

A9  
025

Project No: SL-070/071

# LOAN AGREEMENT

BETWEEN

THE GOVERNMENT OF  
THE REPUBLIC OF SIERRA LEONE

AND

**ISLAMIC DEVELOPMENT BANK**

IN ITS CAPACITY  
AS THE ADMINISTRATOR OF THE  
ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT

**PARLIAMENT LIBRARY**

**TOWER HILL FREETOWN**

FOR FINANCING THE SIERRA LEONE COMMUNITY DRIVEN  
DEVELOPMENT PROJECT

DOMES MIT FREIOM  
BIBLIOTHEK TIBBUDA

## LOAN AGREEMENT

THIS AGREEMENT is made on \_\_\_\_ / \_\_\_\_ /1431H corresponding to 24 / 06 /2010G between the Government of the Republic of Sierra Leone (hereinafter called the "Borrower") and the Islamic Development Bank, an international financial institution established pursuant to Articles of Agreement signed/ratified by its member countries, having its headquarters in Jeddah, Kingdom of Saudi Arabia, in its capacity as the Administrator of the Islamic Solidarity Fund for Development (hereinafter referred to as the "Bank" or "IDB").

### WHEREAS,

- A) The Islamic Solidarity Fund for Development (hereinafter referred to as the "ISFD") was established for the purpose of financing different productive and service projects and programs that help in reducing poverty in member countries of the Organization of Islamic Conference in accordance with its rules and regulations;
- B) One of the purposes of the Bank is to assist its member countries by way of loans for financing productive projects and programs;
- C) The Borrower has requested the Bank to assist in financing the Sierra Leone Community Driven Development Project (hereinafter called the "Project") as described in Schedule-II to this Agreement by extending Loan as hereinafter provided;
- D) The Project is considered to be technically sound, and economically justified;
- E) The Bank has agreed on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto agree as follows:

### ARTICLE-I DEFINITIONS, GENERAL CONDITIONS

**Section-1.01 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 terms have the following meanings:

- "Disbursement":** means withdrawal of the Loan Amount.
- "Disbursement Procedure":** means the Disbursement Procedure of the Bank.
- "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 National Commission for Social Action which is the Executing Agency responsible for implementation, operation and management of the Project or such other Agency, as may be agreed upon between the Borrower and the Bank.



- “General Conditions”: means the General Conditions applicable to Loan and Guarantee Agreements of the Bank dated 8/11/1976.
- “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 ID 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.
- “Principal Amount”: means the total 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” and references to “parts” thereof mean the Project and parts thereof described in Schedule-I to this Agreement.
- “Service Fee” means the fee payable by the Borrower to the Bank as specified in Section 3.02 of this Agreement.

**Section-1.02** 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.

## **ARTICLE-II** **THE LOAN**

### **Section-2.01**

IDB shall make available to the Borrower a Loan from ISFD Resources in an amount not exceeding ID 5,620,000/- (Islamic Dinars Five Million and Six Hundred Twenty Thousand) (approximately equivalent to US\$ 8,430,000/- United States Dollars Eight Million Four Hundred Thirty Thousand) for the participation in financing the Project (ISFD Resources) and a Loan from IDB Resources in an amount not exceeding ID 5,620,000/- (Islamic Dinars Five Million and Six Hundred Twenty Thousand) (approximately equivalent to US\$ 8,430,000/- United States Dollars Eight Million Four Hundred Thirty Thousand) for the participation in financing the Project (IDB Resources).

**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:

- (a) The Borrower shall repay the Principal Amount of the Loan from IDB Resources in 25 (Twenty Five) years including a 7 (Seven)-year grace period, commencing from the date of this Agreement, in consecutive semi-annual installments as set forth in Schedule I (A) to this Agreement.