

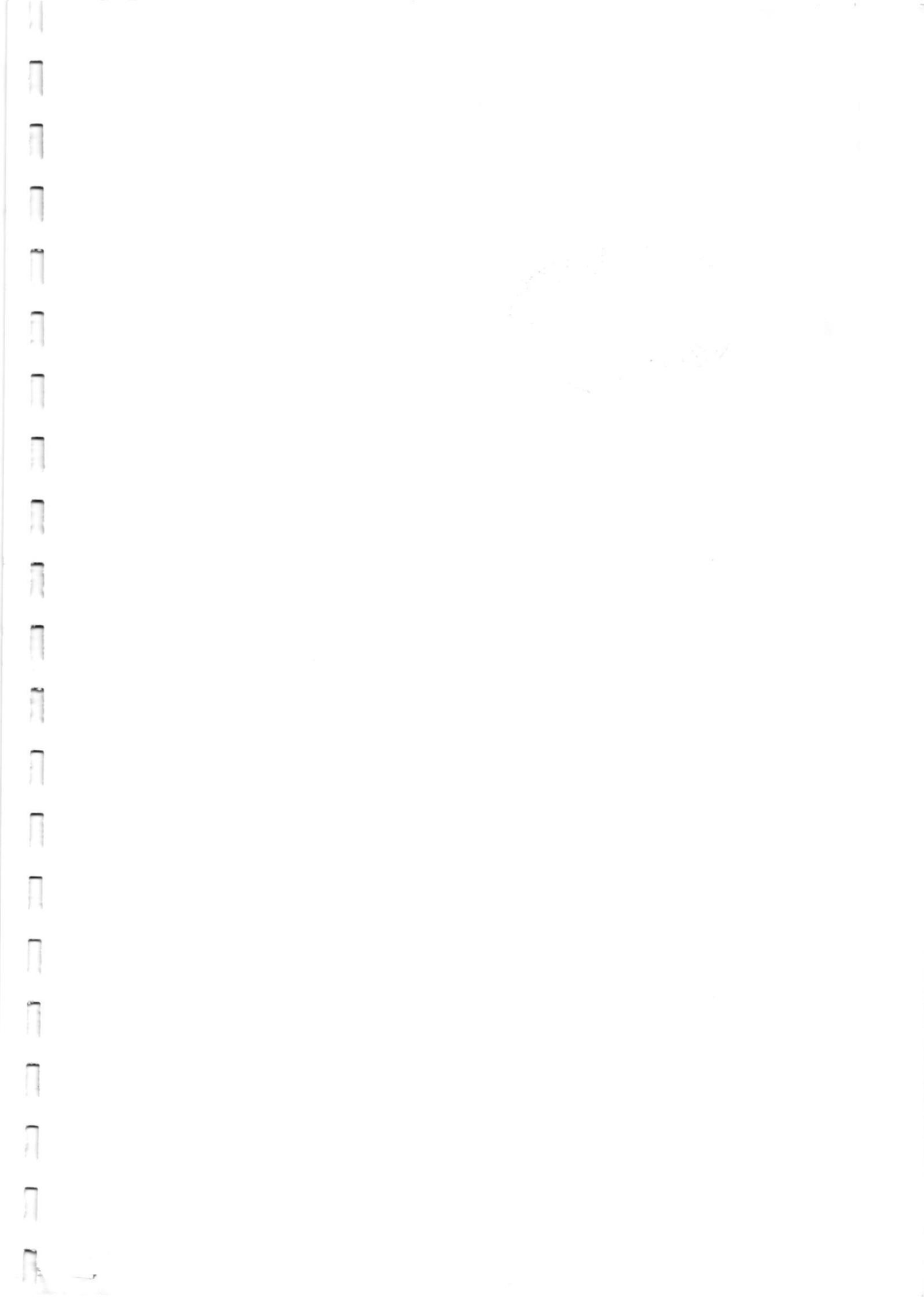
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**SUPPLEMENTARY PROTOCOL OF AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT FUND**

