

AN ACT TO RATIFY THE LOAN AGREEMENT BUSHROD POWER GENERATION PLANT
EXPANSION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE ARAB BANK FOR
ECONOMIC DEVELOPMENT IN AFRICA

LOAN AGREEMENT

Agreement dated 18 November 2013, between the Republic of Liberia (hereinafter called **The Borrower**) and The Arab Bank for Economic Development in Africa (hereinafter called "**BADEA**").

WHEREAS:

- (A) **The Borrower** has requested BADEA to assist in financing the Project described in Annex "II" to this Agreement:
- (B) **The Borrower** has agreed to contribute an amount equivalent to about one million three hundred and forty thousand dollars (\$1,340,000) for this purpose;
- (C) The purpose of **BADEA** is to boost the economic development of African Countries within the framework of solidarity and mutual interest thus to strengthen the ties between African States and the Arab Nations;
- (D) **BADEA** is convinced of the importance and usefulness of the said project in developing the economy of the Borrower; and
- (E) **BADEA** has agreed, in view of the foregoing, to grant the Borrower a Loan on the terms and conditions set forth in this Agreement.

NOW, therefore, Parties hereto agree as follows:

Section 1.01 The Parties to this Agreement accept all the provisions of the attached General Conditions Applicable to Loan and Guarantee Agreements of BADEA, dated October 28, 1979, as amended up to the date of this Agreement (hereinafter called the "General Conditions") with the same force and effect as if they were fully set forth herein.

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

- (A) "**LEC**" means "Liberia Electricity Corporation", a public limited liability company fully owned by the Government of the Republic of Liberia, which will be responsible for the implementation of the project.
- (B) "**Subsidiary Loan Agreement**" means the Agreement to be entered into between the Borrower and LEC pursuant to Section (2.03) of this Agreement on terms and conditions satisfactory to BADEA as the same may be amended or supplemented from time to time with the approval of BADEA.
- (C) "**PIU**" means the Project Implementation Unit established pursuant to the provisions of Article (3.02) of this Agreement.

ARTICE II

LOAN

Section 2.01 BADEA agrees to lend to the Borrower the sum of twelve million dollars (\$ 12,000,000) on terms and conditions set forth or referred to in this Agreement.

Section 2.02 The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Annex "A" to this Agreement, or as such Annex may be amended from time to time by agreement between the Borrower and BADEA for expenditures made (or if BADEA shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

Section 2.03 The Borrower shall re-lend to LEC the amount of the Loan proceeds on the terms and conditions of the Subsidiary Loan Agreement. The Borrower shall LEC to comply with all the obligations and conditions which the Borrower undertakes by virtue of the provisions of this Agreement to cause LEC to comply.

Section 2.04 Except as BADEA shall otherwise agree, goods and services required to carry out the Project and financed out of the proceeds of the Loan shall be procured in accordance with the procedure specified in Annex "B" to this Agreement.

Section 2.05 The closing date shall be December 31, 2017 or any other later date approved by BADEA and promptly notified to the Borrower.

Section 2.06 The Borrower shall pay interest at the rate of one percent (1%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07 Interest and other additional commitment charges, if any, shall be payable semi annually. The dates of payment will be fixed on the basis of the first day of the month following the first withdrawal from the loan account.

Section 2.08 The Borrower shall repay the principal of the Loan in 40 semi-annual installments as specified in Annex "I" to this Agreement after a grace period of ten years to be calculated from the first day of the month following the first withdrawal from the Loan Account.

ARTICLE III

EXECUTION OF THE PROJECT

Section 3.01 The Borrower shall cause LEC to carry out the Project; with due diligence and efficiency and in conformity with appropriate financial administrative and technical practices, and shall provide promptly as needed, the funds, facilities, services and other resources required for this purpose.

Section 3.02 The Borrower undertakes to establish a PIU under the supervision of LEC's Managing Director and headed by a qualified engineer having pre-experience in the administration of similar projects and who will be the Project Coordinator, assisted by a Technician and an Accountant.

