

AG
097



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

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



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AND
THE AFRICAN DEVELOPMENT FUND**

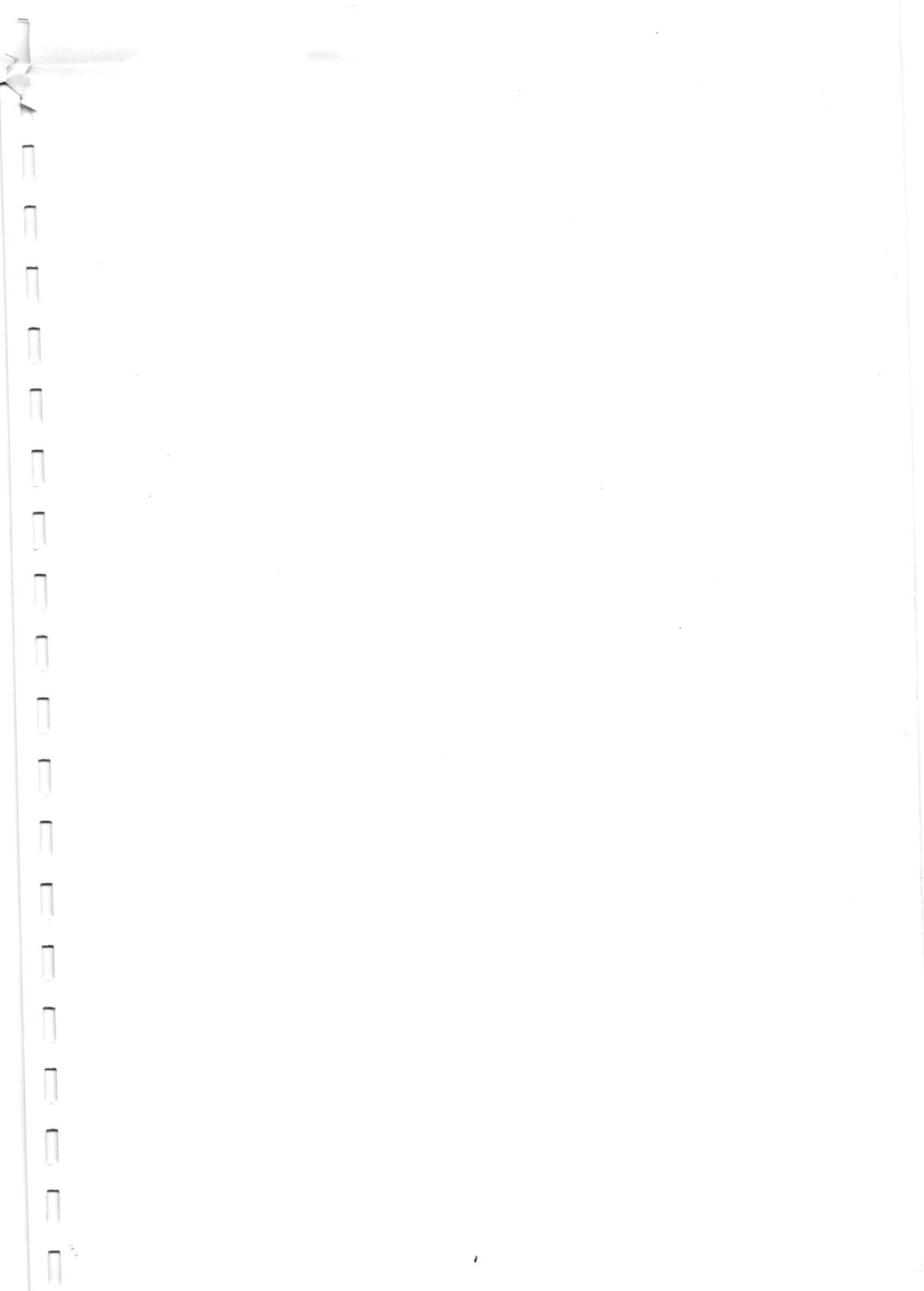
**(COTE D'IVOIRE, LIBERIA, SIERRA LEONE AND
GUINEA (CLSG) ELECTRICITY NETWORKS
INTERCONNECTION PROJECT)**

**PROJECT ID No : P-Z1-F00-046
GRANT No : 2100155026069 - (SOS: 1.535)
PROJECT ID No : P-Z1-F00-054
GRANT No : 2100155026070 - (EEEOA: 0.703)
PROJECT ID No : P-Z1-F00-058
GRANT No : 2100155026071 - (SNE: 4.882)**

This Protocol of 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 "Recipient") and the AFRICAN DEVELOPMENT FUND (hereinafter referred to as the "Fund").

WHEREAS:

I. 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");

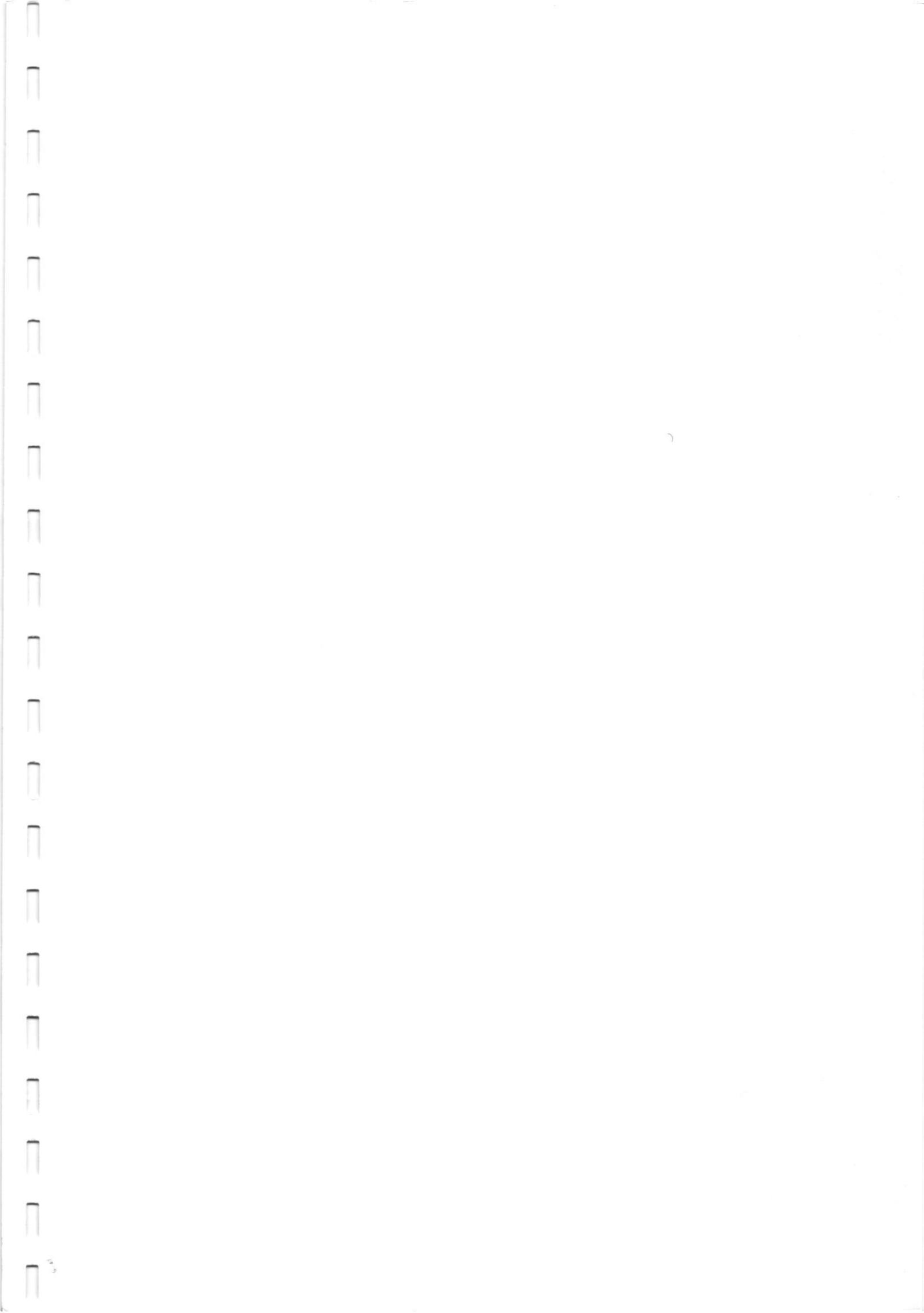
2. By virtue of the Treaty, the CLSG Member States have created a Special-Purpose Company (hereinafter the "SPC"), equally owned by the National Electricity Companies (hereinafter together the "NECs") of the CLSG Member States, having supranational character, to implement the Project. The SPC, titled 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;

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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 Recipient has requested the Fund to support the implementation of the Project by providing a Grant to the Recipient in the amount specified hereunder;

