

PARLIAMENT LIBRARY
TOWER HOUSE
WESTON

Dated

Islamic Development Bank

_____ الحواري

_____ تاريخ

بیتہ السلامی اسلامی البنک

بنک اسلامی

AG
250



LEGAL DOCUMENTATION
RELATING TO ISLAMIC DEVELOPMENT BANK'S
ISTISNA'A AND LOAN FINANCING

	FOR	
Istisna'a:		USD31,680,000.00
Loan (ISFD):		USD15,000,000.00

IN FAVOR OF
REPUBLIC OF SIERRA LEONE

REGARDING THE GIETRENK: SIERRA LEONE COMMUNITY
DRIVEN DEVELOPMENT PROJECT (PHASE-II)



ISTISNA'A AGREEMENT

BETWEEN

REPUBLIC OF SIERRA LEONE

AND

ISLAMIC DEVELOPMENT BANK

REGARDING GIETRENK: SIERRA LEONE COMMUNITY DRIVEN DEVELOPMENT
PROJECT (PHASE-II)

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ISTISNA'A AGREEMENT

THIS AGREEMENT is entered into on 21 / 8 /1436H (corresponding to 8 / 6 /2015G)

Between

The **REPUBLIC OF SIERRA LEONE** as purchaser (hereinafter referred to as the "**Recipient**")

And

The **ISLAMIC DEVELOPMENT BANK** as vendor (hereinafter referred to as the "**Bank**").

The Recipient and the Bank are collectively referred to as "**Parties**" and individually as "**Party**".

WHEREAS,

- A. The Recipient has requested the Bank to participate in the financing of Gietrenk: Sierra Leone Community Driven Development Phase-II as described in Annex-I (hereinafter referred to as the "**Project**") by constructing the asset described in Annex-II (hereinafter referred to as the "**Asset**")
- B. The Bank has on 25/12/1435H (corresponding to 19/10/2014G) approved the financing of the Asset through Istisna'a for an amount not exceeding USD31,680,000.00 (US Dollars Thirty-one Million and Six Hundred and Eighty Thousand) approximately equivalent to ID21,120,000.00 (Islamic Dinar Twenty-one Million and One Hundred and Twenty Thousand) (hereinafter referred to as the "**Financing Amount**"); and the sale of the Asset to the Recipient in accordance with the terms and conditions indicated in Article 4 of the Agreement, which have been notified to and accepted by the Recipient.
- C. Under this Agreement; the relationship between the Bank and the Recipient is that of vendor and purchaser in accordance with the principles of Shari'ah as interpreted by the Islamic Fiqh Academy and enunciated in the Shari'ah Standards published by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Now, therefore, the Parties hereby agree as follows:

Article-1 DEFINITIONS - INTERPRETATION

- 1.1 **Definitions:** Unless the context otherwise requires, the following capitalized terms in this Agreement shall have the meaning appearing against each of them.

Acceptance Certificate: the certificate issued by the Recipient following the delivery and commissioning of the Asset in accordance with the Contract.

Agency Agreement: the agreement of even date between the Bank and the Recipient whereby the Recipient shall act as the Bank's agent in selection of the Contractor and the Consultant and supervision of the construction of the Asset.

Asset: the asset specified in Annex-II.

Business Day:	any day on which banks are officially open for business in the place where payments by the Recipient to the Bank in the currency in which such payments shall be effected.
Capital Cost:	the total Disbursements plus a mark-up rate of 6-month USD Libor plus 155 bps per annum applied to each Disbursement during the Gestation Period.
Consultancy Contract:	the contract concluded on behalf of the Bank by the Recipient with the Consultant for the provision of consultancy services pertaining to the Project.
Consultant:	the consultant who shall be entrusted under the Consultancy Contract with the provision of consultancy services pertaining to the Project.
Contract Price:	the price payable to the Contractor for the construction of the Asset in accordance with the Contract and the financing plan of the Project as approved by the Bank.
Contract:	the contract for the construction of the Asset concluded on behalf of the Bank by the Recipient with the Contractor.
Contractor:	The contractor who shall be entrusted with the construction of the Asset in accordance with the Contract.
Disbursement:	payment made in accordance with the applicable rules of the Bank, of any part of the Financing Amount for the construction of the Asset, including for the payment of the Contract Price, the Consultant's fee, and any other costs or expenses incurred by the Bank in connection with the construction of the Asset.
Effective Date:	the date on which the Bank declares this Agreement effective in accordance with Article 8.
Euribor or US Dollar Libor:	the definition shall be applied in accordance with the currency of financing: <p><u>Euribor:</u> In relation to a particular period, the arithmetic mean (rounded up if necessary to five decimal places) of the interbank offered rates for Euro deposits for such period at or about 11.00 a.m. (Brussels time) as displayed on the EURIBOR page 01 of the Reuter Monitor Money Rates Service (or such other page as may replace such EURIBOR page on such service for the purpose of displaying interbank offered rates of major banks known as Reference Banks for Euro deposits).</p> <p><u>US Dollar Libor:</u></p> <p>(i) in respect of any relevant period of one (1) month or more, the rate of interest for deposits for a period being the number of whole months most closely corresponding to the duration of the period, and</p>

- (ii) in respect of a relevant period less than a month, the rate of interest for deposits in USD for a period of one(1) month, (the period for which the rate is taken being hereafter called the "Representative Period") as set by the British Bankers Association and released by Reuter Monitor Money Rates Service or any financial news providers at 11.00 a.m. London time or at a later time acceptable to the Bank on the day (the "Reset Date") which falls two(2) London Business Days prior to the first day of the relevant period.

If such rate is not so released by Reuter or any financial news providers, the Bank shall request the principal London offices of "Reference Banks" to quote the rate at which USD deposits in a comparable amount are offered by each of them, at approximately 11.00 am London time on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than two quotations are provided as requested, the vendor shall request the principal New York City offices of Reference Banks to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11.00 am New York City time on the day falling two (2) New York Business Days after the Reset Date, to prime banks in European market for a period equal to the Representative Period. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

For the purposes of the foregoing definition:

- (i) London Business Day: a day on which banks are open for normal business in London and New York Business Day means a day on which banks are open for normal business in New York City.
- (ii) All percentages resulting from any calculations referred to in this definition will be rounded, if necessary to five decimal places.
- (iii) The Bank shall inform the Recipient without delay of the quotations received by the Bank.

Reference Banks: the principal London offices of the JPMorgan Chase, Citibank N.A. and HSBC and/or any other bank appointed by the Bank in substitution for any of the foregoing banks.



Event of Default	with respect to the Istisna'a Agreement, the occurrence of any of the events set out in Article 6 of the Istisna'a Agreement and with respect to the Agency Agreement, the occurrence of any of the events set out in Article 9 of the Agency Agreement
Executing Agency:	National Commission for Social Action (NaCSA).
Financing Amount:	the amount approved by the Bank and specified in Recital-B above.
First Disbursement:	the first payment from the Financing Amount following the Effective Date.
Gestation Period:	the period commencing on the date of First Disbursement and ending 5 (five) years thereafter.
Project:	the project described in Annex-I.
Sale Price:	the price of the Asset payable by the Recipient to the Bank in accordance with Article 4.
Sanctionable Practices:	any of Corrupt Practice, Coercive Practice, Collusive Practice, Fraudulent Practice or Obstructive Practice as defined below:

Corrupt Practice: means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

Coercive Practice: means any act or omission impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

Collusive Practice: means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

Fraudulent Practice: means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

Obstructive Practice: means,

- (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede the Bank investigation into allegations of a Corrupt, Fraudulent, Coercive or Collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters

relevant to the investigation or from pursuing the investigation, or

- (b) acts intended to materially impede the exercise of the Bank's contractually acquired rights to audit or access information.

SWAP Rate:

The rate to be selected by the Bank in calculating the Sale Price, one business day prior to the end of the Gestation Period, from the lowest rate obtained when comparing,

- (a) the rates quoted by and obtained from institutions dealing with SWAP acceptable to the Bank; and
- (b) the rates quoted on Bloomberg, or any other financial news providers acceptable to the Bank.

Any rate to be obtained or calculated shall be for a fixed-floating amortizing swap having zero NPV at start for which,

- (i) the currency of both legs are in USD currency,
- (ii) both legs have a maturity equal to the Repayment Period,
- (iii) both legs are subject to the agreed amortization schedule of the Capital Cost,
- (iv) fixed leg has a coupon payment with semi-annual frequency and 30/360 day count basis,
- (v) floating leg has a coupon payment of 6-month USD Libor (i.e. with semi-annual frequency and Actual/360 day count basis),

both legs use mid swap curves available in Bloomberg (Swap Manager-SWPM) for pricing purposes. In this case, the swap rate shall be the coupon of the fixed leg.

Tax:

any tax, levy, impost, duty or other charge of similar nature (including without limitation any penalty payable in connection with any failure to pay or delay in paying any of the same).

1.2 Interpretation:

- (a) an "annex", "schedule", "Article", "Section", "paragraph", or "preamble" shall, subject to any contrary indication, be construed as a reference to an annex, schedule, Article, Section, paragraph or preamble of the agreement or document in which such reference appears;
- (b) "including" shall be construed as a reference to "including, without limitation";
- (c) this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, notated or supplemented;

- (d) the headings in this Agreement are for convenience only and are not intended, and shall not be construed, to alter, limit, or enlarge in any way the scope or meaning of the language contained in this Agreement;
- (e) a "law" shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of the Recipient's government, supranational, local government, statutory or regulatory body or court;
- (f) the singular includes the plural and vice versa; and
- (g) a "day" and "year" shall be to a day, month and year, respectively of the Gregorian calendar.

Article-2 CONSTRUCTION OF THE ASSET

- 2.1 The Bank agrees to have the Asset constructed in accordance with the terms and conditions of this Agreement and the Recipient agrees to purchase the Asset and to pay the Sale Price on the terms and conditions set out in this Agreement.
- 2.2 For the avoidance of any doubt, the Recipient agrees that the Bank will have the Asset constructed by the Contractor to be selected in accordance with the relevant provisions set out in the Agency Agreement.
- 2.3 The construction of the Asset will be completed within 5 (five) years from the date of First Disbursement.

Article-3 SALE OF THE ASSET

- 3.1 The sale of the Asset by the Bank to the Recipient shall be effective upon delivery and acceptance of the Asset in accordance with Article 6 of the Agency Agreement.
- 3.2 The title to and the risk in the Asset shall pass to the Recipient on the issuance of the Acceptance Certificate.
- 3.3 Without prejudice to Article 3.1, the Bank shall not have any responsibility or liability whatsoever to the Recipient or any other person or entity, with respect to any liability, loss or damage:
 - (a) caused (or alleged to be caused) directly or indirectly by the Asset or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith;
 - (b) resulting from the use or operation of the Asset or any risks relating thereto;
 - (c) resulting from any interruption of service, loss of business or anticipated profit or consequential damages.

