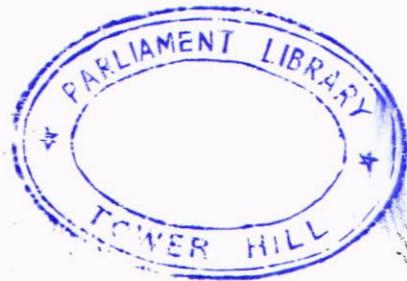


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**LOAN AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT FUND**

**(MANO RIVER UNION REHABILITATION OF BO-
BANDAJUMA ROAD PROJECT)**



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**LOAN AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT FUND**

**(MANO RIVER UNION REHABILITATION OF BO-
BANDAJUMA ROAD PROJECT)**

**PROJECT ID No: P-SL-DB0-010
LOAN No : 2100150034796**

This LOAN AGREEMENT (hereinafter called the "Agreement") is entered into this 17th day of MARCH 2016, between the REPUBLIC OF SIERRA LEONE (hereinafter called the "Borrower") and the AFRICAN DEVELOPMENT FUND (hereinafter called the "Fund"). The Borrower and the Fund shall together be referred to as the "Parties".

1. WHEREAS the Borrower has requested the Fund to finance part of the foreign currency cost and part of the local currency cost of the Mano River Union Rehabilitation of Bo-Bandajuma Road Project (hereinafter called the "Project"), by extending a Loan to the Borrower in the amount specified hereunder;
2. WHEREAS the Project is technically feasible, economically viable, socially desirable and environmentally sustainable;
3. WHEREAS the OPEC Fund for International Development (OFID) will provide co-financing for the Project;



4. WHEREAS the Sierra Leone Roads Authority shall be the Executing Agency; and

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

NOW THEREFORE, the Parties hereto hereby 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 applicable to Loan and Guarantee Agreements of the Fund (Sovereign Entities), as amended from time to time (hereinafter called 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 shall have the respective meanings therein set forth.

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ARTICLE II
THE LOAN

Section 2.01. Amount. The Fund agrees to lend to the Borrower, from the ordinary resources of the Fund, an amount in various convertible currencies, other than the currency of the Borrower, not exceeding the equivalent of Three Million Seven Hundred and Ten Thousand Units of Account (UA 3,710,000), (hereinafter called the "Loan"), (the "Unit of Account" being defined in Article 1(1) of the Agreement Establishing the Fund).

Section 2.02. Purpose. The purpose of the Loan is to finance part of the foreign currency cost and part of the local currency cost of the Project as described in Annex I of this Agreement.

Section 2.03. Allocation. The Loan shall be allocated to the categories of expenditure in conformity with Annex II of this Agreement.

Section 2.04. Currency of Disbursements. In accordance with Section 4.04 of the General Conditions:

- (a) All disbursements made by the Fund to the Borrower shall be denominated in United States Dollars;
- (b) Notwithstanding the provisions of Section 2.04 (a), in any case where the Fund shall be unable to access or procure United

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States Dollars for purposes of the Loan, the Fund shall notify the Borrower immediately after becoming aware of such inability and propose to the Borrower a currency of substitution which shall be either the European Euro, the British Pound Sterling or the Japanese Yen;

