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**OFID** The OPEC Fund for International Development

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LOAN NO.1445P

MATOTOKA-YIYE ROAD PROJECT

LOAN AGREEMENT

BETWEEN

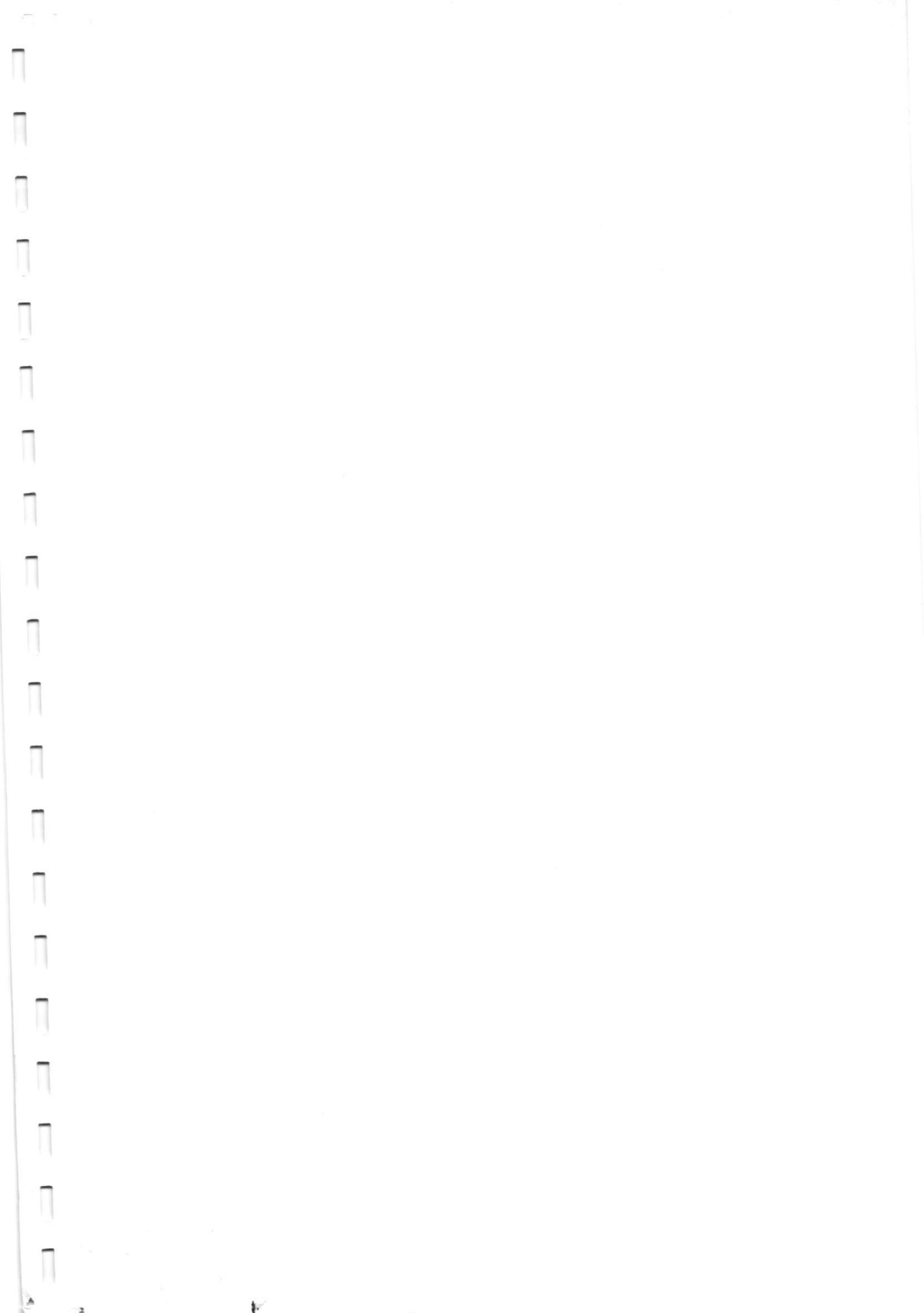
THE REPUBLIC OF SIERRA LEONE

AND

THE OPEC FUND FOR  
INTERNATIONAL DEVELOPMENT (OFID)

DATED

JUNE 26, 2012



AGREEMENT dated June 26, 2012, between the Republic of Sierra Leone ("the Borrower") and OFID.

Whereas the Borrower has requested a loan from OFID for part financing of the Project described in Schedule 1;

And whereas OFID has approved a loan to the Borrower in the amount of ten million Dollars (\$10,000,000) upon the terms and conditions set forth hereinafter;

Now, therefore, the parties to this Loan Agreement (the "Agreement") hereby agree as follows:

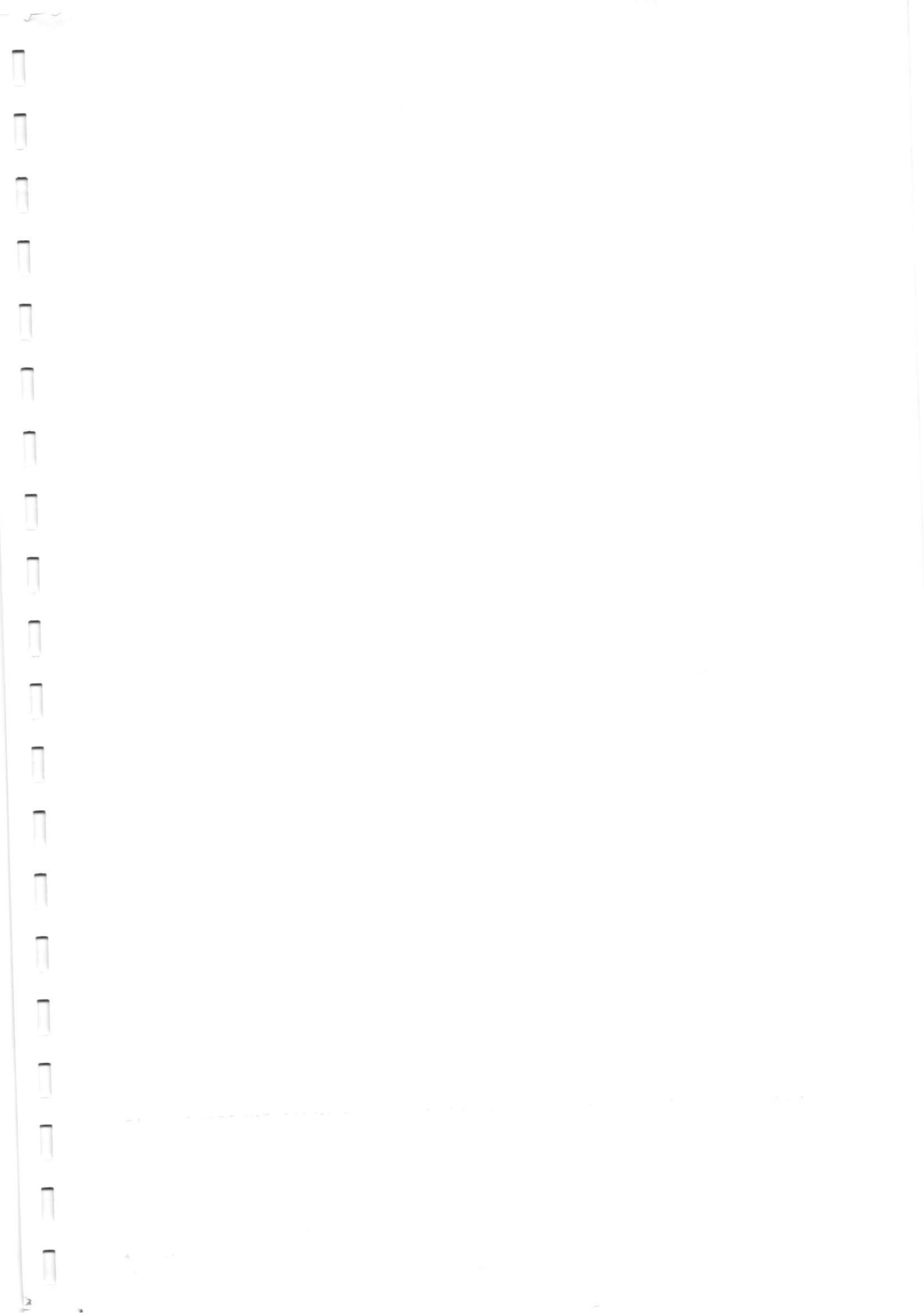
Article 1

GENERAL CONDITIONS; DEFINITIONS

1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings:

- (a) "Authorized Representative of the Borrower" means the Minister of Finance and Economic Development of the Borrower;
- (b) "Closing Date" means December 31, 2015;
- (c) "Dollar and the sign \$" mean and refer to the lawful currency of the United States of America;



- (d) "Eligible Expenditure Commencement Date" means April 12, 2012;
- (e) "Executing Agency" means the the Sierra Leone Roads Authority (SLRA);
- (f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December 2007;
- (g) "Grace Period" means the period beginning on June 26, 2012, and ending five (5) years from that Date; and
- (h) "Loan Administrator" means the African Development Bank.

\* \* \*

Article 2  
THE LOAN

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount of ten million Dollars (\$10,000,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charges shall be paid semi-annually on January 15 and July 15 in each year into OFID Account.



2.05 Immediately following the end of the Grace Period, the Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management, in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty (30) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

\* \* \*

Article 3  
EFFECTIVENESS

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of:

- (a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower;
- (b) a certificate issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms; and
- (c) evidence that the loan or other financing agreement between the Loan Administrator and the Borrower for financing the Project has been declared effective or will be declared effective concurrently with this Agreement.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.



3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

\* \* \*

Article 4  
ADDRESSES

4.01 The parties' addresses are as specified below:

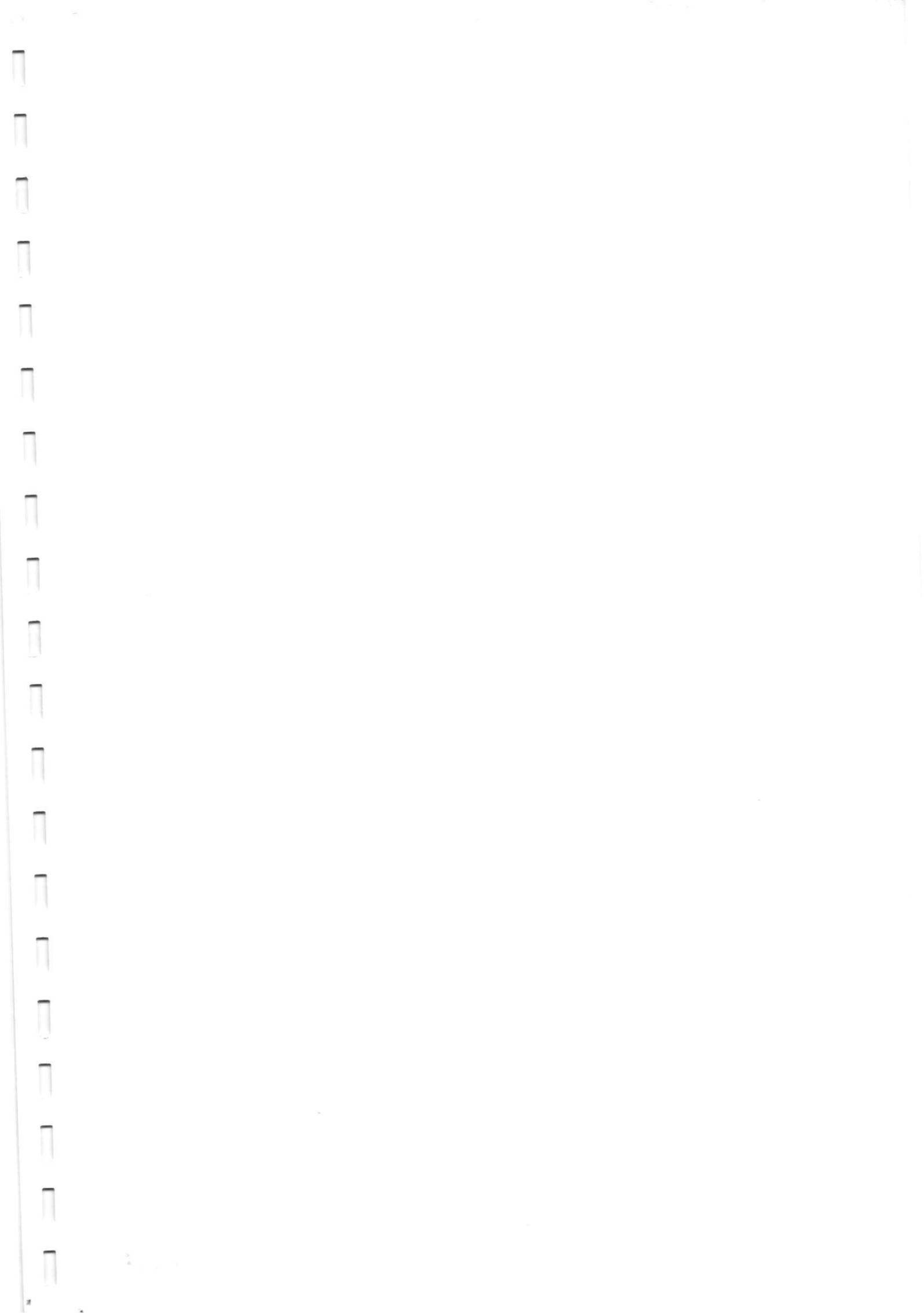
For the Borrower:

