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Project No.: SL-078

LOAN AGREEMENT

BETWEEN

**THE GOVERNMENT OF
THE REPUBLIC OF SIERRA LEONE**

AND

ISLAMIC DEVELOPMENT BANK

FOR THE IMPLEMENTATION OF THE NATIONAL COMPONENT OF THE ECOWAN
PROGRAM IN SIERRA LEONE

**PARLIAMENT LIBRARY
TOWER HILL FREETOWN**

LOAN AGREEMENT

THIS LOAN AGREEMENT is made on 28 / 07 / 1432H corresponding to 30 / 06 / 2011G, between the **GOVERNMENT OF SIERRA LEONE** (hereinafter referred to as the "**Government**") and the **ISLAMIC DEVELOPMENT BANK** (hereinafter referred to as the "**Bank**" or "**IDB**").

WHEREAS,

- A) The Government has requested the Bank to assist in financing the National Component of the ECOWAN Program in Sierra Leone (hereinafter referred to as the "**Project**") as described in Schedule-I to this Agreement by making the Loan as hereinafter provided;
- B) One of the purposes of the Bank is to assist its member countries by way of making loans for financing productive projects and programmes;
- C) The Bank has agreed on the basis, inter alia, of the foregoing, to make a Loan to the Government upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I GENERAL CONDITIONS, DEFINITIONS

Section 1.01 General Conditions: The parties to this Agreement accept all the provisions of 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 Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- "Disbursement Procedure":** means the Disbursement Procedure of the Bank.
- "Disbursement":** means withdrawal of the Loan Amount.
- "Effective Date":** means the date on which the Agreement is declared effective by the Bank as communicated to the Government by the Bank.
- "Executing Agency":** Means Sierra Leone Cable Limited (SALCAB) in collaboration with the Ministry of Information and Communication.
- "General Conditions":** means the General Conditions applicable to Loan and Guarantee Agreements of the Bank dated 8/11/1976.
- "IDB Member Countries":** means countries that have signed or ratified the Articles of Agreement of the Islamic Development Bank.
- "Islamic Dinar/ID":** As defined in Article 4(1)(a) of the Agreement establishing the Bank is the unit of account of the Bank. One Islamic Dinar is equivalent to One Special Drawing Right of the International Monetary Fund.

- “Loan Amount”:** means the amount the Bank has agreed to lend to the Government as specified in Section 2.01 of this Agreement.
- “Principal Amount”:** means the Loan Amount actually withdrawn by the Government in accordance with this Agreement.
- “Procurement Guidelines”:** means the Guidelines for Procurement of Goods and Services under the Bank’s Financing.
- “Project” & references to “parts” thereof:** mean the Project and parts thereof described in Appendix-II to this Agreement.
- “Service Fee”:** means the fee payable by the Government to the Bank as specified in Section 3.02 of this Agreement.

ARTICLE II
THE LOAN

Section 2.01 The Bank shall make available to the Government a Loan in an amount not exceeding **ID 2,830,000.00/- (ISLAMIC DINARS TWO MILLION EIGHT HUNDRED THIRTY THOUSAND) (APPROXIMATELY EQUIVALENT TO US\$ 4,180,000.00) (UNITED STATES DOLLARS FOUR MILLION ONE HUNDRED EIGHTY THOUSAND)** for the participation in financing the Project.

Section 2.02 Except as the Bank shall otherwise agree contracts for goods and services to be financed out of the proceeds of the Loan provided hereby, shall be procured in accordance with the Procurement Guidelines. In this regard, the Government shall abide by the Regulations of the Organization of the Islamic Conference concerning Boycott of Israel.

ARTICLE III
AMORTIZATION, SERVICE FEE,
PLACES OF PAYMENTS AND LATE PAYMENTS

Section 3.01 Amortization: The Government shall repay the Principal Amount in 25 (Twenty-Five) years including a 7 (Seven) year grace period, commencing from the date of this Agreement, in Thirty-Six (Thirty-Six) equal and consecutive semi-annual installments as set forth in Schedule-II(A) to this Agreement.

Section 3.02 Service Fee:

- (a) In respect of the Loan Amount, the Government shall pay to the Bank a Service Fee of an amount estimated initially at **ID 111,219/- (ISLAMIC DINARS ONE HUNDRED ELEVEN THOUSAND TWO HUNDRED AND NINETEEN)** only, in the manner set forth in Schedule-II(B) to this Agreement.
- (b) It is understood and agreed between the parties hereto that the initial amount of the Service Fee referred to in Section 3.02(a) herein is no more than estimation based on the assumption of the implementation period and the period of disbursement of the full amount of the Loan as herein envisaged. It is further agreed that the actual amount of the Service Fee shall be calculated after the implementation of the Project, provided that the actual amount so calculated shall not exceed 2.50% (Two Point Five Zero Percent) of the Loan Amount when calculated on annual basis.