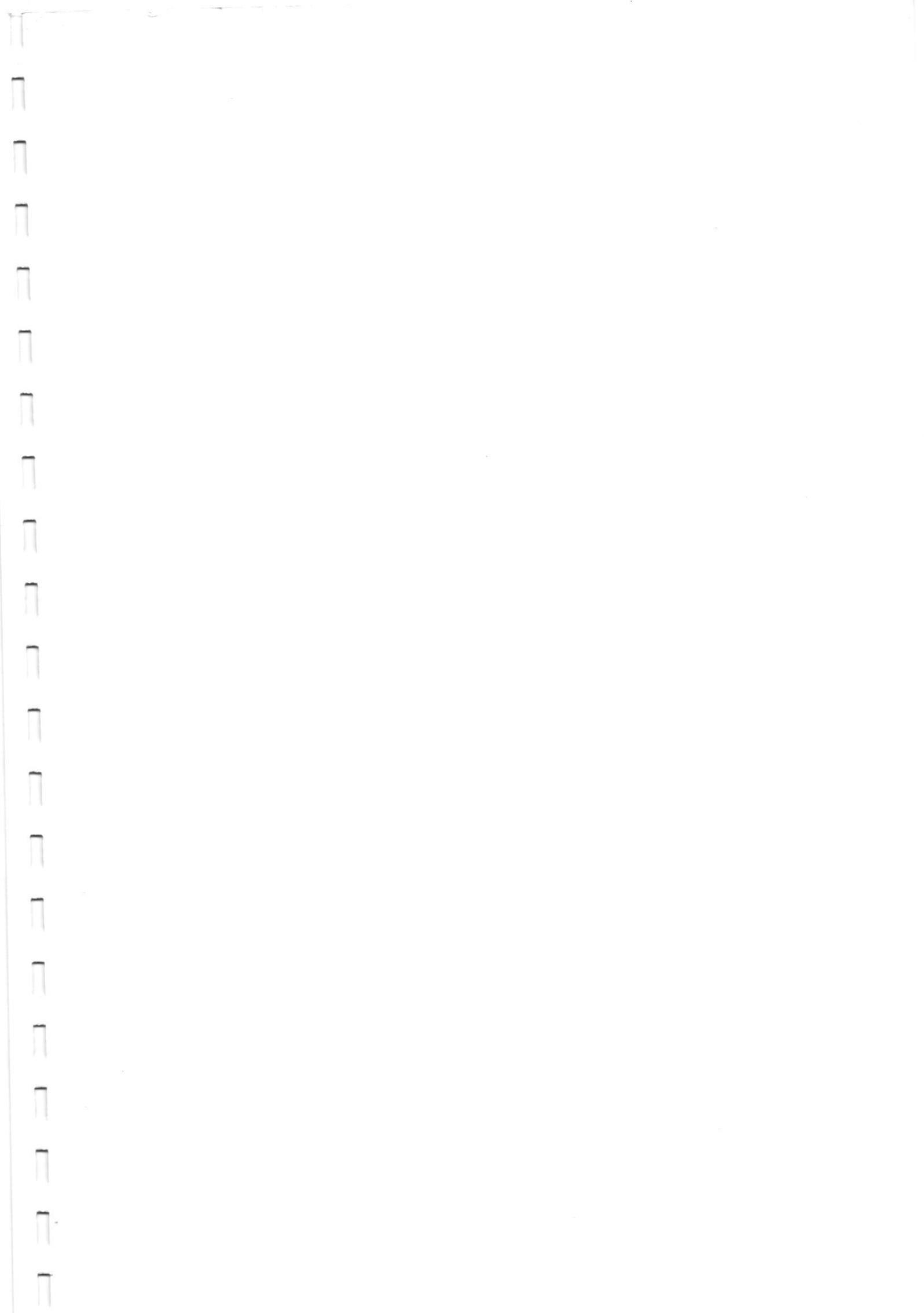
- (c) If within sixty (60) calendar days following such notification the Fund and the Borrower cannot agree on a currency of substitution, then the Borrower may cancel that portion of the Loan; and
- (d) The date of conversion between the United States Dollars and the currency of substitution shall be the date of disbursement of such substitute currency.

ARTICLE III

REPAYMENT OF THE PRINCIPAL, SERVICE CHARGE AND COMMITMENT CHARGE, AND DATES OF PAYMENT

Section 3.01. Repayment of the Principal. Subject to Section 3.05, the Borrower shall repay the principal of the Loan over a period of thirty (30) years, after a ten (10) year grace period commencing from the date of this Agreement at the rate of two per cent (2%) per annum from the 11th to the 20th year inclusive and at the rate of four per cent (4%) per annum of the principal thereafter.