The Ministry of Finance and Economic Development  
Treasury Building  
George Street  
Freetown  
REPUBLIC OF SIERRA LEONE  
Facsimile: (++232-22) 22 84 72

For OFID:

The OPEC Fund for International Development  
Parkring 8  
A-1010 Vienna  
AUSTRIA  
Facsimile: (++43-1) 513 92 38

\* \* \*



**OFID** The OPEC Fund for International Development

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LOAN NO. 1445P

IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE BORROWER:



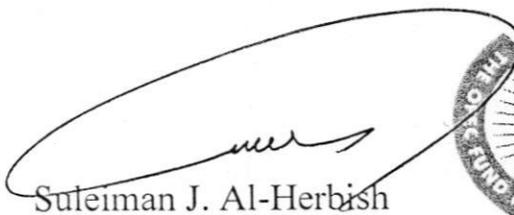
Signature:

Name: H.E. Jongopie Stevens

Title: Ambassador of the Republic of Sierra Leone to Germany

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT  
(OFID):

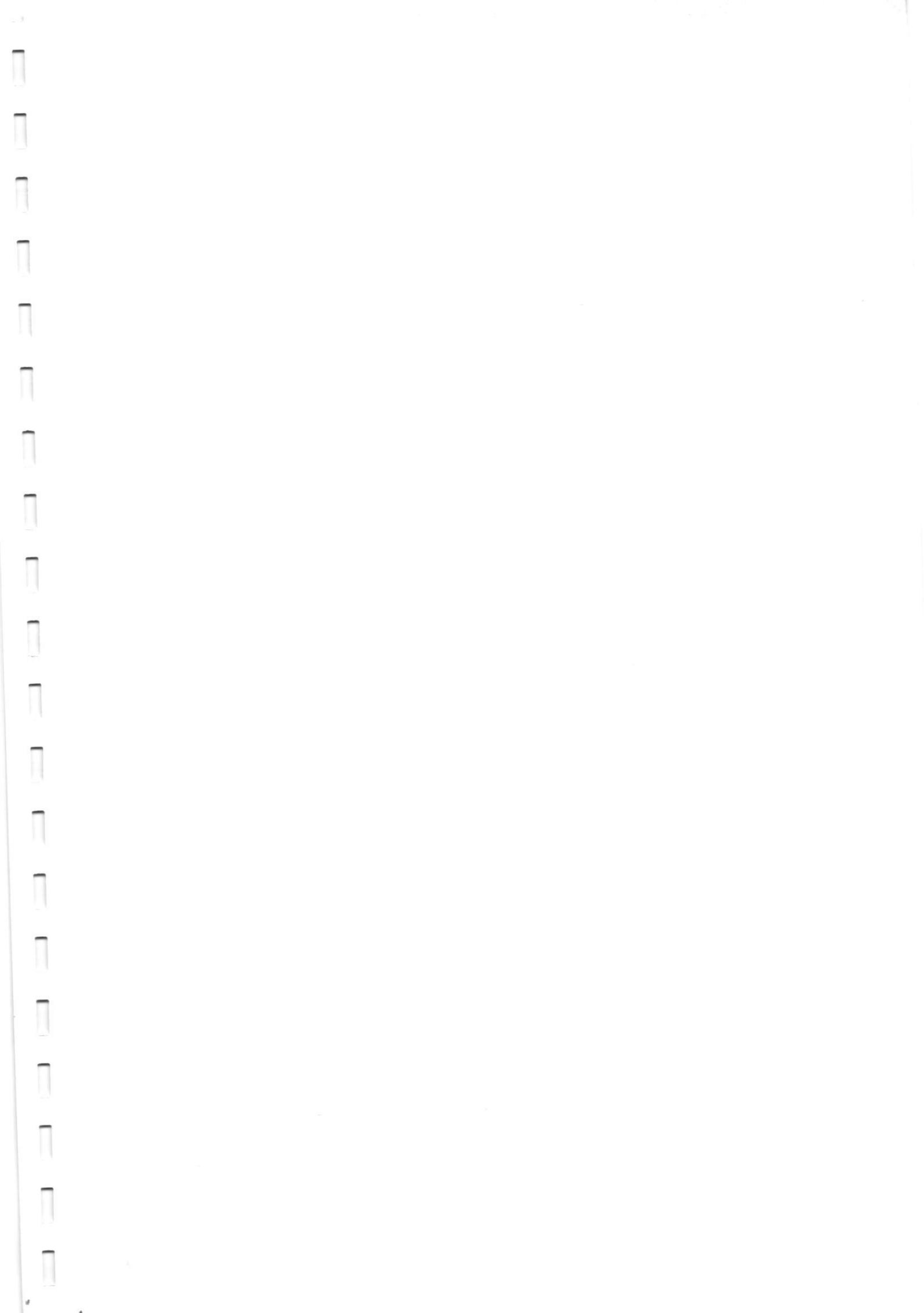
Signature:

Name:  Suleiman J. Al-Herbish

Title: Director-General



\* \* \*



REPUBLIC OF SIERRA LEONE  
MATOTOKA-YIYE ROAD PROJECT

SCHEDULE 1  
DESCRIPTION OF THE PROJECT

The Project consists of the rehabilitation of the first section of the Matotoka-Sefadu road linking Matotoka to Yiye over a total distance of 70 km. The Project encompasses the following components:

(a) Civil Works:

This component includes the rehabilitation works for the 70 km inter-urban road between Matotoka and Yiye to a modern paved road. The rehabilitation works shall also cover environmental and social mitigation measures as well as some complementary initiatives (works) encompassing social infrastructure. These include the rehabilitation of 20 km of feeder roads; the rehabilitation of three primary schools (provision of classroom blocks, sanitation and water facilities) in Masingbi, Makali and Ngo town/Yiye; rehabilitation of a health center in Masingbi; and improvements to one market in Matotoka.

(b) Consultancy Services:

This component includes the supervision services for the construction of the civil works; and the services for the monitoring and evaluation of the project environmental and social impacts.

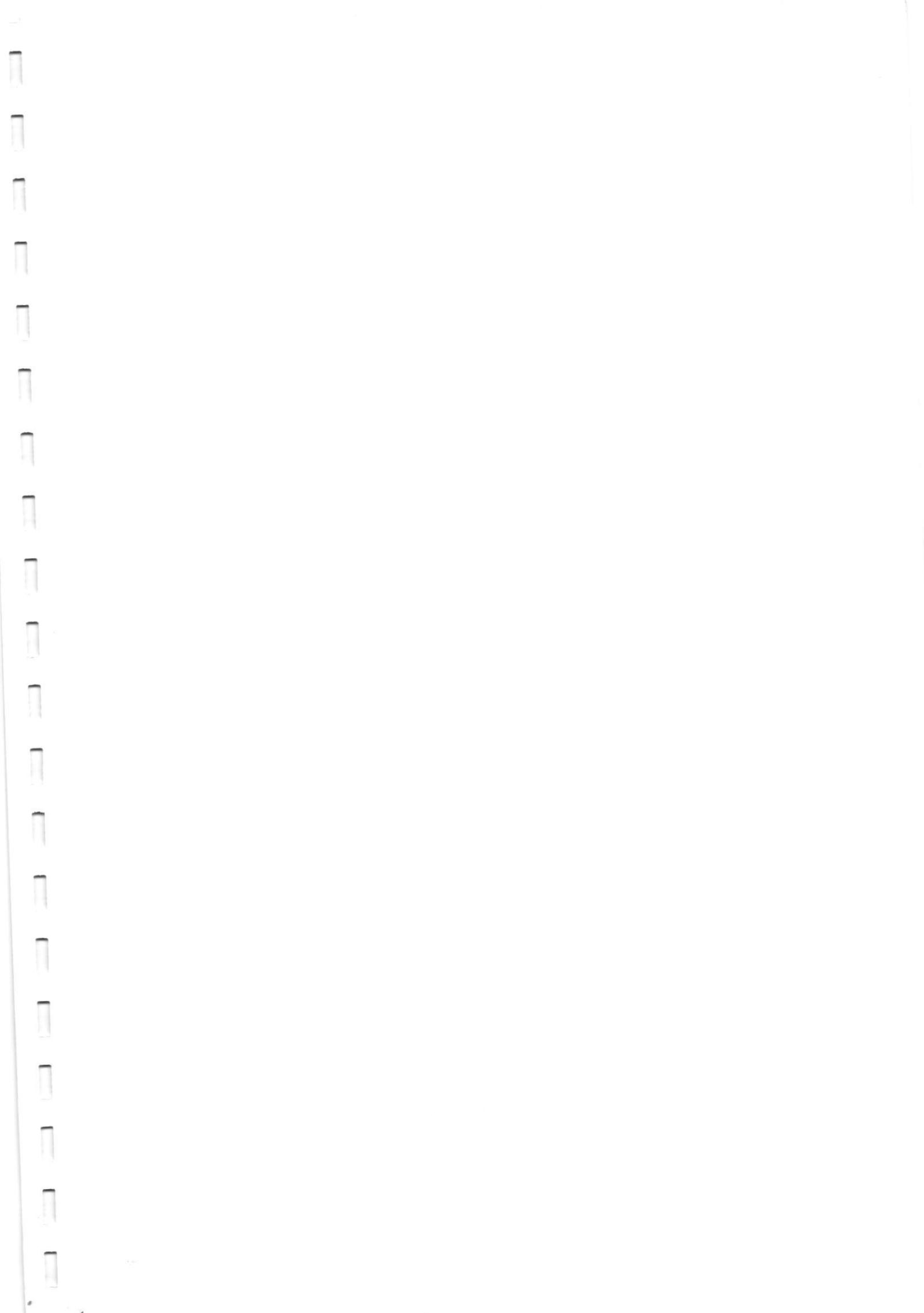
(c) Project Audit:

This component includes the Financial and Technical Audits for the project.

(d) Compensation and Resettlement:

The project will trigger involuntary resettlement as a result of its activities. Project Affected Persons (PAPs) will be compensated and resettled. It is estimated that a total of 2,487 persons for the entire road are to be affected. The Project Affected Persons for Section I (Matotoka – Yiye) is estimated at 1,186 persons and 1,301 persons for Section II (Yiye – Sefadu).

