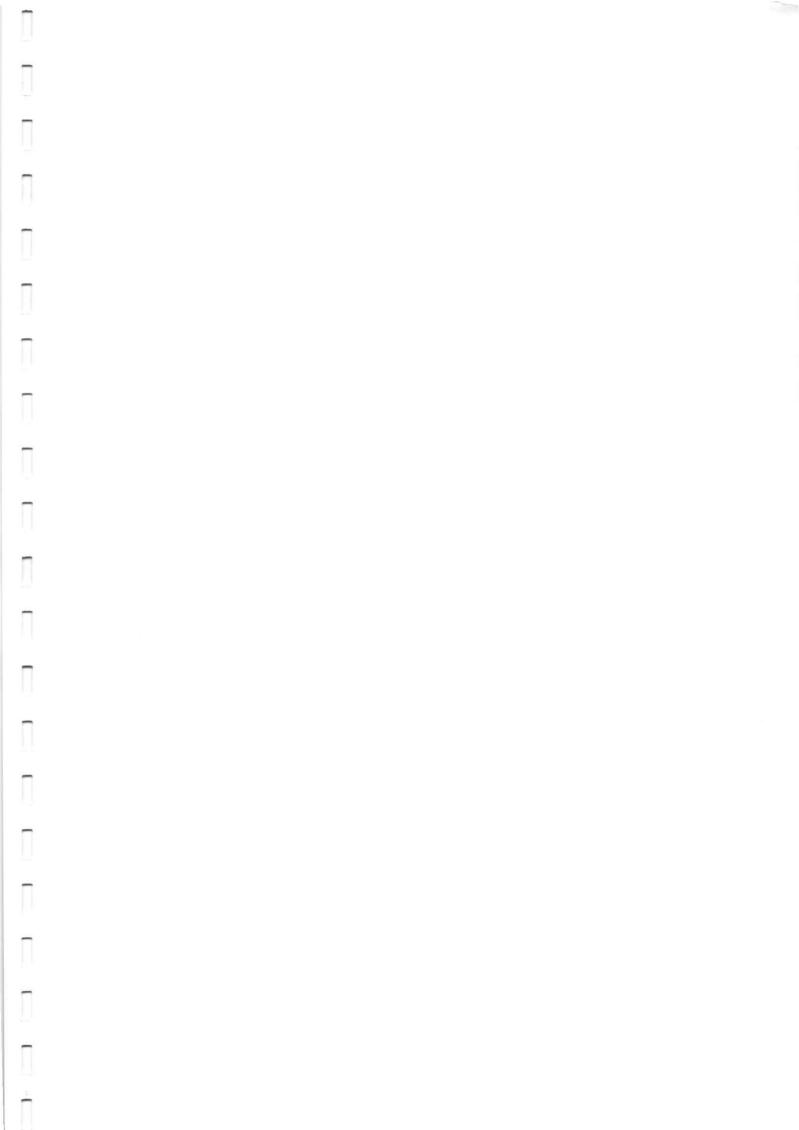
RESIDENT REPRESENTATIVE
SIERRA LEONE FIELD OFFICE (SLFO)

SECRETARY GENERAL

ATTESTED BY:

J.Z.

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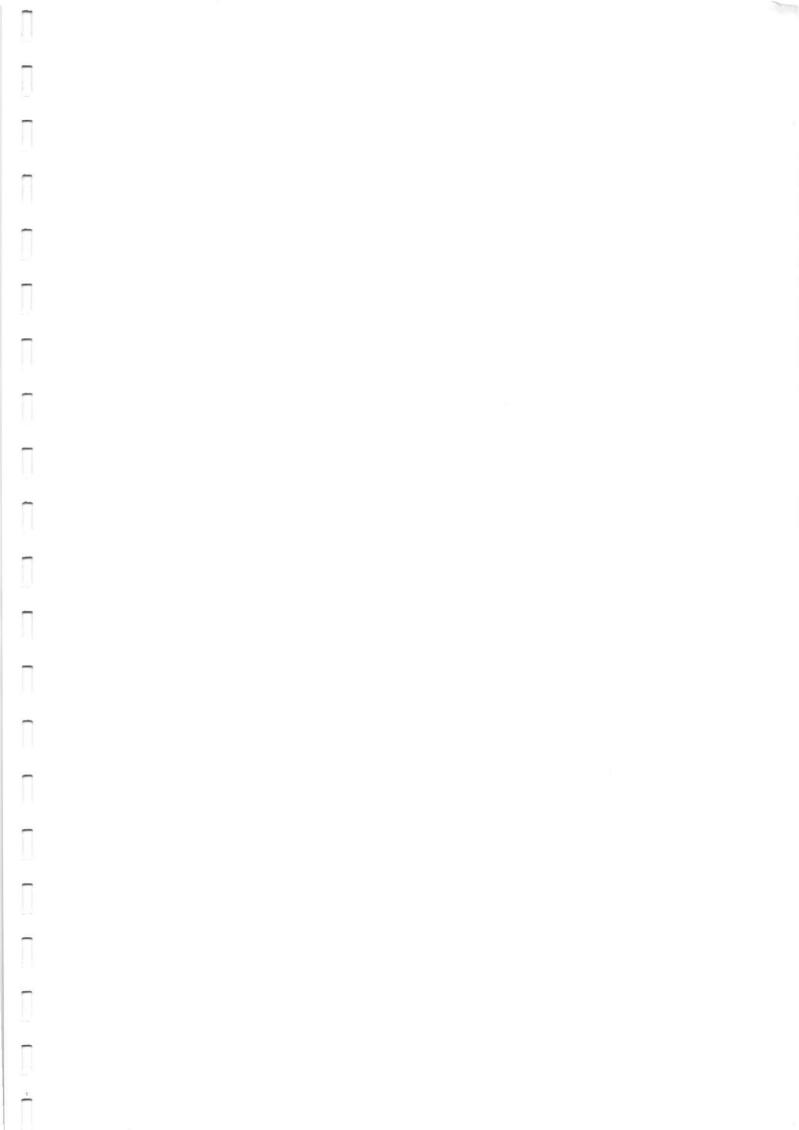