- 3.4 The Bank undertakes, upon issuance of the Acceptance Certificate, to assign to the Recipient the benefit of any guarantee, condition or warranty relating to the Asset which may have been given by the Contractor to the Bank and which had been examined and accepted by the Recipient and all other conditions or warranties as may be implied by law or recognized by custom in favour of the Bank. In addition, the Bank shall take such other action as the Recipient shall reasonably request to enable the Recipient to claim against the Contractor.

Article-4 PAYMENT OF THE SALE PRICE

- 4.1 The Sale Price is USD43,921,429.83 (US Dollars Forty-three Million and Nine Hundred and Twenty-one Thousand and Four Hundred and Twenty-nine and Eighty-three Cents.
- 4.2 (a) The Sale Price shall be recalculated at the end of the Gestation Period based on the Capital Cost plus a mark-up of 6-months USD Libor Swap Rate prevailing at the time of the recalculation plus 155 basis points per annum.
- (b) The Capital Cost shall be determined based on the total disbursements at the end of the Gestation Period, or the time of sale, plus a floating mark-up rate of 6-months USD Libor plus 155 basis points per annum applied to each Disbursement.
- 4.3 The Recipient shall pay the Sale Price in 30 (thirty) semi-annual equal and consecutive instalments, the first of which shall become due and payable 6 (Six) months from the end of the Gestation Period. The Bank shall send the Sale Price Payment Schedule to the Recipient shortly after the issuance of the Acceptance Certificate.
- 4.4 Any payment due hereunder shall be deemed to have been duly paid when any of the following banks confirms to the Bank the receipt of such payment in the Bank's account with it:

In US Dollars:

A/c No:
GB36SINT60928000159111
Gulf International Bank (UK)
Ltd, One Knightsbridge
London SW1X 7XS
United Kingdom
Telex No. 8812261/2
Swift Code: SINTGB2L

In Pounds Sterling:

A/c No:
GB13SINT60928000159137
Gulf International Bank (UK)
Ltd, One Knightsbridge
London SW1X 7XS
United Kingdom
Telex No. 8812261/2
Swift Code: SINTGB2L

In EURO:

A/c No:
FR7643899000019696500151088
Union De Banques Arabes Et
Françaises (UBAF)
92523 Paris, Neuilly Cedex
France
Télex No. 610334 UBAF
Swift Code: UBAFRPPXXX

- 4.5 If any payment falls due hereunder on a day, which is not a Business Day, payment shall be made on the following Business Day.
- 4.6 All payments made by the Recipient hereunder shall be made free and clear of and without deduction of, or on account of, any tax, set-off, counter-claim or other matter. If the Recipient is required by law to make any deduction or withholding from any sum payable by it hereunder, the sum payable by it in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made.

4.7 If the Recipient fails to pay any amount payable hereunder when it is due, the Recipient shall,

- (a) in accordance with the Principles of Islamic Shari'ah, compensate the Bank for any loss, damage, reasonable actual costs and expenses (including, but not limited to any legal, or collecting agent's costs and expenses) incurred by the Bank as a result of delay in payment to the Bank.
- (b) in addition to the amount due, pay the Bank a late payment charge in respect of the overdue amount, any such late payment charge shall be calculated and applied as a sum determined by the Bank after applying the formula indicated below:

$$\frac{A \times B \times C}{360}$$

Where: "A" means the unpaid amount;
"B" means 01% per annum; and
"C" means the number of days from and including such due date to, and, including the date of actual payment (whether before or after judgment).

The Bank shall, after the deduction of all actual costs and expenses incurred, pay any amount received pursuant to this Article to the Bank's Waqf Fund Account.

Account No: 0000 100 102
Bank Name: The British Arab Commercial Bank
SWIFT Code: BACMGB2L
IBAN: GB69 BACM 4051 3200 100 102

Article-5 REPRESENTATIONS, WARRANTIES

5.1 The Recipient represents that:

- (a) all governmental authorizations and actions of any kind necessary to authorize or required for the validity or enforceability of the obligations contemplated under the Agreement have been obtained or performed and are valid and subsisting in full force and effect.
- (b) under the applicable laws of the Republic of Sierra Leone in force at the date of this Agreement, the claims of the Bank against the Recipient under this Agreement will rank at least pari passu with the claims of all other unsecured creditors for any indebtedness of the Recipient; and
- (c) the concerned department or unit charged with servicing external debt has been instructed to make payment of the Sale Price instalments on due dates.

5.2 The Recipient warrants that it shall:

- (a) afford all reasonable opportunity for accredited representatives of the Bank to make visits for purposes related to the Asset, and inspect the Project, the Asset and any relevant records and documents and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the Financing Amount, the Project, the Asset and the operations and financial position of the Recipient during the implementation of the Project and until all payments hereunder are made by the Recipient in full.

- (b) take all action which shall be necessary on its part to enable the execution of the Project and refrain from taking or permitting to be taken, any action which would prevent or interfere with the implementation or operation of the Project or the performance of any obligations under this Agreement.
- (c) provide an annual audit report by the financial auditor of the Project. This report shall be provided throughout the Gestation Period and the payment period of the Sale Price under this Agreement; and any other report or information, which the Bank may from time to time reasonably request.

Article-6 EVENTS OF DEFAULT

6.1 If one of the events specified in this Article shall have happened and be continuing, then the Bank, by notice to the Recipient, may declare the whole or part of the Sale Price to be, and the same shall thereupon become, immediately due and payable (anything in this Agreement notwithstanding) without any further notice:

- (a) default shall have occurred in the payment of any of the Sale Price instalments and such default shall have continued for a period of 15 (Fifteen) days;
- (b) the Recipient has failed to discharge its obligations to pay any amount due to the Bank (or any affiliated body to the Bank);
- (c) default, other than the default specified in Article 6.1(a) and (b), shall have occurred in the performance of any obligation of the Recipient under this Agreement and any such default shall have continued for a period of 30 (Thirty) days from the date of the notification of such default to the Recipient;
- (d) any representation or warranty confirmed or made by the Recipient in connection with the execution and delivery of this Agreement or in connection with any request for Disbursement under this Agreement, shall be found to have been incorrect in any material respect and shall continue to be incorrect for a period of 30 (Thirty) days after notice thereof shall have been given to the Recipient by the Bank; and
- (e) the Recipient shall have become unable to pay its debts as they fall due; and any obligation or purported obligation of the Recipient under or arising out of this Agreement being or becoming wholly or in part invalid or unenforceable whether or not always known to the Bank.

6.2 If any Event of Default or any event which, with lapse of time or notice and lapse of time, would become an Event of Default shall have happened, the Recipient shall immediately give the Bank notice thereof by telex or facsimile, specifying the nature of such Event of Default or such event and any steps the Recipient is taking to remedy the same.

6.3 No course of dealing and no delay in exercising, or omission to exercise, any right, power or remedy accruing to the Bank upon any default under this Agreement or any other agreement shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence therein; nor shall the action of the Bank in respect of any such default, or any acquiescence by it therein, affect or impair any right, power or remedy of the Bank in respect of any other default.



Article-7 INDEMNITY

7.1 The Recipient hereby undertakes to indemnify the Bank, on a net after-tax basis (at the applicable local and foreign tax rates) against, and agrees to protect, save and keep harmless, the Bank from any, and all obligations, fees, liabilities, losses, damages, penalties, demands, actions, judgments and expenses, including reasonable legal fees and expenses (including such legal fees and expenses incurred in connection with the enforcement of this Agreement), of every kind and nature whatsoever imposed on, incurred by, or asserted against the Bank arising out of:

- (a) ownership, possession, use, documentation, removal, return, or other applications or dispositions under the Contract or the Consultancy Contract, including such as may arise from:
 - (i) any loss or damage to any property or death or injury to any person;
 - (ii) patent or latent defects in the Asset;
 - (iii) any claims based on strict liability in tort or otherwise;
 - (iv) any claim based on patent, trademark or copyright infringement;
 - (v) any claims based on liability arising under the applicable environmental laws or environmental approvals;
 - (vi) any claims, encumbrances, security interests, liens, legal processes regarding title to the Asset or the land on which it is constructed;
 - (vii) any claim or dispute relating to the Contract or any Letter of Credit established pursuant thereto or relating to the Consultancy Contract.
- (b) the occurrence of any default or any other failure on the part of the Recipient or the Contractor to perform or comply with any term of this Agreement, or any document, agreement or contract entered into in relation hereto or otherwise in relation to the Asset, but excluding any claim based upon any failure on the part of the Bank to comply with its obligations under this Agreement or any document, agreement or contract entered into by the Bank in relation hereto or otherwise in relation to the Asset.

7.2 The Recipient shall give the Bank prompt notice of any occurrence or condition known to the Recipient as a consequence of which the Bank is or is reasonably likely to be entitled to indemnification. The indemnification provided in Article 7.1 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Recipient and the Recipient hereby expressly waive, as against the Bank, any immunity to which the Recipient might otherwise be entitled under any applicable laws. The Recipient shall promptly upon request by the Bank (but in any event within fifteen days of such request) reimburse the Bank for amounts expended by it in connection with any of the foregoing or pay such amounts directly. The Recipient shall be subrogated to the Bank's rights in any matter with respect to which the Recipient has actually reimbursed the Bank for amounts expended by it or has actually paid such amounts directly pursuant to Article 7.1. In case any action or proceeding is brought against the Bank in connection with any indemnified claim, the Bank will, after receipt of notice of the commencement of such action or proceeding, notify the Recipient

thereof, enclosing a copy of all papers served upon the Bank. The Recipient may, and upon the Bank's request, resist and defend such action or proceeding at the Recipient's expense, or cause the same to be resisted or defended by counsel selected by the Recipient or any authorized person. In the event of any failure by the Recipient to do so, the Recipient shall pay all costs and expenses (including reasonable attorney's fees and expenses) incurred by the Bank in connection with such action or proceeding.

Article-8 EFFECTIVENESS

8.1 This Agreement shall not be effective unless and until the Recipient furnishes the Bank with the following documents:

- (a) Ratification instruments of the Agreement or any applicable documents evidencing that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by the Republic of Sierra Leone;
- (b) Legal opinion acceptable to the Bank emanating from the chief legal counsel of the Recipient confirming that the terms and conditions of the Agreement constitute enforceable binding obligations upon the Republic of Sierra Leone substantially in the form provided in Annex-III to this Agreement;
- (c) A letter issued by the Ministry of Finance or any other duly authorized organ of the Recipient to the Central Bank of the Republic of Sierra Leone instructing/authorizing the Central Bank that payment of the Sale Price instalments by the Recipient under this Agreement shall be effected by the Central Bank on the dates on which they fall due; &

The Central Bank acknowledging that it has received the said letter of instruction/authorization and that it will adhere to the instructions contained therein;

OR

The Recipient, through its Ministry of Finance or any other duly authorized organ, shall provide the Bank with a letter confirming that the concerned department or unit charged with servicing external debt has been instructed to make payment of the Sale Price instalments on due dates; and

- (d) Documentary evidence to the effect that all conditions precedent to the Recipient's right to obtain funds from other financiers of the Project shall have been fulfilled.

