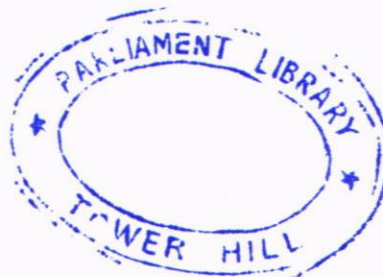


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SUPPLEMENTARY PROTOCOL OF AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT BANK
AND
THE AFRICAN DEVELOPMENT FUND
(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)

(SUPPLEMENTARY GRANT FOR THE THREE TOWNS
WATER SUPPLY AND SANITATION PROJECT)



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**SUPPLEMENTARY PROTOCOL OF AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
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(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)

(SUPPLEMENTARY GRANT FOR THE THREE TOWNS
WATER SUPPLY AND SANITATION PROJECT)**

**PROJECT ID No : P-SL-E00-007
GRANT No : 5900155011851**

This Supplementary Protocol of Agreement (hereinafter referred to as the "Supplementary Protocol") is entered into this 25TH day of MAY 2017, between the REPUBLIC OF SIERRA LEONE (hereinafter referred to as the "Recipient") and the AFRICAN DEVELOPMENT BANK and the AFRICAN DEVELOPMENT FUND (collectively hereinafter referred to as the "Bank") on behalf of the TRANSITION SUPPORT FACILITY (hereinafter referred to as the "TSF").

1. **WHEREAS** the Recipient and the Bank entered into a Protocol of Agreement dated 3 December 2010, Grant No. 5900155001252, Project ID No. P-SL-EA0-001 (hereinafter referred to as the "Initial Protocol"), whereby the Bank provided a grant, from the TSF's Supplemental Support Window, to the Recipient in an amount not exceeding Six Million Five Hundred Thousand Units of Account (UA 6,500,000) (the Unit of Account being defined in Article 1(1) of the Agreement establishing the Fund) (hereinafter referred to as the "Initial Grant") to finance the Three Towns Water Supply and Sanitation Project (hereinafter referred to as the "Project") as described in the Initial Protocol and in the Annex hereto;

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2. **WHEREAS** it has been determined that the Initial Grant is insufficient to achieve the development goals of the Project and additional resources are required to extend the network of connections in the three (3) cities to target additional households and create opportunities for employment for youths ;
3. **WHEREAS** the Recipient has requested from the Bank, supplementary resources to finance part of the supplementary costs of the Project by providing a supplementary grant to the Recipient in the amount specified hereunder;
4. **WHEREAS** the supplementary grant will be provided by the TSF, which was established as an autonomous entity specifically to provide assistance to fragile states;
5. **WHEREAS** the supplementary grant will be provided from TSF's Supplemental Support Window, designed to provide financing supplemental to a member country's African Development Fund allocation;
6. **WHEREAS** the Recipient qualifies for supplemental grant financing from the TSF;
7. **WHEREAS** the Project is being implemented through the Sierra Leone Water Company (hereinafter referred to as "SALWACO" or the "Executing Agency") and the supplementary grant shall be implemented using the same implementation arrangements as the Initial Grant; and

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8. **WHEREAS** the Bank has agreed, on behalf of TSF and on the basis, *inter alia*, of the foregoing, to provide a supplementary 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. General Conditions. The Parties to this Supplementary Protocol accept all the provisions of the *General Conditions Applicable to Protocols of Agreements for Grants of the African Development Bank* (as the same may be amended from time to time, the "General Conditions") with the same force and effect as if they were fully set forth herein.

Section 1.02. Definitions. Whenever used in this Supplementary Protocol, unless the context otherwise requires, the several terms defined in the General Conditions shall have the respective meanings therein set forth.

ARTICLE II

THE SUPPLEMENTARY GRANT

Section. 2.01. Amount. The Bank agrees to provide to the Recipient, from the resources of the TSF's Supplemental Support Window, an amount not exceeding the equivalent of Three Hundred Seventy Thousand Units of Account (UA 370,000) (the "Unit of Account" being defined in Article 1(1) of the Agreement establishing the Fund) (hereinafter referred to as the

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"Supplementary Grant") in accordance with the provisions of this Supplementary Protocol and the Initial Protocol.

