

No. 9487

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INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
SIERRA LEONE

**Guarantee Agreement—*Second Power Project* (with annexed Loan Regulations No. 4, as amended, Loan Agreement between the Bank and the Sierra Leone Electricity Corporation, and related letter). Signed at Washington on 5 August 1968**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on 31 March 1969.*

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BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
SIERRA LEONE

**Contrat de Garantie — *Deuxième Projet relatif à l'énergie électrique* (avec, en annexe, le Règlement n° 4 sur les emprunts, tel qu'il a été modifié, le Contrat d'emprunt entre la Banque et la Sierra Leone Electricity Corporation, et lettre connexe). Signé à Washington le 5 août 1968**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 31 mars 1969.*

## GUARANTEE AGREEMENT <sup>1</sup>

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AGREEMENT, dated August 5, 1968, between SIERRA LEONE (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Sierra Leone Electricity Corporation (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, <sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to three million nine hundred thousand dollars (\$ 3,900,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such obligations of the Borrower ;

NOW THEREFORE, the parties hereto hereby agree as follows :

### *Article I*

*Section 1.01.* The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967, <sup>2</sup> with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

### *Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium,

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<sup>1</sup> Came into force on 23 September 1968, upon notification by the Bank to the Government of Sierra Leone.

<sup>2</sup> See p. 344 of this volume.

if any, on the prepayment of the Loan or the redemption of the Bonds and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

### *Article III*

*Section 3.01.* It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any statutory corporation of the Guarantor or of any such political subdivision.

*Section 3.02. (a)* The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as either shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

*(b)* The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

*Section 3.03.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 3.04.* This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* Unless the Bank shall otherwise agree, the Guarantor shall : (a) make arrangements, acceptable to the Bank, to provide funds annually for the purpose of offsetting losses, if any, incurred by the Borrower in the operation of electricity facilities outside Freetown and Bo. For the purpose of this paragraph, " losses " shall mean any excess of operating expenses, including depreciation, over revenue from the sale of electricity ; and

(b) provide funds, in the form of a grant to the Borrower, sufficient to meet the cost of any construction or expansion referred to in Section 5.02 (c) of the Loan Agreement.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

#### *Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

The Financial Secretary  
The Department of Finance  
Freetown, Sierra Leone

Cable address :

Minfin  
Freetown

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :

Intbafrad  
Washington, D.C.

*Section 5.02.* The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

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

Sierra Leone :

By A. K. HYDE  
Authorized Representative

International Bank for Reconstruction and Development :

By M. SHOAB  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER  
THAN MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.*]

#### LOAN AGREEMENT

AGREEMENT, dated August 5, 1968, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SIERRA LEONE ELECTRICITY CORPORATION (hereinafter called the Borrower).

*Article I*

## LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967,<sup>1</sup> with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

*Section 1.02.* Unless the context otherwise requires, the term "Act" wherever used in the Loan Agreement means the Electricity Corporation Act, 1964, of the Guarantor (Act No. 5 of 1964).

*Article II*

## THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to three million nine hundred thousand dollars (\$3,900,000).

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Loan Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.04.* The Borrower shall pay interest at the rate of six and one-fourth per cent ( $6\frac{1}{4}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.05.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

<sup>1</sup> See p. 344 of this volume.

*Article III*

## USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan and the methods and procedures for procurement of the goods to be financed out of such proceeds shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

*Section 3.02.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

*Article IV*

## BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

*Section 4.02.* The Chairman and General Manager of the Borrower are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

(c) The Borrower shall: (i) maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; and (ii) enable the Bank's representatives to inspect its properties and operations, including the sites, works and construction included in the Project, the goods and any relevant records and documents.

(d) In connection with (i) the Project and (ii) the operations and organization of the Borrower including future system planning, the Borrower shall employ engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Bank and the Borrower.

(e) Except as the Bank shall otherwise agree, the construction works for the Project shall be carried out by contractors satisfactory to the Bank and the Borrower and employed under contracts satisfactory to the Bank and the Borrower.