8.2 If the Agreement shall not have entered into effect within 6 (Six) months from the date of signature, the Agreement and all obligations of the Parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Article. The Bank shall promptly inform the Recipient of such later date or the termination of the Agreement, as the case may be.

Article-9 SUSPENSION, CANCELLATION, TERMINATION

9.1 **Suspension:** The Bank may decide to suspend the Agreement or the Financing Amount in the following cases:

- (a) An extraordinary situation shall have arisen which, shall make it, in the opinion of the Bank, improbable that the Recipient would be able to fulfil its obligations under this Agreement, or shall prevent the attainment of the purposes for which this Agreement is entered into;
 - (b) An Event of Default has occurred.
- 9.2 Any suspension of the Agreement or the Financing Amount shall continue until the event or events which gave rise to such suspension shall have ceased to exist and until the Bank shall have notified the Recipient that the Financing Amount has been restored; provided, however, that the Recipient shall continue to perform its obligations in accordance with any conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other provision of this Agreement.
- 9.3 **Cancellation:** The Bank may decide to cancel the Financing Amount or any part of the Financing Amount when the Parties, by common agreement, determine that any component of the Project does not require to be financed anymore by the Bank.
- 9.4 **Termination:** the Agreement shall be liable for termination in any of the following cases:
- (a) if within 6 (Six) months from the date of the Agreement, the Agreement has not become effective.
 - (b) if within 6 (Six) months from the Effective Date of the Agreement, the Recipient has not applied for the First Disbursement.
 - (c) when requested by the Recipient, but in any case before the conclusion of the Contract.
 - (d) unless the Bank shall otherwise agree, upon termination of the Contract for up to 60 (Sixty) days due to the Contractor's failure to fulfil any of its obligations under the Contract and the Recipient's failure to take, within such period and to the satisfaction of the Bank, appropriate action to remedy the situation.
 - (e) when a suspension continues for more than 180 days.
 - (f) when all obligations of the Parties under this Agreement have been fully discharged.
- 9.5 Neither cancellation of any part of the Financing Amount nor termination of the Agreement shall affect any commitment made, obligations incurred or rights accrued prior to the date of such cancellation or termination.
- 9.6 For the avoidance of doubt, upon termination of this Agreement on account of Event of Default, the Recipient shall indemnify the Bank by an amount equal to the Capital Cost determined and commitment incurred, as at the date of the termination.

Article-10 WAIVER

Failure of the Bank to exercise or assert any of its rights under or resulting out of this Agreement or its delay in the same or its failure to exercise or assert any remedy it may have against the Recipient or its delay in the same, shall not prejudice such right or remedy and shall not be construed as a waiver of such right or remedy.

Article-11 GOVERNING LAW, SETTLEMENT OF DISPUTES

- 11.1 This Agreement shall be governed by and be construed in accordance with the principles of Islamic Shari'ah as pronounced by the Islamic Fiqh Academy, as enunciated in the Shari'ah Standards published by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and as interpreted by the Bank's Shari'ah Committee.
- 11.2 Any dispute between the Parties to this Agreement and any claim by any Party against the other Party arising under this Agreement, which could not be determined by agreement of the Parties shall be submitted to an arbitration panel for final and binding decision in accordance with the rules and procedures of the International Islamic Centre for Reconciliation and Arbitration (IICRA), Dubai, United Arab Emirates. The arbitration rules and procedures of IICRA shall be in lieu of any other procedure for the determination of disputes between the Parties to this Agreement or any claim by any Party against the other Party arising thereunder.
- 11.3 If within 30 (Thirty) days after counterparts of the award shall have been delivered to the Parties, the award is not complied with, any Party may enter judgment upon, or institute a proceeding to enforce the award, in any court of competent jurisdiction against the other Party, may enforce such judgment by execution or may pursue any other appropriate remedy against the other Party for the enforcement of the award or the provisions of this Agreement.
- 11.4 Each Party to this Agreement agrees that any judgment rendered under this Agreement against it may be executed against its funds (assets) in any jurisdiction. The Parties to this Agreement hereby irrevocably waive any objection they may have to any suit, action or proceeding arising out of or relating to the enforcement of an arbitration judgment under this Agreement, whether brought in any jurisdiction in which they have funds (assets), and hereby further irrevocably waive any claim that any such suit, action or proceeding brought in any jurisdiction have been brought in any inconvenient forum.
- 11.5 For the purposes of the present Article, the Recipient irrevocably agrees to waive its rights to claim for itself or its assets any immunity attributed to itself or its assets in any jurisdiction.

Article-12 COORDINATION, NOTICES

- 12.1 **Co-ordination:** The Recipient hereby appoints Minister of Finance and Economic Development as the authorized representative of the Recipient (the **Recipient's Representative**) on all matters under this Agreement and for all intents and purposes without limitation; accordingly:
- (a) to deal with the Bank and to be directly responsible for fulfilling the obligations incumbent on the Recipient by virtue of this Agreement.
 - (b) all communications of any kind given by the Bank to the Recipient's Representative shall be deemed to have been duly given to the Recipient;
 - (c) all communications received by the Bank from the Recipient's Representative shall be deemed to have been duly given or made by, and received from, the Recipient; and



- (d) the Recipient's Representative shall, at all times, conduct proper and efficient coordination and cooperation, and ensure that the Recipient and the Executing Agency carry out their duties hereunder.

12.2 **Notices:** Any notice, request or other communication to be given or made under this Agreement or in connection therewith shall be in writing and shall be deemed to have been duly given when delivered by hand, airmail, established courier service, or facsimile to the Party to which it is given at such Party's address specified below or at such other address as such Party shall have designated by notice to the Party giving such notice, request or communication.

For the Recipient:

Treasury Building, George Street, Freetown
The Republic of Sierra Leone
Tel: 232-22-222211/225826
Fax: 232-22-228355/228472
Email: info@mofed.gov.sl

For the Bank:

8111 King Khalid St. Al Nuzlah Al Yamania Dist.
Unit No.1
Jeddah-22332-2444, Kingdom of Saudi Arabia
Tel: +966 12 6361400
Fax: +966 12 6366871
Email: archives@isdb.org

Article-13 MISCELLANEOUS

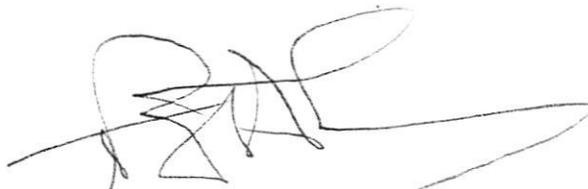
- 13.1 The recital and the annexes are an integral part of this Agreement.
- 13.2 The person signing this Agreement on behalf of each Party hereby represents and warrants to the other Party that he or she has the requisite legal power and authority to execute this Agreement on behalf of the Party and bind the Party to the obligations herein.
- 13.3 This Agreement, including any amendments, may be executed in counterparts, which shall, in all cases, constitute a single agreement. Copies of this Agreement will be equally binding as originals and faxed or scanned and emailed counterpart signatures will be sufficient to evidence execution, though the Parties may require original signed documents to be delivered.
- 13.4 This Agreement is the entire agreement and supersedes any prior oral or written agreement or communications between the Parties regarding its subject matter. The provisions of this Agreement are severable so that if any provision is found to be invalid, illegal or unenforceable, such finding shall not affect the validity, construction or enforceability of any remaining provision.
- 13.5 This Agreement may only be amended by a mutual written agreement of the Parties.
- 13.6 The date of this Agreement shall, for all purposes of this Agreement, be that appearing in the Preamble.

[END OF ARTICLES]

Execution Page:

IN WITNESS WHEREOF, the Parties, through their duly authorized representatives, have signed this Agreement on the date first above written.

FOR AND ON BEHALF OF
REPUBLIC OF SIERRA LEONE



FODAY B. L. MANSARAY (Alhaji)
Minister of State, Ministry of Finance and Economic Development

FOR AND ON BEHALF OF
ISLAMIC DEVELOPMENT BANK



DR. AHMAD MOHAMED ALI
President



Annex-I DESCRIPTION OF THE PROJECT

- 1) The aim of the Project is to reduce poverty and attain sustainable improvement in well-being of the population in Sierra Leone. The development objective of the Project is to build the livelihoods of rural poor by providing them access to socio-economic opportunities and capacity building.
- 2) The scope of GIETRENK is designed around the seven guiding principles of SLA¹, ensuring that the Project interventions support the livelihood outcomes by either enhancing the assets of the poor or building on the opportunities they identify, or improving the environment and context in which they operate (PIP). The Project specifically focuses on the process and institutions of the poor to encapsulate the above elements by taking community driven development approach to the design of interventions. It is envisioned that this multi-pronged and integrated approach to developing community livelihoods will have a sustained and lasting impact on improving the well-being of the target communities.
- 3) The Project builds on and scales-up the Sierra Leone Community Driven Development (SLCDD) Phase-1, which was funded by the Bank and implemented by National Commission for Social Action (NaCSA). The main objective of Phase-1 was to assist the war affected communities reduce poverty, and build local capacity for collective action thus contributing to the country's stability, peace and sustainable growth.
- 4) The Project will have five key components:
 - (a) Infrastructure Development in growth poles;
 - (b) Support for Livelihood and Micro and Small enterprise development;
 - (c) Institutional Capacity Building and Community Development Planning;
 - (d) Monitoring, Knowledge Management and Advocacy, and
 - (e) Support for Project Implementation and Management.

Sr. No.	Project Components	IDB Istisna'a		ISFD Loan		GoSL		Total Cost
		Amt.	%	Amt.	%	Amt.	%	
A.	Infrastructure Development in RGPs	30.60	91	0.00	-	3.13	9	33.73
B.	Support for Livelihood and MSE Development		-	8.41	95	0.40	5	8.81
C.	Institutional Capacity Building and Development Planning	1.00	41	1.21	50	0.20	8	2.41
D.	Monitoring, Knowledge Management and IEC	-	-	0.65	93	0.05	7	0.70
E.	Support for Project Implementation	-	-	3.38	77	1.00	23	4.38
F.	Base Cost	31.60	63	13.65	27	4.78	10	50.03
G.	Contingency*	0.08	4	1.35	71	0.48	25	1.91
I.	Grand Total	31.68	61	15.00	29	5.25	10	51.93

*no contingency has been put for block financing under infrastructure development

¹The seven guiding principles of SLA include: be people centered, be holistic, be dynamic, build on strengths, promote micro-macro links, encourage broad partnerships, and aim for sustainability.

