MULTINATIONAL

LOAN AGREEMENT
BETWEEN
THE REPUBLIC OF SIERRA LEONE
AND
THE AFRICAN DEVELOPMENT BANK
AND
THE AFRICAN DEVELOPMENT FUND
(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)

(EBOLA SECTOR BUDGET SUPPORT –
FIGHT BACK PROGRAMME – EFBP)
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FIGHT BACK PROGRAMME – EFBP)

PROGRAMME ID No. : P-Z1-KZ0-021
LOAN No : 

This LOAN AGREEMENT (hereinafter called this "Agreement") is entered into this _______ day of __________________________ between THE REPUBLIC OF SIERRA LEONE (hereinafter called the "Borrower") on the one hand and the AFRICAN DEVELOPMENT BANK and the AFRICAN DEVELOPMENT FUND (collectively hereinafter referred to as the “Bank”) on behalf of the TRANSITION SUPPORT FACILITY (hereinafter referred to as the “TSF”) on the other hand.

1. WHEREAS the Borrower has requested the Transition Support Facility, previously called the Fragile States Facility (FSF) to contribute to the financing of the Ebola Sector Budget Support – Fight Back Programme (EFBP) (hereinafter called the "Programme") as set out in Annex I, by providing a Loan to it in the amount specified hereunder;
2. WHEREAS the Loan will be provided from the TSF’s Supplemental Financing Window, designed to provide supplemental financing to a member country’s African Development Fund allocation;

3. WHEREAS the Borrower qualifies for supplemental loan financing from the TSF;

4. WHEREAS the Programme is a multinational project involving the provision of assistance to four countries, the Republic of Côte d’Ivoire, the Republic of Guinea, the Republic of Liberia and the Borrower, which are facing the economic effects of the Ebola crisis and related increased budget deficits;

5. WHEREAS the Borrower has declared its commitment to the execution of the Programme;

6. WHEREAS the Ministry of Health and Sanitation of the Borrower shall be the Executing Agency for the Programme; and

7. WHEREAS the Bank has agreed 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:
- 3 -

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 the African Development Fund Loan Agreements and Guarantee Agreements, as amended from time to time (hereinafter called 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 otherwise requires, the several terms defined in the General Conditions shall have the respective meanings therein set forth.

ARTICLE II

THE LOAN

Section 2.01. Amount. The Bank agrees to lend to the Borrower, from the resources of the Bank in various convertible currencies other than the currency of the Borrower, an amount not exceeding the equivalent of Four Million Eight Hundred Thousand Units of Account (UA 4,800,000), (hereinafter called the "Loan"), (the Unit of Account being defined in Article 1(1) of the Agreement Establishing the Fund).

Section 2.02. Purpose. The purpose of the Loan is to finance part of the Programme as described in Annex I of this Agreement.
Section 2.03. **Allocation.** The Loan shall be allocated to finance expenditures related to the budget of the Borrower, in conformity with Annex I of this Agreement and excluding items listed in Annex II of this Agreement.

Section 2.04. **Currency (ies) of Disbursement.**

(a) All disbursements made by the Bank to the Borrower shall be denominated in US Dollars. For purposes of this Agreement, “US Dollars” or “USD” shall mean the lawful currency of the United States of America;

(b) Notwithstanding the provisions of Section 2.04(a), in accordance with Section 4.04 of the General Conditions:

(i) in any case where the Bank shall be unable to access or procure US Dollars for purposes of the Loan, the Bank shall notify the Borrower immediately after becoming aware of such inability and propose to the Borrower a currency of substitution which shall be either the European Community Euro, the British Pound Sterling, or the Japanese Yen;

(ii) if within sixty (60) calendar days following such notification, the Bank and the Borrower cannot agree on a currency of substitution, then the Borrower may cancel that portion of the Loan; and
(iii) the date of conversion between the USD, and the currency of substitution shall be the date of disbursement of such substitute currency.

Section 2.05. **Currency (ies) of Payment.**

All amounts due to the Bank pursuant to this Agreement shall be payable in the currency(ies) disbursed.

**ARTICLE III**

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

Section 3.01. **Repayment of the Principal.** Subject to Section 3.05, the Borrower shall repay the principal of the Loan over a period of thirty (30) years, after a ten (10) year grace period commencing from the date of this Agreement, at the rate of two per cent (2%) per annum from the 11th to the 20th year inclusive and at the rate of four per cent (4%) per annum of the principal thereafter.

Section 3.02. **Service Charge.** Subject to Section 3.05, the Borrower shall pay a service charge (hereinafter referred to as 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 (hereinafter referred to as the "Commitment
Charge") at the rate of one half 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 installments, the first of which shall be payable on 1\textsuperscript{st} February or 1\textsuperscript{st} August, 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 1\textsuperscript{st} February and 1\textsuperscript{st} August of each year.