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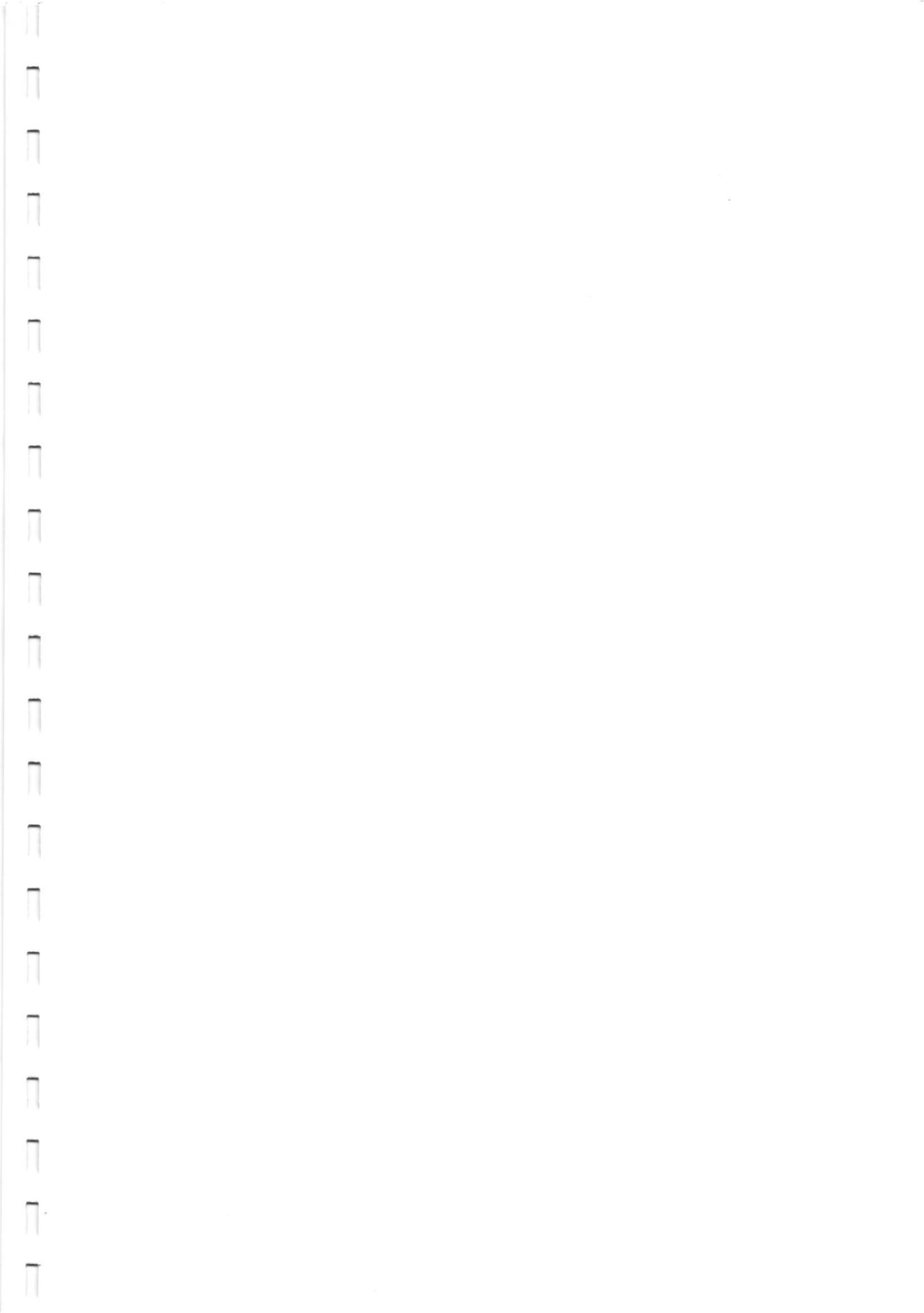
Section 3.02. Service Charge. Subject to Section 3.05, the Borrower shall pay a service charge (hereinafter referred to as the "Service Charge") at the rate of three-quarters of one per cent (0.75%) per annum on the principal amount of the Loan disbursed and outstanding from time to time.

Section 3.03. Commitment Charge. The Borrower shall pay a commitment charge (hereinafter referred to as the "Commitment Charge") at the rate of one half of one per cent (0.50%) per annum on the undisbursed portion of the Loan, which shall begin to accrue one hundred and twenty (120) days after the date of signature of this Agreement.

Section 3.04. Dates of Payment. The principal of the Loan shall be repaid in equal and consecutive semi-annual installments, the first of which shall be payable on 15th January or 15th July whichever immediately follows the expiration of the grace period referred to in Section 3.01 above. The Service Charge and the Commitment Charge shall be payable semi-annually on the same dates.

Section 3.05. Accelerated Repayment.

- (i) The Fund may modify the repayment terms applicable to the principal amount of the Loan disbursed and outstanding in accordance with clauses (ii) or (iii) of this Section 3.05 whenever all of the following events have occurred: (a) the Borrower's per capita gross national income, as determined by



the Fund, has exceeded for more than two consecutive years the level established by the Fund for determining eligibility to access the Fund's resources; (b) the Borrower is creditworthy for borrowing from the African Development Bank window; and (c) after due consideration of the development of the Borrower's economy and other relevant country factors, the Board of Directors of the Fund has reviewed and approved modification of the Borrower's loan terms with the Fund.

- (ii) The Fund shall, upon the occurrence of the events referred to in clause (i) of this Section 3.05, notify the Borrower of the same and require the Borrower to either:
 - (a) Repay twice the amount of each semi-annual installment of the disbursed and outstanding principal amount of the Loan until the Loan has been fully repaid (the "Principal Option"); or
 - (b) While maintaining the maturity of the Loan, increase the Service Charge applicable to the Loan to a per annum rate agreed with the Fund that would result in the same level of concessionality as the Principal Option (the "Interest Option"); or
 - (c) If the applicable Service Charge under the Interest Option would be greater than the fixed base rate for an

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African Development Bank sovereign-guaranteed loan, (1) repay an amount agreed with the Fund that is greater than the then applicable semi-annual installment and (2) increase the Service Charge applicable to the Loan to a per annum rate agreed with the Fund that is equal to that of the fixed base rate for a similar African Development Bank sovereign-guaranteed loan (the "Combination Option").

- (iii) The Borrower shall notify the Fund within two (2) months following the date of notification as to whether it elects to undertake the Principal Option, the Interest Option or, if applicable, the Combination Option. In the event that the Borrower does not respond within the two-month period, the Fund shall automatically apply the Principal Option.