Annex-II DESCRIPTION OF THE ASSET

- 5) The Istina'a financing shall be used for the development of socio-economic infrastructure in the six growth pole chiefdoms including support for detailed design and supervision. The targeted areas shall be provided with a complete package of infrastructure facilities falling under the following broad categories:
 - (i) Livelihood and Economic Infrastructure
 - (ii) Social Infrastructure
 - (iii) Community Micro-projects and Marginalized Communities Scheme
- 6) Component A.1: Infrastructure Facilities: The infrastructure facilities being financed will fall under the blue-print developed for each growth pole which revolves around a Multiutility Renewable Energy Platform (M-REP), development of water supply network, a central market and industrial hub, basic social infrastructure, irrigation and water conservation facilities, greenhouse production, fish ponds and agricultural value-chain activities. The broad menu of the specific infrastructure for each of the six growth pole clusters has been preliminary determined by the development planning departments of the local councils based on the needs and opportunities available in each location and keeping in view the blue-print developed for a typical growth pole.
- 7) Considering the need to: (i) mainstream-bottom up planning process, (ii) setting up community management structures, (iii) identify viability and feasibility for developing possible value-chain activities, (iv) identify the eligible beneficiaries and community groups, (v) assess the potential for developing irrigated agriculture in all locations, and (vi) assessing the suitable options and specifications for renewable energy structures, a rationalized approach to finalization of the infrastructure shall be undertaken. The exact specifications, technological solutions, and the sites for the specific infrastructure will be adapted to the size and socio-economic characteristics of the specific chiefdom as well the hydrological and agro ecological conditions in the area.
- 8) This component will be the key in mainstreaming CDD approach since the final infrastructure facilities will be determined through a participatory consultative process. The communities shall work with the PRA teams to establish their priorities, select sub-projects, and agree on their role in management, implementation, monitoring and maintenance of the sub-projects. The PRA exercise will involve community undertaking of the participatory poverty assessment (PPA), drawing of social maps, seasonality mapping, opportunity and service mapping, problem ranking, priority ranking, asset/resource mapping, livelihood mapping, vulnerability analysis, process mapping and development of strategic planning and action process. This process will lead to development of growth pole development plans (GDPs), action plan and projects to be undertaken at section and headquarter level. This will help the communities to determine the support they need to build their livelihoods and improve their conditions.
- 9) It may be noted that considering that the project focus is on establishing rural growth poles with essential energy, irrigation and road infrastructure communities will only be able to set priorities mainly from a 'limited menu' list. Most of the infrastructure will be medium scale as mentioned in the RGP blue-print above, though a special provision has been made for community micro-projects and marginalized communities' scheme. This involves undertaking small community projects at village levels to be determined by communities from an open menu. The infrastructure provided will be public nature and

mostly for remote marginalized villages and communities. Preference will be given to periphery and section villages. It will be ensured in all cases that the infrastructure design and list falls within the district development plans or approved by local councils.

- 10) Each RGP shall receive a minimum of around US\$3.5 million and a maximum of US\$ 8 million. The allocation has been determined and initially set based on the two key factors: (i) ensuring that a minimum basis for RGP blue-print can be established, and (ii) per capita allocation based on the population in each village. Considering the focus of the project on livelihood creation, at least 70% of the amount shall be allocated for livelihood and economic infrastructure, 25% shall be allocated for social infrastructure, and the remaining 5% for community micro projects and marginalized communities development scheme.
- 11) Based on the preliminary assessment, it is expected that this component will lead to the following key outputs: (i) 7 M-REPs grid systems varying from 0.5MW to 2MW installed, operational and linked with major facilities; (ii) 200 single point rural solar kiosks (3-5KW) established and operational; (iii) around 150 boreholes and wells rehabilitated or constructed, with a water supply network with cumulative piping length of 50km piping developed to serve 150,000 people; (iv) 150 kms of feeder roads rehabilitated or constructed; (v) water conservation and simple water harvesting infrastructure to cover around 5,000 Ha established; (vi) 1,000 Ha of inland valley swamps and 1,500 Ha of Boli lands rehabilitated; (vii) new production of rice and vegetables initiated on 3,000Ha producing addition 10,000Ha; sweet potato over 2,100 Ha (viii) 60 fish ponds constructed and operational; (ix) 50 greenhouses provided with complete ancillaries; (x) 6 mini industrial hubs and modern markets established; (xi) value-chains of the following crops established: 9,000Ha of milled rice; 56 Ha of vegetables through greenhouse production; cassava grating, gari and flour for 1,970 Ha; increase in production and processing of meat from 7,000kg to 70,000 kgs and 560 liters to 1,680 liters; small scale palm oil production with replanting of 800Ha with improved varieties; cocoa and coffee production through new plantation over 200Ha and processing; (xii) 50 fish ponds developed; (xiii) 75 community micro-projects and 150 marginalized communities scheme projects established; (xiv) social infrastructure including, 3 community health centers, 1 referral hospital, 3 ambulances, 20 VIP toilets, and 300 family toilets established; (xv) 9 primary, junior and secondary schools established.
- 12) *Detailed Design and Supervision Consultant:* Apart from financing the infrastructure and equipment, the Istisna'a will also support hiring an expert design and supervision consultancy firm. The design consultant shall be responsible for finalizing the detailed design and specifications for the M-REP, irrigation infrastructure, fish ponds, and other major infrastructure being developed under the project. The consultant shall specifically be responsible for finalizing the size and technology of the energy system which shall be tailored to the local geographical conditions, effective demand as determined by the "Chieftdom Development Plans", population density and proximity, and the capacity of the communities and local government to manage the infrastructure. The second key task of the consultant shall be to assist in finalization of the irrigation infrastructure and selection of sites for livelihood activities, specifically fish pond development. In this regard, the consultant shall, apart from undertaking community consultations, make use of the hydrological information, cropping patterns, weather, and land/ water resources information. He shall specifically make use of the GIS resource mapping of the areas prepared in collaboration with the Meteorological Department.

13) The limited preliminary determined by the development planning departments of the local councils based on the needs and opportunities available in each location and keeping in view the blue-print developed for a typical growth pole, the following blue-print of limited menu has been developed, which will be further refined after PRA exercise and specifications finalized by consultant. The final list will require IDBs no objection.

Sr No.	Infrastructure	Unit	Number	Per Unit	Total
A	M-REP Systems				
A.1	M-REP Grids (1.5-2MW)		7	1	7
A.3	Single Point Kiosks (3-5KW)		200	0.0002	0.04
B	Water Supply Systems				
B.1	Portable Water Supply Network		6	0.25	1.5
B.2	Wells and Boreholes		150	0.005	0.75
C	Rehabilitation and Development of Feeder Roads Network and Bridges	KM	150	0.02	3
D	Irrigation and Water Harvesting Infrastructure				
D.1	Contour Stone Walls and Check Dams	No	1500	0.0015	2.25
D.2	Percolation Ponds and Irrigation Tanks (200Ha)	No	30	0.0125	0.375
D.3	Tidal Irrigation Infrastructure	Ha	200	0.0045	0.9
D.4	Run-off Water Harvesting Infrastructure	Ha	3000	0.001	3
E	IVS and Boli Land Development				
E.1	IVS Rehabilitation and Maintenance	Ha	1000	0.0005	0.5
E.2	Boli Land Development (low lands)	Ha	1500	0.001	1.5
F	Green Houses Development (36sq m to 240sq m)	No	50	0.002	0.1
G	Mini Industrial Hubs, Modern Markets and CRMCS	No	6	0.5	3
I	Service and Construction Contractors	No	15	0.05	0.75
J	Schools				
J.1	Construction and Rehabilitation of PS	No	3	0.1	0.3
J.2	Construction and Rehabilitation of JSS	No	3	0.15	0.45
J.3	Construction and Rehabilitation of SSS	No	3	0.5	1.5
K	Health and Sanitation Intervention				0
K.1	Community Health Centre/ Referral Hospital	No	3	0.17	0.51
K.2	Ambulance	No	3	0.05	0.15
K.3	Veterinary centre	No	3		0
K.4	Construction of Compartment VIP Toilets	No	20	0.01	0.2
K.5	Construction of Family toilets	No	300	0.002	0.6
M	Town hall	No	3	0.115	0.345
N	Community Micro-projects	No	75	0.01	0.75
O	Marginalized Communities Development Scheme	No	150	0.005	0.75
P	Support for Value-chain				
P.1	Support for Rice Value-Chain	Ha	9000	0.0002	1.8
P.2	Vegetable Value-chain	Ha	4200	0.00005	0.21
P.3	Cassava Value-chain	Ha	1970	0.0002	0.394
P.4	Sweet Potato	Ha	2100	0.00025	0.525

Sr No.	Infrastructure	Unit	Number	Per Unit	Total
P.5	Livestock	High bred	1400	0.00015	0.21
P.6	Palm Oil Value-Chain	Ha	800	0.00125	1
P.7	Groundnut Value-chain	Ha	500	0.002	1
P.8	Cocoa Value-chain	Ha	200	0.0025	0.5
P.9	Fisheries Ponds	No	50	0.015	0.75

Detailed Specifications of Assets

Multiutility Renewable Energy Platform: A multiutility renewable energy platform (M-REP) shall range from a single point solar kiosk, village or a multi-village mini grid or connection to a nearby national grid. This will be the central infrastructure facility which shall be provided in all the hub villages and will be a priority choice in satellite villages. This M-REP will provide energy for a vast range of social and economic activities to be developed in the growth poles. The key services and facilities to be provided with energy shall include: (i) drinking water supply; (ii) ground water for irrigation purposes; (iii) electricity for agro-business mini industrial hubs; (iv) social infrastructure including schools, health centers, community centers etc; (v) public economic infrastructure including markets and community managed resource centers, and (vi) street lighting among others.

It is estimated that the hub village in each growth pole shall require an energy system producing around 1.5-2 MWs, while the single point solar kiosk, village systems, and multi-village systems shall require around 3-5Kva, 5-7 Kva and 8-12 Kva energy systems respectively. The exact size, technology and number of the M-REP to be provided in each growth pole shall be determined by a detailed design consultant to be hired in the intervening period between project approval and signature. The size and technology of the energy system shall be tailored to the local geographical conditions, effective demand as determined by the "Chiefdom Development Plans (CDPs)", population density and proximity, and the capacity of the communities and local government to manage the infrastructure. It may be noted that depending on the location various technological packages will be explored including solar panels and solar mini grids, biogas, mini-hydro or hybrid systems. The systems will be installed with inverters, provided medium voltage (MV)/ low voltage (LV) distribution networks and energy storage technology (batteries etc). The selection of the exact site for M-ERP shall also be done by an expert consultant and confirmed by the turn-key supplier based on several technical factors including geophysical characteristics, viability for developing a multi-utility platform around it, which would allow ease of connection to market, is viable for developing water supply system, and has the potential to be expanded in the future.

