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LOAN AGREEMENT

**REHABILITATION AND EXPANSION OF
FOURAH BAY COLLEGE IN THE UNIVERSITY OF
SIERRA LEONE PROJECT**

BETWEEN

THE REPUBLIC OF SIERRA LEONE

AND

**THE ARAB BANK FOR ECONOMIC
DEVELOPMENT IN AFRICA**

DATED ...19...MAY 2013



**PARLIAMENT LIBRARY
TOWER HILL FREETOWN**

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LOAN AGREEMENT

Agreement dated 19 May 2013, between the Republic of Sierra Leone (hereinafter called "The Borrower") and the Arab Bank for Economic Development in Africa (hereinafter called "BADEA").

WHEREAS:

- (A) The Borrower has requested BADEA to assist in financing the Project described in Annex "II" to this Agreement;
- (B) The Borrower has requested the OPEC Fund for International Development (hereinafter called the OFID) to assist in financing the Project and the OFID has agreed to consider providing a loan in an amount equivalent to about thirteen million dollars (\$ 13, 000, 000) for this purpose;
- (C) The Borrower has also requested the Saudi Fund for Development (hereinafter called Saudi Fund) to assist in financing the Project and Saudi Fund has agreed to consider providing a loan in an amount equivalent to about twelve million dollars (\$ 12,000,000) for this purpose;
- (D) The Borrower has agreed to contribute an amount equivalent to about three million six hundred and fifty thousand dollars (\$ 3, 650,000) for this purpose;
- (E) The purpose of BADEA is to boost the economic development of African Countries within the framework of solidarity and mutual interest and thus to strengthen the ties between African States and the Arab Nations;
- (F) BADEA is convinced of the importance and usefulness of the said Project in developing the economy of the Borrower; and
- (G) BADEA has agreed, in view of the foregoing, to grant the Borrower a Loan on the terms and conditions set forth in this Agreement;

NOW, therefore, the parties hereto agree as follows:





PARLIAMENT LIBRARY
TOWER HILL FREETOWN



**ARTICLE I
GENERAL CONDITIONS - DEFINITIONS**

Section 1.01 The parties to this Agreement accept all the provisions of the attached General Conditions Applicable to Loan and Guarantee Agreements of BADEA, dated October 28, 1979, as amended up to the date of this Agreement (hereinafter called the "General Conditions") with the same force and effect as if they were fully set forth herein.

Section 1.02 Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings set forth and the following additional terms have the following meanings:

- (A) "Agreements" means the Agreements related to the loan referred to in Preambles (B) and (C), to this Agreement;
- (B) "FBC" means Fourah Bay College in the University of Sierra Leone under the universities Act /2005, who is going to be responsible for the Project's implementation;
- (C) "PU" means the Project Implementation Unit which shall be established and constituted in accordance with the provisions of Section 3.03 of this Agreement.



ARTICLE II
THE LOAN

Section 2.01 BADEA agrees to lend to the Borrower the sum of eight million dollars (\$8,000,000) on terms and conditions set forth or referred to in this Agreement.

Section 2.02 The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Annex "A" to this Agreement, or as such Annex may be amended from time to time by agreement between the Borrower and BADEA, for expenditures made (or if BADEA shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

Section 2.03 Except as BADEA shall otherwise agree, goods and services required to carry out the Project and financed out of the proceeds of the Loan shall be procured in accordance with the procedure specified in Annex "B" to this Agreement.

Section 2.04 The closing date shall be March 31st, 2017 or any other later date approved by BADEA and promptly notified to the Borrower.

Section 2.05 The Borrower shall pay interest at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06 Interest and other eventual charges shall be payable semi annually. The dates of payments will be fixed on the basis of the first day of the month following the first withdrawal from the Loan Account.

Section 2.07 The Borrower shall repay the principal of the Loan in forty (40) semi annual installments, as specified in Annex "I" to this Agreement, after a grace period of ten years to be calculated from the first day of the month following the first withdrawal from the Loan Account.





ARTICLE III
EXECUTION OF THE PROJECT

Section 3.01 The Borrower shall cause FBC to carry out the Project, with due diligence and efficiency and in conformity with appropriate financial, administrative and technical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for this purpose.