\* \* \*

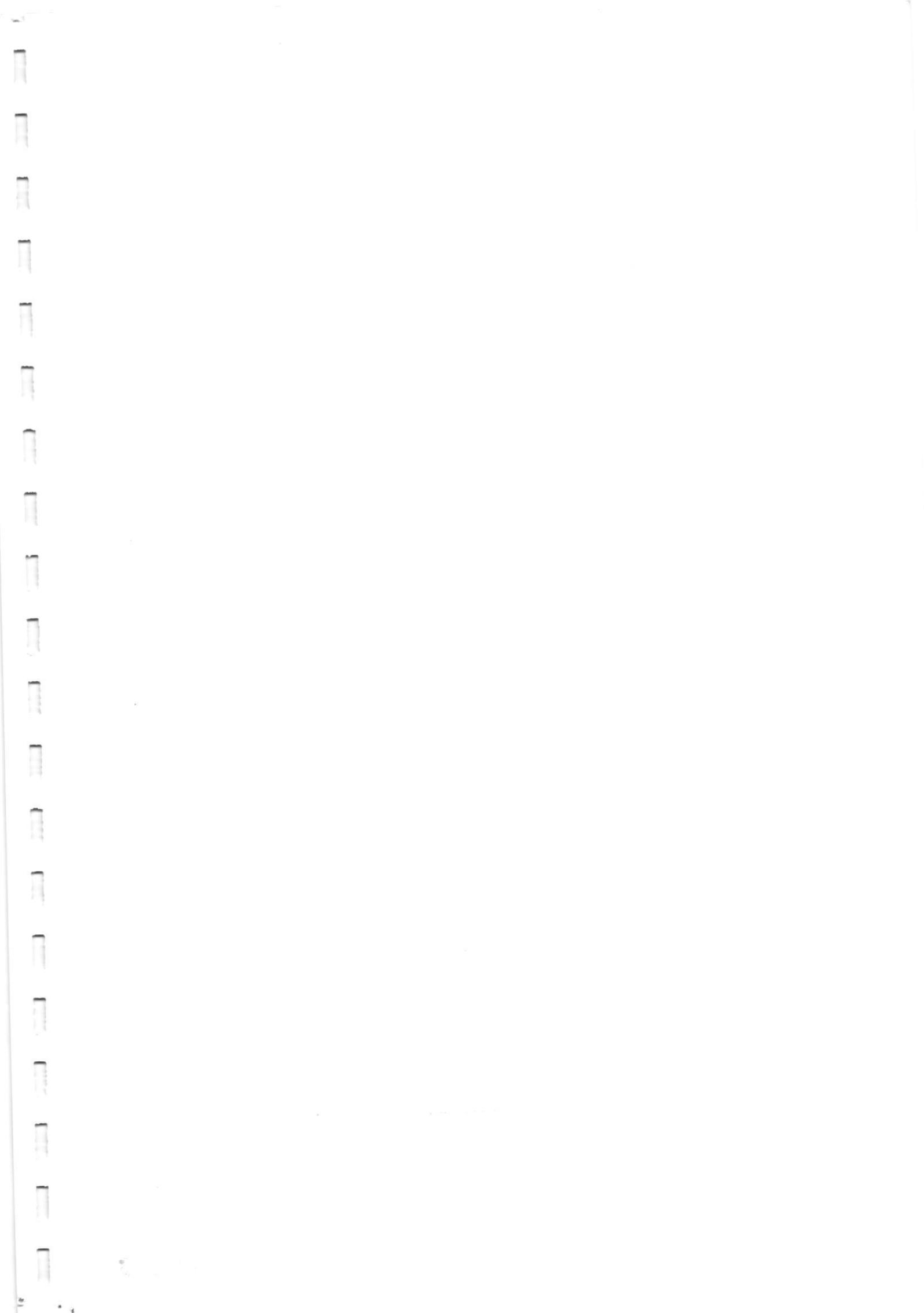


REPUBLIC OF SIERRA LEONE  
MATOTOKA-YIYE ROAD PROJECT

SCHEDULE 2  
LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the Loan proceeds of \$ 10,000,000 shall be utilized towards financing 25.1% of the Civil Works component of the Project as described in paragraph (a) of Schedule 1 of this Agreement.
  
2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

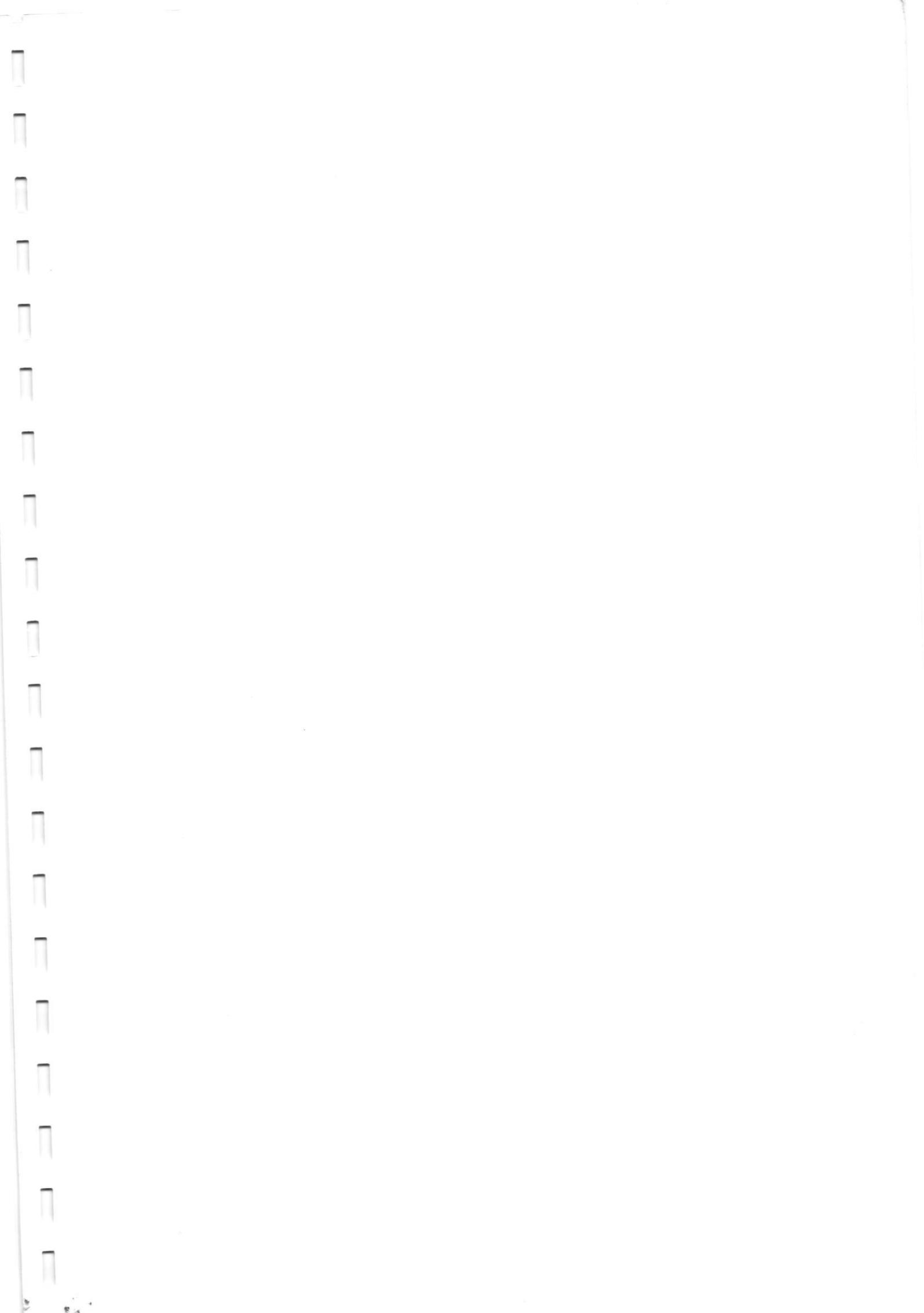
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REPUBLIC OF SIERRA LEONE  
MATOTOKA-YIYE ROAD PROJECT

SCHEDULE 3  
AMORTIZATION

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in Dollars)
1	July 15, 2017	333,330
2	January 15, 2018	333,330
3	July 15, 2018	333,330
4	January 15, 2019	333,330
5	July 15, 2019	333,330
6	January 15, 2020	333,330
7	July 15, 2020	333,330
8	January 15, 2021	333,330
9	July 15, 2021	333,330
10	January 15, 2022	333,330
11	July 15, 2022	333,330
12	January 15, 2023	333,330
13	July 15, 2023	333,330
14	January 15, 2024	333,330
15	July 15, 2024	333,330
16	January 15, 2025	333,330
17	July 15, 2025	333,330
18	January 15, 2026	333,330
19	July 15, 2026	333,330
20	January 15, 2027	333,330
21	July 15, 2027	333,330
22	January 15, 2028	333,330
23	July 15, 2028	333,330
24	January 15, 2029	333,330
25	July 15, 2029	333,330
26	January 15, 2030	333,330
27	July 15, 2030	333,330
28	January 15, 2031	333,330
29	July 15, 2031	333,330
30	January 15, 2032	<u>333,430</u>
	Total:	<u>10,000,000</u>





Enabling poor rural people to overcome poverty

IFAD

5 June 2012

Mr Minister,

Re: REPUBLIC OF SIERRA LEONE: Grant No. DSF-8001-Loan No. I-873A-SL/Grant No.I-DSF-8001A-SL  
(Rural Finance and Community Improvement Programme)  
Amendment to the Programme Grant Agreement

1. We refer to the Grant Agreement dated 25 June 2007 between the Republic of Sierra Leone (hereinafter referred to as "the Recipient/Borrower") and the International Fund for Agricultural Development (hereinafter referred to as "the Fund" or "IFAD") for the execution of the Rural Finance and Community Improvement Programme ("the Programme"), as amended on 26 November 2008 and 3 November 2009. We also refer to the understanding among the Recipient/Borrower and the Fund to seek the approval of IFAD supplementary financing for the implementation of the Programme.

2. We are pleased to inform you that the Executive Board of the Fund has agreed to extend to the Republic of Sierra Leone a supplementary financing for the implementation of the Programme, in the form of a loan equivalent to six hundred ninety-five Special Drawing Rights (SDR 695 000) and a supplementary grant equivalent to six hundred ninety-five Special Drawing Rights (SDR 695 000).

3. Therefore, based on the foregoing the Grant Agreement is hereby amended as follows:

I. Main text of the Agreement

- (a) The terms "Grant Agreement" and "Recipient" shall be replaced by "Financing Agreement" and "Recipient/Borrower", respectively, throughout the text of the Agreement.
- (b) The first WHEREAS (A) shall read: "WHEREAS (A) the Fund has agreed to extend to the Recipient/Borrower a grant, a supplementary grant and a loan (together, the "Financing") for the purpose of financing the Rural Finance and Community Improvement Programme described in Schedule 1 to the Agreement (the "Programme"):"

The Honourable  
Minister for Finance of  
the Republic of Sierra Leone  
Freetown



(c) As soon as practicable, the Recipient/Borrower shall open and thereafter maintain in a commercial bank proposed by the Recipient/Borrower and accepted by the Fund, a Special Account denominated in United States dollar for the purpose of receiving the Loan and Supplementary Grant proceeds. The Special Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Recipient/Borrower and accepted by the Fund.

(b) After the Grant Bank Account has been duly opened, upon the Recipient/Borrower's request and in accordance with the AWPB for the first Programme Year, the Fund shall make one or more withdrawal of up to USD 700 000 from the Grant Account on behalf of the Recipient/Borrower and deposit such amount into the Grant Bank Account. The Fund shall replenish the Grant Bank Account from time to time in accordance with the AWPBs. The Project Coordinator and the Head of Administration and Finance of the NCU shall be fully authorised to jointly operate the Grant Bank Account.

(a) As soon as practicable, the Recipient/Borrower shall open and thereafter maintain in a commercial bank proposed by the Recipient/Borrower and accepted by the Fund, a Grant Bank Account denominated in United States dollar for the purpose of receiving Grant proceeds. The Grant Bank Account shall be protected by against set-off, seizure or attachment on terms and conditions proposed by the Recipient/Borrower and accepted by the Fund.

(h) Section 2.03 is amended to read :

"Section 2.02. Grant Account, Supplementary Grant Account, Loan Account and Withdrawals. The Fund shall open a Grant Account, a Supplementary Grant Account and a Loan Account in the name of the Recipient/Borrower and credit the amounts of the Grant, Supplementary Grant and Loan thereto, respectively. The Recipient/Borrower may request withdrawals from the Grant, Supplementary Grant and Loan Accounts from time to time between the Effective Date and the Financing Closing Date in various currencies in respect of Eligible Expenditures."