 - (iv) The Borrower shall commence such modified repayment as of the first semi-annual payment date, as specified in Section 3.04 above, falling not less than six (6) months after the date on which the Fund notifies the Borrower that the events specified in clause (i) of this Section 3.05 have occurred; provided, however, that in no event shall the Borrower be required to commence such modified repayment prior to the grace period referred to in Section 3.01 above.
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- (v) If, at any time after the repayment terms have been modified pursuant to clause (i) of this Section 3.05, the Fund determines that the Borrower's economic condition has deteriorated significantly, the Fund may, if so requested by the Borrower, further revise the terms of repayment of the principal amount of the Loan disbursed and then outstanding and/or the Service Charge to conform to the repayment terms originally provided for in this Agreement, taking into account any repayments already made by the Borrower.

Section 3.06. Prepayment. In the event that the Borrower graduates from being eligible to borrow only from the African Development Fund window, the Borrower and the Fund may agree, but shall be under no obligation to do so, that the Borrower repay, in advance of maturity, the principal amount of the Loan then outstanding in one lump-sum payment on a date agreed between the parties, and the agreement between the Borrower and the Fund may provide a discount on the amount to be prepaid in full satisfaction of the principal amount of the Loan then outstanding.



ARTICLE IV

CONDITIONS PRECEDENT TO ENTRY INTO FORCE,
CONDITIONS PRECEDENT TO FIRST DISBURSEMENT,
OTHER CONDITIONS AND UNDERTAKINGS

Section 4.01. Conditions Precedent to Entry into Force. The entry into force of the Loan Agreement shall be subject to the fulfillment by the Borrower of the provisions of Section 12.01 of the General Conditions.

Section 4.02. Conditions Precedent to First Disbursement. The obligations of the Fund to make the first disbursement of the Loan shall be conditional upon the entry into force of the Agreement in accordance with Section 4.01 above and the fulfillment by the Borrower of the following conditions:

- i) Evidence of having developed and submitted to the Bank the updated Resettlement Action Plan (RAP); the Works Schedule and Compensation Payment Schedule detailing: (a) each section of the road under the Project and; (b) the timeframe for compensation and resettlement of all Project Affected Persons (PAPs) in respect of each section under the Project;
- ii) Evidence of having compensated and/or resettled all PAPs with respect to the civil works for the first section of the road identified under the Works Schedule under the Project. The

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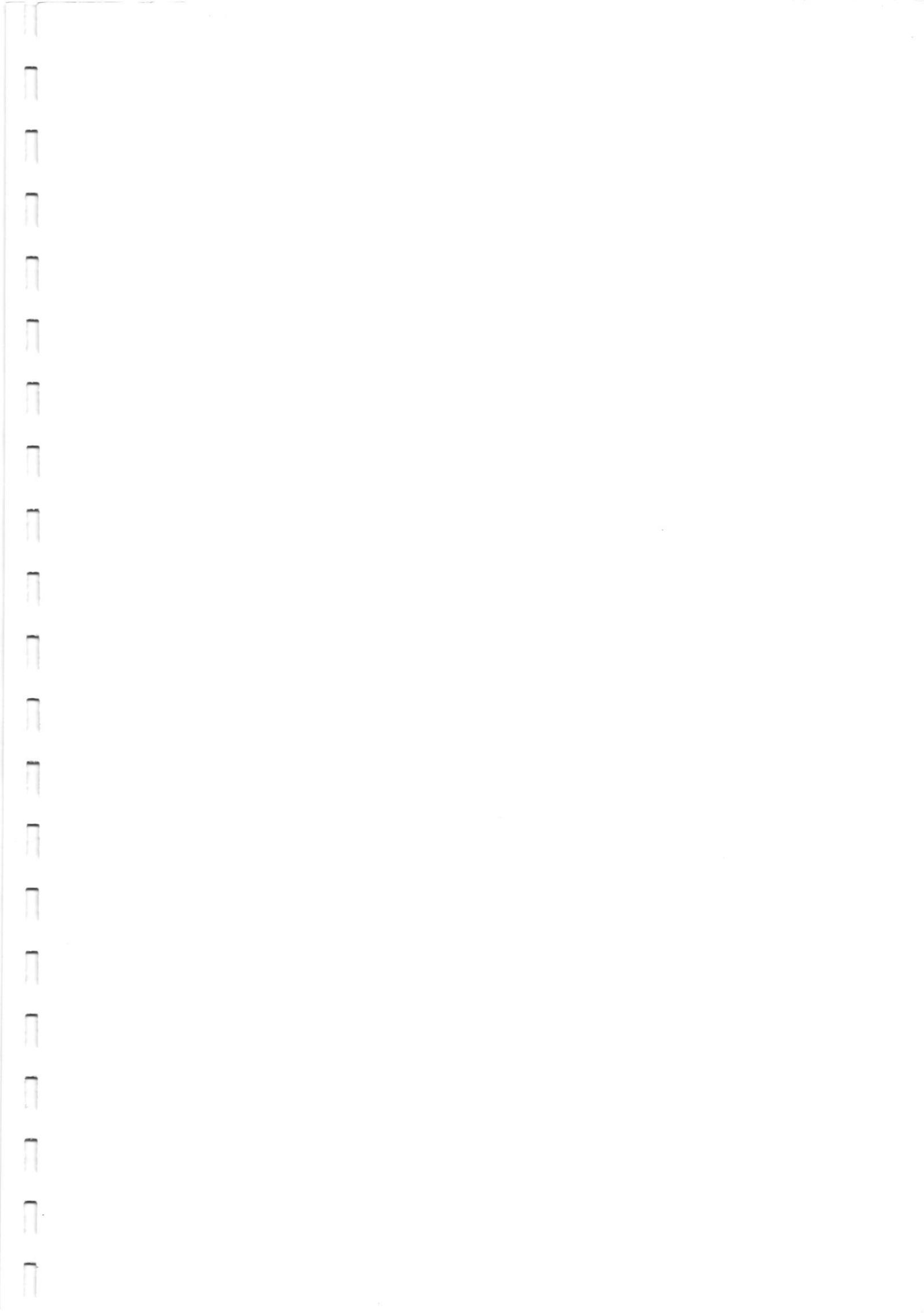
compensation shall be done in accordance with the Updated RAP and Compensation Payment Schedule; and