Section 3.02 The Borrower shall make available to FBC the proceeds of the Loan, to be applied solely for the execution of the Project, on terms and conditions which shall at all times be satisfactory to BADEA and shall cause "FBC" to comply with all the obligations and conditions which the Borrower undertakes by virtue of the provisions of this Agreement.

Section 3.03 The Borrower shall cause FBC to establish a PIU for the Project implementation. The PIU shall be headed by a Project Manager (PM) to be appointed from outside FBC and who shall be an architect of experience in such sort of projects. The PM shall be assisted by a team of those who are working in the Faculty of Engineering in FBC consisting of a civil engineer, quantity surveyor, and secretary, all of them shall be of experience in their field of work.

Section 3.04 In order to assist the Borrower in the day-to-day supervision of execution of the Project, the Borrower shall cause FBC to employ consultants, whose terms of reference and conditions of employment shall be acceptable to BADEA.

Section 3.05 The Borrower shall submit, or cause FBC to submit, to BADEA for approval the draft programme of implementation of the Project and any material modifications subsequently made therein, in such detail as BADEA shall reasonably request.

Section 3.06 (a) In addition to the Loan proceeds and the proceeds of the loans referred to in the Agreements, the Borrower shall make available, or cause to be made available, promptly as needed, all other funds which shall be required for carrying out the Project (including any funds that may be required to meet any increase in cost beyond the estimated cost of the Project at the time of signing this Agreement), all such funds are to be made available on terms and conditions satisfactory to BADEA.





(b) The Borrower shall make adequate annual budgetary allocations to meet its share of the Project's cost as stated in Preamble (D) to this Agreement, according to the scheduled time for execution, and shall submit to BADEA evidence to that effect.

Section 3.07 The Borrower shall (1) maintain, or cause FBC to maintain adequate records to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the execution of the Project, to record the progress of the execution of the Project and the cost thereof and to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, (2) afford, or cause FBC to afford, all reasonable opportunities for accredited representatives of BADEA to make visits for purposes related to the Loan, and to inspect the Project, the goods and any relevant records and documents; and (3) furnish to BADEA, or cause FBC to furnish, all such information as BADEA shall reasonably request concerning the expenditures out of the proceeds of the Loan, the Project, its cost and the goods financed out of such proceeds.

Section 3.08 The Borrower shall insure, or cause FBC to insure, with reputable insurers all imported goods financed out of the proceeds of the Loan against hazards incidental to the acquisition, transportation and delivery thereof to the place of use or installation. This insurance shall be for such amounts, as shall be consistent with sound commercial practices. For such insurance, any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 3.09 (a) The Borrower shall furnish, or cause FBC to furnish, to BADEA quarterly reports, not later than 30 days after the end of every quarter of each calendar year, of such scope and in such detail as BADEA shall request on the progress of the execution of the Project,

(b) Within six months following the date of completion of the Project, the Borrower shall prepare and furnish, or cause FBC to prepare and furnish, to BADEA a report, of such scope and in such detail as BADEA shall request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, and on the accomplishment of the purposes of the Loan.





ARTICLE IV
PARTICULAR COVENANTS

Section 4.01 The Borrower shall cause FBC, in respect of the Project to (i) keep separate accounts for the Project, (ii) have these separate accounts for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to BADEA, (iii) furnish to BADEA, as soon as available but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as BADEA shall have, reasonably, requested, and (iv) furnish to BADEA such other information concerning the accounts and financial statements of the Borrower or FBC (as the case may be) and the audit thereof as BADEA shall from time to time reasonably request.

Section 4.02 The Borrower shall take out and maintain, or cause FBC to take out and maintain, with reputable insurers, insurance against such risks relating to the Project in such amounts as shall be consistent with sound commercial practices.

Section 4.03 The Borrower shall provide BADEA, at BADEA's request, with an independent auditor report regarding the soundness of loan utilization on the specified aspects.

Section 4.04 The Borrower undertakes that the University of Sierra Leone Administration (USLA) will be obliged to maintain the Project constructions and equipments, and that USLA will make available the required finance to maintain the Projects constructions.

