



Sierra Leone Roads Authority



Republic of Sierra Leone



China Railway Seventh Group (SL) Co. Ltd.

**STAKEHOLDERS' RESOLUTIONS AT MEETINGS ON
DISCUSSIONS OF TECHNICAL, LEGAL &
FINANCIAL PROPOSALS FOR THE EXTENSION TO
4-LANE AND TOLLING OF THE WELLINGTON –
MASIAKA HIGHWAY BY CRSG**



SIERRA LEONE ROADS AUTHORITY

STAKEHOLDERS' RESOLUTIONS AT MEETINGS ON DISCUSSIONS OF TECHNICAL, LEGAL & FINANCIAL PROPOSALS FOR THE EXTENSION TO 4-LANE AND TOLLING OF THE WELLINGTON – MASIKA HIGHWAY BY CRSG

Following the signing of the Memorandum of Understanding (MOU) between the Ministry of Works, Housing & Infrastructure (MOWH&I) and China Railway Seventh Group (CRSG), granting exclusive right to CRSG to investigate, implement and operate the project for the Widening to a **Four-Lane** and **Tolling** of the Wellington – Masiaka Highway on a Build, Operate, Maintain and Transfer (BOMT) arrangement, MDAs, with SLRA playing a leadership role, were requested to critically examine the Technical, Legal and Financial proposals submitted by CRSG, with a view to making professional recommendations to Government, prior to the signing of the Franchising Agreement.

Prior to the commencement of the assignment, the MoFED expressed the Government of Sierra Leone's (GoSL) commitment to move forward with the project, considering its socio-economic importance and harmony with the proposed construction of the Mamamah Airport.

In executing the assignment, several meetings were held by officials of the identified MDAs, including the Ministry of Finance & Economic Development (MoFED), Ministry of Works, Housing & Infrastructure (MWH&I), Sierra Leone Roads Authority (SLRA), Road Maintenance Fund Administration (RMFA), and National Revenue Authority (NRA), together with the contractor, China Railway Seventh Group (CRSG), on the following dates and venues:

DATE OF MEETING	VENUE	ATTENDEES	REMARKS
16, 2015	SLRA	Officials of MoFED, SLRA, RMFA, NRA and CRSG (Attendance List attached as Appendix 1)	CRSG's proposals were discussed and reviewed, with a separate meeting involving MoFED & CRSG scheduled for 17/06/15 to further discuss CRSG's financial proposals
17, 2015	MoFED	Officials of MoFED, NRA & CRSG	CRSG's Financial Proposals and Franchising Agreement were consolidated and forwarded to the Financial Secretary for consideration and further directives
18, 2015	SLRA	Officials of MOWH&I, MoFED, SLRA, RMFA & CRSG (Attendance List attached as Appendix 2)	CRSG's proposals were discussed and reviewed, based on recommendations at previous meeting, with another separate meeting involving MoFED & CRSG scheduled for 19/06/15 to further discuss CRSG's financial proposals
19, 2015	MoFED	Officials of MoFED & CRSG	CRSG's Financial Proposals were further discussed and reviewed.
23, 2015	SLRA	Officials of MOWH&I, MoFED, SLRA, RMFA	CRSG's Technical, Legal, & Financial

		& (Attendance, attached Appendix 3)	CRSG List as	proposals, together with the Franchising Agreement, were further discussed & reviewed. Another separate meeting involving MoFED & CRSG was again scheduled for 24/06/15 to further discuss and clarify critical pending issues arising from discussions on CRSG's financial proposals.
24, 2015	MoFED	Officials of MoFED & CRSG		Critical pending issues from discussions on CRSG's Financial Proposals were discussed and clarified, with resolutions forming part of the resolutions at the final meeting of 26/06/15.
26, 2015	SLRA	Officials of MOWH&I, MoFED, SLRA, RMFA & CSG (Attendance List attached as Appendix 4)		Final discussions were held and the following resolutions were adopted:

After extensive deliberation at the final meeting held in the SLRA's Board Room on June 26, 2015, the following resolutions were adopted for onward submission to the GoSL:

1. SLRA, in collaboration with the MOWH&I, accepted technical responsibility of the project.
2. Recruitment of an International Consultant, through International Competitive Bidding (ICB).
3. Establishment of a Project Implementation Unit (PIU) and engagement of a Project Manager within SLRA in order to ensure effective supervision, quality control and cost effectiveness.
4. The following proposed **Toll Charges** were accepted:
 - **Sedan Vehicle:** Le 2,000.00
 - **Taxi:** Le 3,000.00
 - **Minibus:** Le 5,000.00
 - **Medium Bus:** Le 10,000.00
 - **Coach:** Le 20,000.00
 - **Light Truck:** Le 20,000.00
 - **Pickup/Jeep:** Le 20,000.00
 - **Medium Truck:** Le 50,000.00
 - **Heavy Truck:** Le 400,000.00
 - **Tractor & Trailer Unit:** Le 500,000.00
5. The proposed Franchising Agreement should be sent to the office of the Attorney-General for Legal Opinion and vetting before final adoption.
6. The profit sharing between the GoSL and CRSG after loan and interest repayment will be as follows:
 - **GoSL:** 20%
 - **CRSG:** 60%
 - **Maintenance of the road:** 20%
7. Considering that the estimated cost of the project of **US\$153** million could be revised following detailed engineering studies, it was agreed that a band be maintained as **+ (plus) or - (minus) 7%** beyond which, cost deviation would not be tolerated.
8. An appropriate clause should be included in the **Franchising Agreement** to allow revision of the **Concession Period** or

Toll Charges in the event that actual traffic flow on the road increases more than projected, thus allowing the contractor to fully recoup its investment prior to the end of the **Concession Term/Period**.

9. It was agreed in principle that a **Corporate Tax** waiver will be given to CRSG for **10 (ten)** years as stated in the Finance Act of 2013.
10. It was agreed that **10%** of the **Yearly Tolling** income should go to the GoSL after operation and maintenance costs of the Management Company had been settled.
11. The contractor should allow the collection of withholding taxes, **PAYE** for local staff and **GST** which would not impose additional burden on the contractor.
12. Based on the Financial Model, a major overlay of **4cm** thickness will be done in the **10th (tenth)** year after the commencement of operation (**2030**) and that cost is estimated at **\$31m**. In that year, income sharing between the GoSL & CRSG will be zero to allow contribution to that cost. In addition, fresh capital injection of **\$12.44m** will also be required to cover that cost. That capital injection will be sourced by CRSG with the terms and actual cost revisited and negotiated by the GoSL & CRSG to reflect the prevailing situation.
13. A second major maintenance (overlay) of a minimum of **3cm** thickness, depending on the condition of the road, will be jointly determined by **SLRA & CRSG** within the last **15 (fifteen)** years of the concession period.
14. Minor/Routine Maintenance of the road will be undertaken every year after construction.
15. Only the importation of key experts would be allowed. The contractor will be encouraged to employ local personnel, where necessary, in order to complement the Local Content Policy.
16. The contractor will start to operate the **Toll System** after extending the road to **Four-Lane from km0 – km10**, and after attaining **30%** of site clearing works on the entire road which is about **km20.1**.
17. The termination of the contract will be based on standard contract procedures to be determined with the assistance of the office of the Attorney-General.

18. The contractor's projected **4 years** construction period was accepted.
19. Baseline data will be collected by the Consultant and PIU before the commencement of works.
20. CRSG should Provide Environmental and Social Impact Assessment (ESIA) Report, using EPA's format, prior to the commencement of works.
21. The Defect Liability Period will be one year after construction and the cost(s) of any necessary corrections/repairs will be funded from the contractor's share.
22. All transactions will be audited by an External Audit Firm.
23. Compensation package for Project Affected Persons (PAPs) should be handled separately by the GoSL.
24. CRSG revealed that the Interest Rate for the loan is **6%**; Grace Period is **4 (four)** years and Repayment Period is **23 (twenty-three)** years.
25. CRSG is to submit a Construction Method Statement prior to the commencement of works.

Expected Risks To The Project

1. Economic Risk

- The most important variable on which the Financial Proposal was developed is the projected Traffic Count. The risk to this is that in an event that the traffic count drops after the implementation of the project, it will adversely affect the revenue projection and subsequently the repayment period for the whole project.

