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GRANT NUMBER E2760-SL

# Financing Agreement

(Third Inclusive and Sustainable Growth Development Policy Financing)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF SIERRA LEONE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to forty-nine million five hundred thousand Special Drawing Rights (SDR 49,500,000) (“Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Payment Dates are February 1 and August 1 in each year.
- 2.04. The Payment Currency is Dollar.
- 2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

**ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
  - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
  - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01 The Additional Conditions of Effectiveness consist of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 4.02 The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03 For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the minister responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance  
Treasury Building  
George Street  
Freetown, Sierra Leone; and

(b) the Recipient's Electronic Address is:

E-mail: [fsecretary@mof.gov.sl](mailto:fsecretary@mof.gov.sl)

5.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

**REPUBLIC OF SIERRA LEONE**

**By**

*Hon. Sheku A.F. Bangura*

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**Authorized Representative**

Hon. Sheku A.F. Bangura

**Name:** \_\_\_\_\_

**Title:** Minister of Finance

**Date:** 15-Dec-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

*Pierre Laporte*

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**Authorized Representative**

**Name:** Pierre Laporte

**Title:** Country Director for Ghana, Liberia and Sierra Leone

**Date:** 15-Dec-2023

## **SCHEDULE 1**

### **Program Actions; Availability of Financing Proceeds**

#### **Section I. Actions under the Program**

The actions taken by the Recipient under the Program include the following:

##### **Pillar 1: Improving Natural Resources Governance**

1. To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act.
2. To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has: (i) submitted to Parliament regulations to implement the National Land Commission Act, and Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees; and (ii) established Chiefdom Land Committees in at least two Chiefdoms.

##### **Pillar 2: Enhancing Inclusiveness**

3. To address gender-based discrimination in the labor market, the Recipient, through its Ministry of Employment, Labor and Social Security, has: (i) submitted to Parliament, regulations to the Employment Act; (ii) revised the inspection protocols to integrate gender-based discrimination; and (iii) adopted guidelines for implementation of training for employers on gender equality in employment.
4. To improve teacher performance, the Recipient's Cabinet has approved a Credit Scoring Framework for teachers.
5. To improve education sector management, the Recipient has through the: (i) Ministry of Basic and Senior Secondary Education, submitted the basic and senior secondary education bill to Parliament for approval; and (ii) Teaching Service Commission issued the Code of Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.
6. To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to: (i) digitalize payments under two government programs (emergency cash transfers and digital public works); and (ii) digitalize all National Revenue Authority collections.

**Pillar 3: Strengthen Accountability and Transparency in Public Finance**

7. To enhance SOE governance and debt transparency, the Recipient through the MoF has: (i) submitted to Parliament the State-Owned Enterprises Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs
8. To increase transparency in public procurement, the Recipient through its National Public Procurement Authority has: (i) published all tender announcements and contract award information for contracts in the health, education, energy and public works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal; and (ii) committed to continue publishing said information on a monthly basis.
9. To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has: (i) submitted to Parliament the amendments to the Public Finance Management Act 2016 to make the Standard Operating Procedures legally binding; and (ii) adopted, a financial management tool to facilitate digital tracking of the implementation of the internal audit and the auditor general recommendations and PAC recommendations.

**Section II. Availability of Financing Proceeds**

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
(1) Single Withdrawal Tranche	49,500,000
<b>TOTAL AMOUNT</b>	<b>49,500,000</b>

**C. Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

**D. Deposit of Financing Amounts.**

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
  - (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated account in Dollars ("Foreign Currency Dedicated Account"); and (ii) a dedicated account in Leones ("Local Currency Dedicated Account"); and
  - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.
2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Leones equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

**E. Audit.** Upon the Association's request, the Recipient shall:

1. have the Dedicated Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than six months after the date of the Association's request for such audit a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and



3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.

**F. Closing Date.** The Closing Date is December 30, 2024.

## **APPENDIX**

### **Definitions**

1. “Cabinet” means the executive body of the Recipient comprising the President, Vice-President, and ministers appointed by the President.
2. “Chieftdom” means an autonomous, territorial, as well as socio-political unit headed by a paramount chief who is traditionally chosen from one of the ruling houses.
3. “Chieftdom Land Committees” means the Recipient’s chieftdom land committees established pursuant to section 42 of the National Land Commission Act.
4. “Customary Land Rights Act” means the Recipient’s Customary Land Right’s Act No.20 of 2022.
5. “Dedicated Accounts” means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account.”
6. “Employment Act” means the Recipient’s Employment Act No.15 of 2023.
7. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
8. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
9. “Local Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
10. “Ministry of Labor” means the Recipient’s ministry responsible for labor or any successor thereto.
11. “Ministry of Lands, Housing and Country Planning” means the Recipient’s ministry responsible for lands, housing and country planning or any successor thereto.
12. “Ministry of Mines and Mineral Resources” means the Recipient’s ministry responsible for mines and mineral resources or any successor thereto.

13. “Mines and Minerals Development Act” means the Recipient’s Mines And Minerals Development Act No.16 of 2023.
14. “National Land Commission Act” means the Recipient’s National Land Commission Act No.19 of 2022
15. “National Revenue Authority” means the authority established pursuant to the Recipient’s National Revenue Authority Act No. 57, 2002.
16. “NPPA” or “National Public Procurement Authority” means the Recipient’s public procurement authority established under the Recipient’s Public Procurement Act of 2003.
17. “PAC” means the Recipient’s public accounts committee of the Recipient’s parliamentary committee responsible for, *inter alia*, examining accounts or reports of statutory corporations and boards.
18. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated November 8, 2023, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
19. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
20. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
21. “Standard Operating Procedures” or “SOPs” means the procedures for improving and clarifying audit follow-up processes.
22. “State Owned Enterprise” or “SOE” means a parastatal or other autonomous public entity established as such entity under the laws of the Recipient.
23. “Teaching Service Commission” or “TSC” means the Recipient’s teaching service commission established under section 2 of the Recipient’s Teaching Service Commission Act, 2011 (Act No. 1 2011), or its successor thereto.