Section 2.02. Purpose. The purpose of the Supplementary Grant is to finance part of the supplementary costs of the Project as described in Annex I of this Supplementary Protocol.

Section 2.03. Allocation. The Supplementary Grant shall be allocated to various categories of expenditures of the Project in conformity with Annex II of this Supplementary Protocol.

ARTICLE III

CONDITION PRECEDENT TO ENTRY INTO FORCE

Section 3.01. Condition Precedent to Entry into Force. This Supplementary Protocol shall enter into force on the date of signature by the Recipient and the Bank.

ARTICLE IV

CONDITIONS PRECEDENT TO FIRST DISBURSEMENT

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



- i. Signature of an on-lending agreement between the Recipient and SALWACO in which the Recipient agrees to transfer the entire proceeds of the Supplementary Grant to SALWACO on terms and conditions acceptable to the Bank;
- ii. Opening of a Special Account at a commercial bank acceptable to the Bank to receive the proceeds of the Supplementary Grant; and
- iii. Signature of a tripartite Memorandum of Understanding between SALWACO, National Youth Commission (NAYCOM) and the vocational training institutes.

ARTICLE V

PARTICULAR UNDERTAKING

Section 5.01. Particular Undertaking. Under this Supplementary Protocol, the Recipient undertakes to implement the Environmental and Social Management Plan and to report on its implementation on a quarterly basis.

ARTICLE VI

DISBURSEMENTS AND APPLICATION OF AMOUNTS DISBURSED

Section 6.01. Disbursements. The amount of the Supplementary Grant shall be disbursed by the Bank, subject to the provisions of this Supplementary Protocol, the General Conditions and the Disbursement Letter, for the purposes set forth in this Supplementary Protocol for expenditures made in respect of the services required for the Project. The Supplementary Grant shall not be utilized

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to finance taxes or duties. Disbursements will be made in accordance with the provisions in the Bank Disbursement Handbook, as amended and the Disbursement Letter signed by the Parties. Both Direct Payment and Special Account methods will be used for disbursement.

Section 6.02. Closing Date. The Closing Date shall be **31 December 2018** or such later date as shall be agreed upon in writing between the Recipient and the Bank is specified for the purposes of Section 5.03 (1) (g) of the General Conditions.

Section 6.03. Application of Disbursements. Amounts disbursed on account of the Supplementary Grant shall be applied by the Recipient solely for the purposes for which they were disbursed.

ARTICLE VII

PROCUREMENT SERVICES

Section 7.01 Procurement of Services. The procurement of consultancy services will be carried out in line with the Bank's *Rules and Procedures for the Use of Consultants dated May 2008 and revised July 2012*, as amended from time to time, using the Bank's relevant Standard Bidding Documents and as further set out below:

- (i) The National Youth Commission (NAYCOM) who has the mandate to coordinate and implement youth related activities shall be single sourced by SALWACO through negotiation of a memorandum of agreement for the selection and training of youth groups in plumbing and basic business management skill through the



utilization of best technical training institutions in Bo, Kenema and Makeni cities.

Section 7.02. Procurement review

All procurement of services will be subject to prior review procedures. The following documents are subject to review and approval before promulgation:

(i) General Procurement Notice ; (ii) Specific Procurement Notices, (iii) Tender Documents or Requests for proposal from Consultants; (iv) Tender evaluation reports or Reports on Evaluation of Consultants' Proposals including recommendations for contracts award; (v) Draft contracts if these have been amended and differ from the drafts included in the tender documents, (vi) Reports on Evaluation of Consultants' Financial Proposals including recommendations for contract award, (vii) Minutes of negotiations and duly initialed contract documents.

Section 7.03. Procurement Plan. The Recipient and the Bank agreed on a Procurement Plan. The Recipient shall update the Procurement Plan annually or as needed throughout the implementation of the Project. The Recipient shall implement the Procurement Plan in the manner in which it has been granted approval by the Bank. Any revisions proposed to the Procurement Plan shall be submitted to the Bank for its prior approval.