A billing system and a nominal rent will be imposed on the users to ensure generation of a consistent stream of benefits both for the maintenance of the system as well as to provide livelihoods to the self-help affinity (SAG) or microenterprise group (MEG) tasked with its daily operations under a 'Right Over Rent (RoR)' Agreement to be signed between NaCSA, Ministry of Energy, and a representative group. The systems will be managed by an oversight committee comprising of Ministry of Energy, local council representative, community group representative and the user representative. A maintenance fund shall also be set-up under the tripartite RoR agreement. The rent generated shall be divided between the local government and the management group, with a fixed percentage being put in the maintenance fund to be seeded by the project funds upon signing of the RoR agreement. The training of the community group on use and routine maintenance shall be a pre-requisite for handing over the facility and signing of the agreement.

It may be reiterated that the central M-ERP for the hub-village has been identified as a necessary economic infrastructure, which shall be installed in all the 6 chiefdom clusters. It is expected that around US\$7-10 million shall be required for the provision of M-REP structures connected with infrastructure facilities. The key M-REP facilities will be provided in the hub-village and single village systems in section heads.

Portable Water Supply Network: The key interlinked aspect of the multiutility renewable energy platform is a portable water supply system which will also be installed in all the growth poles. The water supply system shall typically comprise of a public standing post on a borehole installed with a pumping unit electrified by the M-ERP system. It is composed of 2 to 3 km embryonic reticulated water supply networks with pipes, storage facilities, standpipes, and private connections that can accommodate 4,500 inhabitants. The construction multi-village M-ERPs systems for which the Water Supply infrastructure is composed of a more sophisticated and reticulated water systems (5 to 7 km network) linking many villages with pipes, storage facilities, standpipes, and private connections that can accommodate more than 8,000 inhabitants. Water will be pumped for storage into reservoirs (estimated to be around 200m³ per reservoir) and channeled through a distribution network. The main portable water supply system is expected to be provided in the hub where there is high demand for water use. The satellite villages are expected to be provided with fenced hand pump wells and where appropriate and demand exists, a solar kiosk unit and a mini distribution network.

The portable water supply system shall be managed by a management committee or an SAG or MEG (to be called Facility Management Committee –FCM- in this case) established under the project and as appropriate a nominal fee for maintenance of the unit shall be charged to the users. An O&M fund created and managed by the relevant group shall be established to undertake routine maintenance activities. The structure and management of O&M fund, the amount to be charged and the selection of FCM shall be done by the Community Development Committee (CDC) with support of the NaCSA facilitators and consultant. The FCM and the community technicians shall be provided training on the operations and management of the infrastructure.

It may be noted that portable water supply shall also be an essential infrastructure to be developed in all the chiefdoms. The exact specifications and scope of the structures will be discussed and agreed upon in consultation with the communities and finalized by the design consultant.

A total of around US\$2.5 million is expected to be spent on these structures.

Rehabilitation and Construction of Feeder Roads: In order to link the satellite villages with the hub village and to enhance connectivity of growth pole chiefdoms to urban centers, a network of feeder roads shall be laid. The feeder roads program will involve both the rehabilitation as well as construction of the new road network to enhance access to markets for small scale farmers. It is expected that the improvement in road network will improve accessibility of section and periphery villages with the hub thus improving the farm gate prices, lowering transport cost, and spurring commercial trade of cash commodities produced. The focus will be on converting footpaths into vehicular access roads though rehabilitation of existing roads which are in poor condition will also be undertaken. It is expected that around 150kms of feeder roads in the selected growth poles will be constructed/ rehabilitated, including construction/ rehabilitation of culverts and bridges as well as accessible paths to potential inland valley swamps (IVS).



Irrigation Development and Soil Conservation Infrastructure: Agriculture, especially crop production, has been identified as the major activity being undertaken in all the selected growth poles. Agriculture is important both for enhancing the food security and developing livelihood of the communities. However, most of the communities still continue to deploy very traditional production practices, which leads to very low yields, high losses, and hence lack of food availability in all these regions.

Currently all the agriculture production is rain-fed though significant potential exists for the development of irrigated agriculture by controlling rain water run-off, developing ground water irrigation systems, and promoting water conservation technologies. The extent of irrigation development and potential varies across the selected chiefdoms and section villages within them.

The project will seek to identify the potential public irrigation infrastructure that can be developed for benefit of the farmers. The focus in this area will be on public infrastructure built on watershed basis to be managed by water user and farmer groups. The selection of watersheds for development of irrigation infrastructure is optimal from the standpoint of promoting integrated watershed development within the growth poles to achieve sustainable production without deterioration in the resource base and creating any ecological imbalances. Considering the locational context and given the nature of infrastructure viable watersheds of about 200-500Ha will be the appropriate unit of intervention for this specific activity.

The following key irrigation infrastructure type has been identified for development: (i) supplemental irrigation during off-rainy season using solar powered water wells with overhead tanks and drip irrigation network; (ii) soil-water conservation and moisture retention infrastructure including contour stone walls, permanent check dams (US\$1,000-3,000), gully plugging structures and contour trenching; (iii) Water storage infrastructure that may be provided based on the conditions in specific locations will include percolation ponds (10,000-15,000m³ with around 45,000m³ of additional water available every season), silt detention tanks and irrigation tanks. These tanks will be multipurpose structures purposely built for not only recharging the groundwater but also to provide water for livestock rearing and promoting fish farming. Each tank is expected to allow double cropping over around 3-5 hectares of land and bring additional land under cultivation especially for orchards and vegetable gardens. The cost per structure is estimated at around US\$10,000-15,000.

The exact nature, size and number of infrastructure shall be determined in consultation with the community groups through active involvement of NaCSA and finalized by a design consultant to be hired during the intervening period between project approval and signature. The design and consultant shall undertake the remote sensing and hydrological and topographic mapping exercise to identify appropriate locations for various irrigation infrastructure in collaboration with MAFFS, Ministry of Water Resources and community development committee. The following factors shall be considered in determining the final list of structures: (i) hydrological conditions and water availability; (ii) soil conditions; (iii) environmental impact; (iv) precipitation volume and land contour/ slope; (v) existing water storage capacity; (vi) irrigated agricultural development potential, and (vii) community demand and capacity for management.

The provided infrastructure will be managed by farmer organizations which will be the direct beneficiary of the infrastructure provided. In order to enhance ownership and sustainability, the farmers will be involved in planning and finalization of the sites, construction, maintenance of the structures, mobilization of resources for management and maintenance activities, and determining water distribution criteria among beneficiaries including resolution of any conflict that may arise. The water user or farmer organizations will be set-

up as legal associations which shall sign an agreement with the NaCSA and local government for management of the provided infrastructure and shall be provided relevant training on the same. The formation of WUAs, provision of community cost share and signing of the agreement will be a pre-requisite for financing such projects in the communities.

Inland Valley Swamps and Boli Land Development: The agro-ecology in the selected chiefdoms is Sudano-Sahelian, with rainfall between 800-1100mm. Majority of the crop cultivation is undertaken on lowlands with rice being a common crop in all the regions. Farmer's income can be significantly increased by bringing the increased agricultural land under cultivation through the development of IVS. Several IVS structures are damaged which limits the potential for cultivation and results in extremely low yields. An area of around 2,500 acres can be potentially developed through the rehabilitation of IVS in the targeted growth poles. This will result in significant increase in food production thus resulting in improved food security.

The rehabilitation and development of IVS shall be based on location specific conditions. However, on average it is expected that around US\$500 shall be required for construction of simple water control structures and earthen bunds in these swampy lands. Appropriate drainage and supplementary irrigation shall be provided to allow farming during the dry season and to improve water control. The IVS development shall be integrated with irrigation development infrastructure and the mixed cropping system that would include cultivation of vegetables on these IVS. In addition to IVS development, the project will prioritize development of Boli Lands. Currently, around 6,100 Ha of Boli lands are uncultivated in the selected chiefdoms. The communities will be encouraged to develop and choose projects for the development of these lands which shall then be distributed to poor farmers for rice cultivation.

Agricultural Value-chain Development Infrastructure: One of the key objectives of the project is to improve the livelihoods of the population in the selected chiefdoms. The livelihood analysis of the population reveals that majority of the households have adopted multiple livelihood strategies. The livelihood activities are also distinct and clearly segregated based on the demographics, with male generally engaged in crop and tree crop farming, while female engaged in gardening, fishing and petty trade. Youth are generally engaged in provision of services and petty trade. Regardless, almost 90% of the population relies on agriculture for its sustenance. A major uplift in the economic conditions and income of the population can be achieved by adding value to their produce.

The livelihood analysis of the chiefdoms has led to identification of certain key livelihood activities which shall be supported during the project implementation. Broadly, the activities being supported fall under three broad categories: agricultural production of various commodities, fisheries and livestock, and small scale petty trading and services. In this regard the project will mainly seek to establish certain specialized product value-chains in which the local communities possess a comparative advantage and have significant potential for development.

While this component will focus on providing the necessary infrastructure, equipment and related training to develop the livelihoods, a comprehensive livelihood development support package is being introduced (see next sub-component). It shall involve building community capacity, developing community economic groups, provision of microfinance line, and business support services to cover all aspects of rural livelihoods.

The major livelihood activities being undertaken in the selected chiefdoms and those envisaged to be supported are mentioned below.