**(SUPPLEMENTARY GRANT FOR THE THREE TOWNS
WATER SUPPLY AND SANITATION PROJECT)**





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**PROJECT ID : P-SL-E00-007
GRANT NO. : 2100155034566**

This SUPPLEMENTARY PROTOCOL OF AGREEMENT (hereinafter referred to as the "**Supplementary Protocol**") is entered into this 25th day of May, 2017 between the REPUBLIC OF SIERRA LEONE (hereinafter called the "**Recipient**") and the AFRICAN DEVELOPMENT FUND (hereinafter called the "**Fund**"). The Recipient and the Fund are hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**".

1. **WHEREAS** the Recipient and the Fund entered into a Protocol of Agreement dated 3 December 2010, Grant No. 2100155018971, Project ID No. P-SL-EA0-001 (hereinafter referred to as the "**Initial Protocol**"), whereby the Fund provided a grant, from the ordinary resources of the Fund, to the Recipient in an amount not exceeding Fourteen Million Seven Hundred Thousand Units of Account (UA 14,700,000) (the Unit of Account being defined in Article 1(1) of the Agreement establishing the Fund) (hereinafter referred to as the "**Initial Grant**") to finance the Three Towns Water Supply and Sanitation Project (hereinafter referred to as the

“Project”) as described in the Initial Protocol and in the Annex hereto;

2. **WHEREAS** it has been determined that the Initial Grant is insufficient to achieve the development goals of the Project and additional resources are required to extend the network of connections in the three (3) cities to target additional households and create opportunities for employment for youths ;
3. **WHEREAS** the Recipient has requested the Fund to provide additional support for the Project by providing a supplementary grant in the amount specified hereunder;
4. **WHEREAS** the Project is being implemented through the Sierra Leone Water Company (hereinafter referred to as “SALWACO” or the “Executing Agency”) and the supplementary grant shall be implemented using the same implementation arrangements as provided under the Initial Protocol; and
5. **WHEREAS** the Fund has agreed on the basis, inter alia, of the foregoing to extend a supplementary 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 Supplementary Protocol accept all the provisions of the *General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund*, (hereinafter referred to as the "**General Conditions**"), as may be 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 Supplementary Protocol, unless the context otherwise requires, the several terms **defined** in the General Conditions shall have the respective meaning therein set forth.

ARTICLE II

THE SUPPLEMENTARY GRANT

Section 2.01. Amount. The Fund agrees to provide, from its ordinary resources, a supplementary grant to the Recipient in an amount in various convertible currencies, not exceeding the equivalent of Three Hundred Seventy Thousand Units of Account (UA 370,000) (hereinafter referred to as the "**Supplementary Grant**") in accordance with the provisions of this Supplementary Protocol and the Initial Protocol.

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Section 2.02. Purpose. The purpose of the Supplementary Grant is to finance part of the supplementary costs of the Project as described in Annex I of this Supplementary Protocol.

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

ARTICLE III

CONDITION PRECEDENT TO ENTRY INTO FORCE

Section 3.01. Condition Precedent to Entry into Force. This Supplementary Protocol shall enter into force on the date of signature by the Parties.

ARTICLE IV

CONDITIONS PRECEDENT TO FIRST DISBURSEMENT

Section 4.01. Conditions Precedent to First Disbursement of the Supplementary Grant. The obligation of the Fund to make the first disbursement of the Supplementary Grant shall be conditional upon the entry into force of this Supplementary Protocol in accordance with Section 3.01 above and evidence by the Recipient, in form and substance satisfactory to the Fund, that the following conditions have been fulfilled:

- (i) The signature of an on-lending agreement between the Recipient and SALWACO in which the Recipient agrees to transfer the entire proceeds of the Supplementary Grant to SALWACO on terms and conditions acceptable to the Fund;
- (ii) The opening of a Special Account at a commercial bank acceptable to the Fund to receive the proceeds of the Supplementary Grant; and
- (iii) The signature of a tripartite Memorandum of Understanding between SALWACO, National Youth Commission and the vocational training institutes.