(g) Section 2.02 is amended to read :

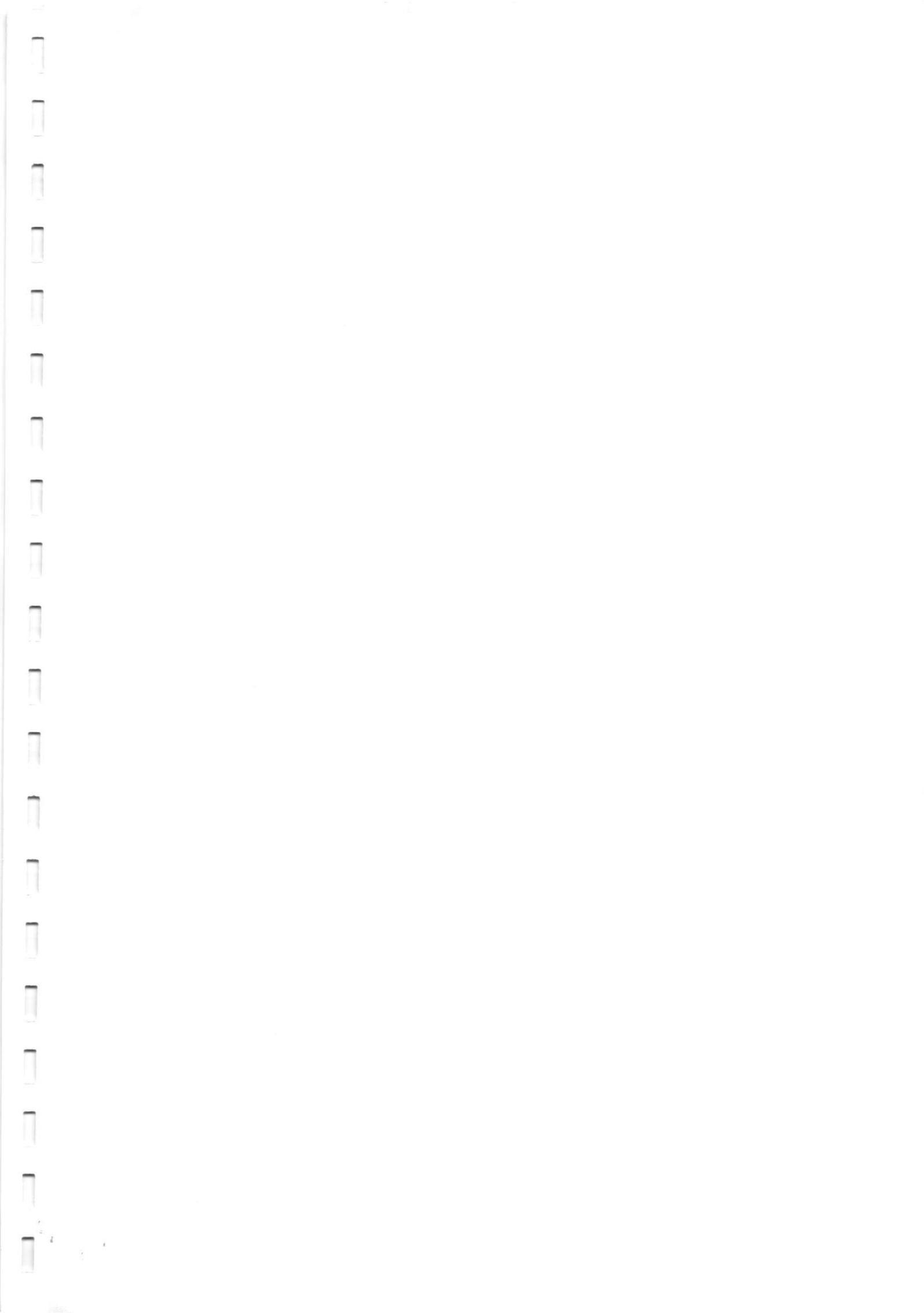
"Section 2.01. The Financing. The Fund agrees to extend to the Recipient/Borrower: a Grant in the principal amount of five million nine hundred and fifty thousand Special Drawing Rights (SDR 5 950 000) (the "Grant"); a supplementary grant in the principal amount of six hundred ninety-five thousand Special Drawing Rights (SDR 695 000) (the "Supplementary Grant") and a loan in the principal amount of six hundred ninety-five thousand Special Drawing Rights (SDR 695 000) (the "Loan") for the purpose of financing the Programme."

(f) Section 2.01 is amended to read :

(e) Article II shall be entitled: "Financing";

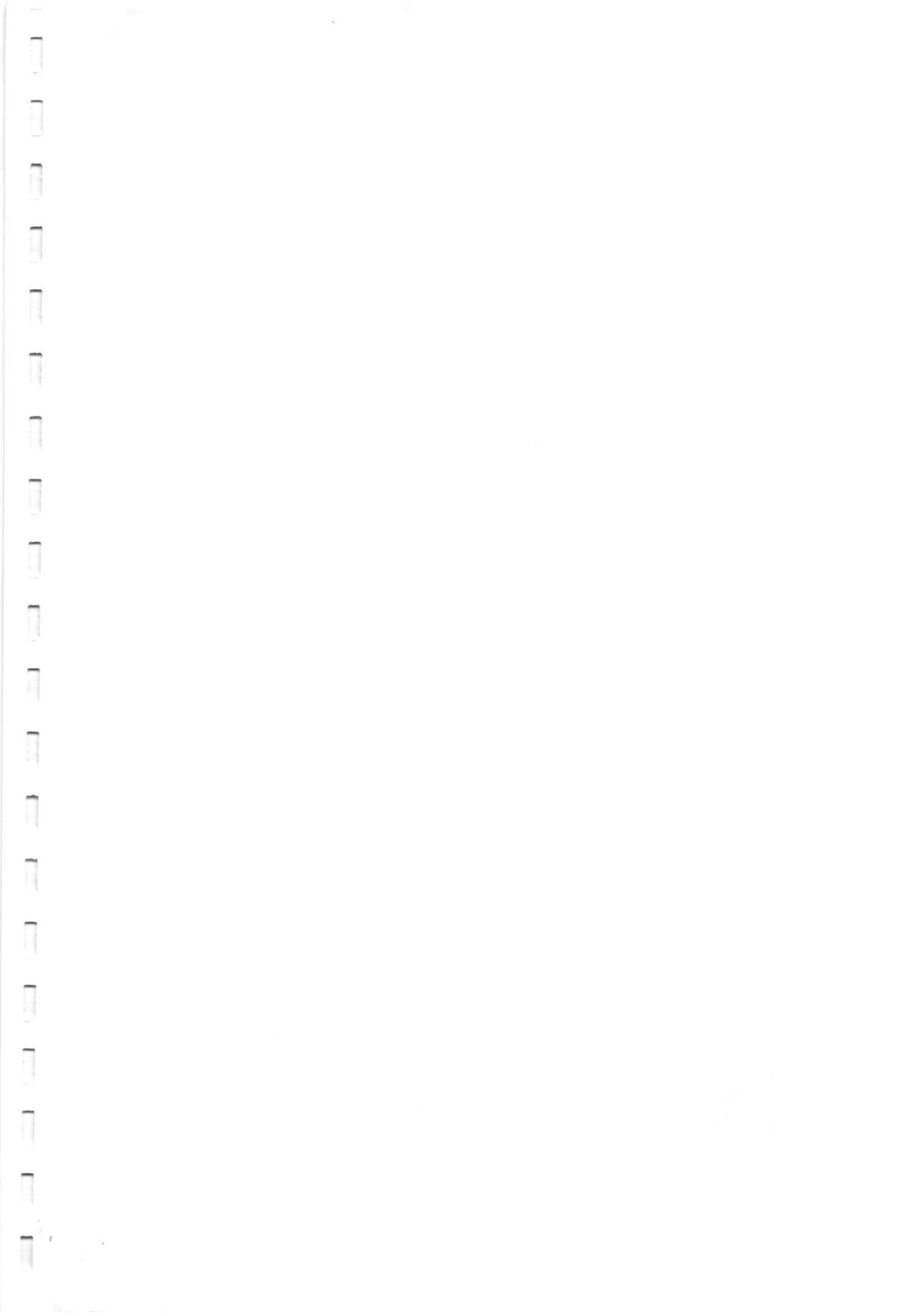
(d) In the definitions the term "Grant Closing Date" shall read "Financing Closing Date";

(c) The second WHEREAS shall read: "WHEREAS, on the basis of the above and other consideration, the Fund has agreed to extend a grant, a supplementary grant and a loan to the Recipient/Borrower on the terms and conditions set for in this Agreement."



"(b) The Recipient/Borrower shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing, and the Fund's "Guidelines on Project Audits (Borrower's Use)" 2003, as may be amended from time to time, until the Financing Closing Date, in accordance with Section 9.03 (Audit of Accounts) of the General Conditions. In addition to the audit report on the financial statements, the auditors shall provide: (i) an opinion on the certified statements of expenditure and the operation of the Grant Bank

- (o) Section 5.02 (b) is amended as follows:
- "(b) The Recipient/Borrower shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. It is agreed and understood that such recommendations may result in modification to the Grant, Supplementary Grant and Loan Documents or cancellation of the Financing".
- (n) Section 4.03 (b) shall read:
- (m) Sections 3.04, 3.05, 3.06, 8.02 and 8.04: The term "the Grant" shall be replaced by "the Financing".
- (l) "Section 2.07. *Loan Service Payment Currency*. The currency of the United States of America shall be the Loan Service Payment Currency for purposes of this Agreement."
- A new Section 2.07 is added as follows :
- "Section 2.06. *Repayments of Loan*. The Recipient/Borrower shall repay the outstanding principal amount of the Loan in 59 equal semi-annual instalments of SDR 11,584, payable on each 1<sup>st</sup> March and 1<sup>st</sup> September, commencing on 1<sup>st</sup> September 2022 and ending on 1<sup>st</sup> September 2051, and one final instalment of SDR 11,544, payable on 1<sup>st</sup> March 2052, in the Loan Service Payment Currency."
- (k) A new Section 2.06 is added as follows :
- "Section 2.05. *Service Charge*. The Recipient/Borrower shall pay to the Fund a service charge at the rate of 0.75% per annum on the amount of the Loan outstanding from time to time, payable semi-annually on each 1<sup>st</sup> March and 1<sup>st</sup> September in the Loan Service Payment Currency."
- (j) A new Section 2.05 is added as follows :
- "Use of Proceeds. The Recipient/Borrower and each Programme Party shall use the proceeds of the Financing exclusively to finance Eligible Expenditures in accordance with this Agreement and the General Conditions".
- (i) Section 2.04 shall read:
- "(d) After the Special Account has been duly opened, upon the Recipient/Borrower's request and in accordance with the AWPB for the first Programme Year, the Fund shall make one or more withdrawal of up to USD 700 000 from the Supplementary Grant and Loan Accounts respectively on behalf of the Recipient/Borrower and deposit such amount into the Special Account. The Fund shall replenish Special Account from time to time in accordance with the AWPBs. The Project Coordinator and the Head of Administration and Finance of the NCU shall be fully authorised to jointly operate the Special Account."



Account and the Special Account; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The NCU shall deliver the above-mentioned items to the Fund within six months of the end of each such Fiscal Year. The NCU shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof".

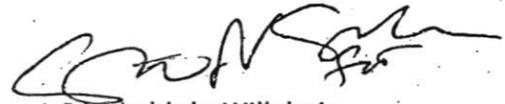
- (p) Sections 6.01 and 6.02: The term "Grant Account" shall be replaced by "Grant, Supplementary Grant and Loan Accounts".
- (q) Section 8.02: The term "Grant Documents" shall be replaced by "Grant, Supplementary Grant and Loan Documents".
- (r) Section 8.04: The term "Grant" shall be replaced by "Financing".

II. Schedule 2 is replaced in its entirety by Annex A of this Amendment Letter.

3. Except as expressly modified hereby, the Programme Financing Agreement remains unmodified and in full force and effect.

4. If this proposal is acceptable to you, we have the honour to request that you countersign the six copies of this Letter and return three copies to the Fund, thereby constituting a formal agreement between the Republic of Sierra Leone and the Fund which shall become effective as of the day the Fund receives the instrument of ratification from the Recipient/Borrower.

