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NTF/FSN
NIGERIA TRUST FUND
FONDS SPECIAL DU NIGERIA

LOAN AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT BANK
(Acting on behalf of the Nigeria Trust Fund)

**(COTE D'IVOIRE, LIBERIA, SIERRA LEONE AND
GUINEA (CLSG) ELECTRICITY NETWORKS
INTERCONNECTION PROJECT)**



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**LOAN AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT BANK
(Acting on behalf of the Nigeria Trust Fund)**

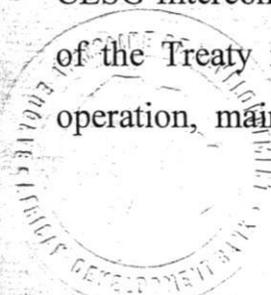
**(COTE D'IVOIRE, LIBERIA, SIERRA LEONE AND
GUINEA (CLSG) ELECTRICITY NETWORKS
INTERCONNECTION PROJECT)**

**PROJECT ID No : P-Z1-F00-046
LOAN No : 2200160001139 - (SOS: 6.67)**

This LOAN AGREEMENT (hereinafter referred to as the "Agreement") is entered into this 28TH day of NOVEMBER, 2013 between the REPUBLIC OF SIERRA LEONE, (hereinafter referred to as the "Borrower") and the AFRICAN DEVELOPMENT BANK (hereinafter called the "Bank"), acting on behalf of the NIGERIA TRUST FUND (hereinafter called the "NTF").

WHEREAS:

1. The Republic of Cote d'Ivoire, the Republic of Liberia, the Republic of Sierra Leone, and the Republic of Guinea (together the "CLSG Member States") have jointly and severally agreed to enter into a Treaty for the Construction Operation and Development of the CLSG Interconnection Line (hereinafter the "Treaty"). The purpose of the Treaty is to *inter alia* establish the financing, construction, operation, maintenance, ownership and development of the CLSG





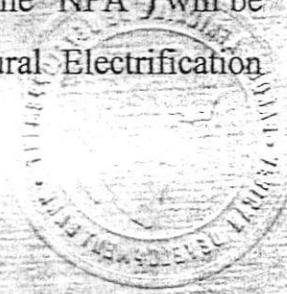
Interconnection Line amongst the CLSG Member States (hereinafter the "Project");

2. By virtue of the Treaty, the CLSG Member States have created a Special-Purpose Company (hereinafter the "SPC"), equally owned by the National Electricity Companies (hereinafter together the "NECs") of the CLSG Member States, having supranational character, to implement the Project. The SPC, titled the CLSG Regional Transmission Company, will *inter alia* finance, construct, develop, operate and maintain the CLSG high tension electricity transmission line and its substations;

3. By virtue of the Treaty, the CLSG Member States and the SPC agree to jointly and severally enter into an International Project Agreement to govern the implementation of the Project;

4. The Executing Agencies of the Project are the West African Power Pool (hereinafter the "WAPP) for the capacity building sub-component of the Project; the NECs of each of the CLSG Member States, for the rural electrification component of the Project; and the SPC for the construction and operation of the CLSG Interconnection Line.

5. The National Power Authority (hereinafter the "NPA") will be the Executing Agency for the Sierra Leone Rural Electrification component of the Project;





6. The Bank has, by virtue of the Agreement establishing the NTF dated 26 February 1976, between the Federal Republic of Nigeria and the Bank, agreed to administer, on behalf of the Federal Republic of Nigeria, funds placed at the Bank's disposal for loans to be granted to the Bank's members for the purpose of contributing to their economic development and social progress;

7. The Borrower has requested the Bank to finance from the resources of the NTF, part of the foreign currency cost and part of the local currency cost of the Project by providing a Loan to it in the amount specified hereunder;

8. The Borrower has declared its commitment to the execution of the Project;

9. The Project is technically feasible, economically viable, socially desirable, environmentally sustainable and constitutes a suitable basis for financing under the activities of the Bank; and

10. The Bank has agreed, on behalf of the NTF, and on the basis *inter alia*, of the foregoing to provide 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 of the provisions of the *General Conditions applicable to the Loan and Guarantee Agreements of the African Development Bank*, as amended from time to time, (hereinafter referred to as the "General Conditions"), with the same force and effect as if they were fully set forth herein.