Chiefdom	Major Livelihood Activities	Key Areas to be Supported
Kholifa Mabang	<ul style="list-style-type: none"> -Small-scale Petty Trading, vegetable production and fish mongering by women. -Agricultural Production: Rice (816 MT;), Cassava (1,400MT), Sweet Potato (160MT), and Maize (11MT). -90% engaged in farming followed by fishing and livestock production for self-utilization (215 cattle, 2739 sheep, 1,915 goats, and 2,183 chickens). 	<ul style="list-style-type: none"> Rice, Cassava, Sweet Potato and vegetable value-chains. Boli Land for Rice Cultivation Fish Farming
Lower Bambara	<ul style="list-style-type: none"> -Major livelihood activity is cash crop production, including cocoa/ Coffee, Oil Palm, Rice, Cassava and Vegetables. -Mining and timber logging for charcoal is a major activity undertaken by youth. Youth is also engaged in commercial bike riding. -Women are engaged in petty trading, vegetables and rice. 	<ul style="list-style-type: none"> Rice, Oil Palm, Cocoa, Coffee and Vegetable gardens. Services for mining and transportation of commodities. Trading Activities.
Dibia	<ul style="list-style-type: none"> -Crop Production: Upland Rice, Oil Palm, Cassava, Sweet Potato, Groundnuts, Vegetable Gardens. Vegetable production at very low acreage. - Cattle Rearing and Poultry - Fisheries Ponds in IVS/ Streams. 	<ul style="list-style-type: none"> Rice, Cassava, Groundnuts, Oil Palm, and Vegetable Gardens. Boli Land for rice cultivation. Livestock (Milk and butter production); Poultry meat Fisheries.
Ribbi	<ul style="list-style-type: none"> -Crop Production: Rice and Cassava (80% in farming); Groundnut (50%) -Artisanal Fishing Undertaken by Youth and women. -Vegetable Production during dry season. -Salt Processing 	<ul style="list-style-type: none"> Rice, Cassava, Groundnut and Vegetable Production. Fisheries. Salt Processing.
Kunike Sanda	<ul style="list-style-type: none"> -Crop Production: Rice, Cassava, Vegetables -70% engaged in farming and 30% in petty trading. -Petty Trading and vegetable production undertaken by mainly women. - Gold Extraction and cattle selling/ milking by poor. 	<ul style="list-style-type: none"> Rice, Cassava, Vegetable Boli Land Development for Rice Cultivation. Livestock
Bagruwa	<ul style="list-style-type: none"> -Crop Production: Rice, Cassava, Palm Oil and groundnuts -Artisanal Fishing Undertaken by Youth and women. -Vegetable Production during dry season. 	<ul style="list-style-type: none"> Rice, Cassava, and Vegetable Production. Fisheries. Palm Oil
Bureh (BKM)	<ul style="list-style-type: none"> -Crop Production: Rice, Cassava, Sweet Potato, Yams, groundnuts, Palm Oil - Trading -Artisanal Fishing Undertaken by Youth and women. -Vegetable Production during dry season. 	<ul style="list-style-type: none"> Rice, Cassava, Palm Oil, Vegetable Production and groundnuts. Artisanal Fisheries.

Based on the above analysis, specific attention and focus shall be put on development of promising cash crop and food crop value chains which can enhance community income and

improve food security in the selected chiefdoms. In addition, considering that vegetable production and inland/ artisanal fisheries is a common activity being undertaken by women groups in all the growth poles, a minimum allocation will be made for the provision of green houses and construction of fish ponds. The key value-chains that have been initially identified for development in the targeted growth poles along with potential benefits are provided in Annex -

Social Infrastructure

It has been well understood through several CDD projects that communities prioritize social infrastructure when given an opportunity to undertake self-selection. Provision of social infrastructure is necessary to provide a comprehensive solution to the needs of the communities who use multitude of assets to address constraints and exploit opportunities to develop resilient livelihood strategies. The objective of this component is to provide complementary infrastructure that will enable the recipient of the various livelihood packages from the project to fully realize the potentials of their livelihood activities while providing them facilities to cater for their social needs. The typologies of social infrastructure that will be provided will be determined using demand driven approach as finalized by local development councils in consultation with the Village Development Committees by undertaking PRA exercise.

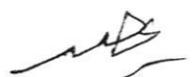
The tentative list of infrastructure identified includes: community health centers with necessary equipment and ambulance, construction or rehabilitation of primary, junior and senior secondary schools to be provided with staff quarters, VIP latrine and library. In addition social facilities like town hall, family toilets and VIP toilets for communities shall also be provided in most of the growth poles. All the facilities will be connected to the MREP electricity facility or a solar panel to ensure maximization of use and benefits. A total of around US\$8 million shall be allocated for the development of social infrastructure. In addition to the infrastructure being provided, this component will also provide training for teachers and undertake community health awareness activities. Cost of these activities shall be financed by the Government of Sierra Leone.

The infrastructure, where possible, will be managed (under an organization and management contract with the government) by an SAG or MEG which will provide maintenance to the facilities and benefit from the rent generated. The education and health infrastructure will be handed over to the relevant Ministries. It will be ensured that in line with the local regulations, no social infrastructure will be built until a handing over contract is agreed to and signed between NaCSA and the relevant line Ministry. The line ministry will commit to providing the necessary staff for operations of the facilities.

Community Micro-projects and Marginalized Communities Development

Community Micro projects: Considering that the project seeks to implement a growth pole model involving in most cases relatively medium size infrastructure, the small community micro-projects as prioritized by the locals may be ignored. In order to avoid this, 2.5% of the funding allocation for each chiefdom shall be set aside for undertaking community micro-projects at the villages level. The priority shall be given to periphery and section villages and the most deprived communities in these villages.

The micro-projects shall be determined from an open menu with only a very limited prohibited list. The infrastructure provided will be of basic public nature to serve and address the social deprivation in these villages. The major difference between this activity and other infrastructure is largely based on scope and scale of the works. This component will only finance local small scale public infrastructure in satellite and periphery villages to address



the local needs at the village levels. The infrastructure cost per village is expected to vary between US\$5,000-US\$20,000.

Marginalized Communities Development Scheme: One of the key lessons learnt from other CDD projects relates to the lack of targeting for remote and poorest villages. Considering this, a specific tranche of block financing will be allocated to benefit the poorest communities in each of the targeted chiefdoms. Interventions will mainly focus on basic social infrastructure and fund for economic generation, including linkages with other villages and local markets. Conditional grants will be provided to households in the form of inputs or capital for start-up businesses which will be conditional upon their adherence to complimentary social activities (school attendance, participation to workshops, deworming etc.). The vulnerable communities will ideally be combined into SAGs. An allocation of 2.5% of the total block financing for the chiefdom shall be earmarked for this purpose.

Implementation Arrangements

Finalization of Infrastructure Investments

Participatory Rural Appraisal (PRA): The final list of infrastructure to be built shall be determined through a consultative two-stage process. In the first stage, a PRA exercise will be conducted in the selected chiefdoms. NaCSA in coordination with the local councils and district representatives of line Ministries would undertake participatory rural appraisal (PRA) exercise. The PRA exercise would be undertaken in consultation with the communities, who shall chart out their development plans, select sub-projects or services from the 'open-menu' for implementation and agree on the implementation and O&M details. The list of eligible beneficiaries will also be prepared at this stage, which shall be verified through rapid proxy means testing (PMT) to be conducted by Statistics Sierra Leone.

It is expected that by the end of PRA exercise, the social infrastructure facilities and other interventions are finalized, key livelihood activities and broad interventions have been agreed, and the broad specifications for energy and water infrastructure developed. The PRA exercise will initiate immediately after the project approval and will be completed within six months by the time of signature of the legal agreements. The PRA exercise will be conducted by NaCSA between project approval and signature.

Considering the specialized nature of irrigation and M-ERP infrastructure as well as to ensure that the value-chain interventions lead to the development of viable rural businesses, two specialist firms will be recruited. (a) Livelihood and value-chain development consultant, and b) infrastructure design and supervision consultant. The infrastructure design and supervision consultant will finalize the details and design for major infrastructure related to renewable energy and water resource development, while the livelihood and value-chain consultant will finalize the value-chain interventions needed for development of the identified commodities. These activities will be done in coordination with community facilitators and through a community consultation process led by VDCs.

Finalizing Value-Chain Investments: The determination of final specifications for the activities identified as a result of PRA relating to value-chains will be finalized by an expert agri-business consultant who shall be procured before the signature of the project agreement. The consultant shall undertake feasibilities for possible development of the identified value-chains as well as detailed activities and set of support to be provided to implement the strategy. The series of activities shall be determined through a community consultative process.

Infrastructure Detail Design Development and Supervision Consultant: To assist the NaCSA facilitators and field staff, a design and supervision consultant shall be hired to finalize the

nature and scope of infrastructure facilities. The design consultant shall be responsible for finalizing the detailed design and specifications for the M-REP, irrigation infrastructure, fish ponds, and other major infrastructure being developed under the project. The consultant shall specifically be responsible for finalizing the size and technology of the energy system which shall be tailored to the local geographical conditions, effective demand as determined by the "Chieftdom Development Plans", population density and proximity, and the capacity of the communities and local government to manage the infrastructure. It may be noted that depending on the location various technological packages will be explored including solar panels and solar mini grids, biogas, mini-hydro or hybrid systems. The consultant shall also provide training to the communities on the operations and management of the structures and assist in the development of the procurement plan and selection of supplier for turn-key installation of the M-REP.

The second key task of the consultant shall be to assist in finalization of the irrigation infrastructure and selection of sites for livelihood activities, specifically fish pond development. In this regard, the consultant shall, apart from undertaking community consultations, make use of the hydrological information, cropping patterns, weather, and land/ water resources information. The design and consultant firm hired shall undertake the remote sensing and hydrological and topographic mapping exercise to identify appropriate locations for various irrigation infrastructure in collaboration with MAFFS, Ministry of Water Resources and community development committee. He shall specifically make use of the GIS resource mapping of the areas prepared in collaboration with the Meteorological Department. The GIS mapping will facilitate the community development plans and appropriate identification of sites for location of the major infrastructure. The data collection will be conducted from primary sources (baseline survey, field survey, GPS etc.) and secondary sources (satellite data from earth observatory, survey maps, census data and published maps). The data will be processed through a customized GIS tool. The process will facilitate the understanding of spatial aspects of social and economic development by relating socio-economic variables to natural resources and the physical conditions, providing a tool for targeting interventions and monitoring impacts on various scales over the project areas. The GIS mapping will be undertaken by an expert specialized firm to create real time GIS maps linked with Earth Observation spatial technology.

Line Ministries and Local Councils: The final list of infrastructure will be approved by a Steering Committee comprising of local council representatives, district representatives, NaCSA representatives and line ministry representatives. The Steering Committee will ensure that the proposed interventions are in line with the district development plans and priorities. The line ministries will also approve the proposed designs, which should be in line with the standard designs developed and approved by the line ministries, particularly for social infrastructure.

Allocated Budget and Resource Allocation: The allocation per growth pole cluster is determined based on two key factors: (i) Ensuring that each chieftdom receives a minimum amount to implement the blue-print of the growth pole model, and (ii) per capita allocation based on the population in each growth pole. The tentative allocation per growth pole cluster is presented below:

Each growth pole shall receive a minimum of US\$3.5 million and a maximum of US\$8 million for undertaking community selected infrastructure activities. This amount shall be combined with the community contribution to undertake the priority sub-projects identified.



Annex-III FORM OF LEGAL OPINION

[TO BE PRINTED AND PROVIDED ON THE LETTERHEAD]

Islamic Development Bank
8111 King Khalid St. Al Nuzlah Al Yamania Dist.
Unit No.1
Jeddah-22332-2444
Kingdom of Saudi Arabia

Dear Sirs,

In my capacity as the chief legal and/or judicial authority of the Republic of Sierra Leone, under the powers vested in me under the laws of the Republic of Sierra Leone, I hereby certify that this document constitutes the Legal Opinion issued in relation to Istisna'a and Agency Agreements dated ___/___/___ H (___/___/___ G) entered into between the Republic of Sierra Leone and the Islamic Development Bank (the "Agreements") for the construction of the works as described in Annex-II to the Agreements (the "Asset") for use in Gietrenk: Sierra Leone Community Driven Development Project- (Phase-II) (the "Project") in an amount USD31,680,000.00 (US Dollars Thirty-one Million and Six Hundred and Eighty Thousand) approximately equivalent to ID21,120,000.00 (Islamic Dinar Twenty-one Million and One Hundred and Twenty Thousand).