Section 4.05 The Borrower undertakes to make all the necessary actions for environment protection during the period of Project implementation and after completion of implantation.





Section 4.06 The Borrower shall cause FBC at all times to manage its affairs, plan its future expansion, carry on its operations, operate and maintain its equipment and property and promptly make all necessary repairs thereof, in accordance with sound administrative, financial and engineering practices under the supervision of an experienced and competent management assisted by competent staff in adequate numbers.

Section 4.07 The Borrower shall inform BADEA of any proposed material action which would affect the nature or the management or structure of FBC and shall afford BADEA all reasonable opportunity, in advance of taking such action, to exchange views with the Borrower with respect thereto.





ARTICLE V
SUSPENSION AND ACCELERATION OF MATURITY

Section 5.01 For the purposes of Section (8.02) of the General Conditions the following two additional events are specified pursuant to paragraph (i) (g) thereof:

- (a) A material change shall have been made in the nature of FBC or its management or the law establishing it, which is likely to have a substantial adverse effect on its ability to carry out the Project or operate the facilities included therein;
- (b) The Borrower, or another authority having jurisdiction, shall have taken any action for the winding-up of FBC or for the suspension of its operations;
- (c) (i) Subject to sub-paragraph (ii) of this paragraph:
 - (A) the right of the Borrower or FBC to withdraw the proceeds of any loan or grant made to the Borrower or FBC for financing the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing thereof, or
 - (B) any such loan shall have become due and payable prior to the agreed maturity thereof;
- (ii) Sub-paragraphs (c) (i) (A) & (B) of this Section (5.01) shall not apply if the Borrower establishes to the satisfaction of BADEA that (a) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower or FBC to perform any of its obligations under such agreement, and (B) adequate funds for the Project are available to the Borrower or FBC from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.





Section 5.02 For the purposes of Section (9.01) of the General Conditions, the following two additional events are specified pursuant to paragraph (g) thereof:

- (a) the events specified in paragraphs (a) and (b) of Section (5.01) of this Agreement shall occur and shall continue for a period of 60 days after notice hereof shall have been given by BADEA to the Borrower;
- (b) subject to sub-paragraph (ii) of paragraph (c) of Section (5.01) of this Agreement , the event specified in Paragraph (c-i-B) of the said section shall occur.





ARTICLE VI

EFFECTIVE DATE - TERMINATION

Section 6.01 The following two conditions are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section (12.01) (b) of the General Conditions:

- Evidence shall have been provided to BADEA that each of the Saudi Fund and the OFID has confirmed its' consent to contribute in financing the Project.

- Evidence shall have been provided to BADEA that the PIU have been established and constituted in accordance with the provision of Section 3.03 of this Agreement.

Section 6.02 This Loan Agreement shall come into force and effect on the date upon which BADEA dispatches by fax or e-mail to the Borrower notice of its acceptance of the evidence required by section (12.01) of the General Conditions.

Section 6.03 The date October 31st, 2013 is hereby specified for the purposes of Section (12.04) of the General Conditions.





ARTICLE VII
REPRESENTATIVES OF THE BORROWER - ADDRESSES

Section 7.01 The Minister of Finance and Economic Development is designated as Representative of the Borrower for the purposes of Section (11.03) of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section (11.01) of the General Conditions:

For the Borrower:

Ministry of Finance and Economic Development,
Ministerial Building - George Street
Freetown

The Republic of Sierra-Leone

Tel: +232 22 222 211/22-2225612

Fax: +232 22 228 472/225826/228355

E-mail: info@mofed.gov.sl/ekoroma@mofed.gov.sl
mlkargbo@mofed.gov.sl /smwkamara@mofed.gov.sl

For BADEA:

The Arab Bank for Economic Development in Africa (BADEA)
P. O. Box 2640
Postal Code (11111) - Khartoum
Republic of Sudan

Tel.: (249-183) 773709 or 773646

Fax: (249-183) 770600 or 770498

E-mail: badea@badea.org






IN WITNESS whereof, the parties hereto acting through their Representatives thereto duly authorized, have caused this Agreement to be signed in their respective names in Dushanbe as of the day and year first above written.