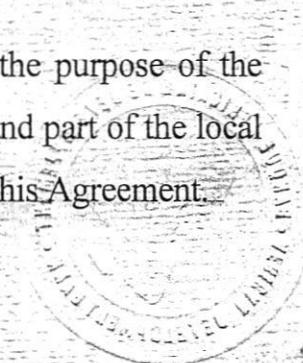
Section 1.02. Definitions. Whenever used in this Agreement, unless the context and the text otherwise require and establish, the several terms defined in the General Conditions shall have the respective meanings set forth therein.

ARTICLE II

THE LOAN

Section. 2.01. Amount. The Bank agrees to lend to the Borrower, from the resources of the NTF, an amount not exceeding the equivalent of Six Million Six Hundred and Seventy Thousand Units of Account (UA 6,670,000).

Section 2.02. Purpose. The Borrower agrees that the purpose of the Loan is to finance part of the foreign currency cost and part of the local currency cost of the Project 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 and Payments.

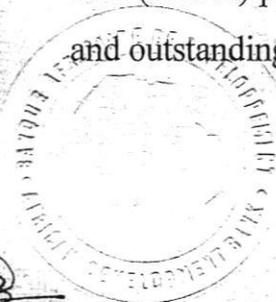
- (a) All disbursements made by the Bank to the Borrower shall be denominated in United States Dollars; and
- (b) All amounts due to the Bank pursuant to this Agreement shall be payable in United States Dollars.

ARTICLE III

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

Section 3.01. Repayment of the Principal. The Borrower shall repay the principal of the Loan over a period of twenty years (20 years), after a seven (7) year grace period commencing from the date of this Agreement.

Section 3.02. Service Charge. The Borrower shall pay a service charge (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 (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 instalments, the first of which shall be payable on the 15th March or 15th September 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.

ARTICLE IV

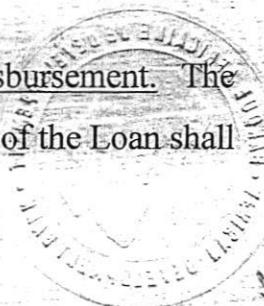
CONDITIONS PRECEDENT TO ENTRY INTO FORCE

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.

ARTICLE V

CONDITIONS PRECEDENT TO DISBURSEMENTS AND OTHER CONDITIONS

Section 5.01. Conditions Precedent to First Disbursement. The obligations of the Bank to make the first disbursement of the Loan shall





be conditional upon the entry into force of this Agreement in accordance with Section 4.01 above and the submission by the Borrower of evidence, in form and substance satisfactory to the Bank, of the fulfilment of the following conditions:

- a) Provide evidence of signing an on-lending agreement for the utilization of the proceeds of the Loan to the SPC upon terms and conditions acceptable to the Bank, for the construction, operation and maintenance of the CLSG transmission line and substations; and
- b) The State hosting the SPC Headquarters shall provide the Fund with evidence of: (i) ratification of the Treaty by the CLSG Member States; (ii) evidence that the share capital for the SPC has been paid in full; and (iii) appointment of the finance manager and accountant for the SPC, whose skills and qualifications are acceptable to the Fund.

Section 5.02. Other conditions:

- a) The Borrower shall submit to the Bank, not later than 30 June 2014, evidence of having secured financing from the EIB to finance part of the costs of the infrastructure component of the





- b) Prior to commencement of works on its territory, the Borrower will provide evidence of: (i) acquisition of land and/or compensation of the Project Affected Persons (PAPs) in each concerned lot; and/or (ii) provide evidence of having an escrow account and deposited resources earmarked for the compensation of the PAPs that have not yet been compensated, in accordance with the Environmental and Social Management Plan and the Compensation Payment Schedule; and
- c) The State hosting the SPC Headquarters shall: (i) submit to the Bank a copy of the International Project Agreement signed between the CLSG Member States and the SPC, whose terms and conditions are acceptable to the Bank; (ii) a copy of the Shareholders' Agreement signed by the NECs; and (iii) preparation of the SPC organization chart and adoption of the Project Implementation Manual and financial manual by the SPC, within six (6) months from the date of first disbursement.

