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GRANT NUMBER H739- SL

Financing Agreement

(Decentralized Service Delivery Program II Project)

between

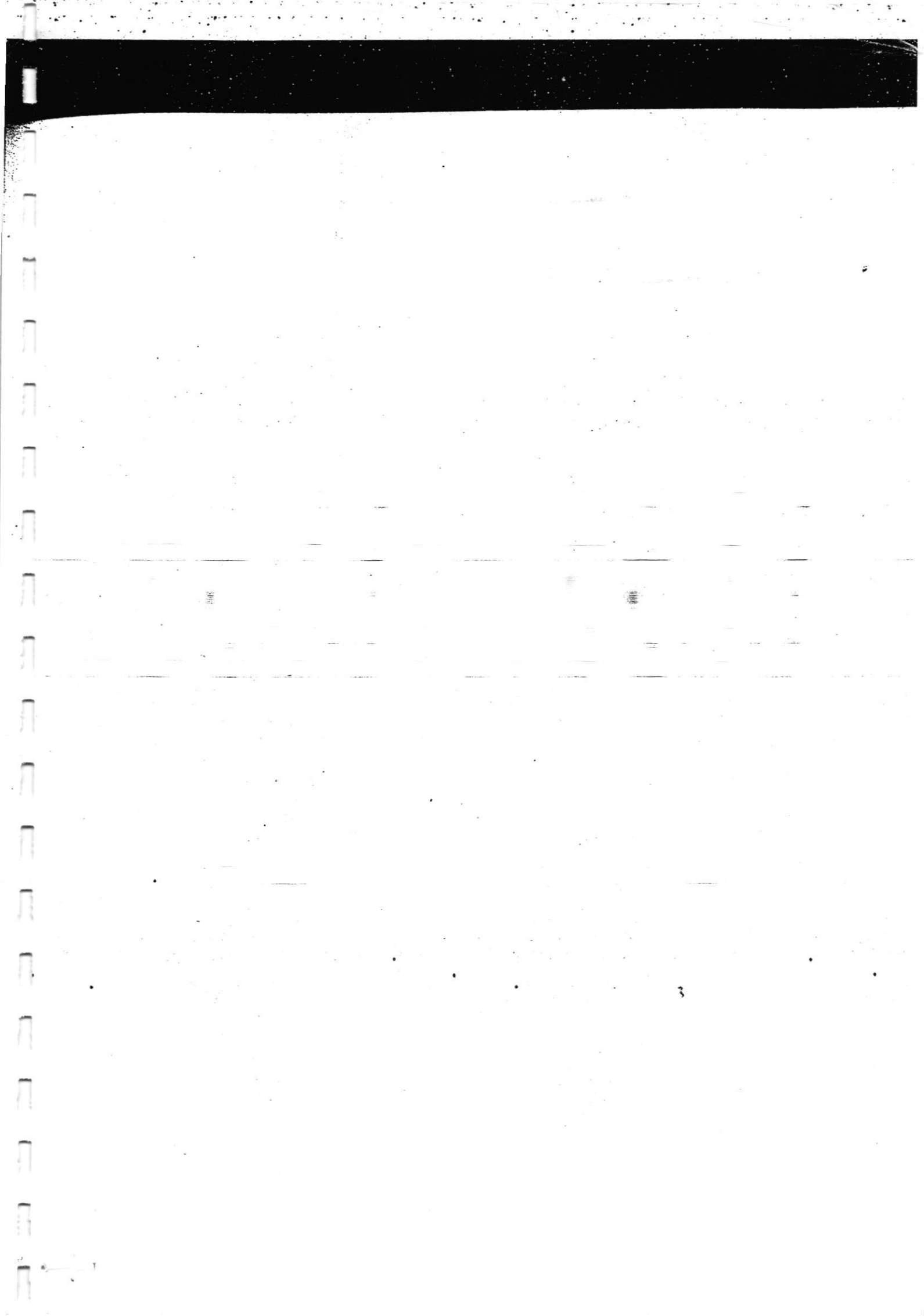
REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 14, 2012

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FINANCING AGREEMENT

AGREEMENT dated *February 14*, 2012, entered into between REPUBLIC OF SIERRA LEONE ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association 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.
- 1.03. Unless the context requires otherwise, references in this Agreement to Decentralization Secretariat (DecSec) shall be construed as references to DecSec or, upon its establishment, the decentralization unit in MLGRD.

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 sixteen million seven hundred thousand Special Drawing Rights (SDR 16,700,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 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 March 15 and September 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project, through MoFED, MLGRD and Local Councils, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES

- 4.01. The Additional Events of Suspension consist of the following, namely, that:
 - (a) as a result of events which have occurred after the date of this Agreement, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out; and
 - (b) in the opinion of the Association, the Local Government Act and related instruments (including the Statutory Instrument 2004) has substantially changed from that prevailing as of the date of this Agreement so as to materially and adversely affect the ability of the Recipient or of the Local Council(s) or MDA(s) (or such other entity or entities) to perform any of its obligations arising under or entered into pursuant to this Agreement, or to achieve the objectives of the Project.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient has prepared and approved, in form and substance acceptable to the Association, a time bound action plan to integrate the Decentralization Secretariat into the MLGRD; and
 - (b) The Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.