2. Socio – Political Risk

- This may arise if the citizens protest that the **Toll Charges** are too high. In the event of continued protests and demonstrations, the GoSL might be obliged to reduce the **Toll Charges**, which will have adverse effect on revenue collection for the project.
- RMFA representative in particular was anticipating protests by the citizens if the **Toll System** commences after extending the road to **Four-Lane** from **km0 – km10**, and after attaining **30%** of site clearing works on the entire road which is about **km20.1**.

General Consensus

- It was agreed in principle that in an event that there is a protest that the **Toll Charges** are too high, both parties (**GoSL & CRSG**) will share equal risk and liabilities towards the project. Therefore a clause should be included in the proposed **Franchising Agreement** to capture this important aspect of the contract.
- It was further agreed that in the event of a protest against the commencement of the **Toll System** after the extension of the road to a **4-Lane** from **km0 – km10** and after attaining **30%** of site clearing works on the entire road which is about **km20.1**, there should be an effective nationwide sensitization programme in order to explain the rationale for that arrangement.

Submitted by:



ION. ARTHUR SOLO HARVEY
Chairman, SLRA Board of Directors
(CHAIRMAN)









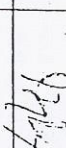






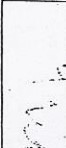
HASSAN AUGUSTINE TURAY
Director of Administration, SLRA
(SECRETARY)

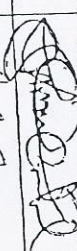
Appendix 1

WIDENING OF WELLINGTON - MASIKA HIGHWAY PROJECT

ATTENDANCE LIST

DATE: 16TH JUNE 2015

NO.	NAME	DESIGNATION	INSTITUTION	TELEPHONE NO.	SIGN.
1	Arthur Solo Harvey	Chair	SLRA	076 616 616	
2	D. Shellen Kamara	Assistant Commissioner	NRH	078 400068	
3	Adrian Kurokoto	CEO	NRH	076 732000	
4	Shelton S. Kallou	Economist	NRH	076 467676	
5	Reserve Master Dep. Bar. Song	DOA (By)	NRH	076 629123	
6	S. Z. Abenon	CEO	NRH	078 512258	
7	Y. A. M. M. M. M.	CEO	NRH	076 794717	
8	Zong Qing wei	General Manager	CRSG	078 121215	
9	Du Xing Guo	Marketing Manager	CRSG	088-777666	
10	Wang Xinghuo	Chief Engineer	CRSG	078 62562	
11	Wang Cen	Interpreter	CRSG	088-277043	
12	Song M. S. M. M.	Deputy Secretary	NRH	076 665526	
13	Shen J. L. T. T. T.	Policy Analyst	NRH	078 2774756	
14	Li J. L. T. T. T.	Policy Analyst	NRH	078 2774756	


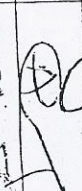











15	Sandwich Islands Catal	Key Head Pond	moFed	07661014	
16	HASAN A. PARRY	DIRECTOR DE AERONAUTICA	SLRA	07660663	1477 June 7
17	Hasan A. PARRY	Asst. Dir. Gen. Sec.	SLRA	076-62621	1477 June 7
18	Samuel L. Lewis	Chief Engineer	SLRA	076550151	1477 June 7
19	Amara Kammah	IFOP	SLRA	076125050	1477 June 7
20	Volosius F. B. Coker	Head of RAMP	SLRA	076675214	1477 June 7
21	GEORGE MYUNA	Asst. Director	SLRA	076640306	1477 June 7
22	Mervyn L. Salob	Director of Operations	SLRA	076613936	1477 June 7
23	David J. Wiseman	Director of Development	SLRA	076245648 076223105	1477 June 7