Section 3.03 In order to assist the Borrower in the day-to-day supervision of execution of the Project, the Borrower shall cause LEC to employ consultants, whose terms of reference and conditions of employment shall be acceptable to BADEA.

Section 3.04 The Borrower shall submit or cause LEC to submit, to BADEA for approval the draft programme of implementation of the Project and any material modifications subsequently made therein, in such detail as BADEA shall reasonably request

Section 3.05 (a) In addition to the Loan proceeds and, the Borrower shall make available, or cause be made available promptly as needed, all other funds which shall be required for carrying out project (including any funds that may be required to meet any increase in cost beyond the estimated cost of the Project at time of the signing this Agreement), all such funds are to be made available on terms and conditions satisfactory to BADEA.

(b) The Borrower shall make adequate annual budgetary allocations to meet its share of the Project's cost as stated in Preamble (B) to this Agreement according to the scheduled time for execution and shall submit to BADEA evidence to that effect.

Section 3.06 The Borrower shall cause LEC to (1) maintain adequate records to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the execution of the Project, to record the progress of the execution of the Project and the cost thereof and to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures in respect of the Project; (2) afford all reasonable opportunities for accredited representatives of BADEA to make visits for purposes related to the Loan, and to inspect the Project, the goods and any relevant records and documents; and (3) furnish to BADEA or cause "LEC" to furnish all such information as BADEA shall reasonably request concerning the expenditures out of the proceeds of the Loan, the Project and the goods financed out of such proceeds.

Section 3.07 The Borrower shall insure, or cause to be insured, with reputable insurers all imported goods financed out of the proceeds of the Loan against hazards incidental to the acquisition, transportation and delivery thereof to the place of use or installation. This insurance shall be for such amounts, as shall be consistent with sound commercial practices. For such insurance, any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 3.08 (a) The Borrower shall furnish or cause "LEC" to furnish, to BADEA quarterly reports, not later than 30 days after the end of every quarter of each calendar year, of such scope and in such detail as BADEA shall request on the progress of the execution of the Project,

(b) Within six months following the date of completion of the Project the Borrower shall prepare and furnish, or cause "LEC" prepare and furnish, to BADEA a report, of such scope and in such detail as BADEA shall request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, and on the accomplishment of the purposes of the Loan.

Section 4.01 The Borrower shall cause LEC, in respect of the Project, to (i) keep separate accounts for the Project, (ii) have these separate accounts for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to BADEA, (iii) furnish to BADEA, 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 BADEA shall have, reasonably, requested, and (iv) furnish to BADEA such other information concerning its' accounts and financial statements and the audit thereof as BADEA shall from time to time reasonably request.

Section 4.02 The Borrower shall take out and maintain or cause to taken out and maintained with reputable insurers, insurance against such risks relating to the Project in such amounts as shall be consistent with sound commercial practices.

Section 4.03 The Borrower shall cause LEC to provide BADEA with evidence to effect that all the internal clearances required within LEC for approval of the loan is duly obtained.

Section 4.04 The Borrower undertakes to provide the necessary fund for operation and maintenance of the project.

Section 4.05 The Borrower shall cause LEC to provide BADEA with a copy of the Environmental Impact Assessment Study report of the project prior to tender documents preparation.

ARTICE V

SUSPENSION AND ACCELERATION OF MATURITY

Section 5.01 For the purposes of Section (8.02) of the General Conditions, the following additional events are specified pursuant to paragraph (i) (g) thereof:

(a) A material changes shall have been made in the nature of LEC or its Management or the Regulation establishing it which is likely to have a substantial adverse effect on its ability to carry out the Project or operate the facilities included therein;

(b) The Borrower or any other relevant government authority having jurisdiction, shall have taken any action for the dissolution of the LEC or for the suspension of its operations;

(c) (i) Subject to sub-paragraph (ii) of this paragraph:

(A) The right of the Borrower or LEC to withdraw the proceeds of any loan made to the Borrower or LEC for financing the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing thereof, or (B) any such loan shall have become due and payable prior to the agreed maturity thereof;

(ii) Sub-paragraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of BADEA that (A) such suspension, cancellation, termination or pre-maturing is not caused by the failure of the Borrower or LEC to perform any of its obligations under such this agreement, and (B) adequate funds for the Project are available to the Borrower or LEC from other sources on terms and conditions consistent with the obligations of the Borrower or LEC under this Agreement.