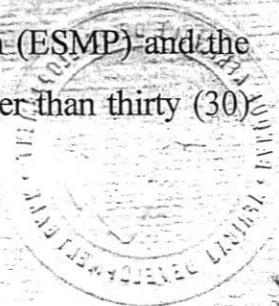
ARTICLE VI

UNDERTAKINGS

Section 6.01. The Borrower hereby undertakes to:

- a) Implement and report on the implementation of the Environmental and Social Management Plan (ESMP) and the updated RAP on a semi-annual basis, no later than thirty (30)





days at the end of each reporting period, in a form acceptable to the Bank; and

- b) Prior to commencement of works, submit an Environmental and Social Management Framework for the rural electrification component of the Project.

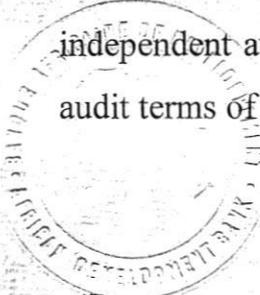
ARTICLE VII

REPORTING AND MONITORING

Section 7.01. The Borrower shall ensure:

- a) The SPC shall prepare and furnish to the Bank, a quarterly project implementation report, within thirty (30) calendar days of the end of each quarter; and
- b) The SPC shall prepare and furnish to the Bank, a Project Completion Report, within six (6) months following project completion.

Section 7.02. Audit. The SPC shall submit to the Bank, within six (6) months after the end of each financial year, annual audited financial statements together with the auditor's report and management letter. The audit of the annual financial statements shall be conducted by independent auditors acceptable to the Bank, and in accordance with audit terms of reference approved by the Bank.



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ARTICLE VIII
DISBURSEMENTS AND APPLICATION OF
AMOUNTS DISBURSED

Section 8.01. Disbursements. The amount of the Loan shall be disbursed by the Bank, subject to the provisions of this Agreement and the General Conditions, for the purposes set forth in this Agreement.

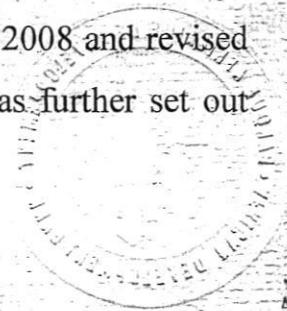
Section 8.02. Deadline for Final Disbursement. The Closing Date shall be **31st December 2018** or such later date as shall be agreed upon in writing between the Borrower and the Fund for the purposes of Section 6.03 (1)(f) of the General Conditions.

