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GRANT NUMBER D026-SL  
GRANT NUMBER D027-SL

**Financing Agreement**  
(Emergency Economic and Fiscal Support Development Policy Financing)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated: December 17, 2014

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**GRANT NUMBER D026-SL  
GRANT NUMBER D027-SL**

### **FINANCING AGREEMENT**

AGREEMENT dated December 17, 2014, entered into 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: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to twenty million six hundred thousand Special Drawing Rights (SDR 20,600,000) (“Financing”) which consists of: (a) a grant in various currencies equivalent to thirteen million seven hundred thousand Special Drawing Rights (SDR 13,700,000) from the Association and a grant in various currencies equivalent to six million nine hundred thousand Special Drawing Rights (SDR 6,900,000) from the Association’s IDA 17 Crisis Response Window.
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are January 15 and July 15 in each year.
- 2.05. The Payment Currency is Dollar.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end:
- (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 I to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists 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.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its minister responsible for finance.
- 6.02. The Recipient's Address is:

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

6.03. The Association's Address is:

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

|                             |             |                |
|-----------------------------|-------------|----------------|
| Cable address:              | Telex:      | Facsimile:     |
| INDEVAS<br>Washington, D.C. | 248423(MCI) | 1-202-477-6391 |

AGREED at District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SIERRA LEONE

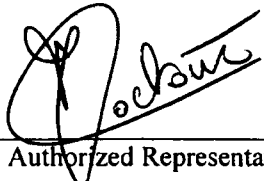
By

  
\_\_\_\_\_  
Authorized Representative

Name: Ibrahim Sorie Conteh  
Title: Deputy Chief of Mission, Embassy of Sierra Leone

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
\_\_\_\_\_  
Authorized Representative

Name: Makhtar S. Diop  
Title: Vice President, Africa Region

## SCHEDULE 1

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

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

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

1. The Recipient has, through its Ministry of Finance and Economic Development, established a formal hazard payment system for clinical and non-clinical workers responding to the Ebola crisis, in accordance with the provisions of paragraph 42 of the Letter of Development Policy.
2. The Recipient has, through its Ministry of Finance and Economic Development, appointed a fiduciary agent to ensure that the clinical and non-clinical workers receiving hazard payments are entitled to receive said hazard payments and are providing appropriate services, in accordance with the provisions of paragraph 45 of the Letter of Development Policy.
3. The Recipient has, through its Ministry of Finance and Economic Development, executed a Loans and Fiscal Agency Agreement with the Bank of Sierra Leone as part of the implementation of phase one of the treasury single account, in accordance with the provisions of paragraph 47 of the Letter of Development Policy.
4. The Recipient has, through its Ministry of Finance and Economic Development, received Audited Financial Statements for Year Ended 2013 for Sierra Leone Commercial Bank Limited and Rokel Commercial Bank (Sierra Leone) Limited, respectively, with a view to assessing the contingent liability implications for said Sierra Leone Commercial Bank Limited and Rokel Commercial Bank (Sierra Leone) Limited, respectively, in accordance with the provisions of paragraph 50 of the Letter of Development Policy.
5. The Recipient has, through its Ministry of Finance and Economic Development, submitted a Supplementary Budget for extra-budgetary expenditure in Fiscal Year 2014 to Parliament, in accordance with the provisions of paragraph 52 of the Letter of Development Policy.
6. The Recipient has, through its Ministry of Mines and Mineral Resources, published all the signed Mineral Lease Agreements with a view to increasing transparency and accountability in the mineral sector, in accordance with the provisions of paragraph 54 of the Letter of Development Policy.
7. The Recipient has, through its Ministry of Finance and Economic Development, published in Fiscal Year 2014, data on revenue collected in Fiscal Year 2013

from the ten largest mining companies consistent with Section 159 of the Mines and Minerals Act, in accordance with the provisions of paragraph 54 of the Letter of Development Policy.

