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Project No.: SL-0068

PARLIAMENT LIBRARY
TOWER HILL FREETOWN

LOAN AGREEMENT

BETWEEN

THE GOVERNMENT OF THE
REPUBLIC OF SIERRA LEONE

AND

ISLAMIC DEVELOPMENT BANK

FOR THE CONSTRUCTION OF KENEMA-PENDEMBU ROAD PROJECT,
SIERRA LEONE

D.D.

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made on 29/01/1430H corresponding to 26/01/2009G, between the Government of the Republic of Sierra Leone (hereinafter referred to as the "Borrower") and the Islamic Development Bank (hereinafter referred to as the "Bank").

WHEREAS, the Borrower has requested the Bank to assist in financing the Kenema-Pendembu Road Project (hereinafter referred to as the "Project") as described in Appendix-II to this Agreement by making the Loan as hereinafter provided;

WHEREAS, one of the purposes of the Bank is to assist its member countries by way of making loans for financing productive projects and programmes;

WHEREAS, the Bank has agreed on the basis, inter alia, of the foregoing, to make a Loan to the Borrower 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 Borrower by the Bank.
- "Executing Agency": means the Ministry of Works, Housing and Infrastructure of the Borrower through the Sierra Leone Roads Authority.
- "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.
- "Implementation Manual": means the document developed for the parties which describes the institutional, administrative, operational and financial arrangements for the implementation of



- the Project”.
- “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 Borrower as specified in Section 2.01 of this Agreement.
- “PMU ” means the Project Management Unit under Execution Agency.
- “Principal Amount”: means the Loan Amount actually withdrawn by the Borrower 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: means the Project and parts thereof described in Appendix-II to this Agreement.
- “Service Fee”: means the fee payable by the Borrower 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 Borrower a Loan in an amount not exceeding ID 7,653,000/- (Islamic Dinar Seven Million Six Hundred and Fifty Three Thousand) only approximately equivalent to US\$ 12,430,000/- (United States Dollars Twelve Million Four Hundred Thirty 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 Borrower shall abide by the Regulations of the Organization of the Islamic Conference concerning Boycott of Israel.

ARTICLE III AMORTIZATION, SERVICE FEE AND PLACES OF PAYMENTS

Section 3.01 Amortization: The Borrower shall repay the Principal Amount in 30 (Thirty) years including 10 (Ten)-years grace period, commencing from the date of this Agreement, in consecutive semi-annual instalments as set forth in Appendix-1(A) to this Agreement.

Section 3.02 Service Fee:

- (a) In respect of the Loan Amount, the Borrower shall pay to the Bank a Service Fee of an amount estimated initially at ID 372,318.45/- only.
- (b) It is understood and agreed between the parties hereto that the initial amount