*Section 5.02.* (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods, the Project and the administration, operations and financial condition of the Borrower.

(c) Without limitation or restriction upon paragraph (b) of this Section, prior to the construction of any new electricity facilities or the expansion of any existing electricity facilities outside Freetown, the Borrower shall inform the Bank of any such proposed action in order to afford the Bank and the Borrower a reasonable opportunity to exchange views thereon.

(d) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

*Section 5.03.* (a) The Borrower shall operate and maintain its plants, equipment and other property and from time to time make all necessary renewals and repairs thereof and shall at all times carry on its operations in an efficient manner under capable management and with competent staff and maintain its financial position, all in accordance with sound engineering and public utility practices.

(b) The Borrower shall from time to time take all steps necessary to obtain revenues from its operations sufficient to provide a return of a least 8 % (or such other percentage as may from time to time be agreed between the Bank and the Borrower) on its average net fixed assets in operation. For the purposes of this paragraph (b) :

- (i) The term " average net fixed assets in operation " means the average of the net fixed assets in operation at the beginning and end of each year.
- (ii) The term " return " means the net amount of income after deducting from gross revenue all expenses of operation, including adequate maintenance and



depreciation, administration and general expenses and taxes, if any, but excluding interest and other charges on debt.

*Section 5.04.* (a) The Borrower shall notify the Bank of any proposed appointment to the position of the General Manager of the Borrower at a reasonable time prior to such appointment and shall not make such appointment unless the qualification and experience of the proposed candidate are acceptable to the Bank.

(b) The Borrower shall consult the Bank about any proposed appointment to the positions of Financial Controller and Commercial Engineer of the Borrower prior to making such appointment.

*Section 5.05.* The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

*Section 5.06.* Subject to such exemptions as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxes on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

*Section 5.07.* The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

*Section 5.08.* The Borrower shall take all steps necessary to maintain and renew all rights, powers and privileges which are necessary or useful for its operations.

*Section 5.09.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur any debt unless its net revenue for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than 1.5 times the maximum

debt service requirement for any succeeding fiscal year on all debt, including the debt to be incurred. For the purposes of this Section ;

(a) the term “ debt ” shall include the assumption and guarantee of debt and shall mean all indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred ;

(b) debt shall be deemed to be incurred on the date of execution and delivery of a contract or loan agreement providing for such debt ;

(c) the term “ net revenue ” shall mean gross revenue from all sources, adjusted to take account of power rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenue relates, less all operating and administrative expenses and provision for taxes, if any, but before provision covering depreciation, interest and other charges on debt ;

(d) the term “ debt service ” shall mean the aggregate amount of amortization (including sinking fund payments, if any), interest and other charges on debt ; and

(e) whenever it shall be necessary to value in currency of the Guarantor debt payable in another currency, such valuation shall be made on the basis of the rate of exchange at which such other currency is obtainable by the Borrower, at the time such valuation is made, for the purposes of servicing such debt or, if such currency is not so obtainable, at the rate of exchange which will be reasonably determined by the Bank.

*Section 5.10.* The Borrower shall have its financial statements (balance sheet and related statement of income and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 5.11.* (a) The Borrower shall take out and maintain with responsible insurers or make other provision satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

*Section 5.12.* The Borrower shall pay interest on the stock issued to the Guarantor pursuant to Section 38 (1) of the Act only if such payment does not materially and adversely affect the financial condition of the Borrower.

*Article VI*

## REMEDIES OF BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) if any event specified in Section 6.02 of this Agreement shall occur, or (v) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in the Loan Agreement or in the Bonds to the contrary notwithstanding.

*Section 6.02.* Pursuant to paragraph (1) of Section 5.02 of the Loan Regulations the following event is specified as an additional event for the purposes of said Section :

The Act shall have been suspended, repealed, revoked or amended, so as to affect adversely the ability of the Borrower to carry out the covenants and agreements set forth in the Loan Agreement.

*Article VII*

## EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

That the Borrower has full power and authority to construct and operate the Project and that all acts, consents, sanctions and approvals necessary therefor have been fully and validly performed or given.