ARTICLE VII

FINANCIAL MANAGEMENT, REPORTING,

AUDITING AND MONITORING

Section 8.01. Financial Management. The Recipient shall keep and maintain or, cause SALWACO, to keep and maintain separate records and

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books of account, which shall identify, in accordance with consistently maintained appropriate accounting standards and practices, the activities financed out of the resources of the Supplementary Grant, pursuant to Section 7.07 of the General Conditions.



Section 8.02. Reporting. SALWACO shall prepare (i) on a quarterly basis, consolidated interim unaudited financial reports to be submitted to the Bank within (thirty) 30 days of the end of the quarter reported on and (ii) quarterly progress reports to be submitted to the Bank within thirty (30) days of the end of the quarter reported on.

Section 8.03. Auditing. 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. SALWACO 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 9.01. Authorized Representatives. The Minister of Finance and Economic Development of the Recipient or any 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.



Section 9.02. Date of the Supplementary Protocol. For purposes of this Supplementary Protocol, the date thereof shall be that appearing in the opening sentence of the Preamble hereof.

Section 9.03. Addresses. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Recipient:

Mail Address:

Ministry of Finance
Economic Development
Treasury Building George Street
Freetown
REPUBLIC OF SIERRA LEONE
Tel: (232) 22.22.58.26
Fax: (232) 22.22.84.72

**For the Bank and :
For The Fund**

Headquarters' Address:

African Development Bank
African Development Fund
01 B.P. 1387
Abidjan 01
REPUBLIC OF CÔTE D'IVOIRE
Tel : (225) 20 26 44 44
Fax: (225) 20 21 31 00 / 20 33 85 05



IN WITNESS WHEREOF the Recipient and the Bank, each acting through its authorized representative, have signed this Supplementary Protocol in two (2) originals counterparts, in English, on the date first above written.

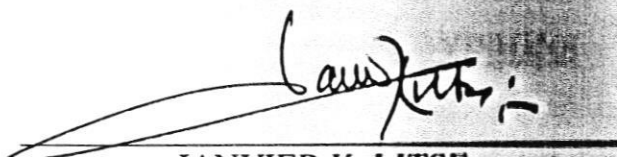
FOR THE REPUBLIC OF SIERRA LEONE



PATRICK SAIDU CONTEH
MINISTER OF STATE
FOR FINANCE AND ECONOMIC DEVELOPMENT

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FOR THE AFRICAN DEVELOPMENT BANK
FOR THE AFRICAN DEVELOPMENT FUND
(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)



JANVIER K. LITSE
DIRECTOR GENERAL
WEST AFRICA REGIONAL DEVELOPMENT
AND BUSINESS DELIVERY OFFICE

ANNEX I
PROJECT DESCRIPTION

The Project has two (2) broad objectives:

1. To improve access to safe water supply services in the cities of Bo, Makeni and Kenema through (a) rebuilding of the existing infrastructure and (b) improving sanitation in schools, health centres and other public places like markets and motor parks; and
2. To enhance the institutional capacity, overall operational performance and long-term financial viability of SALWACO through institutional and organizational reforms and capacity building.

The Project consists of the following three (3) components:

1. Infrastructure provision ;
2. Institutional support ; and
3. Project management.

Supplementary financing

Supplementary financing has been requested by the Recipient to enhance the objectives of the Project. Additional resources are required to extend the network of connections in the three (3) cities to target additional households and also to create opportunities for employment for estimated one hundred and twenty (120) youths that have already been trained as plumbers and will be provided with refresher training to sharpen their skills.

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The supplementary funds will be utilized to facilitate improvement of vocational skills and support the youth groups in setting up small businesses geared to the water utility industry. Start-up tool kits will be provided, and immediate income generation opportunity offered through framework contracts with SALWACO for the necessary water distribution network maintenance and water supply connections services. At least two hundred and forty (240) additional long-term jobs are expected to be created through this initiative. The additional activities will also enhance the Project's effectiveness and impact in terms of job creation with particular focus on youth employment, including women.

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ANNEX II

ALLOCATION OF THE SUPPLEMENTARY GRANT

The present Annex indicates the categories of expenditures to be financed out of the resources of the Supplementary Grant and the allocation of the resources to the category financed.

Categories of Expenditures

(In UA Thousands)

Category	Costs in Thousands UA		
	Foreign Currency	Local Currency	Total
Services	70	300	370
Total project costs	70	300	370