7. The Recipient has declared its commitment to the execution of the Project;

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

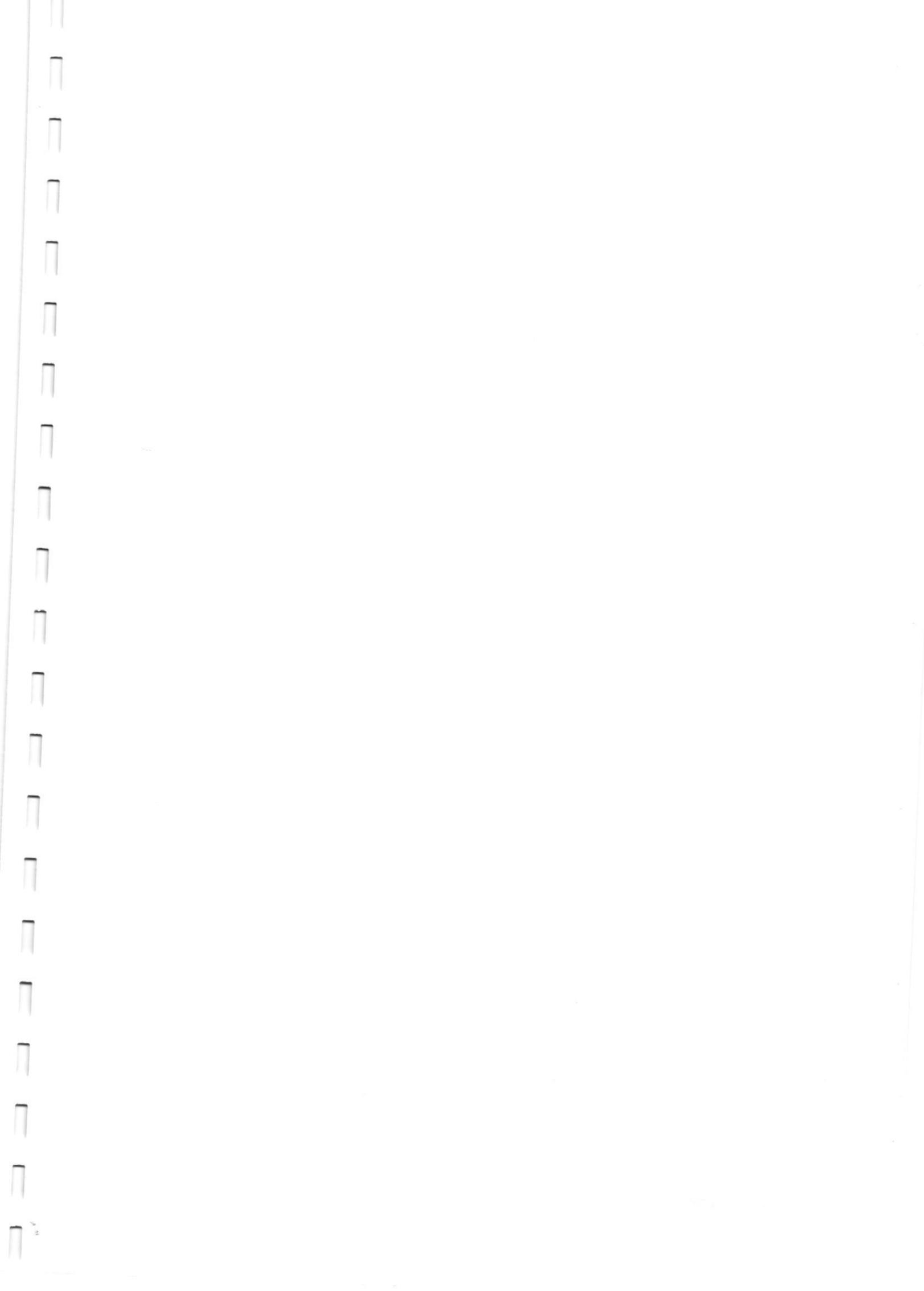
9. The Fund has agreed on the basis, *inter alia*, of the foregoing, to provide a Grant to the Recipient upon the terms and conditions hereinafter set forth.

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 Protocols of*



Agreements for Grants of the African Development Fund (hereinafter referred to as the "General Conditions"), as amended from time to time, 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.

ARTICLE II

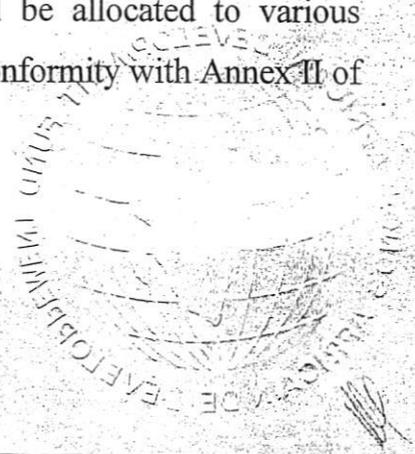
THE GRANT

Section. 2.01. Amount. The Fund agrees to provide to the Recipient, from its resources, in United States Dollars, an amount not exceeding the equivalent of Seven Million One Hundred and Twenty Thousand Units of Account (UA 7,120,000) (the "Unit of Account" being defined in Article 1(1) of the Agreement establishing the Fund).

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

Section 2.03. Allocation. The Grant shall be allocated to various categories of expenditures of the Project in conformity with Annex II of this Agreement.

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ARTICLE III
DISBURSEMENTS AND APPLICATION OF
AMOUNTS DISBURSED

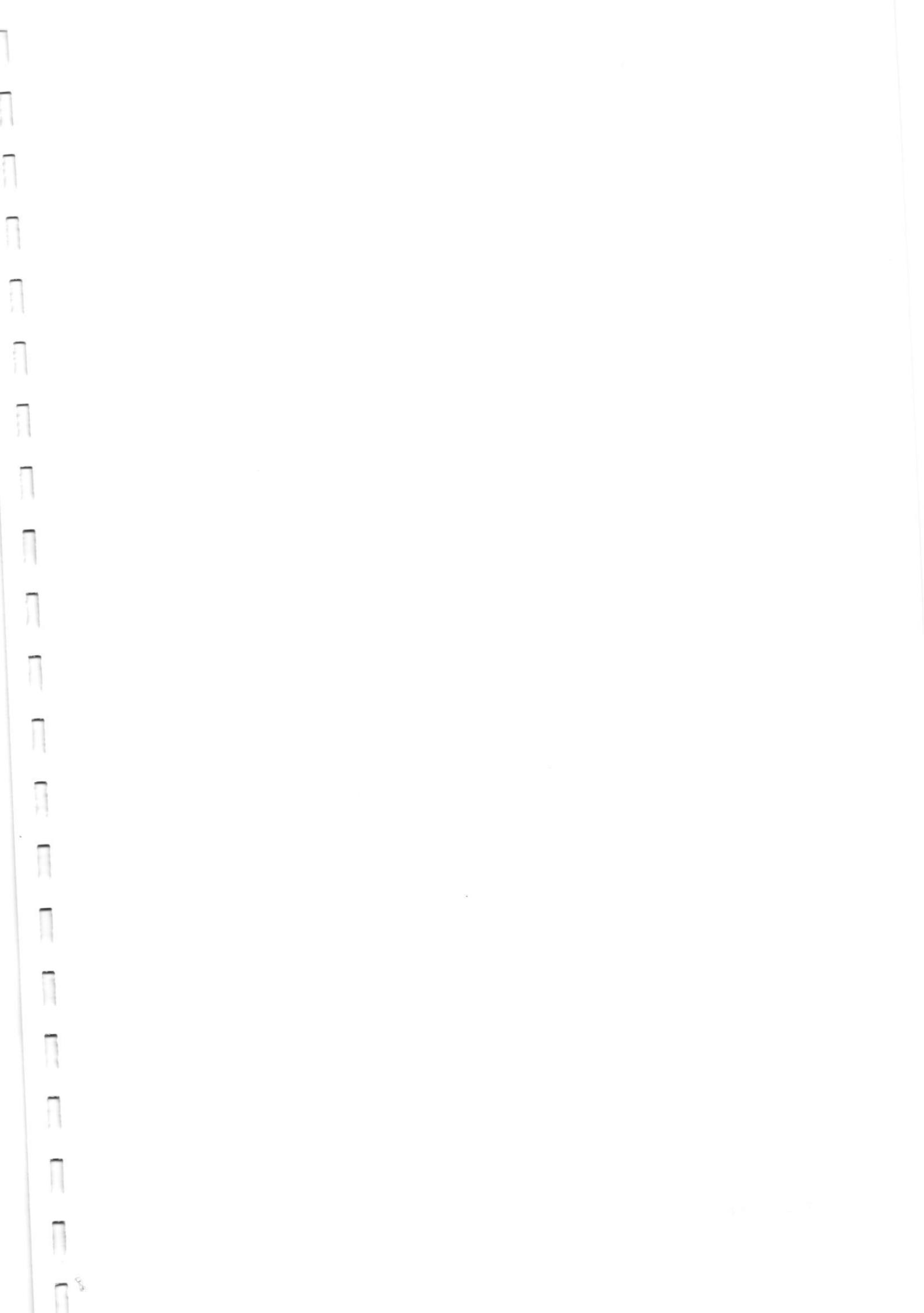
Section 3.01. Disbursements. The amount of the Grant shall be disbursed by the Fund, subject to the provisions of this Agreement and the General Conditions, for the purposes set forth in this Agreement.

Section 3.02. 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 purposes of Section 5.03 (1)(g) of the General Conditions.

Section 3.03. Application of Disbursements. Amounts disbursed on account of the Grant shall be applied by the Recipient solely for the purposes for which they were disbursed.

Section 3.04. Disbursement of the Grant. The Grant shall be disbursed, as separate sub-grants to the SPC, WAPP and the NPA in accordance with the on-granting agreements entered between the Recipient, SPC, WAPP and NPA respectively and as further detailed in Article V below and the On- Granting Schedule in Annex III of the Agreement.





ARTICLE IV

CONDITIONS PRECEDENT TO ENTRY INTO FORCE

Section 4.01. Conditions Precedent to Entry into Force. This Agreement shall enter into force on the date of signature by the Recipient and the Fund.