Section 3.05. Accelerated Repayment.

(i) The Bank may modify the repayment terms applicable to the principal amount of the Loan disbursed and outstanding in accordance with clauses (ii) or (iii) of this Section 3.05 whenever all of the following events have occurred: (a) the Borrower’s per capita gross national income, as determined by the Bank, has exceeded for more than two consecutive years the level established by the Bank for determining eligibility to access the Bank’s resources; (b) the Borrower is creditworthy for borrowing from the African Development Bank window; and (c) after due consideration of the development of the Borrower’s economy and other relevant country factors, the Board of Directors of the Bank
has reviewed and approved modification of the Borrower’s loan terms with the Bank.

(ii) The Bank shall, upon the occurrence of the events referred to in clause (i) of this Section 3.05, notify the Borrower of the same and require the Borrower to either:

(a) repay twice the amount of each semi-annual installment of the disbursed and outstanding principal amount of the Loan until the Loan has been fully repaid (the “Principal Option”); or

(b) while maintaining the maturity of the Loan, increase the Service Charge applicable to the Loan to a per annum rate agreed with the Bank that would result in the same level of concessionality as the Principal Option (the “Interest Option”); or

(c) if the applicable Service Charge under the Interest Option would be greater than the fixed rate for an African Development Bank sovereign-guaranteed loan, (1) repay an amount agreed with the Bank that is greater than the then applicable semi-annual installment and (2) increase the Service Charge applicable to the Loan to a per annum rate agreed with the Bank that is equal to that of the fixed rate for a similar African Development Bank sovereign-guaranteed loan (the “Combination Option”).
(iii) The Borrower shall notify the Bank within two (2) months following the date of notification as to whether it elects to undertake the Principal Option, the Interest Option or, if applicable, the Combination Option. In the event that the Borrower does not respond within the two-month period, the Bank shall automatically apply the Principal Option.

(iv) The Borrower shall commence such modified repayment as of the first semi-annual payment date, as specified in Section 3.04 above, falling not less than six (6) months after the date on which the Bank notifies the Borrower that the events specified in clause (i) of this Section 3.05 have occurred; provided, however, that in no event shall the Borrower be required to commence such modified repayment prior to the grace period referred to in Section 3.01 above.

(v) If, at any time after the repayment terms have been modified pursuant to clause (i) of this Section 3.05, the Bank determines that the Borrower's economic condition has deteriorated significantly, the Bank may, if so requested by the Borrower, further revise the terms of repayment of the principal amount of the Loan disbursed and then outstanding and/or the Service Charge to conform to the repayment terms originally provided for in this Agreement, taking into account any repayments already made by the Borrower.
Section 3.06. **Prepayment.** In the event that the Borrower graduates from being eligible to borrow only from the African Development Fund window, the Borrower and the Bank may agree, but shall be under no obligation to do so, that the Borrower repay, in advance of maturity, the principal amount of the Loan then outstanding in one lump-sum payment on a date agreed between the parties, and the agreement between the Borrower and the Bank may provide a discount on the amount to be prepaid in full satisfaction of the principal amount of the Loan then outstanding.

**ARTICLE IV**

**CONDITIONS PRECEDENT TO ENTRY INTO FORCE AND TO DISBURSEMENT**

Section 4.01. **Conditions Precedent to Entry into Force.** The entry into force of this Loan Agreement shall be subject to the fulfillment by the Borrower of the provisions of Section 12.01 of the General Conditions.

Section 4.02. **Conditions Precedent to First Disbursement.** The obligations of the Bank to disburse the first tranche of the Loan in the amount of Two Million Four Hundred Thousand Units of Account (UA 2,400,000) shall be conditional upon (i) the entry into force of this Agreement, as provided in Section 4.01 above and (ii) the submission by the Borrower of evidence, in form and substance satisfactory to the Bank, of the fulfillment of the following conditions:
(a) provide evidence of the existence of a consolidated revenue account in a bank in Sierra Leone acceptable to the Bank for the deposit of the Loan; and

(b) provide evidence to the Bank of the measures taken to ensure protection of health workers.

Section 4.03. Conditions Precedent to Disbursement of the Second Tranche. The obligations of the Bank to make the disbursement the second tranche of the Loan in the amount of Two Million Four Hundred Thousand Units of Account (UA 2,400,000), shall be conditional upon the submission by the Borrower of evidence, in form and substance satisfactory to the Bank, of the fulfilment of the following conditions:

(a) contribution of at least 50% of the amount of the first tranche of the Loan to the Health Emergency Account; and

(b) having put in place a plan for emergency distribution of food aid and agricultural production inputs to affected communities.