- iii) Evidence of the appointment of a Project Manager with terms of reference, qualifications and experience acceptable to the Bank.

Section 4.03. Other Conditions. The Borrower shall:

- (i) Prior to commencement of civil works for each of the remaining sections of the road, the Borrower shall have submitted evidence, in form and substance satisfactory to the Fund, of having compensated and/or resettled all PAPs, with respect to such section of the road in accordance with the Updated RAP;
- (ii) Within three (3) months of the date of signature of this Agreement, submit an Environmental Impact Assessment Licence or Certificate of Approval from the authorised approval agency in Sierra Leone;
- (iii) Within three (3) months of the date of signature of this Agreement, submit an implementation manual agreed upon between the Borrower, the Bank and OPEC Fund for International Development for common implementation arrangements including institutional, procurement, disbursement, financial management, environmental and social

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measures, monitoring and evaluation, and reporting arrangements for the execution of the Project;

- (iv) Within three (3) months of the date of signature of this Agreement, submit evidence of the Executing Agency having formed an interagency committee to manage the Mano River Union Trade Facilitation needs Assessment component with the Ministry of Trade and Industry; and
- (v) A committee will be established with Sierra Leone Roads Safety Authority to assist in implementation of the Road Safety awareness aspect of the Project.

Section 4.04. Undertakings. The Borrower undertakes to implement and report on the implementation of the Environment and Social Management Plan, Environment and Social Impact Assessment, and the RAP on a quarterly basis in a form acceptable to the Fund.

ARTICLE V
DISBURSEMENTS AND APPLICATION
OF AMOUNTS DISBURSED

Section 5.01. Disbursements. The amount of the Loan shall be disbursed by the Fund, subject to the provisions of this Agreement and the General Conditions, for the purposes set forth in this Agreement for expenditures made in respect of the cost of goods, works and services required for the Project to be financed under this Agreement.

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Section 5.02. Closing Date. For the purposes of Section 6.03 paragraph (1)(f) of the General Conditions, the Closing Date is specified to be **31st December, 2019**, or such later date as shall be agreed upon in writing between the Borrower and the Fund.

Section 5.03. Application of Disbursements. Amounts disbursed on account of the Loan shall be applied by the Borrower solely for the purposes for which they were disbursed.

ARTICLE VI

PROCUREMENT OF CIVIL WORKS AND SERVICES

Section 6.01. Procurement of Civil Works. The procurement of civil works shall be carried out in accordance with the Fund's *Rules and Procedures for Procurement of Goods and Works, (May 2008, Revised July 2012)*, as amended from time to time using the Bank's Standard Bidding Documents (SBD) and as further set out below:

- (a) Procurement of contracts for civil works above UA 1.5 million per contract including rehabilitation of 46 km section of road between Bo and Bandajuma, will be carried out under International Competitive Bidding (ICB) procedures, without prequalification.

Section 6.02. Procurement of Consulting Services. The procurement of consultancy services will be carried out in line with the Bank's

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Rules and Procedures for the Use of Consultants dated (May 2008 and revised July 2012), as amended from time to time, using the Bank's relevant Standard Bidding Documents and as further set out below:

- (a) Procurement of contracts for Consultancy Services for supervision of road works shall be procured through shortlist of firms using Quality Cost Based Selection (QCBS) method;
- (b) Procurement of contracts for Cross Border Improvement Studies shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (c) Monitoring and Evaluation shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (d) Update of Studies for Kailahum Koindu Guinean Border shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;
- (e) Pre-feasibility study for rehabilitation of the Mano River Bridge shall be procured using shortlisting of consulting firms using Quality Cost Based Selection (QCBS) method;



- (f) HIV/AIDS, Malaria, Gender and Road Safety awareness campaign shall be procured using shortlisting of consulting firms using Least Cost Selection (LCS); and
- (g) Technical and Financial Audits shall be procured using shortlisting of consulting firms using Least Cost Selection (LCS).

