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A.Ninio/M.Nawaz  
April 1, 2004

NEGOTIATED TEXT

IDA GRANT NUMBER JJ086-DSL

# Development Grant Agreement

(Institutional Reform and Capacity Building Project)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *May 18*, 2004

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**DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated \_\_\_\_\_, 2004, between REPUBLIC OF SIERRA LEONE (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter dated March 1, 2004, from the Recipient describing a program designed to establish a functioning local government system and improve overall public financial management (the Program), and declaring the Recipient's commitment to the execution of the Program;

B) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Association to assist in the financing of the Project;

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

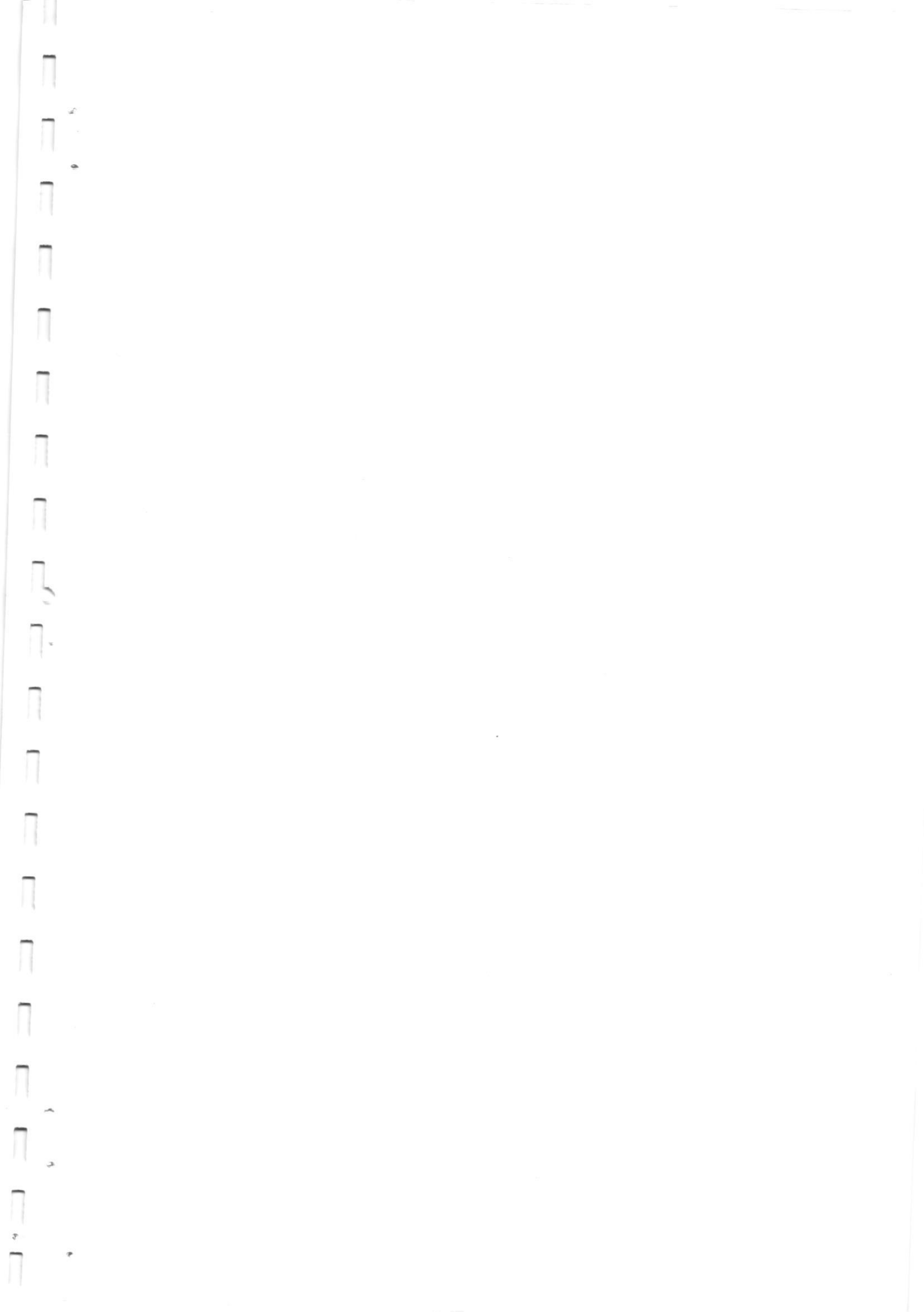
NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in Schedule 6 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

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



(a) "Decentralization Secretariat" means the secretariat under the Recipient's MLGCD (as hereinafter defined) referred to in Paragraph A.1(c) of Schedule 4 to this Agreement;

(b) "DLC Subsidiary Grant Agreement" means the agreement to be entered into between the Recipient and the DLC pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the DLC Subsidiary Grant Agreement;

(c) "DLC" means Development Learning Center, an autonomous entity created by the Recipient pursuant to Section 5.01 (b) of this Agreement;

(d) "Eligible Categories" means: for Special Account A the Categories (1), (2) (3) and (5); and for Special Account B Categories (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(e) "Eligible Expenditures" means the expenditures for goods, works, training and audit, and consultants' referred to in Section 2.02 (a) of this Agreement

(f) "Environmental and Social Management Framework" or "ESMF" means the framework adopted by the Recipient on Jan 13, 2004, describing the environmental planning, review, approval, mitigation, monitoring, training, technical assistance, and institutional measures under the Project referred to in Paragraph E of Schedule 4 to this Agreement;

(g) "Environmental and Social Screening Form" means a screening form included in the ESMF, for environmental and social impact assessment and audit of Subprojects under Part A.4 of the Project, to eliminate any adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts;

(h) "Establishment Secretary's Office" or "ESO" means the Unit under the Recipient's Office of the President referred to in Paragraph A.1(e) of Schedule 4 to this Agreement or any successor thereto;

(i) "Financial Management Manual" means the manual referred to in Paragraph A.2 of Schedule 4 to this Agreement and adopted by the Recipient pursuant to the provisions of Section 6.01 (a) of this Agreement containing, *inter alia*, detailed arrangements regarding the financial management of the Project;