For the purpose of this Legal Opinion, I have examined,

- (a) the Agreements;
- (b) the authorization to enter into and sign the Agreements;
- (c) all laws, rules, regulations, orders, decrees and the like of the Republic Sierra Leone; and
- (d) such other documents and instruments as I deemed necessary.

Accordingly, I am of the opinion that the said Agreements signed for and on behalf of the Republic of Sierra Leone by Name and Title/Position of the signatory on ___/___/___ H (___/___/___ G):

- (a) has been duly authorized, executed, delivered and ratified in accordance with applicable governmental, corporate and/or legislative procedures;
- (b) does not violate any provision of the Constitution, any law, rule, regulation, order or decree of the Republic of Sierra Leone;
- (c) constitute legal valid and binding obligations of the Republic of Sierra Leone enforceable against the Insert Data in accordance with its terms and conditions stipulated in the said Agreements.

DONE at Insert data on ___/___/___ H (corresponding to ___/___/___ G).

Yours truly,
Signature| Name| Designation

AGENCY AGREEMENT
(ISTISNA'A)

BETWEEN

REPUBLIC OF SIERRA LEONE

AND

ISLAMIC DEVELOPMENT BANK

REGARDING GIETRENK: SIERRA LEONE COMMUNITY DRIVEN DEVELOPMENT
PROJECT (PHASE-II)

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AGENCY AGREEMENT

THIS AGREEMENT is entered into on 21/8/1436H (corresponding to 8/6/2015G)

Between

The **REPUBLIC OF SIERRA LEONE** in its capacity as agent (hereinafter referred to as the "Recipient")

And

The **ISLAMIC DEVELOPMENT BANK** in its capacity as principal (hereinafter referred to as the "Bank").

The Recipient and the Bank are collectively referred to as "**Parties**" and individually as "**Party**".

WHEREAS,

- A. The Parties have, as of the date above, concluded an agreement (hereinafter referred to as the "**Istisna'a Agreement**") for financing the construction of the Asset described in Annex-II for use in the Project described in Annex-I of the Istisna'a Agreement.
- B. The Bank wishes to appoint the Recipient as its agent for implementing the Project and the construction of the Asset.
- C. Under this Agreement, the relationship between the Bank and the Recipient is that of principal and agent in accordance with the principles of Shari'ah as interpreted by the Islamic Fiqh Academy and enunciated in the Shari'ah Standards published by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Now, therefore, the Parties hereby agree as follows:

Article-1 DEFINITIONS, INTERPRETATION

Unless the context otherwise requires, capitalized terms used in this Agreement shall have the meaning given to them in Article 1 of the Istisna'a Agreement.

Article-2 AGENCY

2.1 The Bank hereby appoints the Recipient to:

- (a) implement the Project;
- (b) negotiate and agree with the Contractor the Contract Price and all specifications of the Asset;
- (c) conclude and supervise the Contract and the Consultancy Contract; and
- (d) take delivery of the Asset in accordance with the terms of the Contract.

- 2.2 The Recipient hereby agrees to the appointment and undertakes to perform the agency in conformity with the terms of this Agreement free of any remuneration or other payment by the Bank.
- 2.3 Without prejudice to Articles 2.1 and 2.2, the Recipient appoints the Executing Agency to be responsible for the implementation of the Project for and on behalf of the Recipient. However, the Recipient undertakes and acknowledges that it shall be responsible for any action or omission of the Executing Agency in relation to the Recipient's obligations under the Agreement.

Article-3 PROCUREMENT

- 3.1 The Recipient shall award all contracts financed under this Agreement in consultation with the Bank and in accordance with the procurement procedures of the Bank. Subject to the Bank's approval, the Recipient shall procure the Asset as in Annex to this Agreement.

Without prejudice to the generality of the foregoing, the Recipient shall observe the Boycott Regulations of the Organization of the Islamic Cooperation.

- 3.2 The Recipient shall, on behalf of the Bank, negotiate and conclude a Contract subject to the following:
- (a) The terms and conditions of the Contract shall, prior to the launch of the bidding process, be agreed upon between the Bank and the Recipient;
 - (b) The Contract Price shall not exceed the amounts allocated under the financing plan of the Project as approved, or otherwise suspended and cancelled by Bank;
 - (c) The period for completion of the construction of the Asset under the Contract shall not exceed-Figures (in words) years from the date of First Disbursement;
 - (d) The specifications of the Asset under the Contract shall be as described in Annex-II of Istisna'a Agreement and detailed in the Contract;
 - (e) The Contract shall stipulate that the Contractor shall procure a Contractor's all risk insurance as customary in the trade, and the proceeds of the insurance shall be payable to the Bank in Select Currency or any other acceptable currency;
 - (f) The Recipient shall, on behalf of the Bank, take delivery of the Asset from the Contractor; and.
 - (g) The Recipient shall associate the Bank in the negotiations with the selected Contractor and the approval of the Bank to the terms and conditions of the negotiated Contract shall be obtained before the conclusion of the Contract.
- 3.3 The Recipient shall, for and on behalf of the Bank, negotiate and conclude the Consultancy Contract subject to the following:
- (a) The Consultant shall be responsible to verify all Disbursement requests submitted to the Bank, coordinate all activities, provide regular progress reports, and ensure that all the Bank's policies and procedures are strictly followed throughout the construction of the Asset.

- (b) The terms and conditions of the Consultancy Contract shall, prior to launching the bidding process, be agreed upon between the Recipient and the Bank.
 - (c) The Recipient shall associate the Bank in the negotiations with the selected Consultant; the outcome of which shall be subject to the final approval of the Bank and the Recipient.
- 3.4 The Recipient shall ensure or cause to be ensured that anti-corruption and anti-fraud provisions acceptable to the Bank are included in all bidding documents and contracts, including provisions specifying the right of the Bank to audit and examine the records and accounts of the Executing Agency, the Contractor, the Consultant, and other service and work providers for the Project.

Article-4 PROJECT COVENANTS

- 4.1 The Recipient undertakes that in its management of the Contract, it will exercise the highest standard of diligence and care in monitoring the punctual and correct performance by the Contractor and the Consultant of their obligations with a view to ensuring that the Asset will be constructed in accordance with the specifications, within the specified timeframe, and within the limits of the Contract Price.
- 4.2 Without prejudice to the generality of Article 4.1, the Recipient shall be obliged to:
- (a) advise the Bank, as soon as reasonably practicable, of any delay or anticipated delay in the construction of the Asset with full details thereof;
 - (b) deal with all regulatory and administrative matters relating to the construction of the Asset in accordance with the relevant applicable laws of Insert Data.
 - (c) issue the Acceptance Certificate if satisfied that the construction of the Asset has been completed in conformity with the Contract and the specifications.
- 4.3 If in breach of Article 4.2, the Recipient gives instructions to the Contractor as a result of which there is an increase in the Contract Price or the Bank becomes liable to any Party for any claim, loss, damage or expense, then the Recipient agrees to bear the increase in the Contract Price or, as the case may be, to indemnify the Bank for any such claim, loss, damage or expense.
- 4.4 The Recipient shall not, without the prior written consent of the Bank, make any amendments, alterations or modifications to the Contract or the Consultancy Contract which may,
- (a) result in an increase in the Contract Price or the Consultant's fees; or
 - (b) result in an extension of the completion date; or
 - (c) result in a change of the specifications; or
 - (d) not be in accordance with usual good practice.
- 4.5 The Recipient shall provide such number of its personnel as would be necessary to carry out its duties under this Agreement and under the Contract.
- 4.6 The Recipient further undertakes to:



- (a) ensure that all amounts withdrawn from the Financing Amount will be used solely for the purposes of the Project and that the proceeds of the Financing Amount will not be used to finance any expenditure with respect to which the Bank determines that any Sanctionable Practices were engaged in by representatives of the Recipient or other recipient of the proceeds of the Financing Amount, without the Recipient having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- (b) implement the Project and to conduct its operations and affairs with due diligence and efficiency and in accordance with sound administrative, financial, engineering and economic practices, under the supervision of qualified and experienced management and personnel and in accordance with the budgets, plans and specifications concerning the Project approved by the Bank;
- (c) ensure that, all contractors and consultants carrying out works and/or services under the Project carry out their activities under the Project with due diligence and efficiency and in accordance with sound, technical, economic, financial, managerial, environmental and social standards and practices, including with the provisions of any applicable anti-corruption guidelines;
- (d) submit to the Bank for its approval, in such detail as the Bank may reasonably request, any envisaged important modifications to the budget, plans and specifications of the Project as well as any substantial changes in any contract relating to the execution of the Project.
- (e) afford, during the implementation of the Project and until full payment of the Sale Price, all reasonable opportunity for accredited representatives of the Bank to make visits and inspect the Project and any relevant records and documents in relation thereto; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project.
- (f) take all action which shall be necessary on its part to enable the execution of the Project and refrain from taking, or permitting to be taken, any action which would prevent or interfere with the implementation or operation of the Project or the performance of any obligations under this Agreement.

4.7 The Recipient shall submit, or cause to be submitted, the following reports to the Bank:

- (a) a report on the progress and implementation of the Contract in such manner as the Bank may from time to time specify;
- (b) promptly after the issuance of the Acceptance Certificate but not later than six (6) months after issuance of such certificate, submit a completion report of such scope and in such detail as the Bank may reasonably request, on the construction of the Asset and the initial operation of the Project;
- (c) an annual audit report by the financial auditor of the Project. This report shall be provided throughout the Gestation Period and also the payment period of the Sale Price under the Istisna'a Agreement; and
- (d) any other report or information which the Bank may from time to time reasonably request.