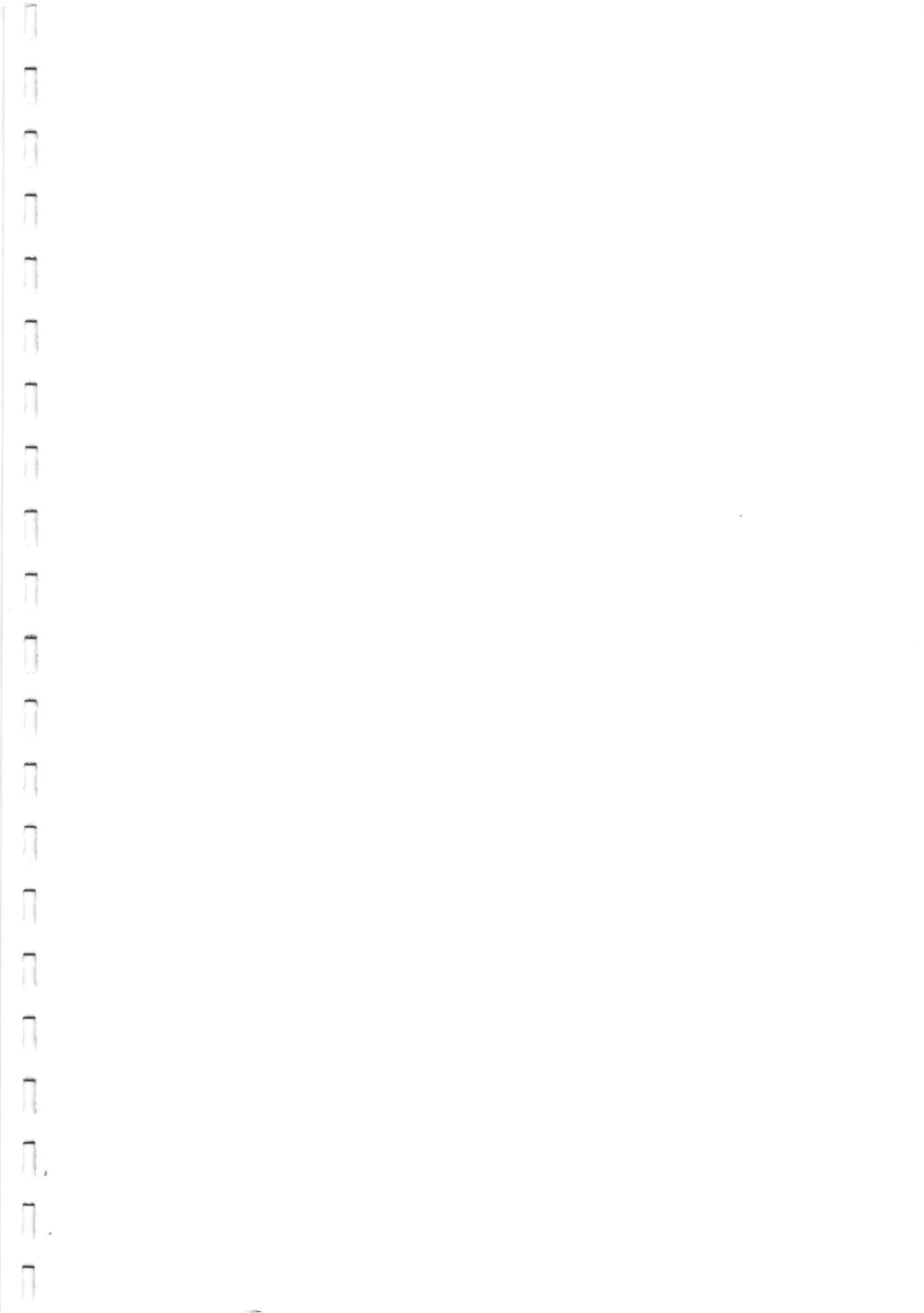
Section 8.03. Application of Disbursements. Amounts disbursed on account of the Loan shall be applied by the Borrower solely for the purposes for which they were disbursed.

ARTICLE IX
PROCUREMENT OF WORKS AND SERVICES

Section 9.01. Procurement of Works. Works necessary for the execution of the Project shall be procured in accordance with the Project Appraisal Report, the Bank's *Rules and Procedures for Procurement of Goods and Works*, adopted in May 2008 and revised in July 2012, as amended from time to time, and as further set out below:





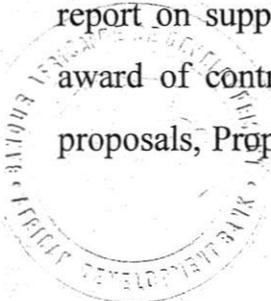


- a) Procurement of works for the construction of a transmission line and substations, and the supply and installation of power infrastructure and equipment, will be done by the SPC using International Competitive Bidding (ICB) procedures, with pre-qualification.

Section 9.02. Procurement of Services. Services necessary for the execution of the Project to be financed from the resources of the NTF will be procured in accordance with the Project Appraisal Report, the Bank's *Rules and Procedures for the Use of Consultants* adopted in May 2008 and revised in July 2012, as amended from time to time, and as further set out below:

- a) Procurement of consulting services for the audit of the SPC and the NPA, and for the preparation of a procedures manual, shall be undertaken on the basis of shortlisting using Least Cost Selection (LCS) method.

Section 9.03. Review Procedures. The following documents will be submitted for review and approval by the Bank prior to publication: General Procurement Notice, Request for Expressions of Interest, Specific Procurement Notice, Bidding Documents or Requests for Proposals from Consultants, Requests for Quotations, Evaluation report on suppliers' bids including recommendations relating to the award of contracts, Evaluation report on the consultants' technical proposals, Proposals for the award of contracts as well as the minutes



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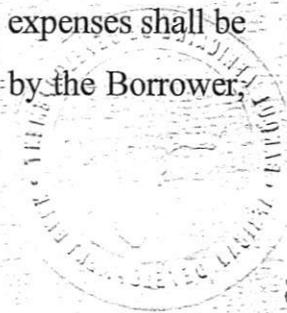
of the negotiations, and a signed and initialled copy of the contract. The review thresholds are attached as Annex III.