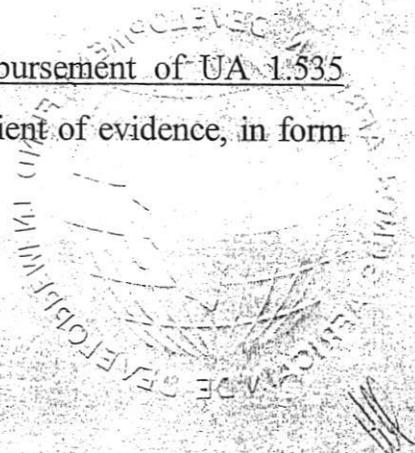
ARTICLE V

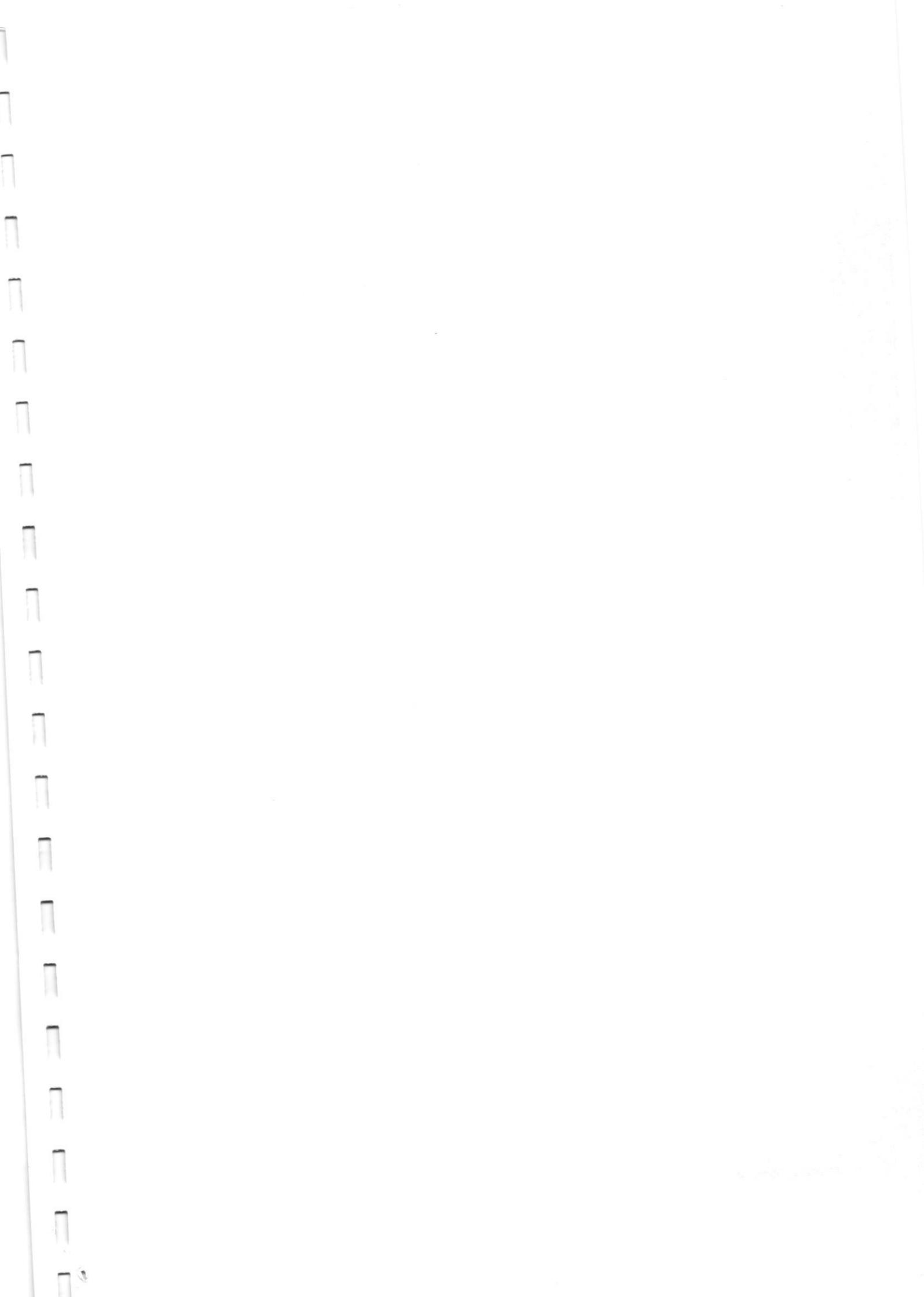
**CONDITIONS PRECEDENT TO FIRST DISBURSEMENTS
AND OTHER CONDITIONS**

Section 5.01. Conditions Precedent to First Disbursement. The obligations of the Fund to make the first disbursement of the Grant shall be conditional upon the entry into force of this Agreement in accordance with Section 4.01 above and the submission by the Recipient of evidence, in form and substance satisfactory to the Fund, of the fulfilment of the conditions stipulated in the subsequent clauses. For avoidance of doubt, the Grant shall be disbursed as sub-grants, as stipulated in Section 3.04 above and the fulfilment of conditions precedent to disbursement of each sub-grant shall be considered separately.

Section 5.02. Conditions Precedent to Disbursement of UA 1.535 Million to the SPC. Submission by the recipient of evidence, in form and substance satisfactory to the Fund, of:







- a) Signing an on-granting agreement for the utilization of UA 1.535 Million to the SPC upon terms and conditions acceptable to the Fund, to finance part of 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 5.03. Conditions Precedent to Disbursement of UA 4.882 Million to the NPA. Submission by the recipient of evidence, in form and substance satisfactory to the Fund, of:

- a) Signing an on-granting agreement for the utilization of UA 4.882 to the NPA upon terms and conditions acceptable to the Fund, to finance part of the rural electrification component; and
- b) Evidence of the opening of a Special Account denominated in USD by the NPA, in a bank acceptable to the Fund, to receive the portion of the Grant to be on-granted to the NPA.

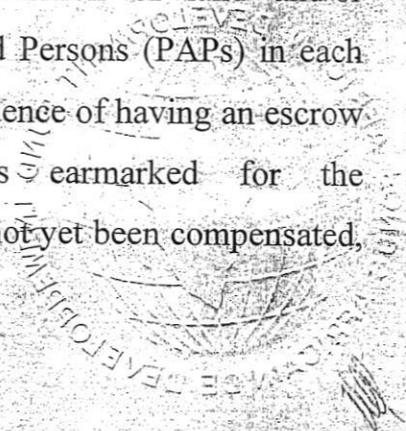
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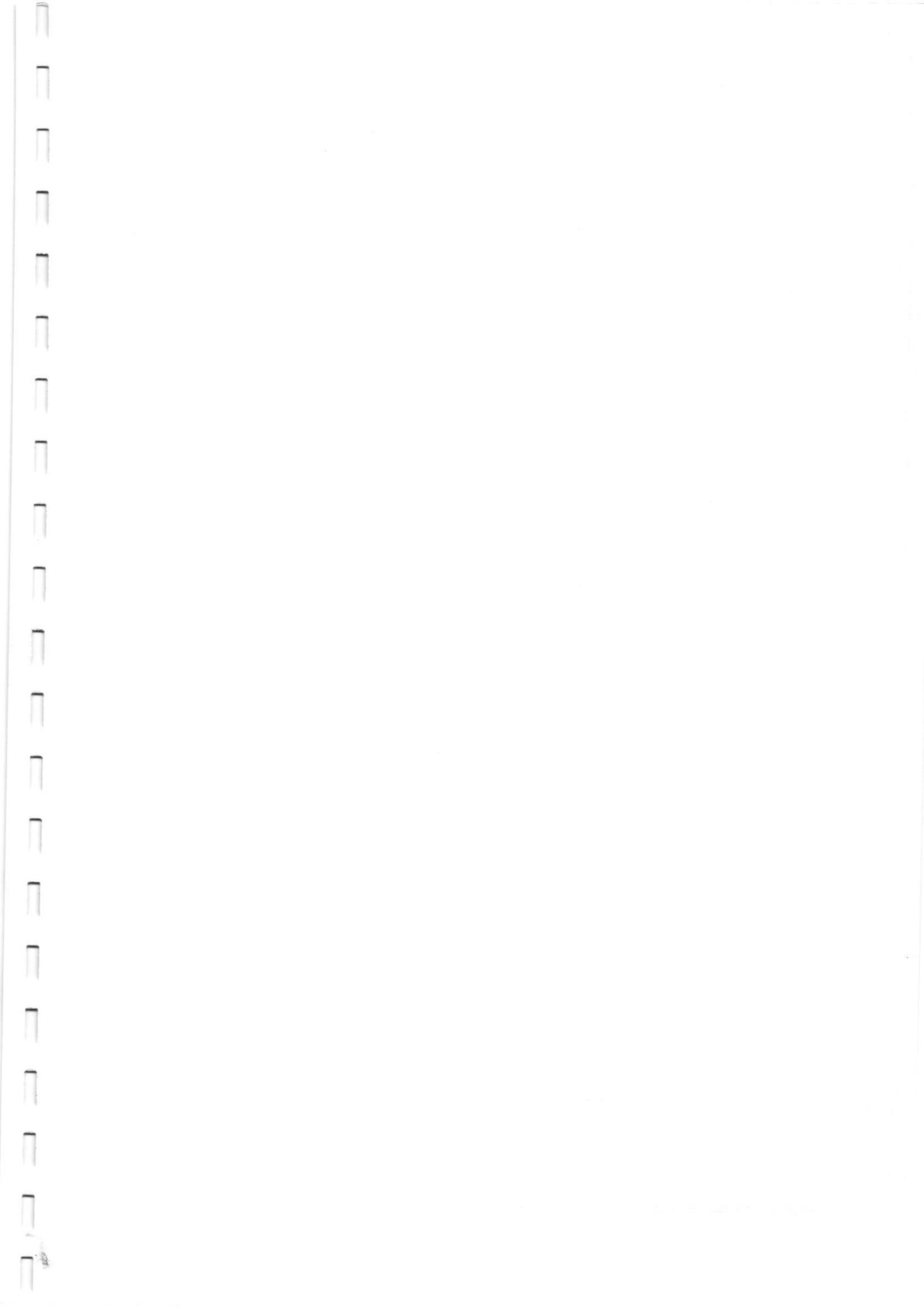
Section 5.04 Conditions Precedent to Disbursement of UA 0.703 Million to the WAPP. Submission by the recipient of evidence, in form and substance satisfactory to the Fund, of:

- a) Signing an on-granting agreement for the utilization of UA 0.703 Million to the WAPP upon terms and conditions acceptable to the Fund, to finance capacity building activities; and
- b) Opening of a Special Account, by WAPP, in a bank acceptable to the Fund, to receive the portion of the Grant to be on-granted to the WAPP.

Section 5.05. Other conditions:

- a) The Recipient shall submit to the Fund 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 Project;
- b) Prior to commencement of works on its territory, the Recipient 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,





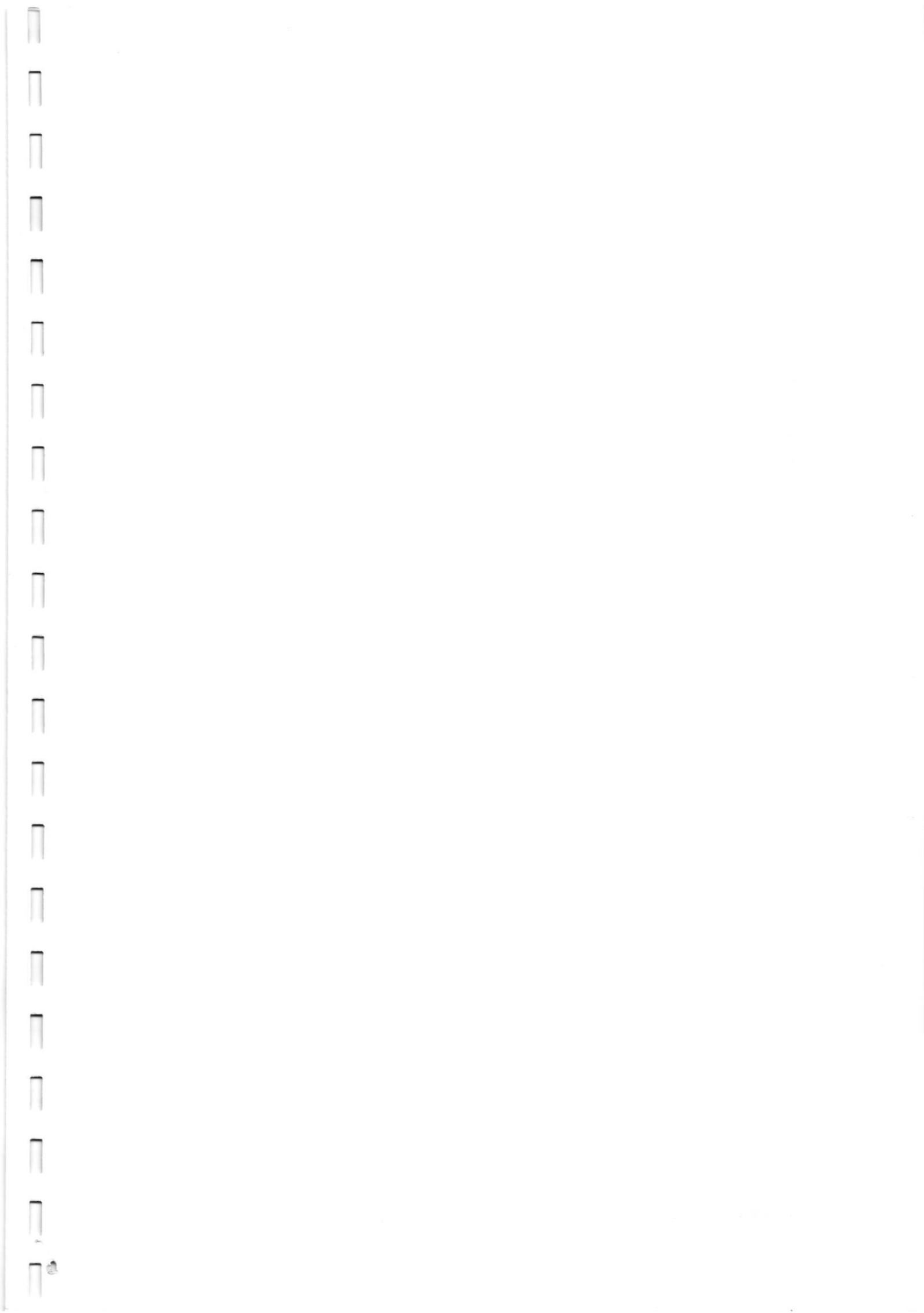
in accordance with the Environmental and Social Management Plan and the Compensation Payment Schedule;

