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**LOAN AGREEMENT BETWEEN THE REPUBLIC OF SIERRA LEONE AND THE ECOWAS REGIONAL DEVELOPMENT FUND FOR THE PARTIAL FINANCING OF THE SIERRA LEONE MARITIME ADMINISTRATION PROJECT IN THE REPUBLIC OF SIERRA LEONE**

**LOAN N° 008/AP/LA/FRDC/ERDF/03/06**

This Loan Agreement (hereinafter called the "Agreement") is made this 2<sup>nd</sup> day of March, 2006, between the Republic of Sierra Leone (hereinafter called the "Borrower") and the ECOWAS Regional Development Fund (hereinafter called the "ERDF" or the "Fund").

**WHEREAS** the Sierra Leone Maritime Administration Project, (hereinafter called the "Project") as described in Appendix 1, consists of the construction, rehabilitation and extension of jetties, clearing of wrecks, procurement and installation of navigational aids and communication equipment, procurement of a safe rescue craft, manpower development, and construction of an administrative headquarters for Sierra Leone Maritime Administration (hereinafter called "SLMA");

**WHEREAS** the Project will create a safer, more competitive and enabling maritime environment of international standard and thereby put SLMA in a better position to honor international conventions and treaties on behalf of the Government of Sierra Leone (hereinafter called "GOSL");

**WHEREAS** the Project will create employment during the construction phases and provide qualified national maritime personnel, and at the same time contribute to the improvement of inland waterways transport in support of the GOSL Poverty Reduction Strategy Paper (PRSP);

**WHEREAS** the total cost of the Project, net of customs duties and taxes, is estimated at seven million six hundred four thousand US dollars (US\$7,604,000);

**WHEREAS** the Borrower has requested the Fund to assist in financing part of the cost of the Project in a maximum amount of four million one hundred and ten thousand (4,110,000) Units of Account (the Unit of Account being defined in Article 7-3 of ERDF Articles of Association), equivalent to six million one hundred and fifty thousand US dollars (US\$ 6,150,000), or eighty point nine percent (80.9%) of the total estimated cost of the Project, net of customs duties and taxes;

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**WHEREAS** the Borrower undertakes to retrocede the proceeds of the loan to SLMA, upon terms and conditions to be approved by the Fund;

**WHEREAS** the Borrower undertakes to bear the difference in cost between the total cost of the project and the amount of loan granted by the Fund, namely, one million four hundred fifty-four thousand (1,454,000) US dollars, or nineteen point one percent (19.1%) of the total estimated cost of the Project, net of customs duties and taxes;

**WHEREAS** the Borrower undertakes to bear any and all costs exceeding the estimated cost of the Project;

**WHEREAS** the Project is considered to be technically well conceived, economically viable and constitutes a suitable basis for the Fund's financing;

**WHEREAS** the Fund has agreed on the basis, inter alia, of the foregoing, to grant a loan to the Borrower upon the terms and conditions hereinafter set forth;

**NOW THEREFORE THE PARTIES HERETO** hereby agree as follows:

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