Section 5.02 For the purposes of Section (9.01) of the General Conditions, the following additional events are specified pursuant to paragraph (g) thereof:

(a) the events specified in paragraphs (a) and (b) of Section (5.01) of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by BADEA to the Borrower;

(b) subject to sub-paragraph (ii) of paragraph (c) of Section (5.01) of this Agreement, the event specified in paragraph (c-i-B) of the said Section shall occur.

ARTICLE VI

EFFECTIVE DATE-TERMINATION

Section 6.01 The following condition is specified as additional condition to the effectiveness of the Loan Agreement within the meaning of Section (12.01) (b) of the General Conditions.

The Subsidiary Loan Agreement has been duly executed in form and substance satisfactory to BADEA in accordance with Section (2.03).

Section 6.02 This Loan Agreement shall come into force and effect on the date upon which BADEA dispatches by fax or email to the Borrower notice of its acceptance of the evidence required by Section (12.01) of the General Conditions.

Section 6.03 The date January 31, 2014 is hereby specified for the purposes of Section (12.04) of the General Conditions.

Section 6.04 The following conditions are specified as pre-withdrawal conditions:

The PIU has been duly established pursuant to section (3.02) of this agreement.

The Borrower shall provide BADEA with evidence to the effect that the environmental clearance for the implementation of the project has been obtained from the Environmental Protection Agency.

ARTICLE VII

REPRESENTATIVES OF THE BORROWER-ADDRESSES

Section 7.01 The Minister of Finance 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:

Ministry of Finance
P.O. Box 10-9013
Monrovia-Republic of Liberia
Tel: (231) 226352
Fax: (231) 226715-392883
E-mail: c.walker.mof@hotmail.com jtaylor.mof@gmail.com

For BADEA:

The Arab Bank for Economic Development in Africa (BADEA)
P.O. Box 2640
Post Code Khartoum 11111
Republic of Sudan
Fax: (249 183) 770198 770600
Tel: (249 183) 773709 773646

E-mail: badea@badea.org

IN WITNESS whereof, the parties hereto acting through their Representatives thereto duly authorized, have caused this Agreement to be signed in their respective names in Kuwait, as of the day and year first above written.

This Agreement is drawn in Arabic and English. The English text conforms with the Arabic text. The Arabic text is the authentic text.

“AN ACT TO RATIFY THE LOAN AGREEMENT BUSHROD POWER GENERATION PLANT EXPANSION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA”.

It is enacted by the Senate and House of Representatives of the Republic of Liberia in Legislature assembled:

SECTION I: That from and immediately after the passage of this " **ACT TO RATIFY THE LOAN AGREEMENT BUSHROD POWER GENERATION PLANT EXPANSION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**" as herein recited below word for word in the authentic English version be and the same is hereby ratified to give full force and effect to the provision as contained herein.

SECTION II: SHORT TITLE: This " **ACT TO RATIFY THE LOAN AGREEMENT BUSHROD POWER GENERATION PLANT EXPANSION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**" shall also be cited as "**LOAN AGREEMENT BUSHROD POWER GENERATION PLANT EXPANSION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**"

SECTION III: That any and all obligations, covenants, terms and conditions as contained in the abovementioned "**LOAN AGREEMENT BUSHROD POWER GENERATION PLANT EXPANSION PROJECT BETWEEN THE REPUBLIC OF LIBERIA AND THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**" shall be carried into full completion unless otherwise modified, amended or repealed.

Section V: This Act shall take effect immediately upon the publication into handbills.

ANY LAW TO THE CONTRARY NOTWITHSTANDING

Approved: July 11, 2014
Published: July 18, 2014

[Please see pdf for signatures, Annexes and General Conditions applicable to Loan and Guarantee Agreements]