

CONFORMED COPY

CREDIT NUMBER 2895 SL

SLRA PROJECT AGREEMENT

(Transport Sector Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SIERRA LEONE ROADS AUTHORITY

Dated July 22, 1996

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SLRA PROJECT AGREEMENT

AGREEMENT, dated July 22, 1996, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and SIERRA LEONE ROADS AUTHORITY (SLRA).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Republic of Sierra Leone (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to twenty four million three hundred thousand Special Drawing Rights (SDR 24,300,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that SLRA agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary financing agreement to be entered into between the Borrower and SLRA, a part of the proceeds of the credit provided for under the Development Credit Agreement will be made available to SLRA on the terms and conditions set forth in the Subsidiary Financing Agreement; and

WHEREAS SLRA, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several

terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) SLRA declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement and, to this end, shall carry out Parts A (2) (b), A (3), B (1), C (1) and C (2) of the Project on behalf of itself and Parts A (2) (b) and C (5) on behalf of the Borrower with due diligence and efficiency and in conformity with appropriate administrative, financial, transport sector and environmental practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the said Parts of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and SLRA shall otherwise agree, SLRA shall carry out Parts A (2) (b) A (3), B (1), C (1), C (2) and C (5) of the Project in accordance with the Implementation Program set forth in the Schedule to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A (2) (b), A (3), B (1), C (1), C (2) and C (5) of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 5 to the Development Credit Agreement.

Section 2.03. SLRA shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the SLRA Project Agreement and Parts A (2) (b), A (3), B (1), C (1), C (2) and (C) (5) of the Project.

Section 2.04. SLRA shall duly perform all its obligations under the Subsidiary Financing Agreement. Except as the Association shall otherwise agree, SLRA shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Financing Agreement or any provision thereof.

Section 2.05. (a) SLRA shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Financing Agreement, and other matters relating to the purposes of the Credit.

(b) SLRA shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by SLRA of its obligations under this Agreement and under the Subsidiary Financing Agreement.

ARTICLE III

Management and Operations of SLRA

Section 3.01. SLRA shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, transport sector and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. SLRA shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and public utility practices.

Section 3.03. SLRA shall take out and maintain with responsible

insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. Without limitation upon the provisions of Article IX of the General Conditions, SLRA shall: (a) prepare and furnish to the Association no later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan, of such scope and in such detail as the Association shall reasonably request, for the future operation of Parts (A) (2) (b), (A) (3), B (1), C (1), C (2) and C (5) of the Project; and (b) afford the Association a reasonable opportunity to exchange views with SLRA on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) SLRA shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) SLRA shall:

- (i) have its records and accounts referred to in paragraph (a) of this Section for each fiscal year audited including those for the SLRA Special Account and the SLRA Project Account, audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) the report of such audit by said auditors (including the auditors' management letter), of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02 (a) This Agreement and all obligations of the Association and of SLRA thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify SLRA of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable address:

INDEVAS
Washington, DC

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

For SLRA:

Sierra Leone Roads Authority
P.M.B. 1324
Black Hall Road
Freetown, Sierra Leone

Telex:

3210 Booth SL

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of SLRA or by SLRA on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the Director General or such other person or persons as SLRA shall designate in writing, and SLRA shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Callisto Madavo

Regional Vice President
Africa

SIERRA LEONE ROADS AUTHORITY

By /s/ Thomas K. Kargbo
Authorized Representative

SCHEDULE

Implementation Program

1. (a) SLRA shall carry out Parts A (2) (b), A (3), B (1), C (1), C (2) and C (5) of the Project in accordance with the procedures set out in the Project Implementation Manual.

(b) SLRA shall not amend, abrogate or waive any provision of the Project Implementation Manual if such amendment, abrogation or waiver may materially and adversely affect the carrying out of the Project; and SLRA shall afford the Association a reasonable opportunity to comment on a proposed amendment, abrogation or waiver to the Project Implementation Manual before it is made.

(c) SLRA shall take all action necessary to put into effect and carry out, to the satisfaction of the Association, the recommendations and provisions of the plan of action for strengthening and improving SLRA's management, operations and organizational structures, which SLRA has prepared and furnished to the Association in April 1996.

(d) SLRA shall hire or lease equipment in the Plant Pool in accordance with sound commercial practices and on terms and conditions satisfactory to the Association.

(e) SLRA shall: (i) no later than August 1, 1997 carry out and complete a study of the second phase of the restructuring of SLRA's Equipment Department; (ii) furnish to the Association for its review and comments the results and recommendations of the said study; and (iii) put into effect no later than July 1, 1998 such of the results and recommendations of the study as SLRA and the Association shall determine.

2. SLRA shall participate and join with the Borrower, SLPA and SLAA in the carrying out of the annual meetings, and the holding of the mid-term review, specified in paragraph 6 of Schedule 4 to the Development Credit Agreement.