Section 6.03. Specific Procurement Notice. When the amount of the contract is less than UA 200,000, the Borrower may limit the publication of a Specific Procurement Notice (SPN) requesting for expressions of interest to national or regional newspapers. However, any eligible consultant, being regional or not, may express their desire to be short-listed. Requests for Expressions of Interest (REOIs) for all consulting services to cost the equivalent to UA 200,000 and above will be published in the United Nations Development Business (UNDB) online, Bank's external website and the national press.

Section 6.04. Procurement Plan. The Procurement Plan will be updated by the Borrower's Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Any revisions proposed to the Procurement Plan shall be submitted to the Bank for prior approval. The Borrower shall implement the Procurement Plan in the manner in which it has been agreed with the Bank.

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Section 6.05. Review Procedures.

- (a) With respect to such contracts subject to prior review, the following documents are subject to review and approval before promulgation in compliance with the Bank's Prior Review requirements: General Procurement Notice, Specific Procurement Notices, Tender Documents or request for proposal from Consultants, Tender Evaluation reports or Reports on Evaluation of Consultant's Proposals, including recommendations for contracts Award, Draft contracts if these have been amended and differ from the drafts included in the tender documents, Reports on Evaluation of Consultants' Financial Proposals, including recommendations for contract award, minutes of negotiations and duly initialled contracts documents.