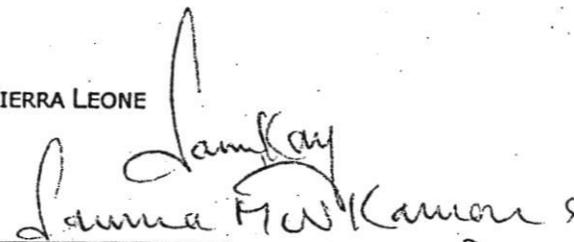
Accept, Mr Minister, the assurances of my highest consideration.



Idesbald de Willebois  
Director  
West and Central Africa Division  
Programme Management Department

CONFIRMED:

REPUBLIC OF SIERRA LEONE



Laura F. Kamara  
(Authorized Representative) *Minister, Finance & Dev*

Signed in Freetown, Republic of Sierra Leone on 13 June, 2012.



SCHEDULE 2

Allocation and Withdrawal  
of Financing Proceeds

1. Allocation of Financing Proceeds. The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant, the Supplementary Grant and the Loan, the allocation of the amounts of the Grant, the Supplementary Grant and the Loan to each Category, and the percentages of expenditures for items to be financed in each Category. The Supplementary Grant and the Loan will be drawn down part-passu :

Category	Grant Amount Allocated (expressed in SDR)	Supplementary Grant Amount Allocated in (expressed in SDR)	Loan Amount Allocated (expressed in SDR)	% of Eligible Expenditures to be Financed
I. Civil Works	787 000	13 000	13 000	100% Net of Taxes or 85%
II. Service Provider Contracts	2 154 000	116 000	116 000	100% Net of Taxes or 95%
III. Vehicle, Office Furniture, Equipment, Materials	178 000	84 000	84 000	100% Net of Taxes or 85%
IV. Short Term Consultants	365 000	19 000	19 000	100% Net of Taxes or 92%
V. Surveys and Studies	42 000	13 000	13 000	100%
VI. (i) Refinance Facility (ii) Share Capital	600 000	97 000	97 000	100%
VII. Community Development Fund	1 150 000			100%
VIII. Salaries and Allowances	275 000	78 000	78 000	100%
IX. Operation and Maintenance (i) Office (ii) Vehicles	70 000	13 000	13 000	100% 95%
X. Unallocated	86 000			
<b>TOTAL</b>	<b>5 950 000</b>	<b>695 000</b>	<b>695 000</b>	



2. *Certain Definitions.* For purposes of this Schedule 2, the following terms have the following meanings:

"Civil Works" means any Eligible Expenditure for the construction of a new bank building in accordance with the BoSL models and plans.

"Community Development Fund" means any Eligible Expenditure incurred in the 21 wards in Koinadugu District for: (a) the support to farmers through the provision of seed, tools and implements; and (b) the community sub-projects identified in the development plan and income-generating activities in local communities adding value to production as part of the Community Development Component B.  
"Refinance Facility" means any Eligible Expenditure when providing long-term loans to CBS to diversify their source of funding and lengthen the duration of loans they provide as part of the Access to Rural Financial Services Component A.

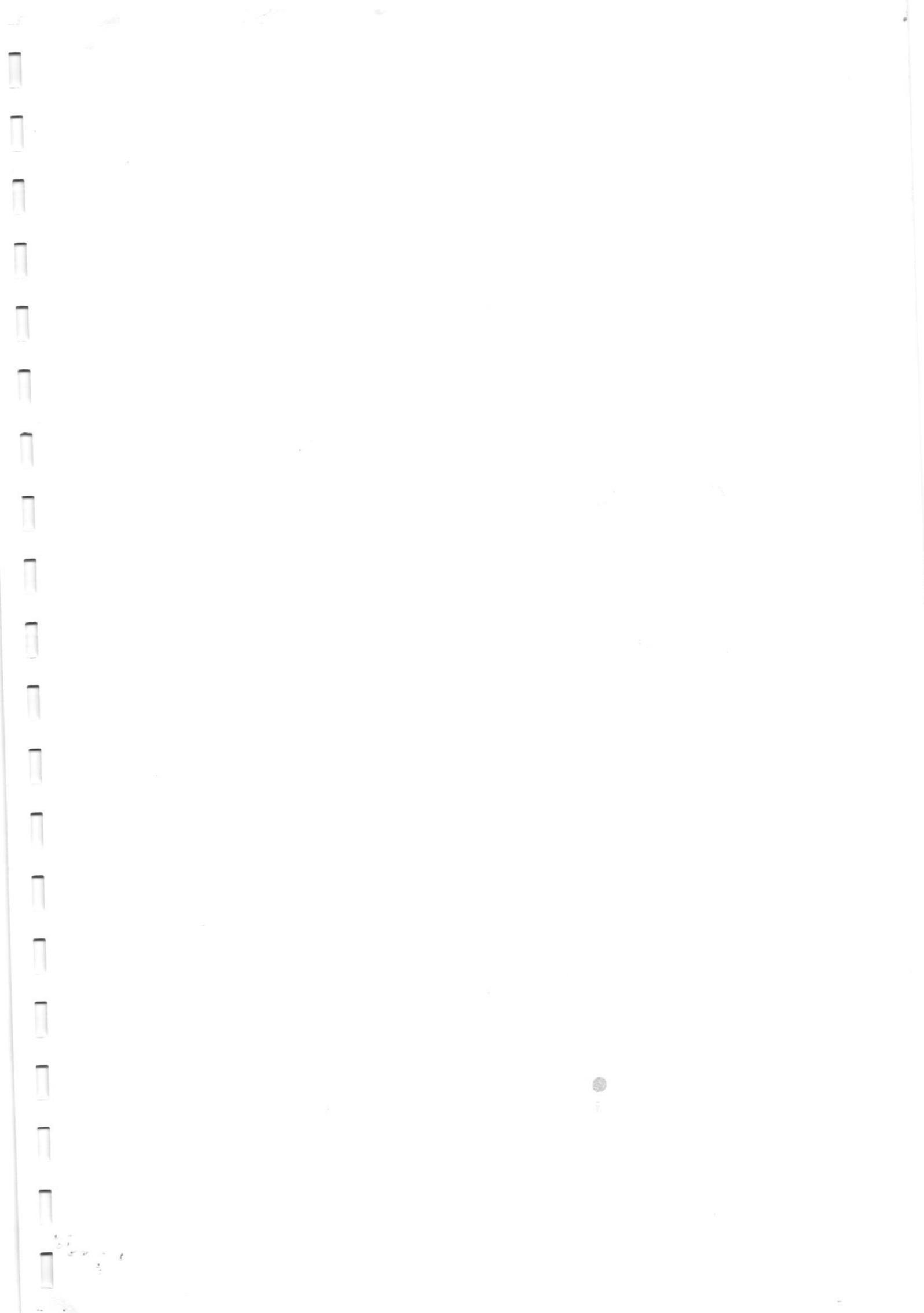
"Service Provider Contracts" means any Eligible Expenditure for facilitators or service providers contracted by the Programme to assist the communities in sub-programme preparation process and for training, coaching and supervision of functional literacy and basic management.

"Share Capital" means any Eligible Expenditure which will be as a contribution to the minimum share capital required for the creation of seven new CBS and for FSAs after recommendation of the Mid-Term Review.

3. *Minimum Withdrawal Amounts.* Except for replenishments of the Grant Bank Account and the Special Account under Section 2.03(b) and (d), withdrawals from the Grant, Loan and Supplementary Loan Accounts shall be made in an amount not less than USD 50 000 or its equivalent, or such other amount as the Fund may designate from time to time.

4. *Statements of Expenditure.* Withdrawals from the Grant, Loan and Supplementary Grant Accounts may be made against certified statements of expenditure in respect of Eligible Expenditures in such amounts as the Fund may designate from time to time by notice to the Recipient/Borrower. The records evidencing such expenditures need not be submitted to the Fund, but shall be retained by the Recipient/Borrower for inspection by the representatives of the Fund, in accordance with Sections 4.07 (Statements of Expenditure) and 10.03 (Visits, Inspections and Enquiries) of the General Conditions.

5. *Conditions Precedent to Withdrawal.* No withdrawal shall be made in respect of expenditures under Category VI(a) Refinance Facility and (b) Share Capital, under the Grant until the BoSL Subsidiary Agreement shall have been approved by the Fund in draft; a signed copy of such Agreement shall have been delivered to the Fund; and all conditions precedent to the effectiveness thereof shall have been fulfilled.





Enabling poor rural people to overcome poverty

5 June 2012

Mr Minister,

Re: REPUBLIC OF SIERRA LEONE: Grant No. DSF-8001-Loan No. I-873A-SL/Grant No. I-DSF-8001A-SL  
(Rural Finance and Community Improvement Programme)  
Amendment to the Programme Grant Agreement

1. We refer to the Grant Agreement dated 25 June 2007 between the Republic of Sierra Leone (hereinafter referred to as "the Recipient/Borrower") and the International Fund for Agricultural Development (hereinafter referred to as "the Fund" or "IFAD") for the execution of the Rural Finance and Community Improvement Programme ("the Programme"), as amended on 26 November 2008 and 3 November 2009. We also refer to the understanding among the Recipient/Borrower and the Fund to seek the approval of IFAD supplementary financing for the implementation of the Programme.

2. We are pleased to inform you that the Executive Board of the Fund has agreed to extend to the Republic of Sierra Leone a supplementary financing for the implementation of the Programme, in the form of a loan equivalent to six hundred ninety-five Special Drawing Rights (SDR 695 000) and a supplementary grant equivalent to six hundred ninety-five Special Drawing Rights (SDR 695 000).

3. Therefore, based on the foregoing the Grant Agreement is hereby amended as follows:

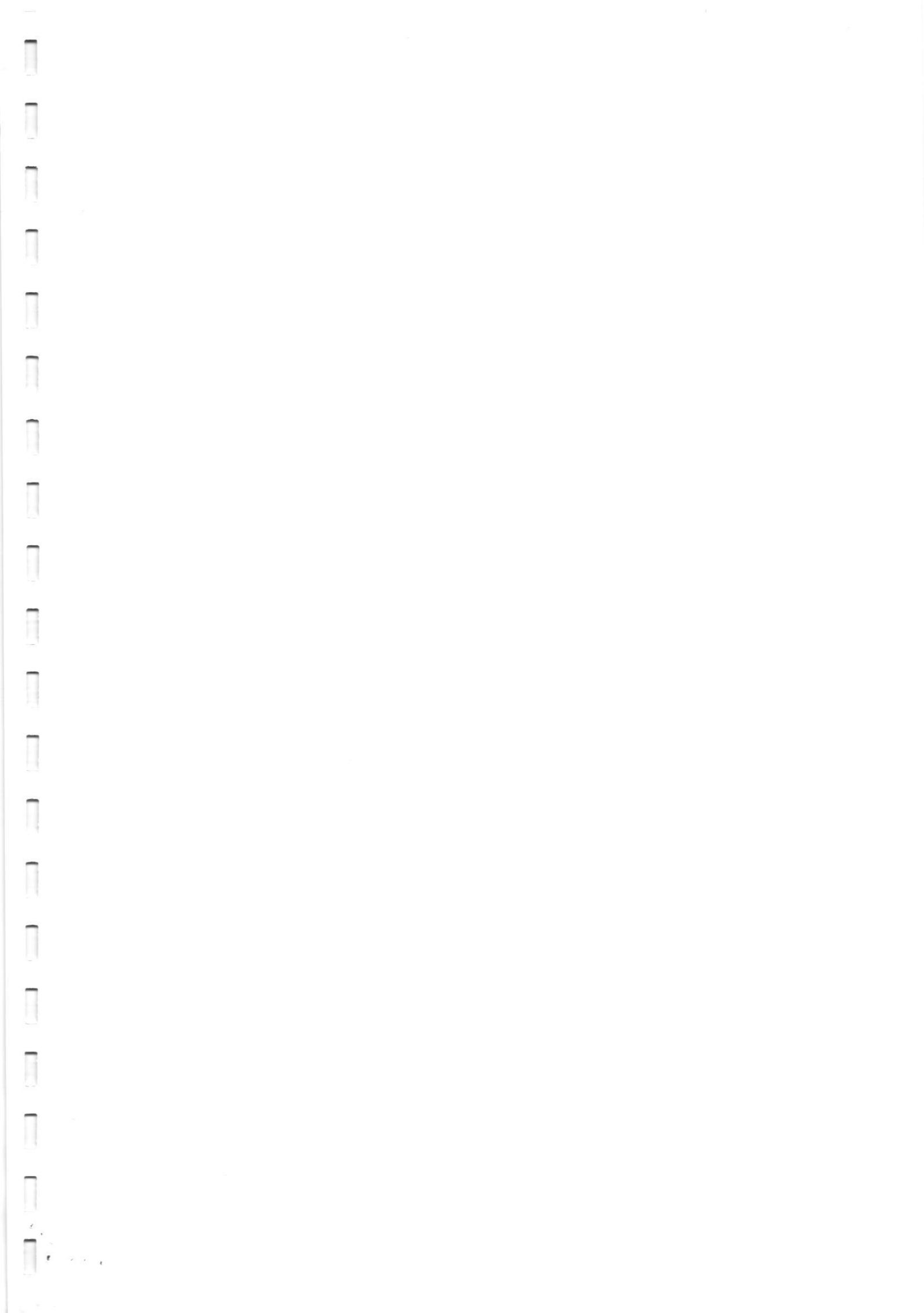
I. Main text of the Agreement

(a) The terms "Grant Agreement" and "Recipient" shall be replaced by "Financing Agreement" and "Recipient/Borrower", respectively, throughout the text of the Agreement.