- c) The State hosting the SPC Headquarters shall: (i) submit to the Fund a copy of the International Project Agreement signed between the CLSG Member States and the SPC, whose terms and conditions are acceptable to the Fund; (ii) a copy of the Shareholders' Agreement signed between 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 months from the date of first disbursement; and
- d) Evidence of appointment of an accountant and an assistant accountant at NPA whose qualifications are acceptable to the Fund, within six (6) months of the date of the first disbursement.

ARTICLE VI UNDERTAKINGS

Section 6.01. The Recipient hereby undertakes to:

- a) Implement and report on 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 Fund; and



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

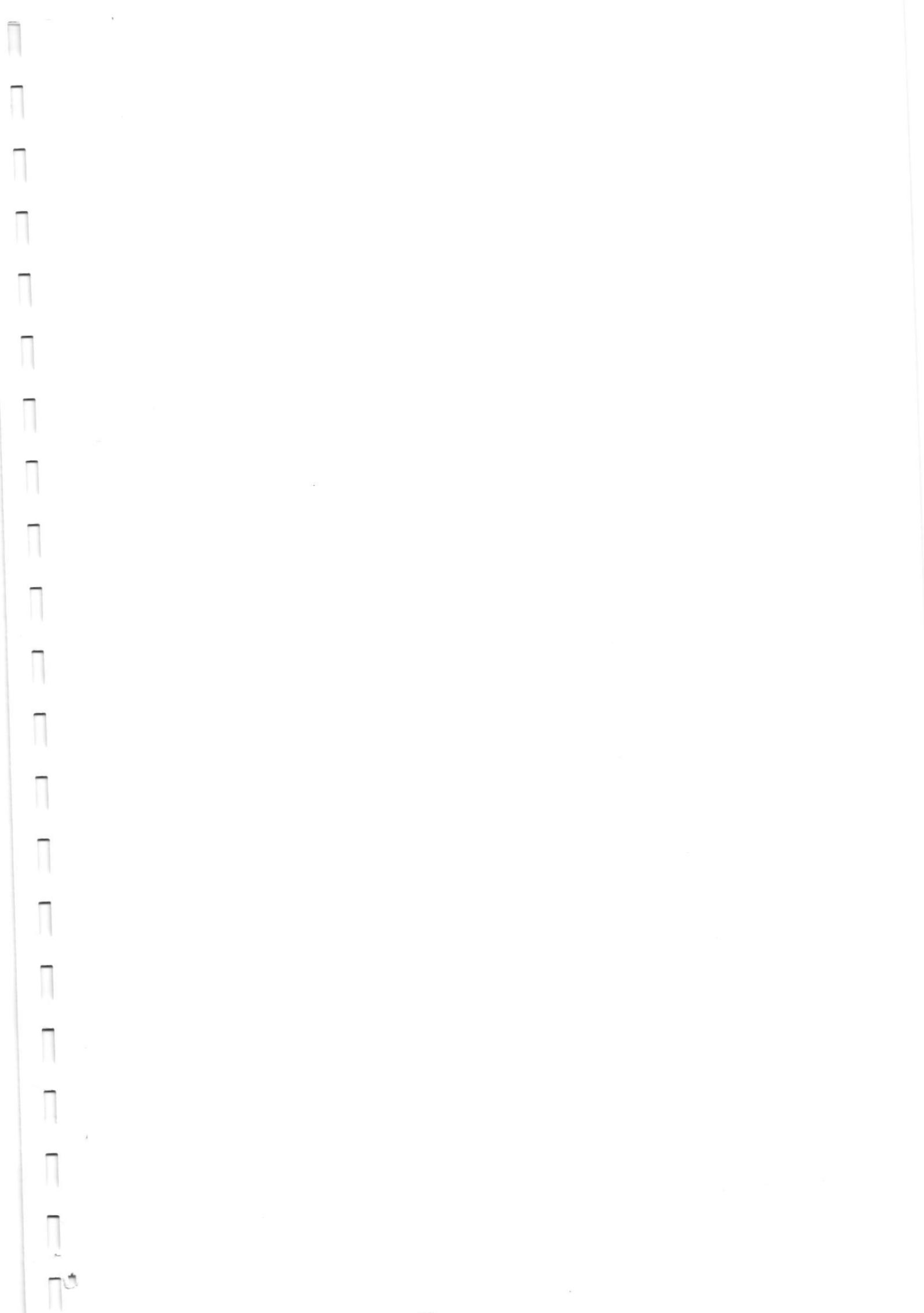
ARTICLE VII
REPORTING AND MONITORING

Section 7.01. The Recipient shall ensure that:

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

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





ARTICLE VIII

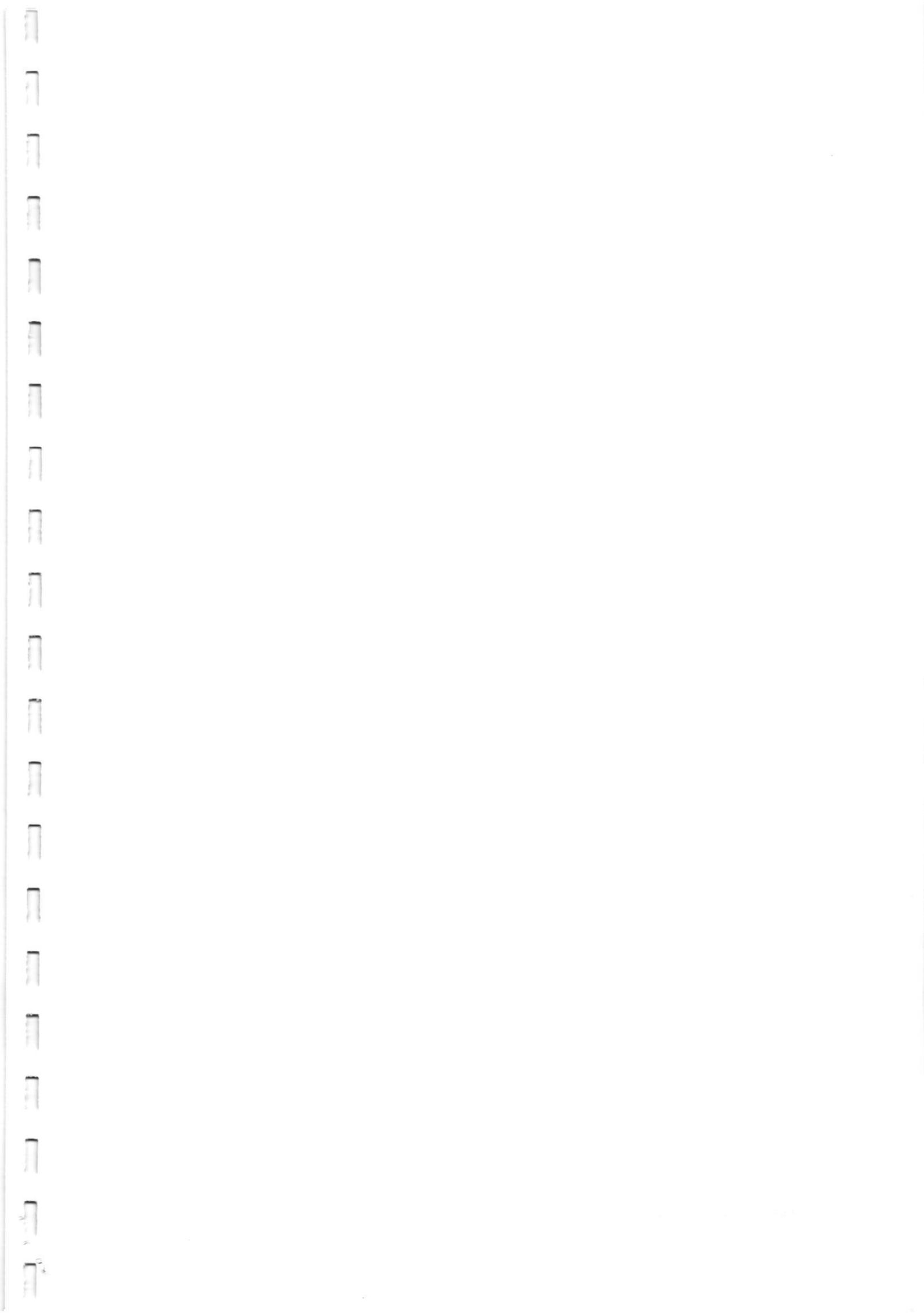
PROCUREMENT OF GOODS, WORKS AND SERVICES

Section 8.01. Procurement of Goods and Works. Goods and Works necessary for the execution of the Project shall be procured in accordance with the Fund'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 the Project Appraisal Report and Procurement Plans approved by the Fund, and as further set out below:

(a) Works

- (i) Procurement of works to be completed by the SPC, including construction of a high voltage transmission line and sub-stations, and supply and installation of power infrastructure and equipment, shall be done through International Competitive Bidding (ICB) with prequalification; and
- (ii) Procurement of works for the construction of rural electricity networks, shall be done through ICB, with prequalification.