ARTICLE V

PARTICULAR UNDERTAKING

Section 5.01. Particular Undertaking. Under this Supplementary Protocol, the Recipient undertakes to implement the Environmental and Social Management Plan and to report on its implementation on a quarterly basis.

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ARTICLE VI
DISBURSEMENTS AND APPLICATION
OF AMOUNTS DISBURSED

Section 6.01. Disbursement. The amount of the Supplementary Grant shall be disbursed by the Fund, subject to the provisions of this Supplementary Protocol and the General Conditions, for the purposes set forth in this Supplementary Protocol. Disbursements will be made in accordance with the provisions in the Bank Disbursement Handbook, as amended and the Disbursement Letter signed by the Parties. Both Direct Payment and Special Account methods will be used for disbursement.

Section 6.02. Closing Date. For the purposes of Section 5.03 paragraph (1) (g) of the General Conditions, the Closing Date is specified to be **31 December 2018** or such later date as shall be agreed upon in writing between the Recipient and the Fund.

Section 6.03. Application of Disbursements. Amounts disbursed on account of this Supplementary Protocol shall be applied by the Recipient solely for the purposes for which they were disbursed.

ARTICLE VII

FINANCIAL MANAGEMENT, REPORTING AND AUDITING

Section 7.01. Financial Management. The Recipient shall keep and maintain or, cause SALWACO, to keep and maintain separate records and books of account, which shall identify, in accordance with consistently maintained appropriate accounting standards and practices, the activities financed out of the resources of the Supplementary Grant, pursuant to Section 7.07 of the General Conditions.

Section 7.02. Financial Reporting. SALWACO shall prepare (i) on a quarterly basis, consolidated interim unaudited financial reports to be submitted to the Fund within thirty (30) days of the end of the quarter reported on and (ii) quarterly progress reports to be submitted to the Fund within thirty (30) days of the end of the quarter reported on.

Section 7.03. Audit. The Audit Service Sierra Leone (ASSL) will audit the Project directly, or alternatively outsource the audit of the Project to an acceptable independent audit firm, selected on terms of reference approved by the Fund. SALWACO will be required to submit to the Fund, the audited project financial statements and associated management letter within six (6) months of the end of each financial year audited.

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ARTICLE VIII
PROCUREMENT OF GOODS AND SERVICES

Section 8.01. Procurement of Goods. The procurement of Goods will be carried out in line with the Bank's *Rules and Procedures for Goods and Works 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:

- (i) The procurement of TVET equipment and start-up tool kits intended to be utilized as start-up equipment for trained youth groups shall be procured through Shopping Procedures.

Section 8.02 Procurement of Services. The procurement of consultancy services required for the execution of the Project shall be carried out in line with the Bank's *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:

- (i) The recruitment of technical assistants including a contract management specialist, a quantity surveyor, an Entrepreneurship/MSME specialist and a general publicity/media campaign specialist shall be carried out using

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the Fund's Rules and Procedures for the Procurement of Individual Consultants.

Section 8.3. Procurement review. All procurement of goods and services will be subject to prior review procedures. The following documents are subject to review and approval before promulgation: (i) General Procurement Notice; (ii) Specific Procurement Notices; (iii) Tender Documents or Requests for proposal from Consultants; (iv) Tender evaluation reports or Reports on Evaluation of Consultants' Proposals including recommendations for contracts award; (v) Draft contracts if these have been amended and differ from the drafts included in the tender documents; and (vi) Reports on Evaluation of Consultants' Financial Proposals including recommendations for contract award, (vii) Minutes of negotiations and duly initialled contract documents.