Section 9.04. Procurement Plans. The Borrower shall submit to and have approved by the Bank, a Procurement Plan. The Procurement Plan shall set out, among other things: (i) the particular contracts for the services required to carry out the Project during an initial period of at least eighteen (18) months; (ii) the proposed methods for procurement of each such contract, and (iii) the related Bank's review procedures. The Procurement Plan shall be updated annually or more frequently if needed, during the implementation of the Project to cover each succeeding period, in all cases subject to the approval of the Bank.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.01. Extraordinary or Unforeseeable Event. 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 Bank 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 Sixty Six Thousand and Seven Hundred Units of Account (UA 66,700). These expenses shall be met without the necessity of any advance application by the Borrower,





but the Bank shall promptly notify the Borrower of the precise amount allocated.

Section 10.02. Authorized Representatives. The Minister of 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 10.03. Date of the Agreement. For purposes of this Agreement, the date thereof shall be that appearing in the opening sentence of the preamble hereof.





Section 10.04. 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) 22.22.58.26
Fax: (232) 22.22.84.72

To the attention of:

**Minister of Finance and Economic
Development**

For the Bank:

Headquarters' Address:

African Development Bank
01 B.P. 1387
Abidjan 01
CÔTE D'IVOIRE

Cable Address: AFDEV ABIDJAN

Tel : (225) 20.20.44.44/20.20.40.47
Fax: (225) 20.20.49.82

And Temporarily at:

Temporary Relocation Agency

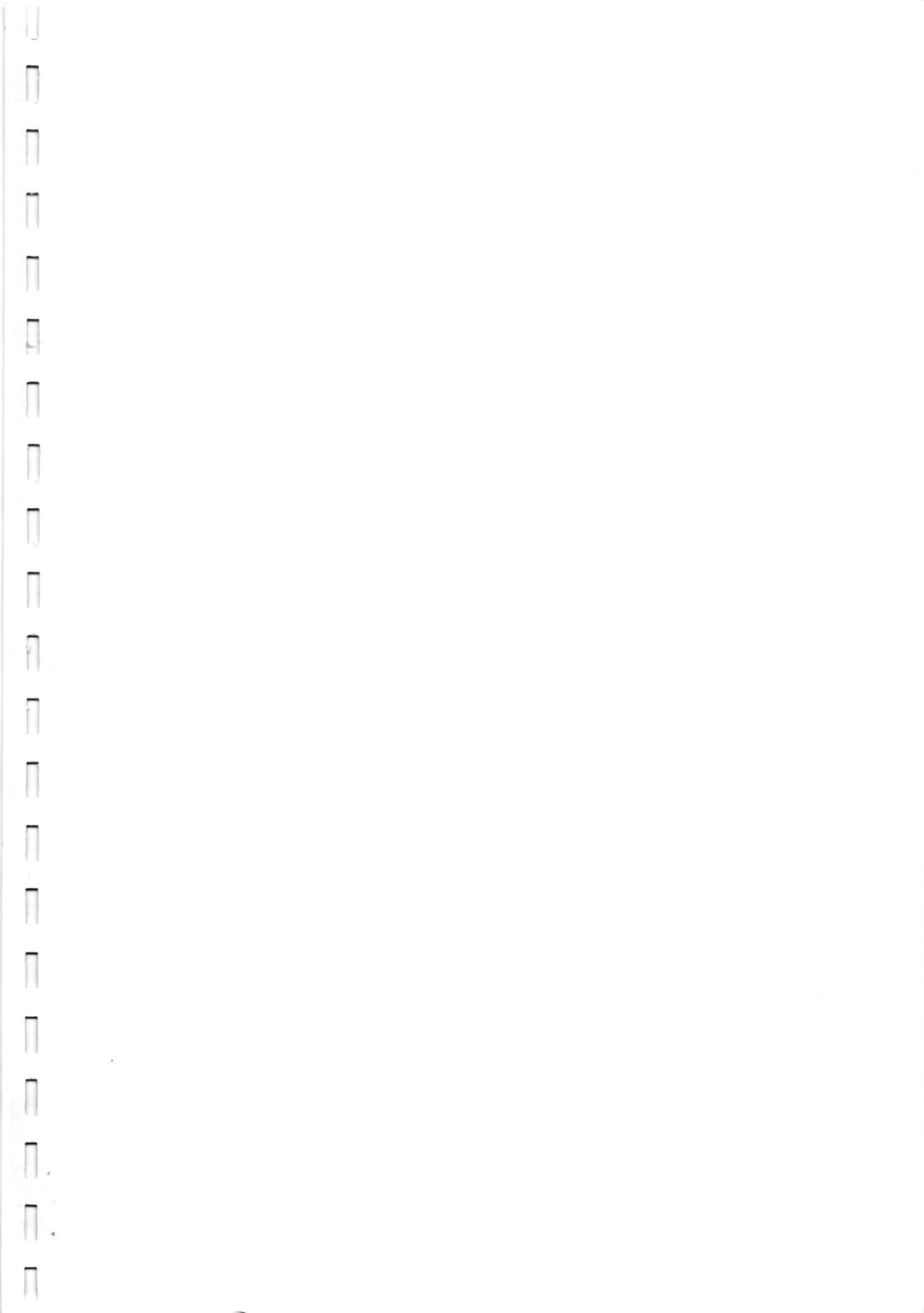
African Development Bank
13, Avenue du Ghana
B.P. 323 - 1002 Tunis Belvedere
TUNISIA
Tel : (216) 71-10 2251
Fax: (216) 71-10 3731