ANNEX I PROJECT DESCRIPTION

The proposed project aims at upgrading and extending the Bo and Kenema distribution network in order to increase its power transfer capacity and increase the reliability and availability of power supply within the Bo-Kenema area of Sierra Leone. More specifically, the project will enable (i) the upgrade and construction of a 70 kilometre (km) overhead 33 kilovolt (kV) double circuit line between Bo and Kenema along with the construction of two primary substations and rehabilitation of 2 city centres 33/11kV substations in Bo and Kenema, (ii) the rehabilitation and expansion of Medium Voltage (MV) and Low Voltage (LV) distribution networks within the two cities, (iii) the implementation of a end-user connection campaign with the objective to connect 37,000 additional households to the grid (iv) the provision of service for preparation of designs and bid documents (v) the provision of capacity building to the Electricity Distribution and Supply Authority (EDSA) relevant stakeholder, and (vi) the provision of temporary generation during the construction works.

The total project cost is estimated at UA 38.08 million of which, the Bank will contribute UA 9.309 million, the Department for International Development (DFID) UA 27.84 million and the Government of Sierra Leone (GoSL) UA 0.93 million. The Bo and Kenema area population, particularly those in rural areas and low income groups, will benefit from this project as well as small

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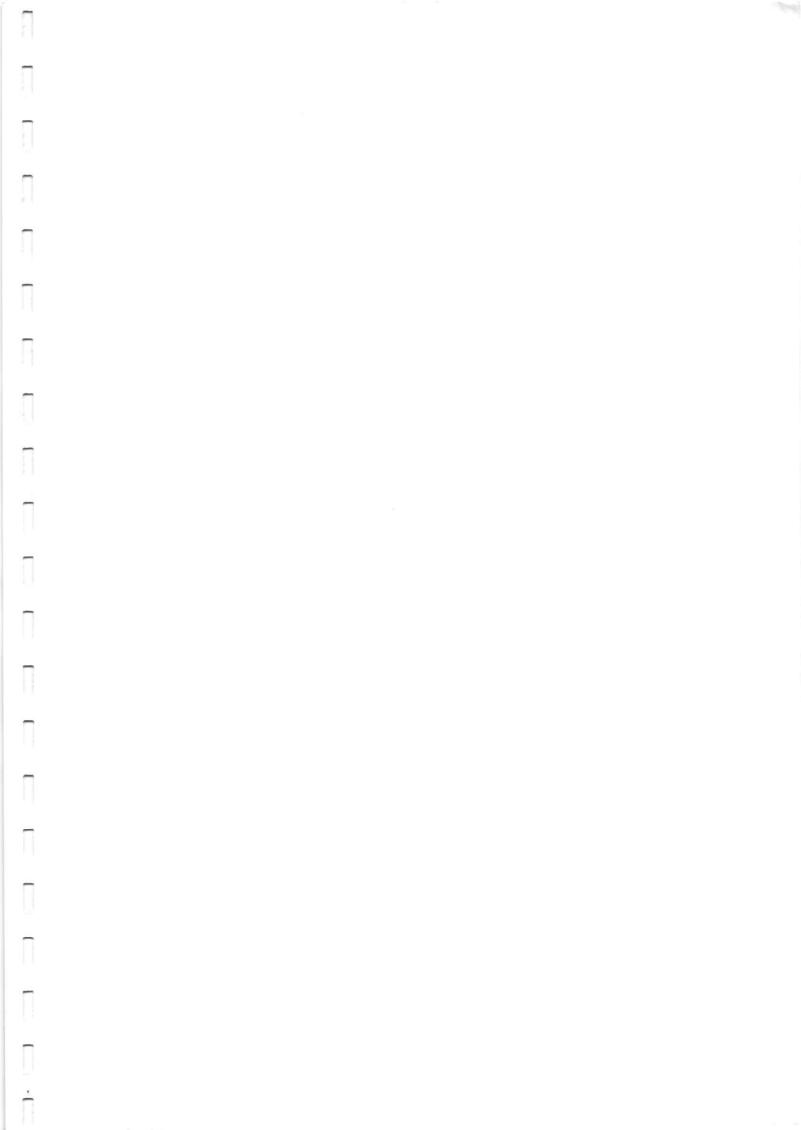
businesses. Through the provision of increased electricity access, the project will contribute to improving targeted households' standards of living in terms of education, health and access to information. In addition, the project will help increase the competitiveness of small businesses and expand their activities.

The Project consists of the following components:

- (i) Rehabilitation and Extension of Distribution Networks (Bo and Kenema);
- (ii) Project Management & Engineering supervision services;
- (iii) Technical assistance and Capacity building; and
- (iv) Temporary generation

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ANNEX II ALLOCATION OF THE GRANT

This Annex indicates the categories of expenditure to be financed out of the resources of the Grant and the allocation of the resources to each category financed.

Table showing categories of expenditure of the Grant

		In UA millions			
	Category of Expenditure	Foreign Cost	Local Cost	Total Cost	
A	Works	2.461	0.434	2.895	
В	Services	1.524	0.269	1.793	
	Total	3.985	0.703	4.688	

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