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SUBSIDIARY AGREEMENT BETWEEN THE
SIERRA LEONE GOVERNMENT
AND THE SIERRA LEONE MARITIME ADMINISTRATION

A This Agreement is made on ^{23rd} May, 2006 between the Sierra Leone Government and the Sierra Leone Maritime Administration.

WHEREAS:

By the Loan Agreement dated 2nd of March, 2006 between the Republic of Sierra Leone (hereinafter called the Borrower) and the Ecowas Regional Development Fund (hereinafter called ERDF or the Fund) has agreed to make available to the Government of Sierra Leone a Total of US\$6,150,000 (six million, one hundred and fifty thousand U S Dollars) to the Borrower as a fund to assist in financing part of the cost of the project in a maximum amount of 4,110,000 units of accounts (the unit of account being defined in article 7.3 of the Ecowas Regional Development Fund Article of Association.

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DOMESTIC INVESTMENT
REGISTRATION

SECTION 1

The purpose of this Act is to provide a legal framework for the registration of domestic investments in the Republic of South Africa. It is intended to promote economic growth and development by encouraging investment in the country. The Act applies to all investments made in the Republic of South Africa, whether by individuals or companies. It sets out the requirements for registration and the consequences of non-compliance. The Act is intended to be read together with the Regulations made thereunder.

SECTION 2

DEFINITIONS

In this Act, unless the context indicates otherwise, the following definitions apply: 'Investment' means any investment in the Republic of South Africa, whether made by an individual or a company; 'Investor' means any person who makes an investment in the Republic of South Africa; 'Registration' means the process of registering an investment with the relevant authority.

THE INVESTMENT PROMOTION BOARD
REGISTRATION OF INVESTMENTS
ACT, 1997

- B. By a Loan Agreement entered between the Government of Sierra Leone on the one hand and the Sierra Leone Maritime Administration on the other. The Government of Sierra Leone guarantees the said loan on behalf of the Sierra Leone Maritime Administration, The Sierra Leone Maritime Administration has agreed to pay the said amount of US\$6,150,000 to the Government of Sierra Leone into an escrow Account to be opened at the Bank of Sierra Leone. This account should serve to address the repayment of this loan which the Government of Sierra Leone has entered into with the Ecowas Regional Development Fund on behalf of the Sierra Leone Maritime Administration.
- C. The overall objective of this loan is to provide infrastructural, logistical, institutional and other support to Sierra Leone Maritime Administration in order to improve its performance in maritime regulation, security and administration.
- D. Following completion of the project, Sierra Leone Maritime Administration will be in a better position to honour International Conventions and treaties on behalf of Government of Sierra Leone and at the same time contribute to the improvement of

inland waterways transport in support of Government Poverty Alleviation Policies.

PROJECT DESCRIPTION

To attain the above objectives, the proposed Project consists of:

- a. Rehabilitation and Extension, and Construction of Rural Jetties;
- b. Procurement and Installation of Navigational Aids;
- c. Procurement and Installation of Communication Equipment;
- d. Clearing of Wrecks;
- e. Construction of Headquarters for SLMA;
- f. Procurement of a Search and Rescue Boat;
- g. Institutional Capacity Building.

The money paid into the escrow account at the Bank of Sierra Leone by the Sierra Leone Maritime Administration will be solely controlled by the Ministry of Finance on behalf of the Government of Sierra Leone to service the loan which the Government of Sierra Leone has signed with the Ecowas

Regional Development Fund on behalf of the Sierra Leone Maritime Administration.

**OBLIGATION OF THE SIERRA LEONE MARITIME TO THE
GOVERNMENT OF SIERRA LEONE**

- 1 The Sierra Leone Maritime Administration will generate money from its operations under the project which will be paid into the debt service escrow account at the bank of Sierra Leone for the purpose of servicing the entire loan as detailed in the Loan Agreement (copy attached); and that signatories to the debt service escrow account should be authorized persons of both the Accountant General's Department and the Ministry of Finance;

- 2 Implement the project with diligence and efficiency and in accordance with the provisions of the Project Financing Plan by sources of financing as by the modified debt service schedule as detailed in the attached amortization plan, starting June 2007;