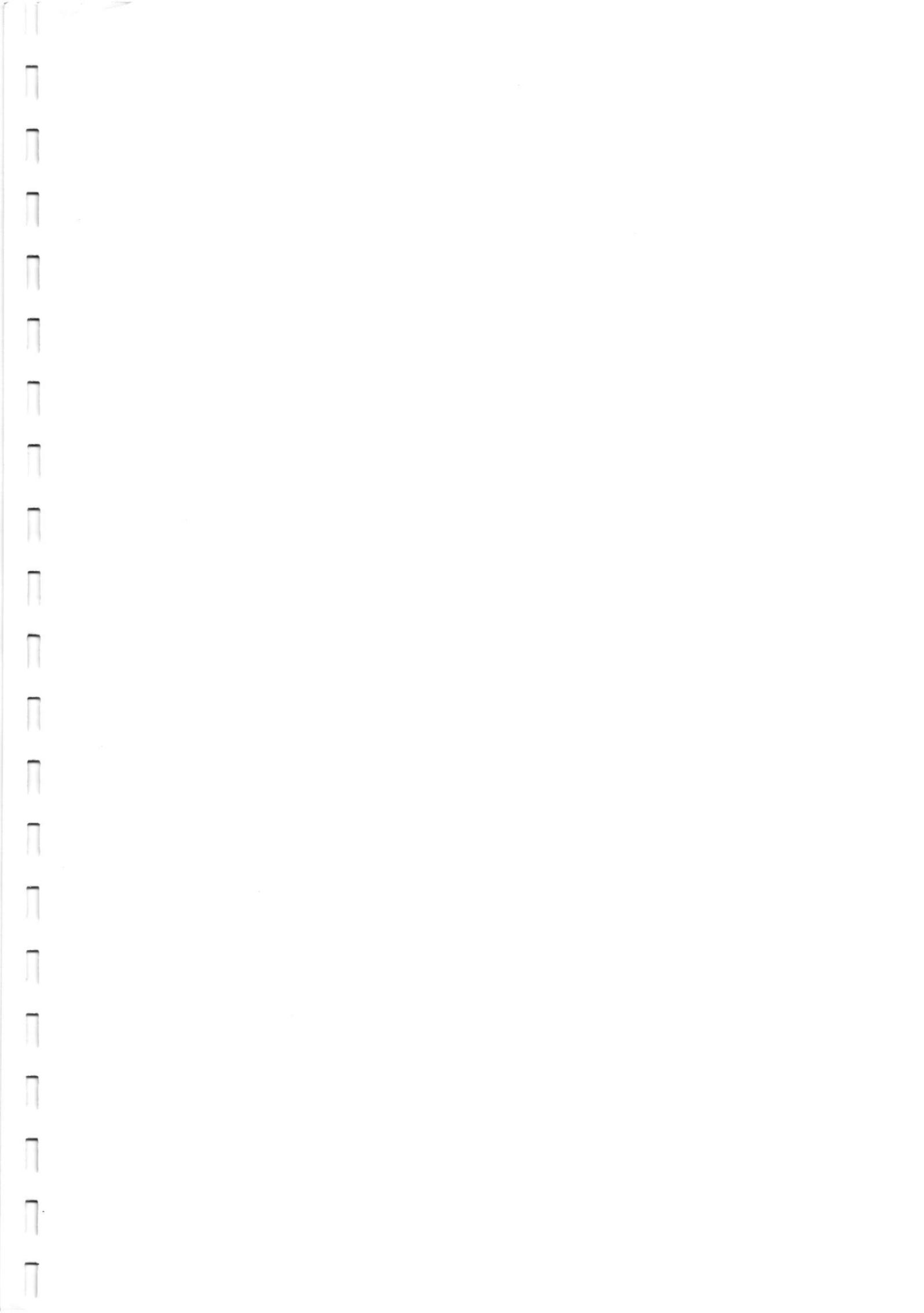
ARTICLE VII

FINANCIAL MANAGEMENT, REPORTS AND AUDITING

Section 7.01. Financial Management. The Executing Agency shall be responsible for the financial management of the Project.

Section 7.02. Report. The Executing agency shall conduct its report for the Project using the International Public Sector Accounting Standards framework. It will produce quarterly interim unaudited financial reports in a form acceptable to the Bank no later than forty five (45) days after the end of each quarter.

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Section 7.03. Audit. Audits of the Project will be conducted by an independent audit firm, on terms and reference acceptable to the Bank. The Executing Agency will be required to submit to the Bank, audited financial statements and associated management letter within six (6) months of the end of each financial year audited.

Section 7.04. Monitoring. Monitoring and evaluation shall be conducted by the Executing Agency. The PMU shall submit quarterly reports to the Fund on project implementation, procurements, update of result indicators, disbursements and implementation of Environmental and Social Management Plan and Resettlement of Affected Persons.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Where an extraordinary or unforeseeable situation has arisen, which, in the opinion of both parties, is likely to be prejudicial to the execution of the Project, the Fund may, in order to cover the cost of any specialized inspection or other action required to redress the situation, allocate out of the proceeds of the Loan an amount not exceeding the equivalent of one per cent (1%) of the Loan amount or Thirty Seven Thousand One Hundred Units of Account (UA 37,100). These expenses shall be met without the necessity of any advance application by the Borrower, but the Fund shall promptly notify the Borrower of the precise amount allocated.

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Section 8.02. Authorized Representatives. The Minister responsible for Finance and Economic Development of the Borrower or such other person as the Minister may designate in writing shall be the authorized representative for the purposes of Section 11.02 of the General Conditions.

Section 8.03. Date of the Agreement. For all purposes of this Agreement, the date thereof shall be that appearing in the opening sentence hereof.

Section 8.04. Addresses. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Mail Address:

Ministry of Finance and
Economic Development
Treasury Building
George Street
Freetown
SIERRA LEONE
Tel: (232) 22 22 56 12
Fax: (232) 22 22 83 55

For the Fund:

Headquarters' Address:

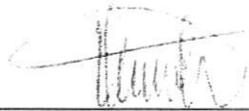
African Development Fund
01 B.P. 1387
Abidjan 01,
CÔTE D'IVOIRE
Tel: (225) 20.26.44.44

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IN WITNESS WHEREOF the Borrower and the Fund, each acting through its authorized representative, have signed this Agreement in two (2) original counterparts in English on the date first above written.