ARTICLE V
DISBURSEMENTS AND APPLICATION OF AMOUNTS DISBURSED

Section 5.01. Disbursements. The Bank shall disburse the loan in two tranches, subject to the provisions of this Agreement and the General
Conditions, with the objective of contributing towards the financing of the Borrower's budgets for the Financial Years 2014/2015 and 2015/2016.

Section 5.02. Closing date. For the purposes of Section 6.03 paragraph (1) (f) of the General Conditions, the closing date shall be **31 December 2015**, or such later date as shall be agreed between the Borrower and the Bank.

Section 5.03. Application for Disbursement. Amounts disbursed on account of the Loan shall be applied by the Borrower solely for the purposes for which they were disbursed.

**ARTICLE VI**

**PROCUREMENT**

Section 6.01. Procurement. All procurement activities implemented under the Programme will be undertaken using the Borrower's procurement systems.

**ARTICLE VII**

**AUDIT**

Section 7.01. Audit. Audits will be conducted by the Accountant General within the scope of its annual financial audit of the Consolidated Fund as well as audits of individual ministries. The
annual financial statements produced by the Accountant General will be subsequently audited by the Auditor General.

The Executing Agency will be required to share copies of their audited annual financial statements for the implementation period once these are cleared for distribution by the Auditor General.

In addition, a private audit will be conducted by the Auditor General within six months of the end of each financial year previously audited

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.01. Authorized Representatives. The Minister of Finance of the Borrower, or such other person as he or she may designate in writing, shall be the authorized representative for the purposes of Section 11.02 of the General Conditions.

Section 8.02. Date of the Agreement. For all purposes of this Agreement, the date of this Agreement shall be that appearing in the opening sentence hereof.
Section 8.03. **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 56 12
Fax: (232) 22 22 83 55

**For the Bank:**

**Headquarters’ Address:**
African Development Bank
African Development Fund
Immeuble du Centre de Commerce
International d’Abidjan CCIA
Avenue Jean-Paul II
01 B.P. 1387
Abidjan 01
CÔTE D’IVOIRE
Tel: (225) 20.26.44.44
Fax: (225) 20.21.31.00/ (225) 20.33.85.05
IN WITNESS WHEREOF the Borrower and the Bank, each acting through its authorized representative, have signed this Agreement in two (2) original counterparts in English on the date first above written.

FOR THE REPUBLIC OF SIERRA LEONE

[Signature]
KHADIJATU BASSIR
AMBASSADOR
OF REPUBLIC OF SIERRA LEONE
TO THE REPUBLIC OF SENEGAL

FOR THE AFRICAN DEVELOPMENT BANK

AND

FOR THE AFRICAN DEVELOPMENT FUND

(ON BEHALF OF THE TRANSITION SUPPORT FACILITY)

[Signature]
DONALD KABERUKA
PRESIDENT
ANNEX I
PROGRAMME DESCRIPTION

The purpose of the Programme is to support the efforts of the four targeted countries in controlling the Ebola outbreak, mitigating its socio-economic effects and enhancing their preparedness. The Programme will support Côte d'Ivoire, Guinea, Liberia and Sierra Leone's efforts to overcome the effects of the Ebola epidemic and foster momentum toward inclusive growth and poverty reduction.

The operation has a specific aim to support the capacity of countries to handle similar events in the future. It is complementary to Ebola operations previously approved by the Bank, as it addresses the economic impact of the epidemic and its consequences on government revenues.

The Programme prioritises two components critical for the enhancement of response and preparedness capacity:

(i) enhancing systems and human resources; and

(ii) ensuring appropriate Nutrition, Food Security and Social Protection.

Each of these two components entails measures touching upon both the short term management of the crisis and the longer term capacity building preventing similar shocks in the future.
The Programme will contribute to funding the execution of the Borrower's budgets for fiscal years 2014 and 2015.
ANNEX II

LIST OF NON-ELIGIBLE GOODS

1. Alcoholic beverages and luxury goods;
2. Raw or unprocessed tobacco, tobacco scraps or wastes;
3. Manufactured tobacco (even containing tobacco substitutes);
4. Radioactive matter and associated products;
5. Real pearl or cultured pearl, gem stones or items considered as such either raw or refined;
6. Nuclear reactors and their parts and spare parts, combustible elements not exposed to irradiation (cartridges for reactors);
7. Gold jewel or metal of platinum family (except watches and watch cases) and jewel articles (including glazed precious stones);
8. Gold, for non-monetary purposes (excluding minerals and gold concentrates);
9. Arms, ammunition and other military equipment; and
10. Environmentally hazardous products.