Section 8.4. Procurement Plan. The Recipient and the Fund agreed on a Procurement Plan. The Recipient shall update the Procurement Plan annually or as needed throughout the implementation of the Project. The Recipient shall implement the Procurement Plan in the manner in which it has been granted approval by the Fund. Any revisions proposed to the Procurement Plan shall be submitted to the Fund for its prior approval.

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ARTICLE IX
MISCELLANEOUS

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

Section 9.02. Date of the Supplementary Protocol. For the purposes of this Supplementary Protocol, 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 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,
REPUBLIC OF SIERRA LEONE
Tel: (232) 22.22.58.26
Fax: (232) 22.22.84.72
E-mail: info@mofed.gov.sl

For the Fund:

Mail Address Headquarters

African Development Fund
01 B.P. 1387 - Abidjan 01
REPUBLIC OF CÔTE D'IVOIRE
Tel: (225) 20 26 44 44
Fax: (225) 20 32 65 45

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

FOR THE REPUBLIC OF SIERRA LEONE

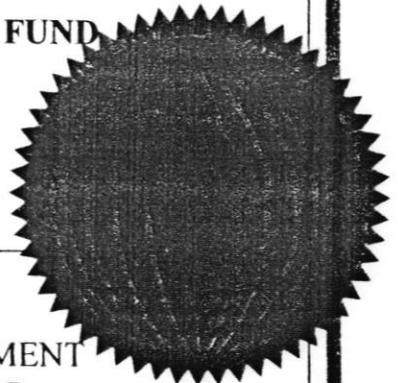


PATRICK SAIDU CONTEH
MINISTER OF STATE
FOR FINANCE AND ECONOMIC DEVELOPMENT

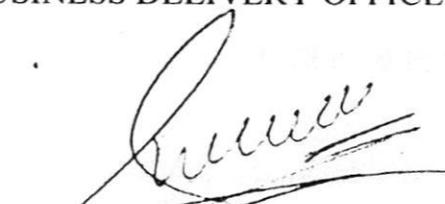
FOR THE AFRICAN DEVELOPMENT FUND



JANVIER K. LITSE
DIRECTOR GENERAL
WEST AFRICA REGIONAL DEVELOPMENT
AND BUSINESS DELIVERY OFFICE



ATTESTED BY:



VINCENT O. NMEIELLE
SECRETARY GENERAL

ANNEX I
PROJECT DESCRIPTION

The Project has two (2) broad objectives:

1. To improve access to safe water supply services in the cities of Bo, Makeni and Kenema through (a) rebuilding of the existing infrastructure and (b) improving sanitation in schools, health centres and other public places like markets and motor parks; and
2. To enhance the institutional capacity, overall operational performance and long-term financial viability of SALWACO through institutional and organizational reforms and capacity building.

The Project consists of the following three (3) components:

1. Infrastructure provision ;
2. Institutional support ; and
3. Project management.

Supplementary financing

Supplementary financing has been requested by the Recipient to enhance the objectives of the Project. Additional resources is required

to extend the network of connections in the three (3) cities to target additional households and also to create opportunities for employment for estimated one hundred and twenty (120) youths that have already been trained as plumbers and will be provided with refresher training to sharpen their skills.

The supplementary funds will also be utilized to facilitate improvement of vocational skills and support the youth groups in setting up small businesses geared to the water utility industry. Start-up tool kits will be provided, and immediate income generation opportunity offered through framework contracts with SALWACO for the necessary water distribution network maintenance and water supply connections services. At least two hundred and forty (240) additional long-term jobs are expected to be created through this initiative. The additional activities will also enhance the project's effectiveness and impact in terms of job creation with particular focus on youth employment, including women.



ANNEX II

ALLOCATION OF THE SUPPLEMENTARY GRANT

The present Annex indicates the categories of expenditures to be financed out of the resources of the Supplementary Grant and the allocation of the resources to the category financed.

Categories of Expenditures

(In UA Thousands)

Category	Costs in Thousands UA		
	Foreign Currency	Local Currency	Total
Goods	285	15	300
Services	40	30	70
Total	325	45	370