Approved 18/2/15

WIDENING OF WELLINGTON - MASIKA HIGHWAY PROJECT

ATTENDANCE LIST

DATE: 18TH JUNE 2015

NO.	NAME	DESIGNATION	INSTITUTION	TELEPHONE NO.	SIGN.
1	Abbas Sole Hareey	Chair	SLRA	076 626 616	
2	Y. I. Saba	Chair, PMFA CEO	PMFA Rumbwa	076 732 000	
3	Abdul Karim	DIRECTOR - PMFA	PMFA	076 729 111	
4	Richard Seng	Ag. DDG/DM	SLRA	076 52 22 54	
5	John E. Gbure	Ch. Eng.	MAOWIT	077 350 46	
6	Hassan Sange	As Director	SLRA	076 640 306	
7	George Nyuma	Head of Rumbwa	SLAA	076 652 19	
8	Victor E. B. Colker	Chief Int. Auditor	SLRA	094 299 717	
9	Immanuel Munkanya	Head of Procurement	SLRA	076 1230 80	
10	Immanuel Kinnah	Speaker of Rumbwa	SLRA	076 822 626	
11	Shelton K. Kinnah	Ag. Head DM	MOFED	076 610 14	
12	Adigun Oluwalade	Ag. Head DM	MOFED	076 629 628	
13	Adigun Oluwalade	Ag. Head DM	MOFED	076 620 679	
14	Adigun Oluwalade	Ag. Head DM	MOFED		

Approved 3

WIDENING OF WELLINGTON – MASIKA HIGHWAY PROJECT

ATTENDANCE LIST


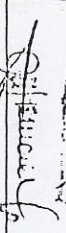





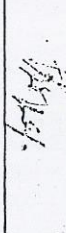
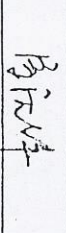
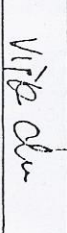
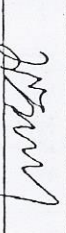

DATE: 23RD JUNE 2015

NO.	NAME	DESIGNATION	INSTITUTION	TELEPHONE NO.	SIGN.
1	Y.T. Sogaya	Chairman	PRU FA	076 610134	[Signature]
2	Arthur Sola Harey	Chairman	JL RA	076 636616	[Signature]
3	Abelulai A. Kemara	Ag. Director General	SLRA	076-626291	ms
4	John Samuilait	Deo. Sec	WEFED	076639861	[Signature]
5	Jonathan Sessay	DIRECTOR GENERAL'S REPRESENTATIVE	RENTFA	076729111	[Signature]
6	HASSANO A. NACAR	Director of Highway	SLRA	076-606661	[Signature]
7	MORE MAMMAD	Deputy Director	SLRA	076-629833	[Signature]
8	ZONG QING WEI	Director	CRSG	077-088088	[Signature]
9	Du Xin Guo	Marketing Manager	CRSG	088-777666	[Signature]
10	Meng Xing Chuan	Chief Engineer	CRSG	099-062562	[Signature]
11	Jonathan A. Muntapaka	Chief Int. Auditor	SLRA	076794717	[Signature]
12	Samuel E. Lewis	Chief Engineer	SLRA	078 384157	[Signature]
13	Valerius E.B. Colker	Head of RIMU	SLRA	076 675219	[Signature]
14	George Nyumq	Ag. Director	SLRA	076 648 306	[Signature]

WIDENING OF WELLINGTON - MASIAKA HIGHWAY PROJECT

ATTENDANCE LIST

DATE: 26TH JUNE 2015

NO.	NAME	DESIGNATION	INSTITUTION	TELEPHONE NO.	SIGN.
1	Arthur Solo Boy	Chairman	SLRA	076624612	
2	John SETHILAH	Dev. Sec.	MOFED	0766847861	
3	NGANTON SASSY	DIRECTOR - PPM&E	ROADPA	0767229111	
4	Thulinia Ndlovu	Economist	MOFED	076467676	
5	Shemu M. Kannel	Director of Finance	SLRA	0768222622	
6	Ndlovu F.R. Colker	Head of K1 Road	SLRA	076675219	
7	Joe Hamed Ndlovu	Accountant	MOFED	076618102	
8	Thulinia Ndlovu	Chief Technical Director	SLRA	076794777	
9	ZONG QING WEI	Country Director	CRS	077-088088	
10	On Xin Guo	Marketing Manager	CRS	088-777666	
11	Wang King Chui	Chief Engineer	CRS	099-062562	
12	Marie Mawambi	Director of Development	MOFED	076624612	
13	Daniel J. Misaen	Dir. of Development	SLRA	076223105 025-215648	