CÔTE D'IVOIRE-LIBERIA-SIERRA LEONE-GUINEA INTERCONNECTION PROJECT

SUBSIDIARY LOAN AGREEMENT

BETWEEN

THE REPUBLIC OF SIERRA LEONE

AND

THE REGIONAL TRANSMISSION COMPANY OF CÔTE D'IVOIRE-LIBERIA-SIERRA LEONE-GUINEE (TRANSCO CLSG)

IN RELATION TO THE LOAN AGREEMENT

DATED 28th OF NOVEMBER 2013

BETWEEN THE REPUBLIC OF SIERRA LEONE AND

THE AFRICAN DEVELOPMENT FUND (ADF)

(LOAN N°:2100150030095-SOS: 14-5)

Freetown, this…..day of ……2015

This SUBSIDIARY LOAN AGREEMENT (hereinafter to be referred to as the On-lending Agreement)

BETWEEN

THE REPUBLICE OF SIERRA LEONE, represented by Dr. Kaifala MARAH, the Minister of Finance and Economic Development

(Hereinafter referred to as the "**GOVERNMENT**")

OF THE ONE HAND

AND

THE REGIONAL TRANSMISSION COMPANY OF CÔTE D'IVOIRE-LIBERIA-SIERRA LEONE-GUINEA (TRANSCO CLSG), represented by Mr. **Mohammed Mulibah SHERIF**, the General Manager,

(Hereinafter referred to as the "**TRANSCO CLSG**")

OF THE OTHER HAND

The GOVERNMENT and TRANSCO CLSG shall be collectively known as the "**Parties**" hereby:

WITNESSETH

WHEREAS, by the loan agreement (hereinafter called ''the Loan Agreement'') signed on 28th November, 2013 between the GOVERNMENT and the African Development Fund (hereinafter called ''The Fund''), The Fund has agreed to make available to the GOVERNMENT a Credit in an amount equivalent to UA 14,500,000 (Fourteen Million and Five Hundred Thousand Units of Account) to finance part of the foreign currency cost and part of the local currency cost of the CLSG Transmission Interconnection Project ((hereinafter called the ''Project''), described in Annex I of the Loan Agreement.

WHEREAS, 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

This SUBSIDIARY LOAN AGREEMENT (hereinafter to be referred to as the On-lending Agreement)

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(Hereinafter referred to as the "**GOVERNMENT**")

OF THE ONE HAND

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THE REGIONAL TRANSMISSION COMPANY OF CÔTE D'IVOIRE-LIBERIA-SIERRA LEONE-GUINEA (TRANSCO CLSG), represented by Mr. **Mohammed Mulibah SHERIF**, the General Manager,

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WHEREAS, 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 to be known as the Treaty), the purpose of which is

to establish the financing construction operation, maintenance ownership and development of the CLSG Interconnection Line amongst the CLSG Member States (hereinafter known as the Project) has undertaken, to on-lend or make available to TRANSCO-CLSG, a Supranational Company denominated CLSG REGIONAL TRANSMISSION COMPANY, known as TRANSCO-CLSG, charged with the implementation, management and operations of the Regional Government Electricity Project, the proceeds of the loan upon terms and conditions acceptable to the Fund, as provided for in the said Loan Agreement and to the satisfaction of the AfDB;

WHEREAS, by Virtue of the Treaty, the CLSG Member States have created a Special – Purpose Company (hereinafter to be known as the SPC), equally owned by the National Electricity Companies (hereinafter together known as the NEC) of the CLSG Member States, having supranational character, to implement the Project.

WHEREAS, by Virtue of the Treaty, the CLSG Member States and the SPC have agreed to jointly and severally enter into an International Project agreement to govern the implementation of the Project; the FUND shall finance part of the costs of the Project by providing portion of the loan to TRANSCO-CLSG for the Regional electrification of parts of the four regional countries of Cote D'Ivoire, Liberia, Sierra Leone and Guinea, and the TRANSCO-CLSG has agreed to accept and disburse the proceeds of the Loan as per the terms and conditions as herein set forth.

WHEREAS, Under the Loan Agreement, the Government has agreed to make available to TRANSCO CLSG the funds comprising the Fund Credit towards the cost of the implementation of the Project in the form of an On-lending Agreement which stipulates that the funds disbursed to the GOVERNMENT by the Fund will be on-lent to TRANSCO CLSG;

NOW THEREFORE, The PARTIES hereto agreed as follows:

ARTICLE I
GENERAL REPRESENTATIONS ; DEFINITIONS

1.01 Unless the context requires otherwise, the terms defined in the Loan Agreement have the respective meaning herein set forth.