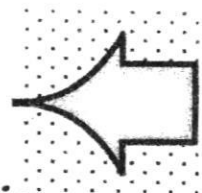
This Agreement is drawn in Arabic and English. The English text conforms with the Arabic text. The Arabic text is the authentic text.

The Republic of Sierra Leone

By  4/5/13


Dr. Kaifala Marah

**Hon. Minister of Finance and
Economic Development**

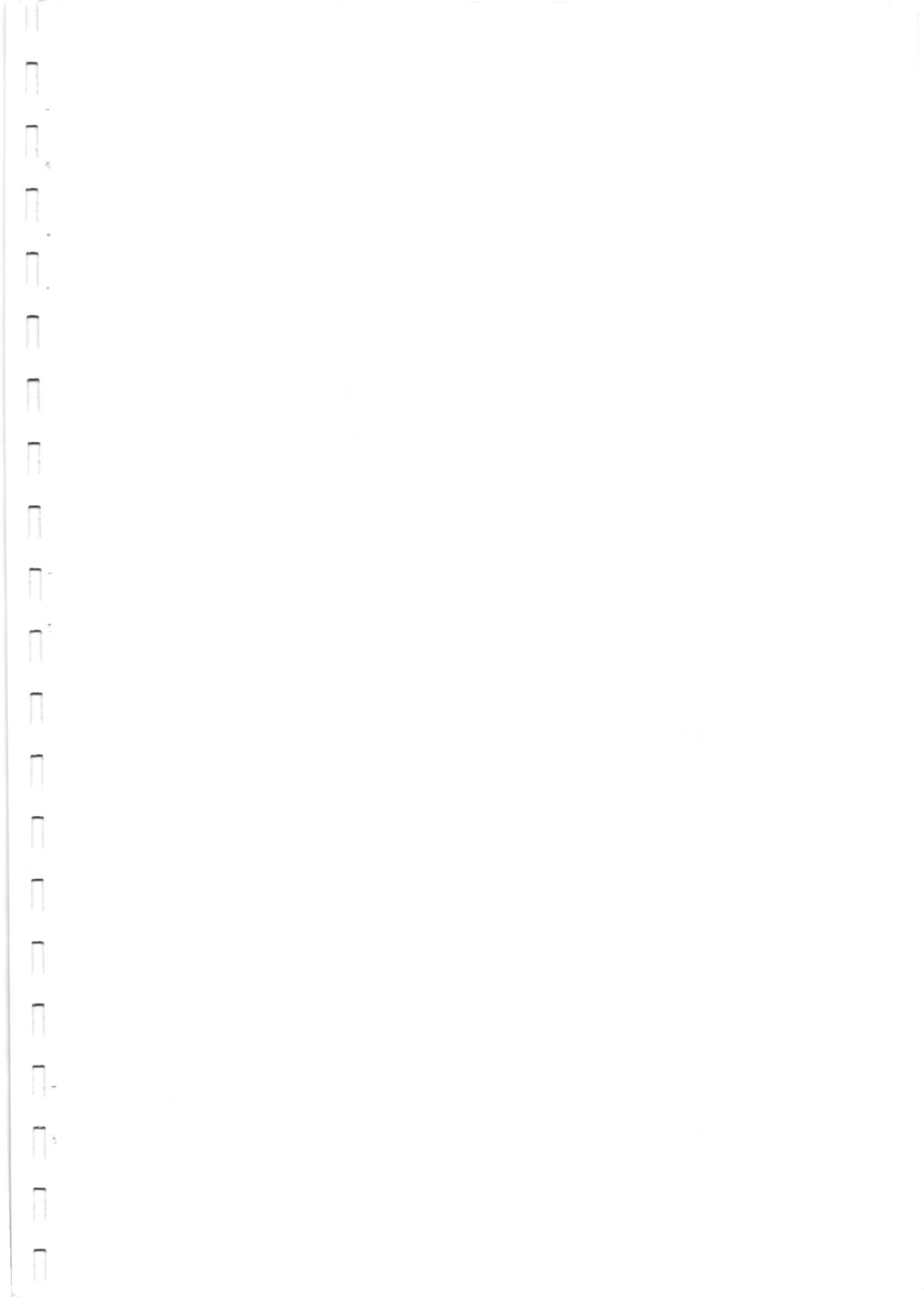


**The Arab Bank for Economic
Development in Africa**



By 

**Abdelaziz Khelef
Director General**





ANNEX "I"	
AMORTIZATION SCHEDULE	
REHABILITATION AND EXPANSION OF FOURAH BAY COLLEGE IN THE	
UNIVERSITY OF SIERRA LEONE PROJECT	
-REPUBLIC OF SIERRA LEONE-	
<u>Installments</u>	<u>Payment of Principal</u>
<u>Expressed in US Dollars</u>	
1.	181 000
2.	182 000
3.	183 000
4.	184 000
5.	185 000
6.	186 000
7.	187 000
8.	188 000
9.	189 000
10.	189 000
11.	190 000
12.	191 000
13.	192 000
14.	193 000
15.	194 000
16.	195 000
17.	196 000
18.	197 000
19.	198 000
20.	199 000
21.	200 000
22.	201 000
23.	202 000
24.	203 000
25.	204 000
26.	205 000
27.	206 000
28.	207 000
29.	208 000
30.	209 000
31.	210 000
32.	211 000
33.	212 000
34.	214 000
35.	215 000
36.	216 000
37.	217 000
38.	218 000
39.	219 000
40.	224 000



ANNEX "II"
PROJECT DESCRIPTION

The project includes the civil works and ancillaries for the rehabilitation and expansion of "Fourah Bay" College at the University of Sierra Leone, rehabilitation of water supply and internal roads, provision of furniture and equipment, in addition to support to the PIU and consultancy services for the preparation of detailed design and supervision of works.

The project consists of the following:

1- Civil Works and Ancillaries:

- Rehabilitation Works: for the education and administration buildings, housing for students and teachers and public yards for an total average area of 47,208 square meters,
- Expansion work: four buildings for students housing, two buildings each includes two classrooms and lecture hall, two buildings for senior officers housing, four buildings for officers and hostel for guests and visiting professors, building for faculty of architect, multi use hall, kitchen, canteen, bakery and dining hall and clinic for a total average area of 8,565 square meters.