*Section 7.02.* If this Loan Agreement shall not have come into force and effect by October 10, 1968, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

*Article VIII*

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1971, or such other date as shall be agreed from time to time by the Bank and the Borrower.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Sierra Leone Electricity Corporation  
New England  
Freetown, Sierra Leone

Cable address :

Electron  
Freetown

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :

Intbafrad  
Washington, D.C.

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

International Bank for Reconstruction and Development :

*By* M. SHOAI B  
Vice President

Sierra Leone Electricity Corporation :

*By* R. E. KELFA-CAULKER  
*By* A. P. BRUNO GASTON  
Authorized Representatives

[SEAL]

The Common Seal of the Sierra Leone Electricity Corporation has been hereunto affixed in accordance with Section 4 of the Electricity Corporation Act, 1964, being duly authorized by a Resolution of the Borrower dated the 25th day of April, 1968. The affixing thereof has been duly authenticated by

R. E. KELFA-CAULKER  
A. P. BRUNO GASTON

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
February 15, 1972	65,000	August 15, 1980	110,000
August 15, 1972	70,000	February 15, 1981	115,000
February 15, 1973	70,000	August 15, 1981	120,000
August 15, 1973	70,000	February 15, 1982	120,000
February 15, 1974	75,000	August 15, 1982	125,000
August 15, 1974	75,000	February 15, 1983	130,000
February 15, 1975	80,000	August 15, 1983	135,000
August 15, 1975	80,000	February 15, 1984	140,000
February 15, 1976	85,000	August 15, 1984	140,000
August 15, 1976	85,000	February 15, 1985	145,000
February 15, 1977	90,000	August 15, 1985	150,000
August 15, 1977	95,000	February 15, 1986	155,000
February 15, 1978	95,000	August 15, 1986	160,000
August 15, 1978	100,000	February 15, 1987	165,000
February 15, 1979	100,000	August 15, 1987	170,000
August 15, 1979	105,000	February 15, 1988	175,000
February 15, 1980	110,000	August 15, 1988	195,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1/2 %
More than three years but not more than six years before maturity	1 1/2 %
More than six years but not more than eleven years before maturity	2 1/2 %
More than eleven years but not more than sixteen years before maturity	3 3/4 %
More than sixteen years but not more than eighteen years before maturity	5 %
More than eighteen years before maturity	6 1/4 %

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project includes :

1. The installation of a 6.6. MW diesel-electric generator at the King Tom power station, including auxiliary facilities and the improvement and expansion of the distribution system in Freetown.

2. The construction of a new power station with three 1,000 KW diesel-electric generators and the improvement and expansion of the distribution system in Kenema.

3. The construction of a new power station with two 1,000 KW diesel-electric generators and the improvement and expansion of distribution systems in Koidu.

4. Consulting services.

The Project is expected to be completed by March 31, 1971.

## LETTER RELATING TO THE GUARANTEE AGREEMENT

BANK OF SIERRA LEONE  
FREETOWN

5th August, 1968

Dear Sirs,

Re : *Loan No. 553-S.L. Second Power  
Project Negative Pledge*

It has been brought to the notice of the Board of Directors of the Bank of Sierra Leone that Sierra Leone has, by Section 3.01 of the Guarantee Agreement<sup>1</sup> (*Second Power Project*) between Sierra Leone and the International Bank for Reconstruction and Development of 5th August, 1968 herewith entered into the following undertaking :

It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and Bonds, and that in the creation of any such lien express provision will be made to that effect ; provided, however, that the foregoing provisions of this Section shall not apply to :

<sup>1</sup> See p. 338 of this volume.

- (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; or
- (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “ assets of the Guarantor ” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any statutory corporation of the Guarantor or of any such political subdivision.

I have been directed by the Board of Directors to state that the Bank of Sierra Leone adheres to Section 3.01 of the Guarantee Agreement and for this purpose is to be deemed to be a third party to the Guarantee Agreement.

Very truly yours,

S. B. NICOL-COLE  
Governor

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433