(b) The first WHEREAS (A) shall read: "WHEREAS (A) the Fund has agreed to extend to the Recipient/Borrower a grant, a supplementary grant and a loan (together, the "Financing") for the purpose of financing the Rural Finance and Community Improvement Programme described in Schedule 1 to the Agreement (the "Programme");"

The Honourable  
Minister for Finance of  
the Republic of Sierra Leone  
Freetown

International Fund for Agricultural Development Via Paolo di Dono, 44 00142 Rome, Italy  
Tel.: +39 06 54591 Fax: +39 06 5043463 E-mail: ifad@ifad.org Web site: www.ifad.org



(c) As soon as practicable, the Recipient/Borrower shall open and thereafter maintain in a commercial bank proposed by the Recipient/Borrower and accepted by the Fund, a Special Account denominated in United States dollar for the purpose of receiving the Loan and Supplementary Grant proceeds. The Special Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Recipient/Borrower and accepted by the Fund.

(b) After the Grant Bank Account has been duly opened, upon the Recipient/Borrower's request and in accordance with the AWPB for the first Programme Year, the Fund shall make one or more withdrawal of up to USD 700 000 from the Grant Account on behalf of the Recipient/Borrower and deposit such amount into the Grant Bank Account. The Fund shall replenish the Grant Bank Account from time to time in accordance with the AWPBs. The Project Coordinator and the Head of Administration and Finance of the NCU shall be fully authorised to jointly operate the Grant Bank Account.

(a) As soon as practicable, the Recipient/Borrower shall open and thereafter maintain in a commercial bank proposed by the Recipient/Borrower and accepted by the Fund, a Grant Bank Account denominated in United States dollar for the purpose of receiving Grant proceeds. The Grant Bank Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Recipient/Borrower and accepted by the Fund.

(h) Section 2.03 is amended to read :

"Section 2.02. Grant Account, Supplementary Grant Account, Loan Account and Withdrawals. The Fund shall open a Grant Account, a Supplementary Grant Account and a Loan Account in the name of the Recipient/Borrower and credit the amounts of the Grant, Supplementary Grant and Loan thereto, respectively. The Recipient/Borrower may request withdrawals from the Grant, Supplementary Grant and Loan Accounts from time to time between the Effective Date and the Financing Closing Date in various currencies in respect of Eligible Expenditures."

(g) Section 2.02 is amended to read :

"Section 2.01. The Financing. The Fund agrees to extend to the Recipient/Borrower: a Grant in the principal amount of five million nine hundred and fifty thousand Special Drawing Rights (SDR 5 950 000) (the "Grant"); a supplementary grant in the principal amount of six hundred ninety-five thousand Special Drawing Rights (SDR 695 000) (the "Supplementary Grant") and a loan in the principal amount of six hundred ninety-five thousand Special Drawing Rights (SDR 695 000) (the "Loan") for the purpose of financing the Programme."

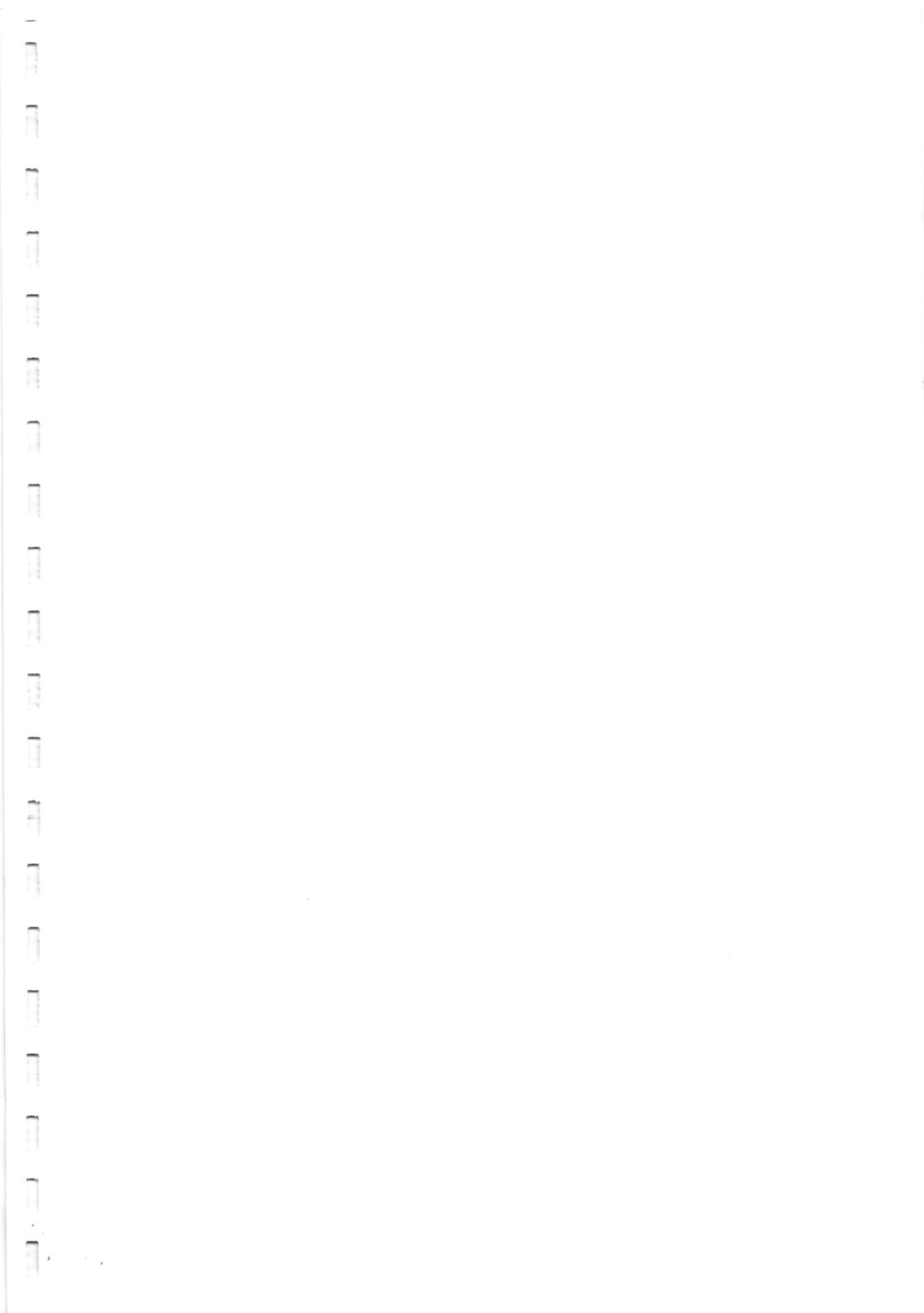
(f) Section 2.01 is amended to read :

(e) Article II shall be entitled: "Financing";

Date";

(d) In the definitions the term "Grant Closing Date" shall read "Financing Closing Date";

(c) The second WHEREAS shall read: "WHEREAS, on the basis of the above and other consideration, the Fund has agreed to extend a grant, a supplementary grant and a loan to the Recipient/Borrower on the terms and conditions set for in this Agreement."



"(b) The Recipient/Borrower shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing, and the Fund's "Guidelines on Project Audits (Borrower's Use)" 2003, as may be amended from time to time, until the Financing Closing Date, in accordance with Section 9.03 (Audit of Accounts) of the General Conditions. In addition to the audit report on the financial statements, the auditors shall provide: (i) an opinion on the certified statements of expenditure and the operation of the Grant Bank

- (o) Section 5.02 (b) is amended as follows:
- "(b) The Recipient/Borrower shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. It is agreed and understood that such recommendations may result in modification to the Grant, Supplementary Grant and Loan Documents or cancellation of the Financing";
- (n) Section 4.03 (b) shall read:
- (m) Sections 3.04, 3.05, 3.06, 8.02 and 8.04: The term "the Grant" shall be replaced by "the Financing";
- (l) "Section 2.07. *Loan Service Payment Currency*. The currency of the United States of America shall be the Loan Service Payment Currency for purposes of this Agreement."
- A new Section 2.07 is added as follows :
- "Section 2.06. *Repayments of Loan*. The Recipient/Borrower shall repay the outstanding principal amount of the Loan in 59 equal semi-annual instalments of SDR 11,584, payable on each 1<sup>st</sup> March and 1<sup>st</sup> September, commencing on 1<sup>st</sup> September 2022 and ending on 1<sup>st</sup> September 2051, and one final instalment of SDR 11,544, payable on 1<sup>st</sup> March 2052, in the Loan Service Payment Currency."
- (k) A new Section 2.06 is added as follows :
- "Section 2.05. *Service Charge*. The Recipient/Borrower shall pay to the Fund a service charge at the rate of 0.75% per annum on the amount of the Loan outstanding from time to time, payable semi-annually on each 1<sup>st</sup> March and 1<sup>st</sup> September in the Loan Service Payment Currency."
- (j) A new Section 2.05 is added as follows :
- "Use of Proceeds. The Recipient/Borrower and each Programme Party shall use the proceeds of the Financing exclusively to finance Eligible Expenditures in accordance with this Agreement and the General Conditions";
- (i) Section 2.04 shall read:
- (d) After the Special Account has been duly opened, upon the Recipient/Borrower's request and in accordance with the AWPB for the first Programme Year, the Fund shall make one or more withdrawal of up to USD 700 000 from the Supplementary Grant and Loan Accounts respectively on behalf of the Recipient/Borrower and deposit such amount into the Special Account. The Fund shall replenish Special Account from time to time in accordance with the AWPBs. The Project Coordinator and the Head of Administration and Finance of the NCU shall be fully authorised to jointly operate the Special Account."



Account and the Special Account; and ((i)) a separate management letter, addressing the adequacy of the accounting and internal control systems. The NCU shall deliver the above-mentioned items to the Fund within six months of the end of each such Fiscal Year. The NCU shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof".

(p) Sections 6.01 and 6.02: The term "Grant Account" shall be replaced by "Grant, Supplementary Grant and Loan Accounts".

(q) Section 8.02: The term "Grant Documents" shall be replaced by "Grant, Supplementary Grant and Loan Documents".

(r) Section 8.04: The term "Grant" shall be replaced by "Financing".

II. Schedule 2 is replaced in its entirety by Annex A of this Amendment Letter.

3. Except as expressly modified hereby, the Programme Financing Agreement remains unmodified and in full force and effect.

4. If this proposal is acceptable to you, we have the honour to request that you countersign the six copies of this Letter and return three copies to the Fund, thereby constituting a formal agreement between the Republic of Sierra Leone and the Fund which shall become effective as of the day the Fund receives the instrument of ratification from the Recipient/Borrower.

Accept, Mr Minister, the assurances of my highest consideration.