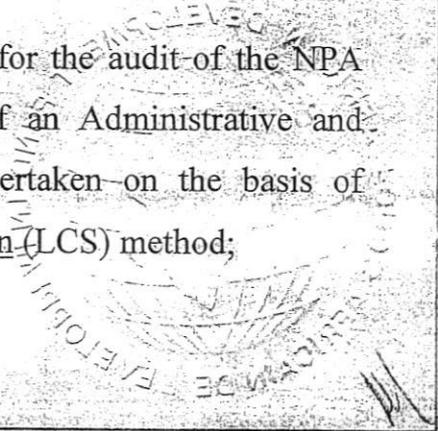
(b) Goods

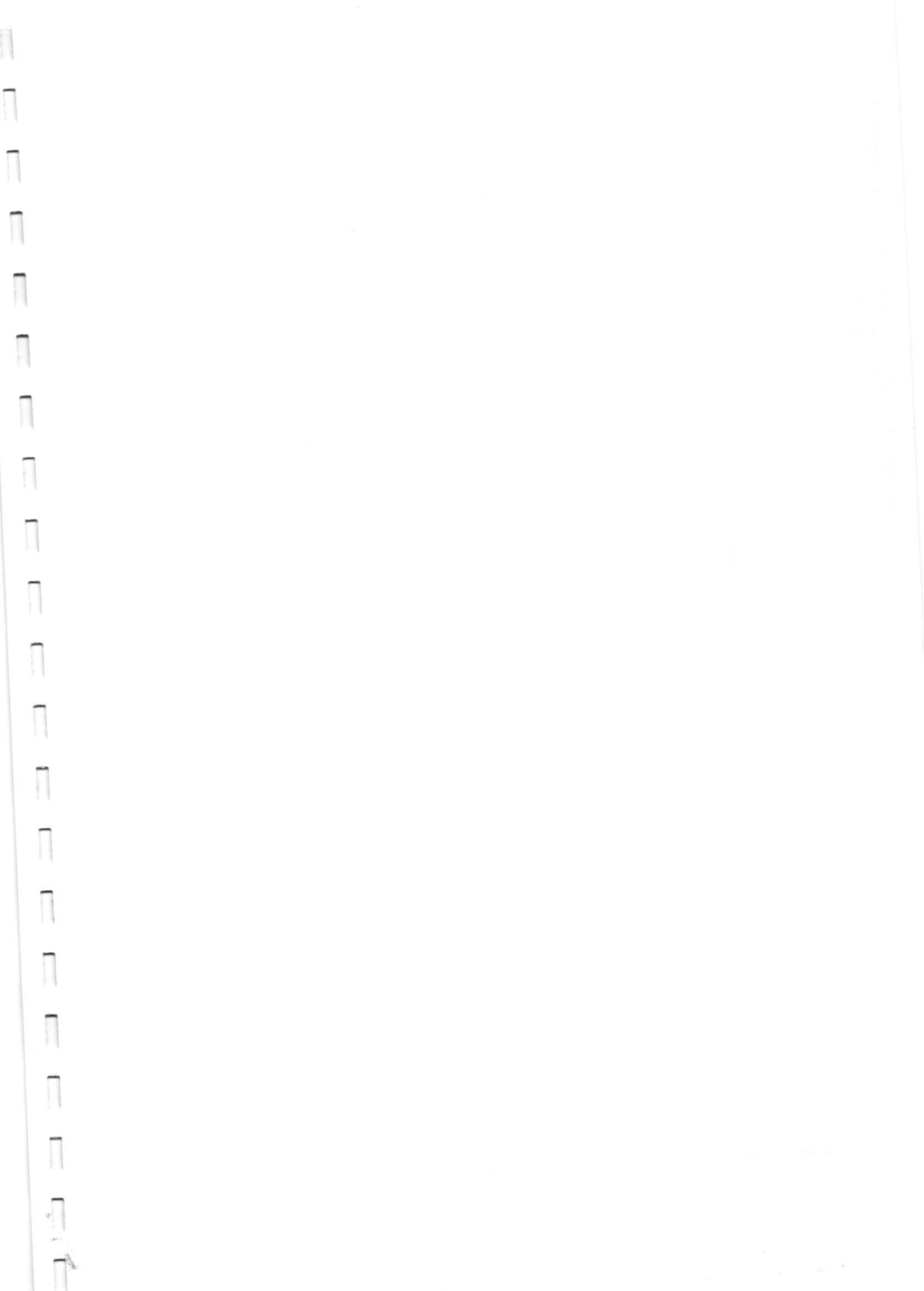
- (i) Procurement of accounting software, vehicles, and IT equipment by NPA, shall be done using Shopping methods;
- (ii) Procurement of prepayment meters by NPA, shall be done through ICB; and
- (iii) Procurement of IT equipment by WAPP, shall be done through Shopping methods.

Section 8.02. Procurement of Services. Services necessary for the execution of the Project to be financed from the resources of the Fund will be procured in accordance with the Fund'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 the Project Appraisal Report and Procurement Plans approved by the Fund, and as further set out below:

- a) Procurement of consulting services for the audit of the SPC and WAPP shall be undertaken on the basis of shortlisting using Least Cost Selection (LCS) method;
- b) Procurement of consulting services for the audit of the NPA and services for the preparation of an Administrative and Financial procedures, shall be undertaken on the basis of shortlisting using Least Cost Selection (LCS) method;

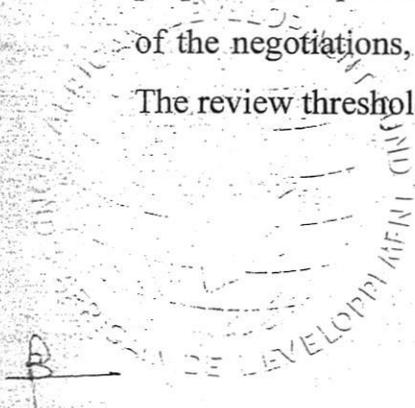


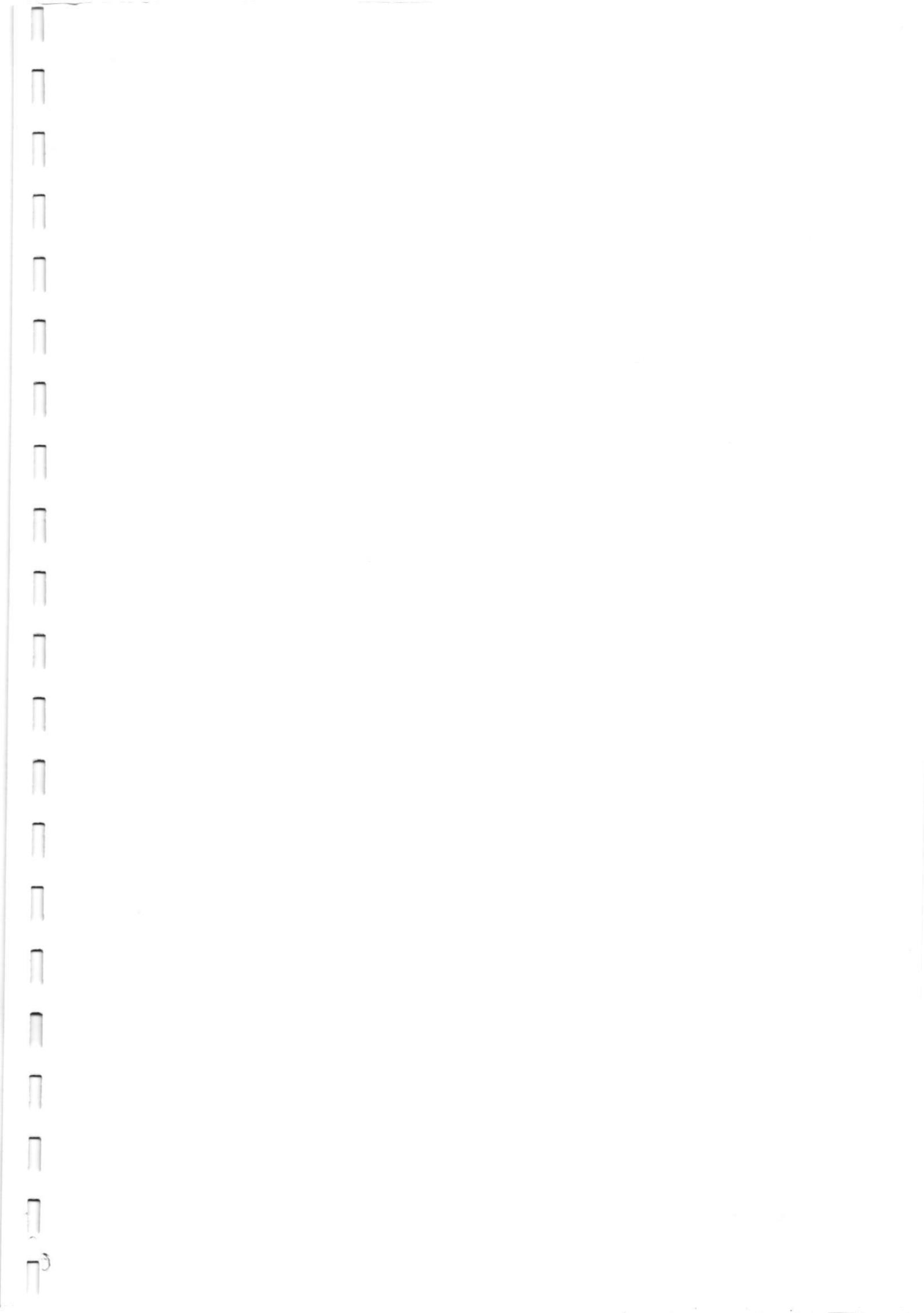




- c) Procurement by WAPP and by NPA of individual consultants for technical assistance, shall be undertaken using the procedure for the Selection of Individual Consultants;
- d) Procurement by NPA of services for the control and supervision of rural electrification works, the preparation of Dam Feasibility and ESIA studies and the undertaking of an Implementation Study of the Rural Electrification component, shall be carried out using Quality and Cost Based Selection (QCBS) method; and
- e) Procurement by WAPP of services to conduct training sessions, shall be carried out using Single Source Selection methods.

Section 8.03. Review Procedures. The following documents will be submitted for review and approval by the Fund 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 of the negotiations, and a signed and initialled copy of the contract. The review thresholds are attached as Annex IV.





