

CONFORMED COPY

CREDIT NUMBER 2451 SL

Development Credit Agreement

(Road Rehabilitation and Maintenance Project)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 27, 1993

CREDIT NUMBER 2451 SL

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 27, 1993 between the REPUBLIC OF SIERRA LEONE (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Project will be carried out with the Borrower's assistance by the Sierra Leone Roads Authority (SLRA), a statutory corporation established and operating under the laws of the Borrower;

(C) the Borrower will, as part of such assistance, make available to SLRA the proceeds of the Credit as hereinafter provided;

(D) the Borrower intends to obtain from the African Development Bank (ADB), a loan (the ADB Loan) to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the ADB Loan Agreement) to be entered into between ADB and the Borrower;

(E) the Borrower intends to obtain from the United Nations Development Programme (UNDP), a grant (the UNDP Grant) to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the UNDP Grant Agreement) to be entered into between UNDP and the Borrower;

(F) the Borrower intends to obtain from the Japanese International Cooperating Agency (JICA), a grant (the JICA Grant) to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the JICA Grant Agreement) to be entered into between JICA and the Borrower;

(G) the Borrower intends to obtain from the European Community (EC), a grant (the EC grant) to assist in financing Part A of the Project on the terms and conditions set forth in an agreement (the EC Grant Agreement) to be entered into between EC and the Borrower;

WHEREAS the Association has agreed, on the basis, inter alia of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and SLRA;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the agreement between the Association and SLRA of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(b) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(c) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated April 28, 1992 and October 2, 1992 between the Borrower and the Association;

(d) "SLRA Act" means the Sierra Leone Roads Authority Act, 1992, of the Borrower, as amended to the date of this Agreement;

(e) "SLRA" means the Sierra Leone Roads Authority established and operating under the SLRA Act;

(f) "Road Fund" means the Road Fund established pursuant to Section 25 of the SLRA Act to be used exclusively for the purpose of defraying expenses incurred by SLRA in routine, periodic and emergency maintenance of roads, including rehabilitation projects for deferred maintenance;

(g) "Project Account" means the account referred to in Section 2.01 (b) (i) of the Project Agreement;

(h) "Road Fund Account" means the account referred to in Section 2.01 (b) (ii) of the Project Agreement;

(i) "SLRA Account" means the account referred to in Section 2.01 (b) (iii) of the Project Agreement;

(j) "DOW" means the Department of Works;

(k) "DTC" means the Department of Transport, Communications and Tourism;

(l) "Principal Implementing NGO" means the non-governmental organization designated by SLRA as the principal non-governmental organization assisting in the carrying out of the non-motorized transport program included in Part C of the Project; and

(m) "NGOs" means non-governmental organizations participating in the carrying out of the Project.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to thirty two million Special Drawing Rights (SDR 32,000,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain, or cause to be opened and maintained, in dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1998 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for

the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 15 and November 15, commencing May 15, 2003, and ending November 15, 2032. Each installment to and including the installment payable on November 15, 2012 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause SLRA to perform in accordance with the provisions of the Project Agreement all the obligations of SLRA therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable SLRA to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make the proceeds of the Credit available, as a grant, to SLRA under arrangements, and on terms and conditions, which shall have been approved by the Association.

Section 3.02. Except as the Association shall otherwise agree,

procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Borrower and the Association hereby agree that 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) shall be carried out by SLRA pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall carry out the actions described in Schedule 4 to this Agreement.

ARTICLE IV

Other Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain, or cause to be maintained, in accordance with sound accounting practices, records and accounts reflecting such expenditures;
 - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made;
- (b) The Borrower shall:
- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Account for each fiscal year 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 the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
 - (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

- (a) SLRA shall have failed to perform any of its obligations under the Project Agreement;

(b) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that SLRA will be able to perform its obligations under the Project Agreement;

(c) the SLRA Act shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SLRA to perform any of its obligations under the Project Agreement;

(d) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SLRA or for the suspension of its operations; and

(e) Subject to paragraph (f) of this Section:

(i) the right of the Borrower to withdraw the proceeds of any loan, credit or grant made to the Borrower for the financing of the Project (including the ADB Loan, the UNDP Grant, the JICA Grant and the EC Grant) shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(ii) any such loan shall have become due and payable prior to the agreed maturity thereof.

