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SUBSIDIARY GRANT AGREEMENT

BETWEEN

**THE REPUBLIC OF SIERRA LEONE
REPRESENTED BY THE MINISTRY OF FINANCE**

AND

GUMA VALLEY WATER COMPANY

March. 29th.....2019

SUBSIDIARY GRANT AGREEMENT

This Subsidiary Grant Agreement (the "Subsidiary Agreement") is made on the 29th day of MARCH 2019 between the Republic of Sierra Leone represented by the Ministry of Finance (the "Ministry") and the Guma Valley Water Company ("GVWC") (the "Executing Agency").

WHEREAS:

- A. The Republic of Sierra Leone (the "Recipient ") has entered into a Financing Agreement (Grant Number 2100155038617) with the African Development Fund ("the Fund") dated 18th January 2019 for an amount not exceeding the equivalent of Three Million Seven Hundred and Thirty Thousand Units of Account (UA 3,730,000) (the 'Financing Agreement'), whereby the Fund has agreed to finance part of the costs of the Freetown WASH and Aquatic Environment Revamping Project (hereinafter the "Project");
- B. The Recipient nominated the GVWC to be the Executing Agency for the Project;
- C. The Recipient has agreed to extend to the GVWC the proceeds of the Grant for the implementation of the Project, through the Ministry;
- D. The GVWC has agreed to be the Executing Agency and confirms that it has the necessary capacity to undertake the implementation responsibilities required under the Project;
- E. This Subsidiary Agreement sets out the terms and conditions for the on-granting of the proceeds of the Grant by the Recipient, through the Ministry, to the GVWC ; and
- F. The Recipient has authorized the Ministry to enter into this Subsidiary Agreement with the Executing Agency, on its behalf.

NOW, THEREFORE, it is hereby agreed as follows:

ARTICLE I
DEFINITIONS

- 1.01. Wherever used in this Subsidiary Agreement, unless the context otherwise requires, the several terms defined in this Agreement shall have the respective meanings therein set forth.

ARTICLE II
THE GRANT

- 2.01 The Recipient, through the Ministry, agrees to on-grant to the GVWC, on terms and conditions set forth in this Agreement, an amount equivalent to Three Million Seven Hundred and Thirty Thousand Units of Account (UA 3,730,000) (hereinafter referred to as "the Subsidiary Grant") for the purposes of implementing the Project.
- 2.02 The Ministry shall, upon signing this Agreement, open a Subsidiary Grant account (the "Subsidiary Grant Account") in its books in the name of the Executing Agency for the purposes of disbursing the Subsidiary Grant.

ARTICLE III

PROJECT REPORTING, FINANCIAL MANAGEMENT AND PROCUREMENT

- 3.01 **Reports.** The Ministry shall cause the Executing Agency to monitor the progress of the Project and prepare Project Reports and Completion Reports in accordance with the provisions of the Financing Agreement.
- 3.02 **Interim Financial Reporting.** Without limitations to the provisions of Section 3.03, the Ministry shall cause the Executing Agency to prepare and furnish to the Fund semi-annual financial reports for the Project no later than forty-five (45) days after the end of the respective semester in form and substance satisfactory to the Fund.
- 3.03 **Financial Audit.** The Ministry shall cause the Executing Agency to have its financial statements for the Project audited and certified in accordance with terms of reference acceptable to the Fund and as set therein in the Financing Agreement.
- 3.04 **Procurement.** The Ministry shall cause the Executing Agency to procure all Goods, Works, Non-Consulting Services and Consulting Services required for the Project in accordance with the provisions of the Fund's Procurement Framework and the Project Procurement Plan set forth in the Financing Agreement.

ARTICLE IV
DISBURSEMENT PROCEDURES

- 4.01 The Executing Agency shall, upon written authorization by the Ministry and subject to fulfilment of the disbursement conditions specified in the Financing Agreement, withdraw from time to time from the Subsidiary Grant Account.
- 4.02 The Subsidiary Grant shall be exclusively used for the implementation of the Project to finance only the eligible Project expenditures.
- 4.03 The Subsidiary Grant will be disbursed in USD or any other currency, as may be agreed between the Recipient and the Fund other than the Recipient's local currency.
- 4.04 The closing date of disbursement of funds shall 30 June 2024 or such later date as shall be agreed upon in writing between the Recipient and the Fund.