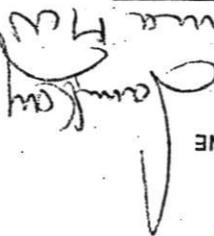
Idesbald de Willibeois

Director

West and Central Africa Division  
Programme Management Department

CONFIRMED:

REPUBLIC OF SIERRA LEONE



James H. Williams

(Authorized Representative)

Mr. James H. Williams

Signed in Freetown, Republic of Sierra Leone on 13 June, 2012.

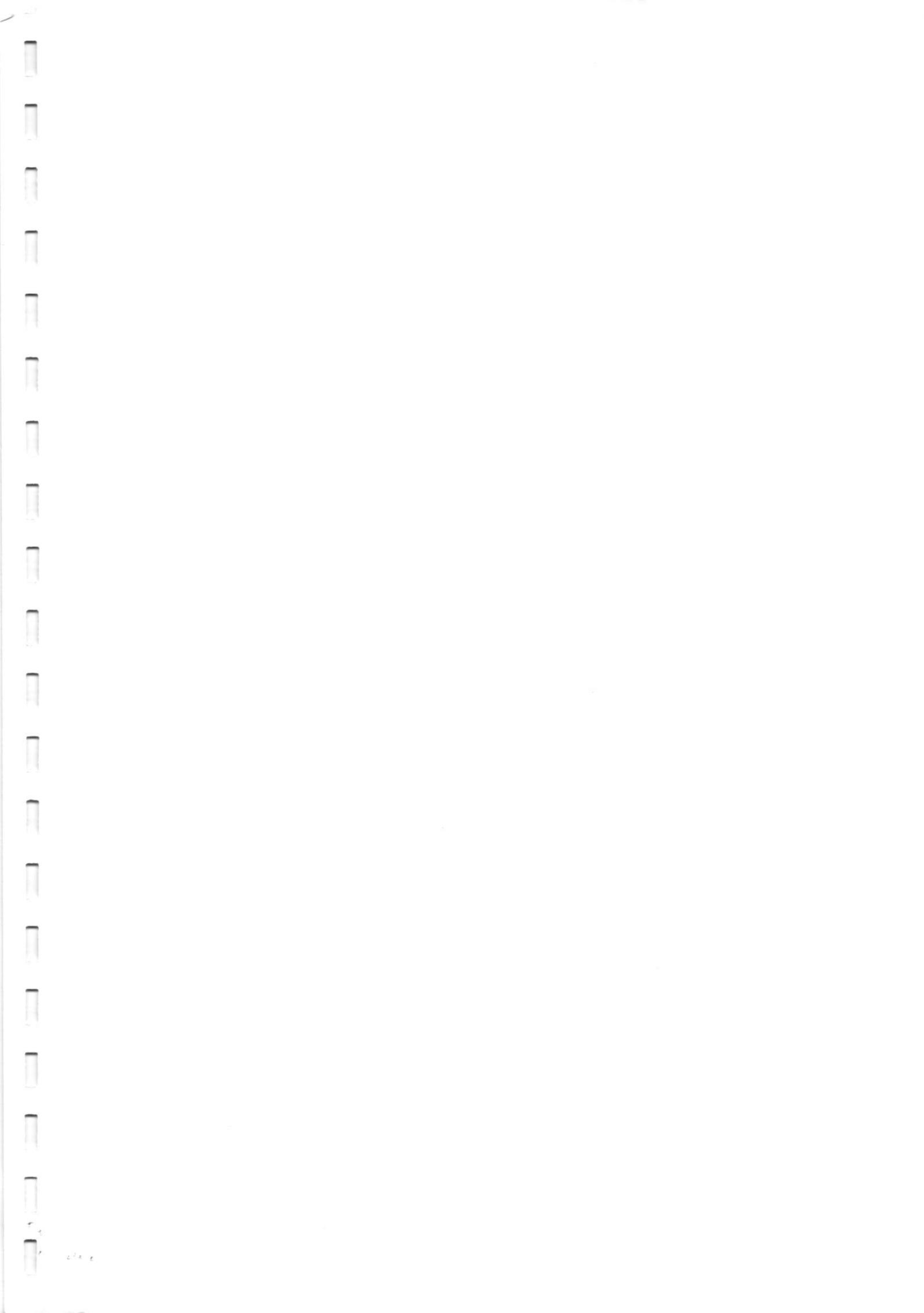


## SCHEDULE 2

Allocation and Withdrawal  
of Financing Proceeds

1. Allocation of Financing Proceeds. The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant, the Supplementary Grant and the Loan, the allocation of the amounts of the Grant, the Supplementary Grant and the Loan to each Category, and the percentages of expenditures for items to be financed in each Category. The Supplementary Grant and the Loan will be drawn down part-passu :

Category	Grant Amount Allocated (expressed in SDR)	Supplementary Grant Amount Allocated in (expressed in SDR)	Loan Amount Allocated in (expressed in SDR)	% of Eligible Expenditures to be Financed
I. Civil Works	787 000	13 000	13 000	100% Net of Taxes or 85%
II. Service Provider Contracts	2 154 000	116 000	116 000	100% Net of Taxes or 95%
III. Vehicle, Office Furniture, Equipment, Materials	178 000	84 000	84 000	100% Net of Taxes or 85%
IV. Short Term Consultants	365 000	19 000	19 000	100% Net of Taxes or 92%
V. Surveys and Studies	42 000	13 000	13 000	100%
VI. (i) Refinance Facility (ii) Share Capital	600 000	97 000	97 000	100%
VII. Community Development Fund	1 150 000			100%
VIII. Salaries and Allowances	275 000	78 000	78 000	100%
IX. Operation and Maintenance (i) Office (ii) Vehicles	70 000	13 000	13 000	100% 95%
X. Unallocated	86 000			
<b>TOTAL</b>	<b>5 950 000</b>	<b>695 000</b>	<b>695 000</b>	



5 *Conditions Precedent to Withdrawal.* No withdrawal shall be made in respect of expenditures under Category VI(a) Refinance Facility and (b) Share Capital, under the Grant until the BOSL Subsidiary Agreement shall have been approved by the Fund in draft; a signed copy of such Agreement shall have been delivered to the Fund, and all conditions precedent to the effectiveness thereof shall have been fulfilled.

4. *Statements of Expenditure.* Withdrawals from the Grant, Loan and Supplementary Grant Accounts may be made against certified statements of expenditure in respect of Eligible Expenditures in such amounts as the Fund may designate from time to time by notice to the Recipient/Borrower. The records evidencing such expenditures need not be submitted to the Fund, but shall be retained by the Recipient/Borrower for inspection by the representatives of the Fund, in accordance with Sections 4.07 (Statements of Expenditure) and 10.03 (Visits, Inspections and Enquiries) of the General Conditions.

3. *Minimum Withdrawal Amounts.* Except for replenishments of the Grant Bank Account and the Special Account under Section 2.03(b) and (d), withdrawals from the Grant, Loan and Supplementary Loan Accounts shall be made in an amount not less than USD 50 000 or its equivalent, or such other amount as the Fund may designate from time to time.

"Share Capital" means any Eligible Expenditure which will be as a contribution to the minimum share capital required for the creation of seven new CBS and for FSAs after recommendation of the Mid-Term Review.

"Service Provider Contracts" means any Eligible Expenditure for facilitators or service providers contracted by the Programme to assist the communities in sub-programme preparation process and for training, coaching and supervision of functional literacy and basic management.

"Community Development Fund" means any Eligible Expenditure incurred in the 21 wards in Koinadugu District for: (a) the support to farmers through the provision of seed, tools and implements; and (b) the community sub-projects identified in the development plan and income-generating activities in local communities adding value to production as part of the Community Development Component B.

"Refinance Facility" means any Eligible Expenditure when providing long-term loans to CBS to diversify their source of funding and lengthen the duration of loans they provide as part of the Access to Rural Financial Services Component A.

"Civil Works" means any Eligible Expenditure for the construction of a new bank building in accordance with the BOSL models and plans.

2. *Certain Definitions.* For purposes of this Schedule 2, the following terms have the following meanings:





Enabling poor rural people to overcome poverty

5 June 2012

Mr Minister,

Re: REPUBLIC OF SIERRA LEONE: Grant No. DSF-8001-Loan No. I-873A-SL/Grant No. I-DSF-8001A-SL  
(Rural Finance and Community Improvement Programme)  
Amendment to the Programme Grant Agreement

1. We refer to the Grant Agreement dated 25 June 2007 between the Republic of Sierra Leone (hereinafter referred to as "the Recipient/Borrower") and the International Fund for Agricultural Development (hereinafter referred to as "the Fund" or "IFAD") for the execution of the Rural Finance and Community Improvement Programme ("the Programme"), as amended on 26 November 2008 and 3 November 2009. We also refer to the understanding among the Recipient/Borrower and the Fund to seek the approval of IFAD supplementary financing for the implementation of the Programme.

2. We are pleased to inform you that the Executive Board of the Fund has agreed to extend to the Republic of Sierra Leone a supplementary financing for the implementation of the Programme, in the form of a loan equivalent to six hundred ninety-five Special Drawing Rights (SDR 695 000) and a supplementary grant equivalent to six hundred ninety-five Special Drawing Rights (SDR 695 000).

3. Therefore, based on the foregoing the Grant Agreement is hereby amended as follows:

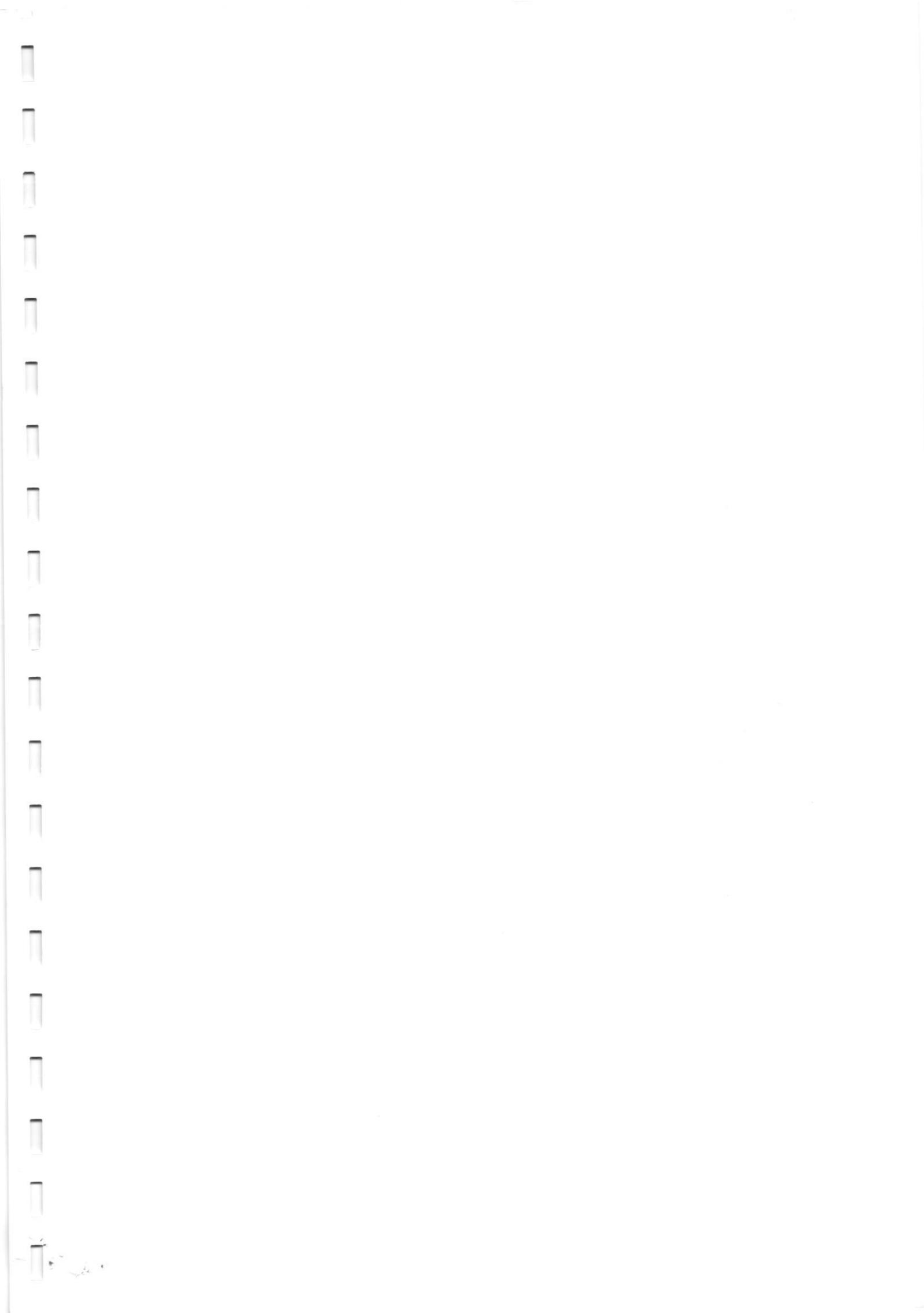
I. Main text of the Agreement

(a) The terms "Grant Agreement" and "Recipient" shall be replaced by "Financing Agreement" and "Recipient/Borrower", respectively, throughout the text of the Agreement.