ARTICLE II
ON – LENDING TERMS

2.01 The GOVERNMENT hereby agrees to make available as a loan, the funds made available to it by the Fund pursuant to the Loan Agreement on the same terms and conditions as set forth or referred to in the Loan Agreement. The loan amount is equivalent to UA 14,500,000 (Fourteen Million and Five Hundred Thousand Units of Account) (the '' On-lent Loan'') to finance part of the construction, operation and maintenance of the CLSG transmission line and substations.

2.02 The right of TRANSCO CLSG to withdraw the On-lent Loan funds shall be subject to the right of the GOVERNMENT to withdraw the funds, which is in accordance with Articles 4.01, 5.01 and 5.02 of the Loan Agreement.

2.03 TRANSCO CLSG shall not make use of any amount of the loan to pay for expenditures incurred prior to fulfilment of conditions precedent to initial disbursement, as follows :

(i) The GOVERNMENT shall provide the Fund with evidence of the signing of an On-Lending Agreement for the utilization of UA 14,500,000 to TRANSCO CLSG upon the terms and conditions acceptable to the Fund, to finance part of the construction, operation and maintenance of the CLSG transmission line and substations ;

(ii) The State hosting TRANSCO CLSG Headquaters shall provide the Fund with evidence of : ratification of the Treaty by the CLSG Member States and evidence that the share capital for TRANSCO CLSG has been paid in full ;

(iii) TRANSCO CLSG shall provide an appointment of the finance manager and accountant, whose skills and qualifications are acceptable to the Fund.

2.04 The funds shall be available upon signature of this On-Lending Agreement and upon fulfilment of conditions precedent to first disbursement of the Loan funds as stipulated in the paragraph above and as further stipulated in Articles 4.01 and 5.02 of the Loan Agreement.

2.05 The GOVERNMENT shall, upon the signing of this On-lending Agreement, open a Subsidiary Loan Account in its books in the name of TRANSCO CLSG for the purpose of this On-lending Agreement.

2.06 The funds of this On-lending Agreement shall be exclusively applied to financing the Qualifying Expenditures of the Project in accordance with the Loan Agreement.

2.07 Currency of repayment of the Loan, service charges and other charges in respect of the Loan, or any other required payments, shall be made by TRANSCO CLSG to the GOVERNMENT in the currency (ies) of disbursement (US Dollars) or in a currency of substitution (European Community Euro, the British Pound Sterling or the Japanese Yen).

2.08 **Service Charge** –TRANSCO CLSG shall pay service charge (hereinafter referred to as the "Service Charge") to the Government at the rate of three quarters of one percent (0,75%) per annum on the principal amount of the Loan disbursed and outstanding from time to time.

2.09 **Commitment Charge** -TRANSCO CLSG shall pay a commitment charge (hereinafter referred to as the « Commitment Charge ») at the rate of one half of one per cent (0,5%) per annum on the undisbursed portion of the Loan, which shall begin to accrue one hundred and twenty (120) days after signature of this Agreement.

2.10 **Repayment of the principal** -TRANSCO CLSG shall repay the principal of the Loan over a period of forty (40) years after a ten (10) year grace period commencing from the date of this Agreement, at the rate of one per cent (1%) per annum from the eleventh (11th) to the twentieth (20th) year inclusive and at the rate of three per cent (3%) per annum thereafter.

2.11 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 March or 15th September, whichever immediately follows the expiration of the grace period referred to in Section 2.10 above. The Service Charge and the Commitment Charge shall be payable semi-annually on these same dates.

ARTICLE III
EXECUTION OF THE PROJECT

3.01 TRANSCO CLSG shall implement the Project in accordance with the Loan Agreement and shall not assign, amend, abrogate or waive any of the provisions of the schedule without The Fund's prior written concurrence if any such amendments or waiver may, in the opinion of The Fund, materially or adversely affect the implementation of the Project.

3.02 TRANSCO CLSG shall comply with all its obligations under the Loan Agreement.

ARTICLE IV
REPORTING AND MONITORING

4.01 TRANSCO CLSG shall prepare and furnish to the Bank, a quaterly project implementation report, within thirty (30) calendar days of the end of each quarter, and

4.02 TRANSCO CLSG shall prepare and furnish to the Bank, a Project Completion Report, within six (6) months following project completion.