Section 8.04. Procurement Plans. The SPC, WAPP and NPA shall each submit to and have approved by the Fund, 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 Fund'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 Fund.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.01. Authorized Representatives. The Minister of Finance and Economic Development of the Recipient or such other person as the Minister may designate in writing shall be the authorized representative for the purposes of Section 9.02 of the General Conditions.

Section 9.02. 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 9.03. Addresses. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Recipient:

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 Fund:

Headquarters' Address:

African Development Fund
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

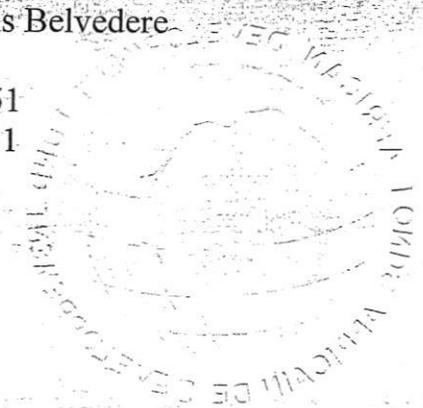
And Temporarily at:

Temporary Relocation Agency

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

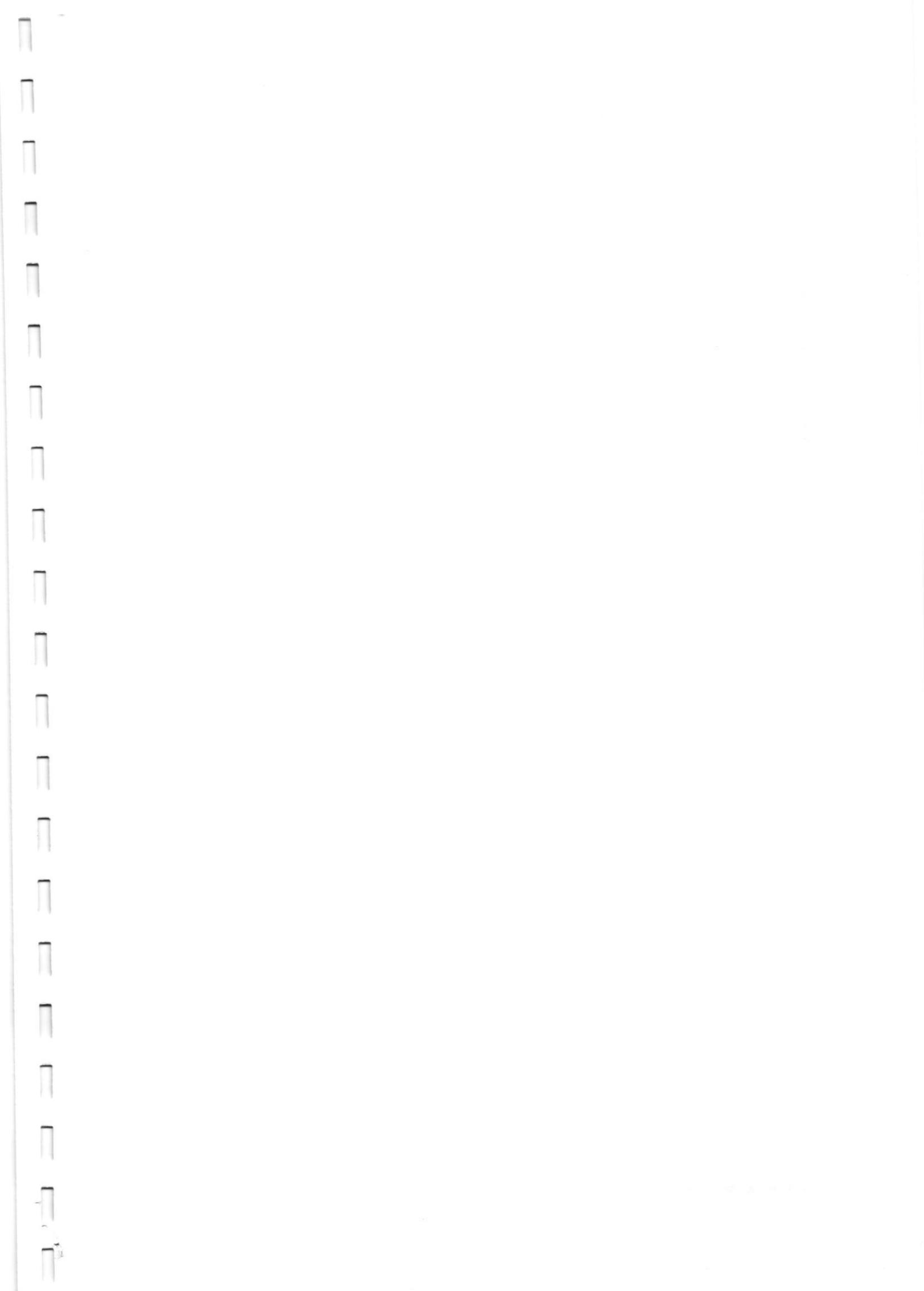
To the attention of:

Director ONEC



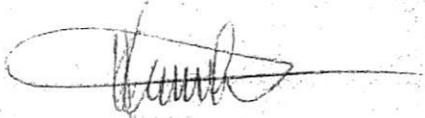
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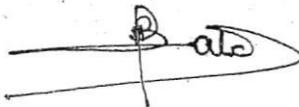
IN WITNESS WHEREOF the Recipient and the Fund, each acting through its authorized representative, have signed this Agreement in two (2) originals, both in English, on the date first above written.

FOR THE REPUBLIC OF SIERRA LEONE

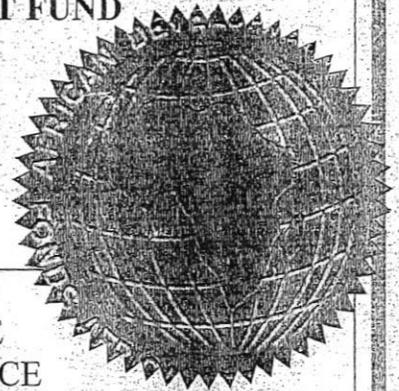


KAIFALA MARRAH
MINISTER OF FINANCE AND
ECONOMIC DEVELOPMENT

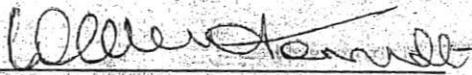
FOR THE AFRICAN DEVELOPMENT FUND



YERO BALDEH
RESIDENT REPRESENTATIVE
SIERRA LEONE COUNTRY OFFICE

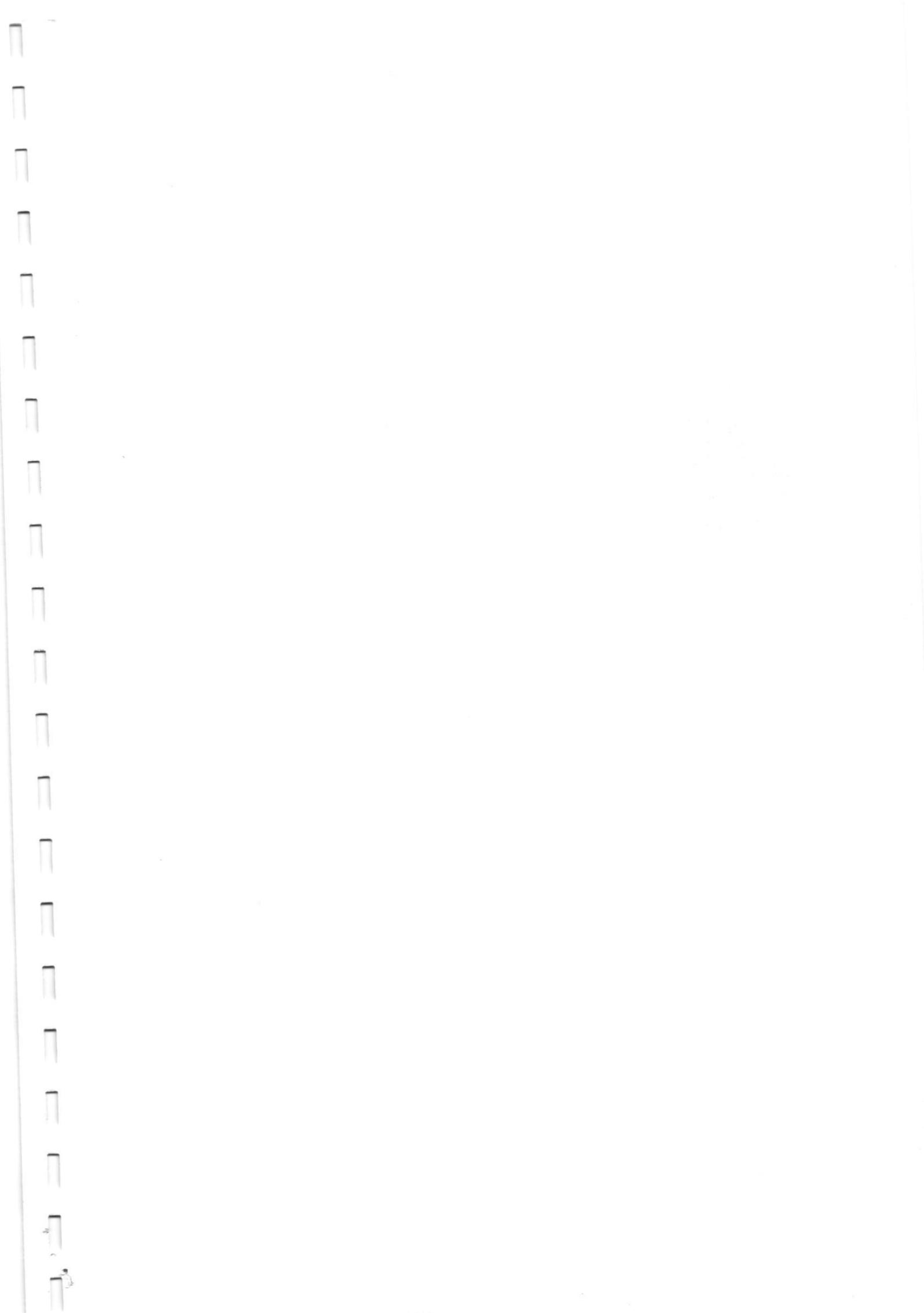


ATTESTED BY:



CECILIA AKINTOMIDE
VICE PRESIDENT AND SECRETARY GENERAL





ANNEX I
PROJECT DESCRIPTION

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-grant the proceeds of the Grant to the SPC, NPC and WAPP for the implementation of their respective components of the Project.