FOR THE REPUBLIC OF SIERRA LEONE



**KAIFALA MARAH
MINISTER OF FINANCE AND
ECONOMIC DEVELOPMENT**

FOR THE AFRICAN DEVELOPMENT FUND



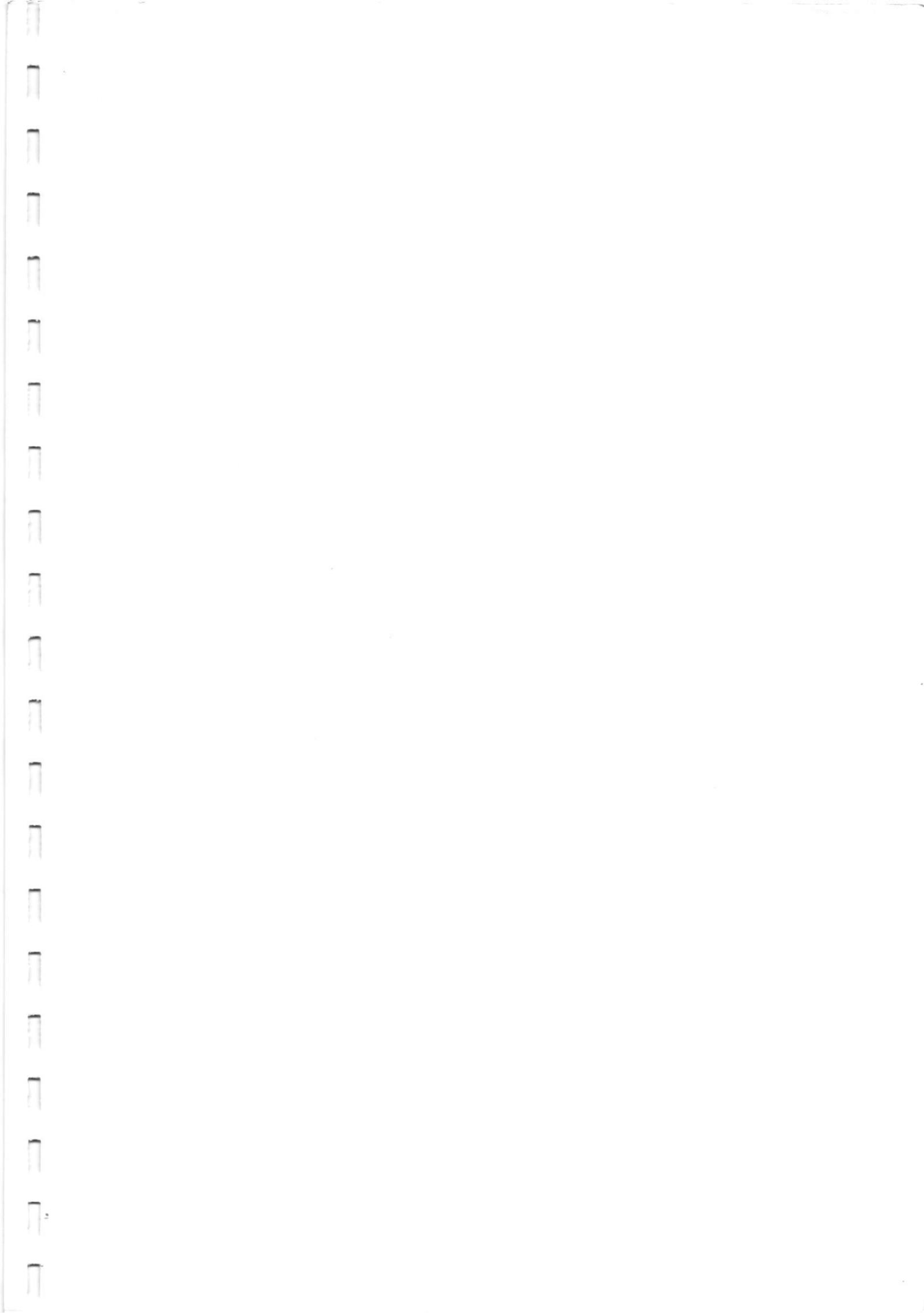
**STEFAN LUIS NALLETAMBY
ACTING VICE PRESIDENT**



ATTESTED BY: _____



**OSSEY-OLIVIER LITUMBA PINZI
ACTING SECRETARY GENERAL**



ANNEX I
PROJECT DESCRIPTION

The overall goal of the Project is to support Sierra Leone's economic growth agenda through development of strategic transport infrastructure that significantly contribute to its poverty reduction strategy.

The objectives of the Project are to provide efficient nation-wide road transport access to the southern districts of Bo and Pujehun and regionally to the Mano River Union Member States and ECOWAS as a whole. The Project is expected to improve the living conditions of the communities in the project's zone of influence. The expected outcomes include: (a) reduced transport costs and travel time; (b) enhanced potential for agriculture value chain development thereby contributing to poverty reduction among communities along the corridor; and (c) improved access to social – economic services including, local markets, schools and health facilities; and (d) improved road safety.

The total financing for the Project is UA 23,840,000 million of which UA 3,710,000 million will come from the ADF (PBA) window, UA 3,230,000 million will come from the TSF-Pillar 1 window, UA 14,240,000 million will come from the OPEC Fund for International Development and UA 2,660,000 million will come from the Government of Sierra Leone as counter-part funding.

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The project comprises three components:

Component 1: Infrastructure Investments

This component includes: Rehabilitation of 46 km section of road; consultancy services for supervision of road works; update of studies for the Kailahum Koindu Guinean Border road; Pre-feasibility study for rehabilitation of the Mano River Bridge; Study to identify Trade and Transport Facilitation needs and assessment of Joint Border operations within the Mano River Union Transport Corridors.

Component 2: Project Management

This component entails: Project implementation support; monitoring and evaluation; technical and financial audits.

Component 3: Cross Cutting

This component entails: HIV/AIDS, malaria, ebola, gender and Road safety awareness campaign; and compensation for Project Affected People (PAPs).

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ANNEX II
ALLOCATION OF THE LOAN

The present Annex indicates the categories of expenditures to be financed out of the resources of the Loan.

Categories of Expenditures
(In UA Million)

Categories	In UA millions		
	Foreign Cost	Local Cost	Total
Works	0.93	0.23	1.16
Services	1.54	0.39	1.93
Contingency	0.50	0.12	0.62
Total	2.97	0.74	3.71

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