- Rehabilitation of water supply system which includes the water treatment plant, tanks and distribution network.
- Rehabilitation of internal roads network for an average length of 5 kilometres.
- Installation of solar light system.

2- Provision of office and laboratory equipment, furniture for education, administration and housing buildings.

3- Support to the PIU: provision for Four-Wheel vehicle, furniture, two computers, two printers and a photocopier, running cost for the PIU, provision of salary to the head of the unit and top up of salaries for unit members for 48 months.

4- Consultancy services for preparation of detailed design and tender document and supervision of the project works.

* * * * *

The physical execution of the Project is expected to commence by the beginning of Year 2015 and is expected to be completed by end of 2016.





ANNEX "A"
GOODS AND SERVICES TO BE FINANCED
AND ALLOCATION OF PROCEEDS OF BADEA'S LOAN

1. The following table shows the goods and services to be financed out of the proceeds of the loan and the loan amount allocated to each category:

Category	Amount Allocated (in US \$)	% of Expenditures of Total Cost To Be Financed
1. Civil Works and Ancillaries	3.790.000	13.1%
2. Provision of Laboratory and office equipment and furniture for educational, administration and housing buildings	1.910.000	100%
3. Institutional Support	340.000	100%
4. Consultancy Services	1.000.000	100%
5. Unallocated	960.000	
Total	<u>8.000.000</u>	

2. Unless otherwise agreed by BADEA, the financed percentage of the above-mentioned categories shall not exceed the percentage shown opposite each of those categories.
3. BADEA may, by notice to the Borrower (i) reallocate any amount from category (5) [Unallocated] to any other of the categories (1) to (4) to the extent that such amount is required to meet expenditures under such other category; and (ii) reallocate any amount from any of the categories (1) to (4) to any of these categories to the extent that such amount is no longer required to meet expenditures under such category but is required to meet expenditures under that other category.