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, electrify 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) increased

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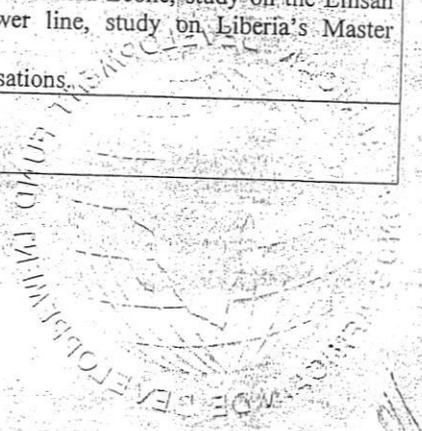
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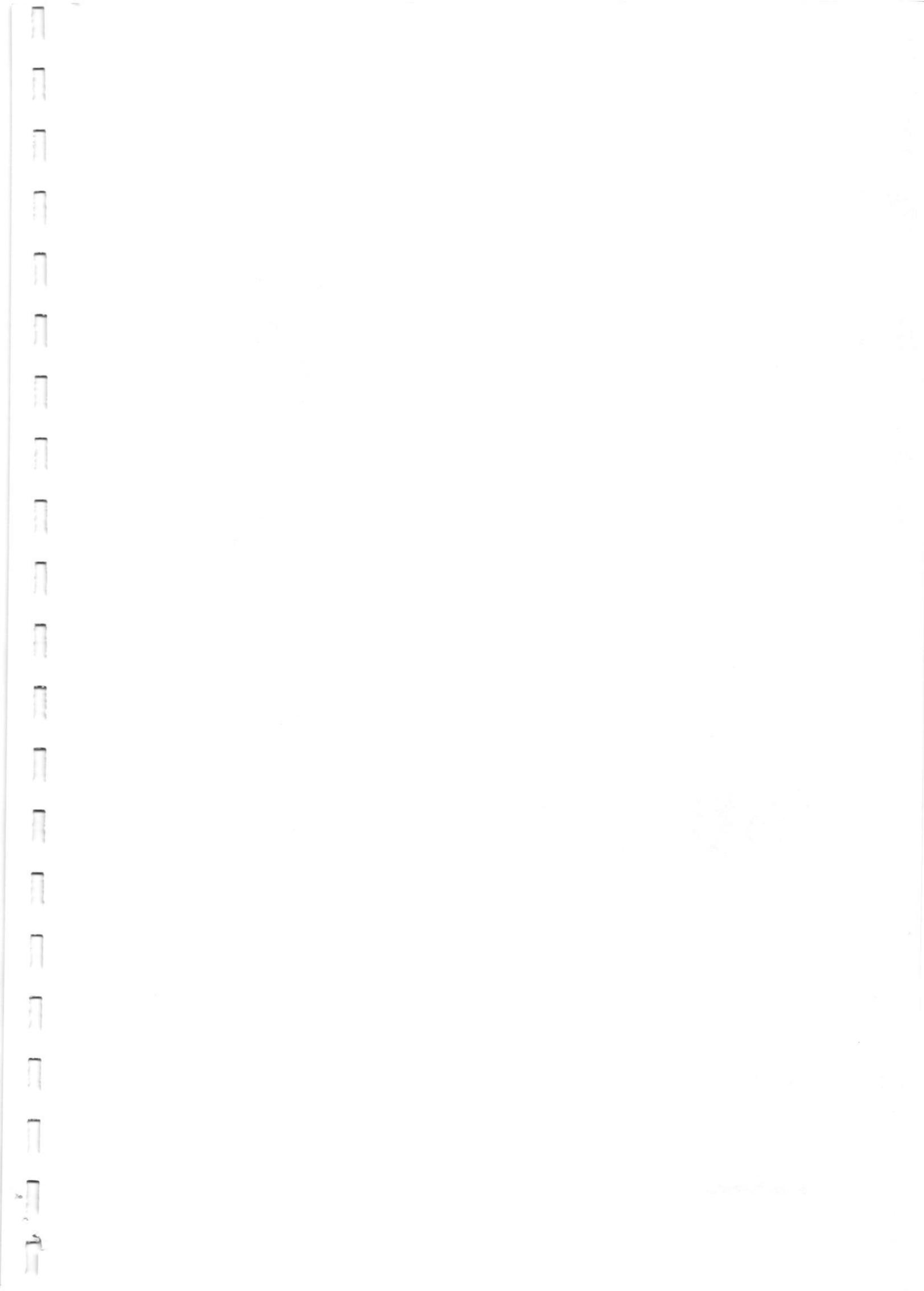


availability and reliability of telecommunications in the participating countries.

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 (UA million)	Bank Financing (UA 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	



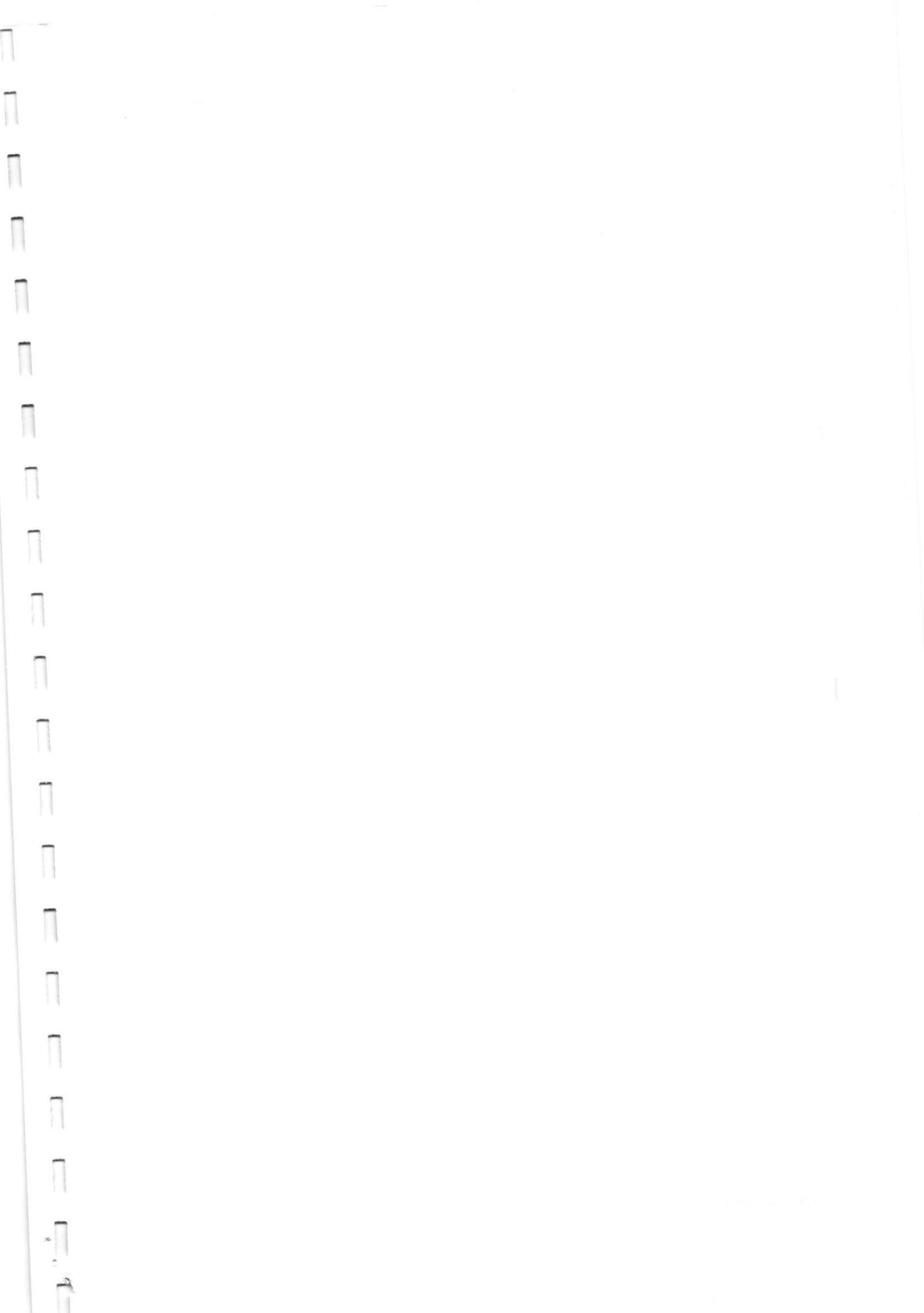


Beneficiaries: The beneficiaries of the Project will include the Project area inhabitants, in particular women and youths, who constitute 51% and 70% of this population. These populations will benefit from new employment opportunities, increased business activities, improved access to socio-economic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



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ANNEX II
ALLOCATION OF THE GRANT

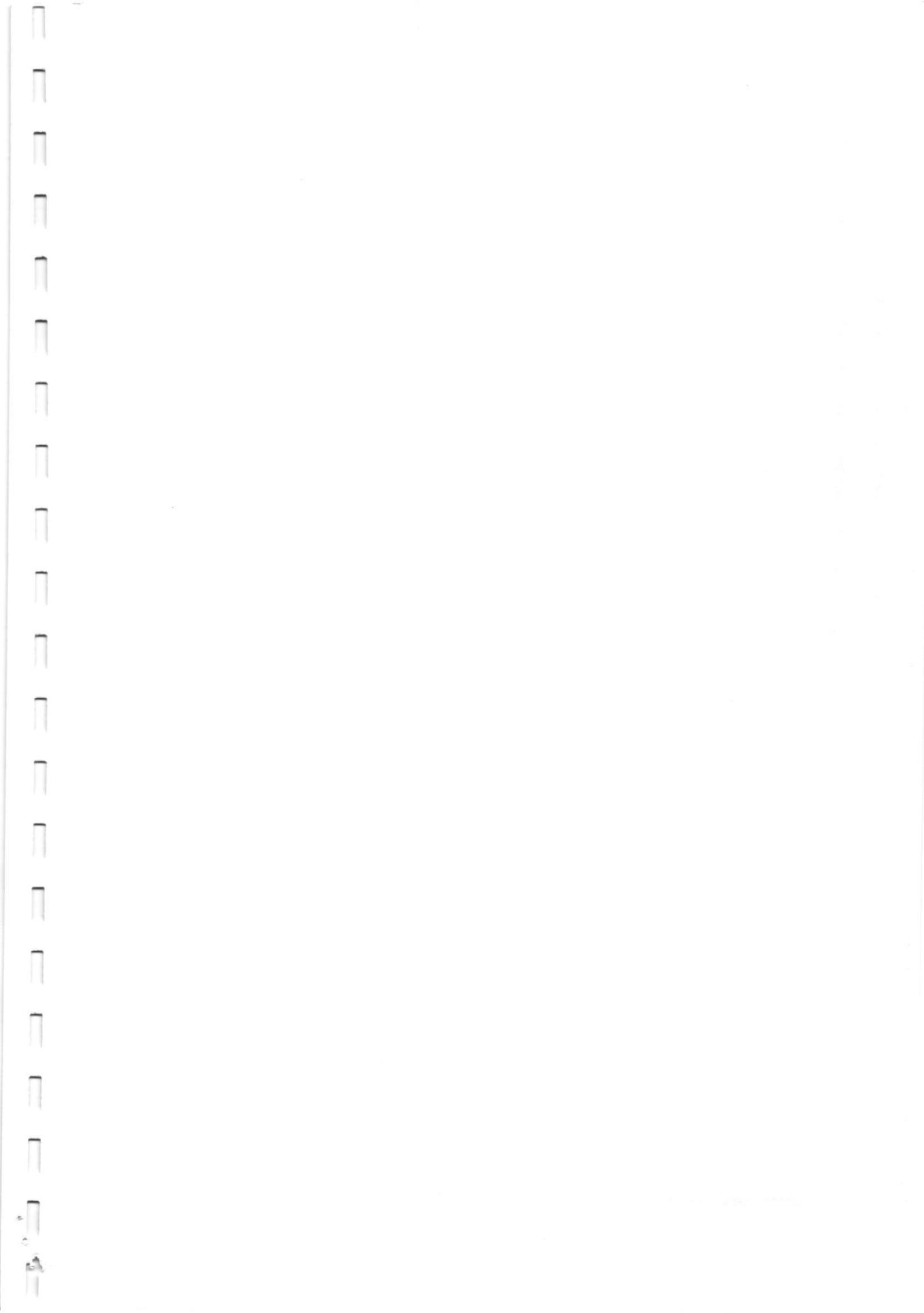
This Annex indicates the categories of expenditure to be financed out of the resources of the Grant and the allocation of the resources to each category financed therein.