(b) The first WHEREAS (A) shall read: "WHEREAS (A) the Fund has agreed to extend to the Recipient/Borrower a grant, a supplementary grant and a loan (together, the "Financing") for the purpose of financing the Rural Finance and Community Improvement Programme described in Schedule 1 to the Agreement (the "Programme");"

The Honourable  
Minister for Finance of  
the Republic of Sierra Leone  
Freetown

International Fund for Agricultural Development Via Paolo di Dono, 44 00142 Rome, Italy  
Tel: +39 06 54591 Fax: +39 06 5043463 E-mail: ifad@ifad.org Web site: www.ifad.org



(c) As soon as practicable, the Recipient/Borrower shall open and thereafter maintain in a commercial bank proposed by the Recipient/Borrower and accepted by the Fund, a Special Account denominated in United States dollar for the purpose of receiving the Loan and Supplementary Grant proceeds. The Special Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Recipient/Borrower and accepted by the Fund.

(b) After the Grant Bank Account has been duly opened, upon the Recipient/Borrower's request and in accordance with the AWPB for the first Programme Year, the Fund shall make one or more withdrawal of up to USD 700 000 from the Grant Account on behalf of the Recipient/Borrower and deposit such amount into the Grant Bank Account. The Fund shall replenish the Grant Bank Account from time to time in accordance with the AWPBs. The Project Coordinator and the Head of Administration and Finance of the NCU shall be fully authorised to jointly operate the Grant Bank Account.

(a) As soon as practicable, the Recipient/Borrower shall open and thereafter maintain in a commercial bank proposed by the Recipient/Borrower and accepted by the Fund, a Grant Bank Account denominated in United States dollar for the purpose of receiving Grant proceeds. The Grant Bank Account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Recipient/Borrower and accepted by the Fund.

(h) Section 2.03 is amended to read :

"Section 2.02. Grant Account, Supplementary Grant Account, Loan Account and Withdrawals. The Fund shall open a Grant Account, a Supplementary Grant Account and a Loan Account in the name of the Recipient/Borrower and credit the amounts of the Grant, Supplementary Grant and Loan thereto, respectively. The Recipient/Borrower may request withdrawals from the Grant, Supplementary Grant and Loan Accounts from time to time between the Effective Date and the Financing Closing Date in various currencies in respect of Eligible Expenditures."

(g) Section 2.02 is amended to read :

"Section 2.01. The Financing. The Fund agrees to extend to the Recipient/Borrower: a Grant in the principal amount of five million nine hundred and fifty thousand Special Drawing Rights (SDR 5 950 000) (the "Grant"); a supplementary grant in the principal amount of six hundred ninety-five thousand Special Drawing Rights (SDR 695 000) (the "Supplementary Grant") and a loan in the principal amount of six hundred ninety-five thousand Special Drawing Rights (SDR 695 000) (the "Loan") for the purpose of financing the Programme."

(f) Section 2.01 is amended to read :

(e) Article II shall be entitled: "Financing";

(d) In the definitions the term "Grant Closing Date" shall read "Financing Closing Date";

(c) The second WHEREAS shall read: "WHEREAS, on the basis of the above and other consideration, the Fund has agreed to extend a grant, a supplementary grant and a loan to the Recipient/Borrower on the terms and conditions set for in this Agreement."



"(b) The Recipient/Borrower shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing, and the Fund's "Guidelines on Project Audits (Borrower's Use)" 2003, as may be amended from time to time, until the Financing Closing Date, in accordance with Section 9.03 (Audit of Accounts) of the General Conditions. In addition to the audit report on the financial statements, the auditors shall provide: (i) an opinion on the certified statements of expenditure and the operation of the Grant Bank

- (o) Section 5.02 (b) is amended as follows:
- "(b) The Recipient/Borrower shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefor and to the satisfaction of the Fund. It is agreed and understood that such recommendations may result in modification to the Grant, Supplementary Grant and Loan Documents or cancellation of the Financing".
- (n) Section 4.03 (b) shall read:
- (m) Sections 3.04, 3.05, 3.06, 8.02 and 8.04: The term "the Grant" shall be replaced by "the Financing".
- (l) Section 2.07. *Loan Service Payment Currency*. The currency of the United States of America shall be the Loan Service Payment Currency for purposes of this Agreement.
- (i) A new Section 2.07 is added as follows :
- "Section 2.06. *Repayments of Loan*. The Recipient/Borrower shall repay the outstanding principal amount of the Loan in 59 equal semi-annual instalments of SDR 11,584, payable on each 1<sup>st</sup> March and 1<sup>st</sup> September, commencing on 1<sup>st</sup> September 2022 and ending on 1<sup>st</sup> September 2051, and one final instalment of SDR 11,544, payable on 1<sup>st</sup> March 2052, in the Loan Service Payment Currency."
- (k) A new Section 2.06 is added as follows :
- "Section 2.05. *Service Charge*. The Recipient/Borrower shall pay to the Fund a service charge at the rate of 0.75% per annum on the amount of the Loan outstanding from time to time, payable semi-annually on each 1<sup>st</sup> March and 1<sup>st</sup> September in the Loan Service Payment Currency."
- (j) A new Section 2.05 is added as follows :
- "Use of Proceeds. The Recipient/Borrower and each Programme Party shall use the proceeds of the Financing exclusively to finance Eligible Expenditures in accordance with this Agreement and the General Conditions".
- (i) Section 2.04 shall read:
- (d) After the Special Account has been duly opened, upon the Recipient/Borrower's request and in accordance with the AWPB for the first Programme Year, the Fund shall make one or more withdrawal of up to USD 700 000 from the Supplementary Grant and Loan Accounts respectively on behalf of the Recipient/Borrower and deposit such amount into the Special Account. The Fund shall replenish Special Account from time to time in accordance with the AWPBs. The Project Coordinator and the Head of Administration and Finance of the NCU shall be fully authorised to jointly operate the Special Account."



Account and the Special Account; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The NCU shall deliver the above-mentioned items to the Fund within six months of the end of each such Fiscal Year. The NCU shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof".

(p) Sections 6.01 and 6.02: The term "Grant Account" shall be replaced by "Grant, Supplementary Grant and Loan Accounts".

(q) Section 8.02: The term "Grant Documents" shall be replaced by "Grant, Supplementary Grant and Loan Documents".

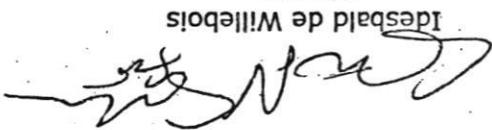
(r) Section 8.04: The term "Grant" shall be replaced by "Financing".

II. Schedule 2 is replaced in its entirety by Annex A of this Amendment Letter.

3. Except as expressly modified hereby, the Programme Financing Agreement remains unmodified and in full force and effect.

4. If this proposal is acceptable to you, we have the honour to request that you countersign the six copies of this letter and return three copies to the Fund, thereby constituting a formal agreement between the Republic of Sierra Leone and the Fund which shall become effective as of the day the Fund receives the instrument of ratification from the Recipient/Borrower.

Accept, Mr Minister, the assurances of my highest consideration.



Idesbald de Willebois

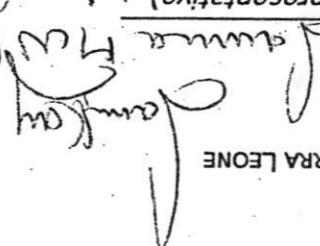
Director

West and Central Africa Division

Programme Management Department

CONFIRMED:

REPUBLIC OF SIERRA LEONE



Honourable Mr. Kamara  
(Authorized Representative)  
Hon. Mr. Kamara  
Minister of Finance & Economic Development

Signed in Freetown, Republic of Sierra Leone on 13 June 2012.



## SCHEDULE 2

Allocation and Withdrawal  
of Financing Proceeds

1. Allocation of Financing Proceeds. The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant, the Supplementary Grant and the Loan, the allocation of the amounts of the Grant, the Supplementary Grant and the Loan to each Category, and the percentages of expenditures for items to be financed in each Category. The Supplementary Grant and the Loan will be drawn down part-passu :

Category	Grant Amount Allocated (expressed in SDR)	Supplementary Grant Amount Allocated in (expressed in SDR)	Loan Amount Allocated in (expressed in SDR)	% of Eligible Expenditures to be Financed
I. Civil Works	787 000	13 000	13 000	100% Net of Taxes or 85%
II. Service Provider Contracts	2 154 000	116 000	116 000	100% Net of Taxes or 95%
III. Vehicle, Office Furniture, Equipment, Materials	178 000	84 000	84 000	100% Net of Taxes or 85%
IV. Short Term Consultants	365 000	19 000	19 000	100% Net of Taxes or 92%
V. Surveys and Studies	42 000	13 000	13 000	100%
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VII. Community Development Fund	1 150 000			100%
VIII. Salaries and Allowances	275 000	78 000	78 000	100%
IX. Operation and Maintenance (i) Office (ii) Vehicles	70 000	13 000	13 000	100%
X. Unallocated	86 000			95%
<b>TOTAL</b>	<b>5 950 000</b>	<b>695 000</b>	<b>695 000</b>	



2. *Certain Definitions.* For purposes of this Schedule 2, the following terms have the following meanings:
- "Civil Works" means any Eligible Expenditure for the construction of a new bank building in accordance with the BoSL models and plans.
- "Community Development Fund" means any Eligible Expenditure incurred in the 21 wards in Koinadugu District for: (a) the support to farmers through the provision of seed, tools and implements; and (b) the community sub-projects identified in the development plan and income-generating activities in local communities adding value to production as part of the Community Development Component B.
- "Refinance Facility" means any Eligible Expenditure when providing long-term loans to CBS to diversify their source of funding and lengthen the duration of loans they provide as part of the Access to Rural Financial Services Component A.
- "Service Provider Contracts" means any Eligible Expenditure for facilitators or service providers contracted by the Programme to assist the communities in sub-programme preparation process and for training, coaching and supervision of functional literacy and basic management.
- "Share Capital" means any Eligible Expenditure which will be as a contribution to the minimum share capital required for the creation of seven new CBS and for FSAs after recommendation of the Mid-Term Review.
3. *Minimum Withdrawal Amounts.* Except for replenishments of the Grant Bank Account and the Special Account under Section 2.03(b) and (d), withdrawals from the Grant, Loan and Supplementary Loan Account s shall be made in an amount not less than USD 50 000 or its equivalent, or such other amount as the Fund may designate from time to time.
4. *Statements of Expenditure.* Withdrawals from the Grant, Loan and Supplementary Grant Accounts may be made against certified statements of expenditure in respect of Eligible Expenditures in such amounts as the Fund may designate from time to time by notice to the Recipient/Borrower. The records evidencing such expenditures need not be submitted to the Fund, but shall be retained by the Recipient/Borrower for inspection by the representatives of the Fund, in accordance with Sections 4.07 (Statements of Expenditure) and 10.03 (Visits, Inspections and Enquiries) of the General Conditions.
5. *Conditions Precedent to Withdrawal.* No withdrawal shall be made in respect of expenditures under Category VI(a) Refinance Facility and (b) Share Capital, under the Grant until the BoSL Subsidiary Agreement shall have been approved by the Fund in draft; a signed copy of such Agreement shall have been delivered to the Fund; and all conditions precedent to the effectiveness thereof shall have been fulfilled.

