

CONFORMED COPY

CREDIT NUMBER 2702 SL

SLRA Project Agreement

(Urban Water Supply Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SIERRA LEONE ROADS AUTHORITY

Dated May 15, 1995

CREDIT NUMBER 2702 SL

SLRA PROJECT AGREEMENT

AGREEMENT, dated May 15, 1995, 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 five hundred thousand Special Drawing Rights (SDR 24,500,000), 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) part the proceeds of the credit provided for under the Development Credit Agreement will be made available to SLRA for purposes of Part B (1) of the Project; 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 Part B (1) of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, public utility and sanitation practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for 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 Part B (1) of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

(c) SLRA shall open in the name of SLRA at a commercial bank, and thereafter maintain, until completion of the Project, a Project Account (the SLRA Project Account). Payments into and out of the SLRA Project Account shall be made exclusively for expenditures for Part B (1) of the Project.

Section 2.02. 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 this 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 Part B of the Project.

Section 2.04. (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 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.

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, engineering, public utility 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. SLRA shall, no later than August 31, 1997 carry out jointly with the Borrower, the Association, GVWC and DOEP a mid-term review of the Project. The review shall, among other things, assess:

- (i) the progress made in carrying out the various components of the Project, including (A) compliance with financial, audit and other covenants relating to the Project; (B) the carrying out of the water systems rehabilitation and expansion, institutional strengthening and sanitation and sewerage components of the Project; (C) implementation of GVWC's water tariff structure based on metered consumption; (D) GVWC's continued management autonomy and capacity to manage its expanding operations efficiently and profitably; and
- (ii) corrective measures that need to be taken including changes, if any, in the scope and content of the Project.

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 the records and accounts referred to in paragraph (a) of this Section, including those for the SLRA Special Account, the SLRA Project Account and the statements of expenditures 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: (A) certified copies of its financial statements for such year as so audited; and (B) the report of such audit by said auditors, 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, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

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

For SLRA:

Sierra Leone Roads Authority
P.M.B. 1324
Freetown
Sierra Leone

Telex:

3210 Booth SL

Telefax:

250609

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 SLRA's 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/ Jean-Louis Sarbib
Acting Regional Vice President
Africa

SIERRA LEONE ROADS AUTHORITY

By /s/ T. K. Kargbo
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines), and in accordance with the following additional procedures:

(a) When contract award is delayed beyond the original bid validity period, such period may be extended once, subject to and in accordance with the provisions of paragraph 2.59 of the Guidelines by the minimum amount of time required to complete the evaluation, obtain necessary approvals and clearances and award the contract. The bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. With respect to each contract made subject to the Association's prior review in accordance with the provisions of Part E.1 of this Section, the Association's prior approval will be required for: (i) a first extension of the bid validity period if the period of extension exceeds sixty (60) days, and

(ii) any subsequent extension of the bid validity period.

(b) In the procurement of goods and works in accordance with this Part A, SLRA shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, SLRA shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

2. Goods to be procured through international competitive bidding, shall be exempted from pre-shipment price inspection by third parties.

3. To the extent practicable, contracts for goods and equipment shall be grouped into bid packages estimated to cost the equivalent of \$100,000 or more.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Sierra Leone may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, SLRA may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. All sanitation works, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

2. Miscellaneous items estimated to cost per contract \$50,000 equivalent or less, up to an aggregate amount not to exceed \$200,000 equivalent, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost \$100,000 equivalent or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to paragraph 2 (d) of said Appendix shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special

Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to paragraph 3 of said Appendix shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 3 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II: Employment of Consultants

1. In order to assist SLRA in carrying out the Project, SLRA shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individuals estimated to cost less than \$10,000 equivalent each. However, said exceptions to prior Association review shall not apply to, (i) the terms of reference for such contracts, (ii) single-source selection of consulting firms, (iii) assignments of a critical nature, as reasonably determined by the Association, (iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (v) amendments to contracts for the employment of individual consultants raising the contract value to \$10,000 equivalent or above.

SCHEDULE 2

Implementation Program

1. SLRA shall carry out the low cost sanitation component of Part B (1) of the Project, including the measures it proposes to effect to ensure participation by Non-Governmental Organizations and other private sector institutions and agencies in the said Part of the Project in accordance with an action plan satisfactory to the Association.

2. SLRA shall furnish to the Association copies of all consultants' reports and studies financed out of proceeds of the Credit.

3. SLRA shall, under terms of reference satisfactory to the Association, carry out the studies relating to the environmental sanitation component of Part B (1) of the Project.