Categories of Expenditure
(UA million)

No	Categories	Local Currency Costs	Foreign Currency Costs	Total
1	Works	0.34	1.91	2.25
2	Goods	0.09	0.50	0.59
3	Services	0.77	2.62	3.39
4	Operating Costs	0.08	0.46	0.54
5	Miscellaneous	0.10	0.24	0.35
	Total	1.39	5.73	7.12



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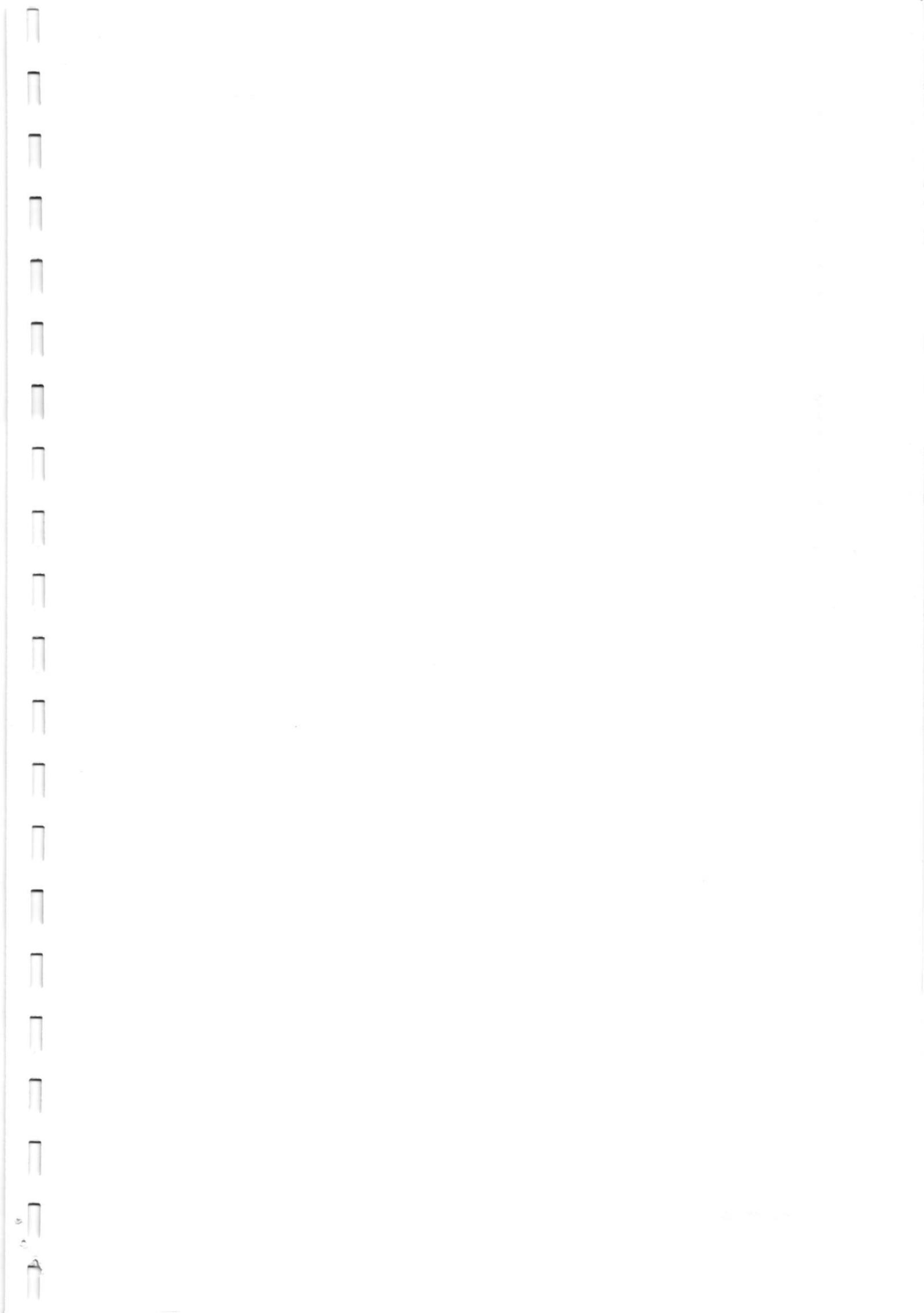


ANNEX III
ON-GRANTING SCHEDULE

SECONDARY RECIPIENTS	GRANT TO BE ON-GRANTED BY THE REPUBLIC OF SIERRA LEONE IN MILLION UA
1. SPC	1.535
2. WAPP	0.703
3. NPA	4.882
Total	7.12



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ANNEX IV
REVIEW THRESHOLDS

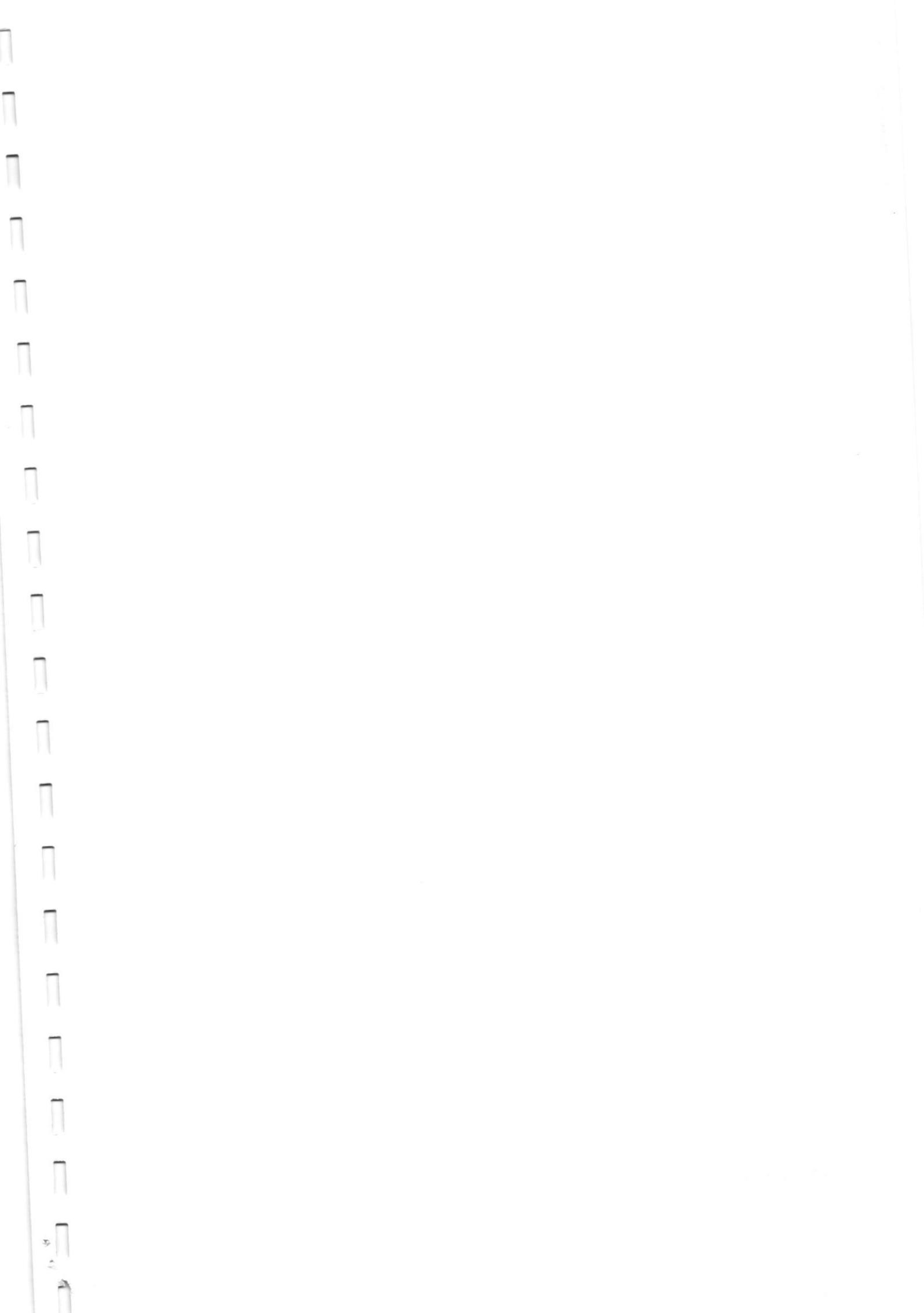
Prior Review Thresholds: Procurement decisions subject to Fund's prior review for the Procurement of Goods and Works:

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
2.	ICB (works)	above 1.5 million		All contracts
3.	NCB (goods)		below 200,000	First two (2) contracts
4.	NCB (works)		below 1.5 million	First two (2) contracts
5.	Shopping from Suppliers (Goods)		$\leq 50,000$	Annually
6	Shopping from Contractors (works)		$\leq 100,000$	Annually



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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



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