(f) Paragraph (e) of this Section shall not apply if the Borrower establishes to the satisfaction of the Association that: (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the event specified in paragraphs (c), (d) and (e) of Section 5.01 of this Agreement shall occur subject, in the case of the event specified in paragraph (e) of that Section, to the proviso of paragraph (f) thereof.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the adequate staffing of SLRA including the appointment of all heads of department and the chief financial adviser and accountant of SLRA;

(b) the appointment of independent external auditors acceptable to the Association to audit the accounts of SLRA for the period July 1, 1992 through June 30, 1993;

(c) the appointment of: (i) the project coordinator; and (ii) the engineering consultants, mentioned in Section 2.01 (c) of the Project Agreement; and

(d) the payment into the Project Account of an initial

amount of 200 million Leones.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Project Agreement has been duly authorized or ratified by SLRA, and is legally binding upon SLRA in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Secretary of State for Finance, Development and Economic Planning of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

The Financial Secretary
The Department of Finance,
Development and Economic Planning
Freetown
Sierra Leone

Cable address:	Telex:
MINFIN Freetown	3363
	Telefax:
	225353

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:
INDEVAS Washington, D.C.	197688 (TRT), 248423 (RCA), 64145 (WUI) or 82987 (FTCC)

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.

REPUBLIC OF SIERRA LEONE

By /s/ W. B. Wright

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ F. J. Aquirre-Sacasa
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	24,210,000	100% of foreign expenditures and 85% of local expenditures
(2) Vehicles, equipment and materials:		
(a) Part A of the Project	430,000	100% of foreign expenditures and 90% of local expenditures
(b) Part B of the Project:		
(i) DTC	40,000	100% of foreign expenditures and 90% of local expenditures
(ii) DOW	220,000	100% of foreign expenditures and 90% of local expenditures
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(c) Part C of the Project	390,000	100%
(3) Consultants' services, audit services, studies and training:		100%
(a) Part A of the Project:		
(i) Training	290,000	
(ii) Consul-	2,100,000	

tants
services,
audit
services
and studies

- (b) Part B of the Project (DTC components only) 290,000
- (c) Part C of the Project 90,000

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(4) Operating costs	80,000	100%
(5) Refunding of Project Preparation Advance	640,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	3,220,000	
TOTAL	32,000,000 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "operating costs" means incremental recurrent expenditures excluding Civil Service salaries but including the following incremental costs:

- (i) staff expenses and overnight allowances;
- (ii) cost of operating vehicles, plant and equipment required for the Project;
- (iii) maintenance of Project buildings and their furnishings; and
- (iv) Project-related transport costs.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in:
(i) carrying out a sustainable program for the rehabilitation and maintenance of its roads including assisting its institutions to

plan and manage road maintenance and development; (ii) developing a sustainable system for funding road maintenance; (iii) strengthening transport sector institutions' capacity to (A) improve sector management and planning, and (B) foster market-oriented policies; (iv) promoting the use of appropriate labor-intensive technology and local resources; (v) increasing private sector participation in road maintenance; (vi) developing the road maintenance capacity of small-sized contractors; and (vii) promoting the use of non-motorized transport by the rural poor and thereby reducing head portering as a dominant form of transport.

The Project consists of the following Parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Road Rehabilitation and Maintenance and Strengthening of Road Management Institutions

(1) Rehabilitation and strengthening of about 357 km of paved and about 136 km of gravel roads in the road network.

(2) Road improvement works in the city of Freetown including rehabilitation of about 20 km of roads, drainage and traffic infrastructure works.

(3) Maintenance by domestic contractors of trunk roads initially under a program of contractor training referred to in (4) (b) below to be followed by contracts awarded to qualified contractors through competitive bidding; and provision to SLRA of vehicles and equipment for purposes of such maintenance.

(4) (a) Strengthening the organization, management and administrative capabilities of SLRA and its operations including: (i) improving SLRA's capacity to (A) plan and carry out road maintenance and development including maintenance and development of feeder roads, (B) supervise construction contracts, (C) manage and coordinate the execution of Project activities, and (D) assist the City Council of Freetown to develop a capacity to maintain city roads; (ii) the training of SLRA's staff overseas and at local institutions; and (iii) provision to SLRA of (A) technical assistance including assistance in the preparation of detailed designs and bid documents for priority road works, and (B) office buildings, facilities, vehicles and other logistical support.

(b) Assisting SLRA to train domestic contractors in road maintenance including: (i) the training and equipping of (A) retrenched former staff of DOW, and (B) other potential small contractors; and (ii) the provision of technical assistance for such training.

(5) Assisting SLRA to carry out limited force account road maintenance including the provision to SLRA of maintenance equipment, spare parts and vehicles.

Part B: Support to Transport Sector Institutions

(1) Strengthening the organization, management and administrative capabilities of the Department of Works (DOW) including providing DOW with technical assistance, office equipment and facilities.

(2) Strengthening the organization, management and administrative capabilities of the Department of Transport, Communications and Tourism (DTC) including: (i) improving DTC's sector planning and policies; (ii) assisting DTC to (A) carry out key sector studies needed to improve planning and sector management, and (B) improve its transport data collection and analysis; and (iii) providing DTC with technical assistance, training and office equipment.