ARTICLE V
OTHER OBLIGATIONS

- 5.01 The Ministry shall take or cause to be taken all actions necessary or appropriate to enable the Executing Agency to perform its obligations under this agreement and shall refrain from taking any action which will prevent or interfere with such performance.
- 5.02 The Executing Agency shall:
- a) ensure compliance with the Fund's environmental and social safeguards as well as Anti-Corruption provisions as set out in the Financing Agreement;
 - b) ensure that all property forming part of the Project are maintained, repaired, overhauled and or renewed so as to maintain their normal working order;
 - c) ensure that persons designed by the Ministry and by the Fund are permitted, and that all assistance reasonably required is provided to enable them to inspect the sites, installations and works comprising the Project and to make such examinations as they consider necessary;
 - d) ensure that works carried out and all property forming part of the Project are adequately insured, during the life of the Project;
 - e) advise the Ministry of any fact or event which might prevent the fulfilment of any obligation of the Executing Agency;
 - f) bear all professional charges and all banking, transfer or exchange charges incurred as a result of the execution and/or implementation of the Financing Agreement; and

- g) generally, inform the Ministry of all facts and events, which are likely to prejudice the operation or the completion of the Project.

ARTICLE VI
AMENDMENTS AND SETTLEMENT OF DISPUTES

- 6.01 The Executing Agency shall refrain from any act or omission that may prejudice the obligations of the Recipient under the Subsidiary Agreement.
- 6.02 Amendments to the Subsidiary Agreement shall be made in writing in consultation with the Fund.
- 6.03 No undue delay in exercising or the non-exercise by the Recipient of any of its rights under the Subsidiary Agreement shall be regarded as a waiver of such rights.
- 6.04 Except as the Fund shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
- 6.05 Notwithstanding the foregoing, in the event of a conflict between the provisions of the Subsidiary Agreement and Financing Agreement, the provisions of the Financing Agreement shall prevail.

ARTICLE VII
EFFECTIVENESS, SUSPENSION AND TERMINATION

- 7.01 The Subsidiary Agreement shall come into force on the date of its execution by the parties.
- 7.02 The Recipient or the Fund may cause the Ministry to suspend the disbursement of the Grant to the Executing Agency if:
- a) The implementation of the Project is contrary to the provisions of the Subsidiary and Financing Agreements; and
 - b) The Executing Agency uses the Grant or any part thereof to finance activities not directly related to the Project.

- 7.03 The Recipient or the Fund may terminate the disbursement of the Grant to the Executing Agency if:
- a) The Recipient in consultation with the Fund, determines that the Subsidiary Agreement should be terminated due to extraordinary circumstances which have arisen and have made the implementation or the operation of the Project impossible; and / or
 - b) The Financing Agreement has been terminated.
- 7.04 Except as the Recipient and the Fund shall otherwise agree, the Executing Agency shall not take or consent to in any action, which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement or any provision thereof.
- 7.05 In the event that the right of the Recipient to receive funding under the Financing Agreement is suspended or cancelled by the Fund, then regardless of the reason therefore, the right of the Executing Agency to receive funding as provided in this Agreement shall simultaneously and to the same extent be suspended or cancelled.
- 7.06 The Executing Agency shall promptly inform the Ministry and the Fund of any condition, which interferes or threatens to interfere with the progress of the Project, or its performance of its obligations under this Agreement.

ARTICLE VIII
GOVERNING LAW

- 8.01 This Agreement shall be interpreted and constructed in accordance with the laws of the Republic of Sierra Leone.

ARTICLE IX
NOTICES

- 9.01 Notices and other communications given hereunder to the Ministry or the Executing Agency shall be sent by registered letter addressed to them respectively at their address hereinafter mentioned or at such other address as one party may notify the other:

For the Ministry:

Ministry of Finance,
Treasury Building George Street
Freetown
REPUBLIC OF SIERRA LEONE
Tel: (232) 76 61 12 25
E-mail: info@mofed.gov.sl

Attention: Minister of Finance

For the Executing Agency:

The Managing Director
Guma Valley Water Company
12/14 Lamina Sankoh Street
Freetown
Tel: (232) 76 54 78 57

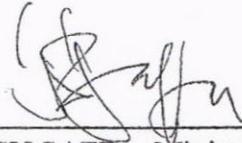
Attention: Acting Managing Director

ARTICLE X
EFFECTIVE DATE

- 10.01 The Agreement shall come into force and effect on the date upon which the Financing Agreement becomes effective.

IN THE WITNESS WHEREOF, the parties hereto have signed and caused their respective seals to be hereunto affixed.

FOR THE REPUBLIC OF SIERRA LEONE



29/03/2019

JACOB JUSU SAFFA, Minister of Finance

FOR GUMA VALLEY WATER COMPANY



MAADA S. KPENGE, Managing Director