To the attention of:

Director ONEC

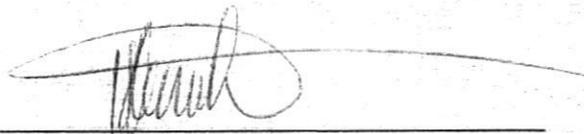


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IN WITNESS WHEREOF the Borrower and the Bank, each acting through its authorized representative, have signed this Agreement in two (2) originals, both in English, on the date first above written.

FOR THE REPUBLIC OF SIERRA LEONE



KAIFALA MARRAH
MINISTER OF FINANCE AND
ECONOMIC DEVELOPMENT

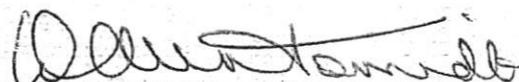
FOR THE AFRICAN DEVELOPMENT BANK
(Acting on behalf of the Nigeria Trust Fund)



YERO BALDEH
RESIDENT REPRESENTATIVE
SIERRA LEONE COUNTRY OFFICE



ATTESTED BY:



CECILIA AKINTOMIDE
VICE PRESIDENT AND SECRETARY GENERAL



Project Overview: The Project will involve the construction of a high voltage interconnection network linking Cote d'Ivoire, Liberia, Sierra Leone and Guinea, and will include electrification of localities situated along the power line, capacity building for the Project's Executing Agencies, and studies on the planning and feasibility of hydroelectric power stations. The Project's estimated total cost is UA331.51 million, of which financing from the African Development Fund, Fragile State Facility and Nigeria Trust Fund resources, will amount to UA128.15 million. The Republic of Sierra Leone will on-lent the entire Loan proceeds to the SPC to finance part of the construction, operation and maintenance of the CLSG transmission line.

Project Objectives: The objective of the Project is to facilitate sustainable energy trade between the participating countries and help establish a dynamic electric power market in the sub-region. The Project is expected to improve electricity access, electricity communities located along the power line and supply electric power to schools, health centres and businesses. The expected outcomes include: (a) increase in the volume of energy trade; (b) decrease in the average electricity production costs; (c) decrease in outage times; (d) employment creation; (e) increase in women's access to electricity; (f) reduction in carbon dioxide emissions; and (g) increases

PROJECT DESCRIPTION

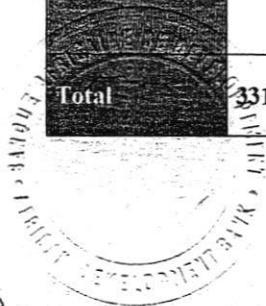
ANNEX I



availability and reliability of telecommunications in the participating countries.