Part C: Promoting Non-Motorized Transport in Rural Areas

(1) (a) The carrying out with the assistance of a non-governmental organization acceptable to the Association (the

Principal Implementing NGO) of a pilot program to develop and promote low-cost, non-motorized transport designed to reduce head porterage, as a dominant form of transport, particularly in rural areas.

(b) Assisting in the importation, domestic production, distribution and marketing of non-motorized transport vehicles by the Principal Implementing NGO, other non-governmental organizations (NGOs) acceptable to the Association, and local credit associations including provision of technical assistance and facilities required for the effective participation of the local credit associations in the pilot program.

(2) The carrying out of studies to monitor, and determine the socio-economic impact of, the pilot program.

* * *

The Project is expected to be completed by December 31, 1997.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$1,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into

the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 4

Actions referred to in Section 3.04 of this Agreement

1. (a) The Borrower shall with the assistance of consultants acceptable to the Association carry out by June 30, 1994 a study satisfactory to the Association to investigate what possible roles and functions the Road Transport Corporation (RTC) may exercise in the future, including an examination of the extent to which RTC can be privatized and/or restructured.

(b) The Borrower shall: (i) cause the Public Enterprises Reform and Divestiture Committee to prepare, in consultation with the Association, and furnish to the Association, by September 30, 1994 final proposals (based on recommendations satisfactory to the Association of the study to be carried out pursuant to sub-paragraph (a) above) on the possible future role and functions of RTC; and (ii) cause the said proposals to be promptly implemented.

2. The Borrower shall: (i) by December 31, 1993 carry out a review satisfactory to the Association of the functions of the Sierra Leone Ports Authority (SLPA); and (ii) cause SLPA to be reorganized in accordance with the recommendations of said review.

3. The Borrower shall continue to provide SLRA with adequate and temporary office accommodations until the completion of SLRA's new offices.

4. (a) The Borrower shall provide in its annual budget and shall effectively allocate to SLRA amounts adequate to cover: (i) the Borrower's counterpart contributions to the costs of the Project, as determined annually by the Borrower and the Association after taking into account revenues accruing to SLRA in the Road Fund; (ii) any other amounts, additional to revenues accruing to SLRA in the Road Fund and to the said counterpart contributions, required by SLRA to cover in full the rehabilitation, maintenance and development costs of the roads sector; and (iii) SLRA's operating costs including SLRA's salary costs. The Borrower and the Association presently estimate the amounts SLRA shall require to carry out its operations in the roads sector to be as follows: (i) \$3.2 million equivalent in fiscal year 1992/93; (ii) \$8.8 million equivalent in fiscal year 1993/94; (iii) \$10.2 million equivalent in fiscal year 1994/95; (iv) \$11.9 million equivalent in fiscal year 1995/96; and (v) \$12.5 million equivalent in fiscal year 1996/97.

(b) The Borrower shall in consultation with SLRA prepare before the commencement of each quarter estimates of the amounts, additional to the revenues accruing to SLRA in the Road Fund and said counterpart contributions, which SLRA shall require to cover in full the rehabilitation and maintenance costs for the quarter of the roads sector;

(c) The Borrower shall: (i) before the end of the quarter pay into the Project Account the estimated costs of the Project to be contributed by the Borrower for the quarter; (ii) each week pay into the Road Fund Account for the use of SLRA the revenues accruing to SLRA for that week from the Road Fund; and (iii) before the end of the quarter pay into the SLRA Account any other amounts to be paid by the Borrower for the quarter pursuant to paragraph (a) above.

(d) The Borrower shall ensure that SLRA's salary structure and levels are, in real terms, maintained by SLRA's Board of Directors at levels, and in accordance with principles and practices, satisfactory to the Association.

5. (a) The Borrower shall cause to be levied and maintained road user charges adequate to cover at any time the full estimated maintenance and rehabilitation costs of its road network.

(b) Subject to paragraph (a) above, the Borrower shall until

December 1, 1998, cause to be maintained the road user fee included in the road user charges at a level which shall not be less in real terms (i.e. in December 1992 prices) than \$0.20 equivalent per gallon.

6. The Borrower shall jointly with SLRA prepare and furnish to the Association not later than January 31, 1993 guidelines satisfactory to the Association regulating the use, in accordance with the provisions of the SLRA Act, of revenues accruing in the Road Fund to SLRA.

7. The Borrower shall apply by January 31, 1993 to the European Community (EC) and the United Nations Development Programme (UNDP) for financing by EC and UNDP of the technical assistance components of its road sector rehabilitation and maintenance programs not being financed out of the proceeds of the Credit.

8. The Borrower shall take all actions necessary to increase by 1996 the share of domestic contractors participating in its road maintenance and rehabilitation works to at least 50% of all such works.

9. The Borrower shall: (i) review with the Association annually its investment plans for the transport sector; and (ii) consult the Association before undertaking any transport project exceeding \$3,000,000 equivalent in any year which is not included in the annual investment plan reviewed and approved by the Association.