4.03 TRANSCO CLSG 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 independant auditors acceptable to the Bank, and in accordance with audit terms of reference approved by the Bank

ARTICLES V
PROCUREMENT

5.01 Procurement of the goods, works and consultant's services required for the Project and to be financed out of the funds of the On-lending Agreement shall be procured in accordance with provisions of Article IX of the Loan Agreement.

ARTICLE VI
EFFECTIVE DATE ; TERM ; SUSPENSION ; TERMINATION

6.01 This On-lending Agreement shall come into force and effect on the date upon which t he Loan Agreement becomes effective, notwithstanding the date of signature of this Agreement.

6.02 The GOVERNMENT may suspend disbursement to TRANSCO CLSG and ask for immediate repayment of the On-lent Loan if :

a) TRANSCO CLSG conducts its affairs in relation to the Project contrary to the provisions of this On-lending Agreement and any other related legal instrument, or

b) TRANSCO CLSG applies the funds, or any part thereof, provided to the Project from any source to activities not directly connected to the Project.

6.03 This On-lending Agreement shall terminate if and when the entire amount of the On-lent Credit has been disbursed, the Project has been completed, and repayments of the total principal interest payable and any other appropriate charges have been paid in full by TRANSCO CLSG to the GOVERNMENT.

ARTICLE VII
AMENDMENTS ; APLLICABLE LAW : SETTLEMENT OF DISPUTES

7.01 TRANSCO CLSG shall at all time refrain from any act or omission that may prejudice the obligations of the GOVERNMENT under the Loan Agreement.

7.02 No amendment or addition to this On-lending Agreement shall be made valid or binding unless made by agreement in writing supplemental hereto and duly executed by or on behalf of the Parties hereto.

7.03 This Agreement shall be governed by and construed in all respect in accordance with the Laws of the Republic of Sierra Leone. Any claim or dispute whatsoever arising in connection with this On-lending Agreement shall be settled amicably. In absence of an amicable settlement, the dispute shall be settled by arbitration at the Ecowas Court of Justice in Abuja, Republic of Nigeria under the rules of Arbitration of this Court.The arbitration proceedings shall be held in Abuja and shall be conducted in the english langage.

ARTICLE VIII
NOTICES AND COMMUNICATION

8.01 Any notice, consent or request required or permitted to be given or made under this Agreement to the GOVERNMENT or TRANSCO CLSG shall be in writing and shall be deemed to have been duly given or made when delivered to the following addresses :

FOR THE GOVERNMENT :

The Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Treasury Building
George Street
Freetown
Sierra Leone

FOR THE TRANSCO CLSG :

The General Manager
TRANSCO CLSG
2Plateaux, ENA, Rue J9
28 BP 633 Abidjan 28
Abidjan,
Republic of Cote d'Ivoire.

IN WITNESS WHEREOF, the Parties hereto acting through their duly authorized representatives have caused this Agreement to be signed in their respective names as of the day and year first above written.

SIGNED, SEALED AND DELIVERED FOR AND ON BEHALF OF THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE BY :

Dr. Kaifala MARRAH
Minister of Finance and Economic Development

SIGNATURE.....

IN THE PRESENCE OF:
(*Name and title*)

SIGNATURE.....

SIGNED, SEALED AND DELIVERED FOR AND ON BEHALF OF CLSG REGIONAL TRANSMISSION COMPANY (TRANSCO CLSG) BY :

Mohammed Mulibah SHERIF
General Manager, TRANSCO CLSG

SIGNATURE.....

IN THE PRESENCE OF:

Jigba Josephus YILLA
Finance and Administration Manager

SIGNATURE.....

ANNEX
Allocation of the Loan
Categories of Expenditure

UA Million

No	Category	Local Currency Costs	Foreign Currency Costs	Total
1	Works	2.17	12.33	14.50
	Total	**2.17**	**12.33**	**14.50**

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Minister of Finance and Economic Development

IN THE PRESENCE OF: SIGNATURE.....
(*Name and title*)

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Mohammed Mulibah SHERIF SIGNATURE.....
General Manager, TRANSCO CLSG

TRANSCO CLSG Le Directeur Général Sierra Leone

IN THE PRESENCE OF:

Jigba Josephus YILLA SIGNATURE.....
Finance and Administration Manager

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