Project Components: The Project components include: (i) Infrastructure; (ii) Rural electrification, and (iii) Project studies and management, as further set out in the table below:

| Name of Component | Total Project Cost (U A million) | Bank Financing (U A million) | % | Description |
|--------------------------------|----------------------------------|------------------------------|--------------|---|
| Infrastructure | 233.51 | 86.32 | 36.97 | <ul style="list-style-type: none"> * Construction of a 1,357 km-long 225-kV power line; a 54 km-long 66-kV power line; eleven 225/33-kV transformer stations and strengthening of a 225/33-kV transformer station; * Construction of a control centre in Guinea and strengthening of a control centre Côte d'Ivoire; * Static VAR compensators (SVC) in CI; * Frequency regulation equipment (Static VAR compensator - SVC) |
| Rural Electrification | 41.49 | 32.94 | 79.39 | <ul style="list-style-type: none"> * Services (implementation study, audit, control and works supervision); * Construction of networks and sub-stations for 115 communities; * Operating costs: Executing agencies of the rural electrification component. |
| Project Studies and Management | 56.51 | 8.89 | 15.73 | <ul style="list-style-type: none"> * Audit; * Operating costs of the SPC and WAPP; * Control and supervision of the high voltage construction works; * Capacity building (WAPP + countries); * Implementation and monitoring of the ESMP and RAP; * Various studies (feasibility of dams in Côte d'Ivoire and Sierra Leone, study on the Linsan Fomi power line, study on Liberia's Master Plan); * Compensations. |
| Total | 331.51 | 128.15 | 38.66 | |



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Beneficiaries: The beneficiaries of the Project will include the Project area inhabitants, in particular women and youths, who constitute 51% and 70% of this population. These populations will benefit from new employment opportunities, increased business activities, improved access to socio-economic infrastructure, reduced load-shedding times and lower electricity rates.



ANNEX II
ALLOCATION OF THE LOAN

This Annex indicates the categories of expenditure to be financed out of the resources of the Loan and the allocation of the resources to each category financed therein.

Categories of Expenditure
(UA million)

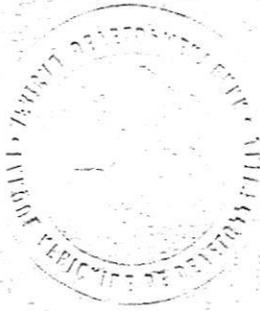
| No | Category | Local Currency Costs | Foreign Currency Costs | Total |
|-----------|-----------------|-------------------------------------|---------------------------------------|--------------|
| 1 | Works | 1.00 | 5.67 | 6.67 |
| | Total | 1.00 | 5.67 | 6.67 |



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| No. | Procurement Method | Thresholds for Prior Review (in UA) | Thresholds for Post Review (in UA) | Frequency of Reviews |
|-----|-----------------------------------|-------------------------------------|------------------------------------|-------------------------|
| 1. | ICB (goods) | above 200,000 | All contracts | All contracts |
| 2. | ICB (works) | above 1.5 million | All contracts | All contracts |
| 3. | NCB (goods) | below 200,000 | First two (2) contracts | First two (2) contracts |
| 4. | NCB (works) | below 1.5 million | First two (2) contracts | First two (2) contracts |
| 5. | Shopping from Suppliers (Goods) | $\leq 50,000$ | Annually | Annually |
| 6. | Shopping from Contractors (works) | $\leq 100,000$ | Annually | Annually |

Prior Review Thresholds: Procurement decisions subject to Bank's prior review for the Procurement of Goods and Works:

REVIEW THRESHOLDS

ANNEX III



Thresholds for prior review for the Use of Consultants:

| No. | Selection Method | Thresholds for Prior Review (in UA) | Thresholds for Post Review (in UA) | Frequency of reviews |
|-----|-------------------------------------|-------------------------------------|------------------------------------|----------------------|
| 1. | Competitive procedure (firms) | Above 200,000 | | All contracts |
| 2. | Competitive procedure (individuals) | Above 50,000 | | All contracts |
| 3. | Single source (firms/individuals) | Irrespective of the amount | - | All contracts |
| 4. | Competitive procedure (firms) | | Below 200,000 | First contract |
| 5. | Competitive procedure (individuals) | | Below 55,000 | First contract |



14

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