**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. The allocation of the amounts of the Financing to this end is set out in the table below:

| <b>Allocation</b>         | <b>Amount of the Financing Allocated<br/>(expressed in SDR)</b> |
|---------------------------|---|
| Single Withdrawal Tranche | 20,600,000  |
| <b>TOTAL AMOUNT</b>       | <b>20,600,000</b>   |

**C. Withdrawal Tranche Release Conditions**

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. Deposits of Financing Amounts.** Except as the Association may otherwise agree:
1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and
  2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.
- E. Excluded Expenditures.** The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice

from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

**F. Closing Date.** The Closing Date is December 31, 2015.



## APPENDIX

### Section I. Definitions

1. "Audited Financial Statements" means the Sierra Leone Commercial Bank Limited Financial Statements Year ended 31 December 2013, prepared by PKF Chartered Accounts and dated May 28, 2014, and Rokel Commercial Bank (Sierra Leone) Limited Financial Statements Year ended 31 December, 2013, prepared by KPMG and dated April 30, 2014.
2. "Bank of Sierra Leone" means the Recipient's central bank established and operating pursuant to the Bank of Sierra Leone Act Number 15 of 2011, of the laws of the Recipient.
3. "Excluded Expenditure" means any expenditure:
  - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;
  - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

| Group | Sub-group | Description of Item   |
|-------|-----------|---|
| 112   |           | Alcoholic beverages   |
| 121   |           | Tobacco, un-manufactured, tobacco refuse  |
| 122   |           | Tobacco, manufactured (whether or not containing tobacco substitutes)   |
| 525   |           | Radioactive and associated materials  |
| 667   |           | Pearls, precious and semiprecious stones, unworked or worked  |
| 718   | 718.7     | Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors   |
| 728   | 728.43    | Tobacco processing machinery  |
| 897   | 897.3     | Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems) |
| 971   |           | Gold, non-monetary (excluding gold ores and concentrates)   |

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
- (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the

Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

4. "Fiscal Year" means the fiscal year of the Recipient commencing on January 1 and ending on December 31 of the same year.
5. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
6. "Loans and Fiscal Agency Agreement" means the agreement between the Recipient (represented by the Ministry of Finance and Economic Development), and the Bank of Sierra Leone dated November 25, 2014.
7. "Mineral Lease Agreements" means: (a) the Mining Lease Agreement between the Government of Sierra Leone and London Mining Company Limited dated February 27, 2012; (b) Mining Lease Agreement between Government of the Republic of Sierra Leone and African Minerals Limited Group of Companies dated August 6, 2010; (c) Bauxite Mineral Prospecting and Mining Agreement between the Government of Sierra Leone and Sierra Minerals Holdings 1, Limited dated July 16, 2012; (d) Mining Lease Agreement relating to the Mining and Commercial Exploitation of the Koidu Kimberlites in a Project to be known as "the Koidu Kimberlite Project" between the Republic of Sierra Leone and Koidu Holdings S.A. dated 2010; (e) Large-Scale Mining Licence relating to the Mining and Commercial Exploitation of the Tongo-Panguma Diamond Fields in a Project to be known as "the Tonguma Project" between the Republic of Sierra Leone and Tonguma Limited dated July 10, 2012; and (f) First Amendment to that Certain Agreement of November 20, 2001 by and between the Government of Sierra Leone and Sierra Rutile Limited dated February 4, 2004.
8. "Mines and Minerals Act" means Act Number 12 of 2009, of the laws of the Recipient.
9. "Ministry of Finance and Economic Development" means the Recipient's ministry responsible for finance, and any successor thereto.
10. "Ministry of Mines and Mineral Resources" means the Recipient's ministry responsible for mines and mineral resources, and any successor thereto.
11. "Parliament" means the Recipient's parliament established and operating pursuant to Section 73 of the Constitution of Sierra Leone Act Number 6 of 1991, of the laws of the Recipient.

12. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated December 3, 2014, 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.
13. "Rokel Commercial Bank (Sierra Leone) Limited" means the commercial bank established and operating pursuant to the Recipient's Companies Act Number 5 of 2009, of the laws of the Recipient.
14. "Sierra Leone Commercial Bank Limited" means the commercial bank established and operating pursuant to the Recipient's Companies Act Number 5 of 2009, of the laws of the Recipient
15. "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.
16. "Supplementary Budget" means the Recipient's supplementary budget as set out in the Bill entitled the Supplementary Appropriation Act, 2014, and published in the Recipient's Gazette Extraordinary Volume CXLV Number 36 dated 7<sup>th</sup> July, 2014.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the subsequent Sections in Article II are renumbered accordingly.
3. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph [4] above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph [4] above) is modified to read as follows:

“Section 4.06. *Plans; Documents; Records*

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association’s representatives to examine such records.”

6. Paragraph (c) of Section 4.07 (renumbered as such pursuant to paragraph [4] above) is modified to read as follows:

“Section 4.07. *Program Monitoring and Evaluation*

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.”

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement.”

- (b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

- (c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“‘Program’ means the program referred to in the Financing Agreement in support of which the Financing is made.” All references to “Project” throughout these General Conditions are deemed to be references to “Program”.