Article-5 DISBURSEMENT

- 5.1 The Bank shall disburse the Financing Amount in the manner set out in the Contract and the Consultancy Contract and in conformity with the disbursement procedures of the Bank.
- 5.2 The Recipient shall submit an application for the Disbursement within 180 days from the Effective Date, unless the Bank decides to extend this period.
- 5.3 Disbursement shall take place from the Effective Date and no later than 5 (five) years from the date of First Disbursement (the **Closing Date**), or such later date as shall be agreed between the Recipient and the Bank. The tentative Closing Date is 18/04/2021G.
- 5.4 Without prejudice to the generality of Article 5.1, and the provisions of Article 3, the Recipient shall, when submitting the application for the Disbursement in favour of the Contractor or the Consultant, provide a copy of the Contract or Consultancy Contract (as the case may be) together with a copy of any applicable insurance policy and other supporting documents relevant to the Disbursement request.
- 5.5 The Consultant shall verify all Disbursement requests to be submitted to the Bank.
- 5.6 The Bank shall not be obliged to effect any Disbursement hereunder if the Disbursement application is not in conformity with this Agreement and in accordance with the financing plan for the Project as approved by the Bank or if the documents submitted by the Recipient are incomplete or otherwise defective. The Recipient shall be responsible for any delay in effecting Disbursement if such delay is due to the application being not in conformity with this Agreement or due to insufficiency of or discrepancy in the required documents.
- 5.7 A Special Account in United States Dollars will be opened with the central bank of the Recipient or in a local commercial bank acceptable to the Bank for easy and timely disbursement of the Project. With the exception that the maximum disbursement limit is increased to USD3,000,000.00 (United States Dollars Three Million), the replenishment of the Special Account and other matters shall be in accordance with the Guidelines for Opening a Special Account.

Article-6 DELIVERY, ACCEPTANCE

- 6.1 The Recipient undertakes to examine the Asset before it takes delivery thereof to ensure their conformity to the specifications set out in the Contract and to ascertain that the Asset are in a good condition and free of such defects as could be revealed by a proper examination thereof.
- 6.2 The Recipient undertakes that as soon as it has examined the Asset it will immediately inform the Bank by telex or letter or telefax as to the result of such examination. In particular, the Recipient shall indicate to the Bank whether it has found the Asset conforming in all respects to the Contract and has taken delivery thereof, or whether it has found the same not in conformity with the Contract. If the Bank does not receive such notification within 30 days from the date of delivery of the Asset, the Bank shall consider that the Recipient has taken the responsibility of ensuring that the Asset conform in all respects to the Contract.

- 6.3 If the examination of the Asset reveals that the Asset does not conform to the Contract in any respect, the Recipient shall immediately communicate with the Bank to consult on whether to reject and return the Asset to the Contractor or to accept the Asset and sue the Contractor for damages.
- 6.4 The Recipient shall take, or cause to be taken, delivery of the Asset and the Recipient will be deemed to have irrevocably accepted the Asset for all purposes thereof upon issuance of the Acceptance Certificate.
- 6.5 The Recipient shall indemnify the Bank for any costs, expenses or loss resulting from its failure, for any reason whatsoever, to take delivery of the Asset after issuance of the Acceptance Certificate.

Article-7 INDEMNITY

- 7.1 The Recipient hereby undertakes to indemnify the Bank, on a net after-tax basis (at the applicable local and foreign tax rates) against, and agrees to protect, save and keep harmless, the Bank from any, and all obligations, fees, liabilities, losses, damages, penalties, demands, actions, judgments and expenses, including reasonable legal fees and expenses (including such legal fees and expenses incurred in connection with the enforcement of this Agreement), of every kind and nature whatsoever imposed on, incurred by, or asserted against the Bank arising out of:
- (a) ownership, possession, use, documentation, removal, return, or other applications or dispositions under the Contract or the Consultancy Contract, including such as may arise from:
 - (i) any loss or damage to any property or death or injury to any person;
 - (ii) patent or latent defects in the Asset;
 - (iii) any claims based on strict liability in tort or otherwise;
 - (iv) any claim based on patent, trademark or copyright infringement;
 - (v) any claims based on liability arising under the applicable environmental laws or environmental approvals;
 - (vi) any claims, encumbrances, security interests, liens, legal processes regarding title to the Asset or the land on which it is constructed;
 - (vii) any claim or dispute relating to the Contract or any letter of credit established pursuant thereto or relating to the Consultancy Contract.
 - (b) the occurrence of any default or any other failure on the part of the Recipient or the Contractor to perform or comply with any term of this Agreement, or any document, agreement or contract entered into in relation hereto or otherwise in relation to the Asset but excluding any claim based upon any failure on the part of the Bank to comply with its obligations under this Agreement or any document, agreement or contract entered into by the Bank in relation hereto or otherwise in relation to the Asset.
- 7.2 The Recipient shall give the Bank prompt notice of any occurrence or condition known to the Recipient as a consequence of which the Bank is or is reasonably likely to be

entitled to indemnification. The indemnification provided in Article 7.1 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Recipient and the Recipient hereby expressly waive, as against the Bank, any immunity to which the Recipient might otherwise be entitled under any applicable laws. The Recipient shall promptly upon request by the Bank (but in any event within fifteen days of such request) reimburse the Bank for amounts expended by it in connection with any of the foregoing or pay such amounts directly. The Recipient shall be subrogated to the Bank's rights in any matter with respect to which the Recipient has actually reimbursed the Bank for amounts expended by it or has actually paid such amounts directly pursuant to Article 7.1. In case any action or proceeding is brought against the Bank in connection with any indemnified claim, the Bank will, after receipt of notice of the commencement of such action or proceeding, notify the Recipient thereof, enclosing a copy of all papers served upon the Bank. The Recipient may, and upon the Bank's request, resist and defend such action or proceeding at the Recipient's expense, or cause the same to be resisted or defended by counsel selected by the Recipient or any other authorized person. In the event of any failure by the Recipient to do so, the Recipient shall pay all costs and expenses (including reasonable attorney's fees and expenses) incurred by the Bank in connection with such action or proceeding.

Article-8 REPRESENTATION

The Recipient represents that:

- 8.1 all governmental authorizations and actions of any kind necessary to authorize or required for the validity or enforceability of the obligations contemplated under this Agreement have been obtained or performed and are valid and subsisting in full force and effect; and
- 8.2 under the applicable laws at the date of this Agreement, the claims of the Bank against the Recipient under this Agreement will rank at least pari passu with the claims of all other unsecured creditors for any indebtedness of the Recipient.

Article-9 EVENTS OF DEFAULT

- 9.1 If one of the events specified in this Article shall have happened and be continuing, then the Bank, by notice to the Recipient, may exercise its rights under this Agreement, including those provided under Article 11.1(b) and 11.4(e) without any further notice:
 - (a) default shall have occurred in the performance of any obligation of the Recipient under this Agreement and any such default shall have continued for a period of 30 (Thirty) days from the date of the notification of such default to the Recipient.
 - (b) any representation or warranty confirmed or made by the Recipient in connection with the execution and delivery of this Agreement shall be found to have been incorrect in any material respect and shall continue to be incorrect for a period of 30 (Thirty) days after notice thereof shall have been given to the Recipient by the Bank;
 - (c) any obligation or purported obligation of the Recipient under or arising out of this Agreement being or becoming wholly or in part invalid or unenforceable whether or not always known to the Bank.



- 9.2 If any Event of Default or any event which, with lapse of time or notice and lapse of time, would become an Event of Default shall have happened, the Recipient shall immediately give the Bank notice thereof by telex or facsimile, specifying the nature of such Event of Default or such event and any steps the Recipient is taking to remedy the same.
- 9.3 No course of dealing and no delay in exercising, or omission to exercise, any right, power or remedy accruing to the Bank upon any default under this Agreement or any other agreement shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence therein; nor shall the action of the Bank in respect of any such default, or any acquiescence by it therein, affect or impair any right, power or remedy of the Bank in respect of any other default.

Article-10 EFFECTIVENESS

This Agreement shall become effective from the Effective Date of the Istisna'a Agreement.

Article-11 SUSPENSION, CANCELLATION, TERMINATION

- 11.1 **Suspension:** The Bank may decide to suspend the Agreement, the agency and the obligations of the Bank in the following cases:
- (a) an extraordinary situation shall have arisen which, shall make it, in the opinion of the Bank, improbable that the Recipient would be able to fulfil its obligations under this Agreement, or shall prevent the attainment of the purposes for which this Agreement is entered into;
 - (b) an Event of Default has occurred.
- 11.2 Any suspension of this Agreement, the agency and the obligations of the Bank hereunder shall continue until the event or events which gave rise to such suspension shall have ceased to exist and until the Bank shall have notified the Recipient that the agency has been restored; provided, however, that the Recipient shall continue to perform its obligations in accordance with any conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other provision of this Agreement.
- 11.3 **Cancellation:** the appointment of the Recipient as agent shall be cancelled with respect to the components of the Project, which the Parties have determined, by agreement that they do not require to be financed by the Bank anymore.
- 11.4 **Termination:** the Agreement, the agency and obligations of the Bank hereunder shall be liable for termination in any of the following cases:
- (a) if within 6 (Six) months from the date of the Agreement, the Agreement has not become effective;
 - (b) if within 6 (Six) months from the Effective Date of the Agreement, the Recipient has not applied for the First Disbursement.
 - (c) when requested by the Recipient, but in any case before the conclusion of the Contract;

- (d) unless the Bank shall otherwise agree, upon termination of the Contract for up to 60 (Sixty) days due to the Contractor's failure to fulfil any of its obligations under the Contract and the Recipient's failure to take, within such period and to the satisfaction of the Bank, appropriate action to remedy the situation;
- (e) when a suspension continues for more than 180 days;
- (f) when all obligations of the Parties under this Agreement have been fully discharged.

11.5 Neither cancellation in accordance with Article 11.3 nor termination in accordance with Article 11.4 shall affect any commitment made, obligations incurred or rights accrued prior to the date of such cancellation or termination.

Article-12 SURVIVAL

Articles 4.6(f), 4.7(c) & (d) and 7 shall survive the termination of the present Agreement following delivery of the Asset and issuance of the Acceptance Certificate.

Article-13 INCORPORATION OF PROVISIONS OF THE ISTISNA'A AGREEMENT

The provisions of Article 10 (Waiver), Article 11 (Governing Law, Settlement of Disputes), Article 12 (Coordination, Notices), Article 13 (Miscellaneous), Annex-I (Description of the Project), and Annex-II (Description of the Asset) of the Istisna'a Agreement are incorporated by reference to the present Agreement.

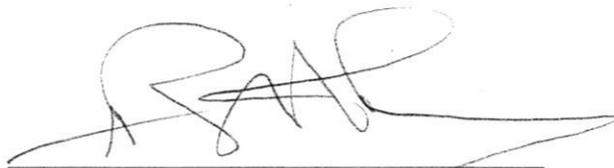
[END OF ARTICLES]



Execution Page:

IN WITNESS WHEREOF, the Parties, through their duly authorized representatives, have signed this Agreement on the date first above written.

FOR AND ON BEHALF OF
REPUBLIC OF SIERRA LEONE



FODAY B. L. MANSARAY (Alhaji)
Minister of State, Ministry of Finance and Economic Development

FOR AND ON BEHALF OF
ISLAMIC DEVELOPMENT BANK



DR. AHMAD MOHAMED ALI
President

Annex: PROCUREMENT OF GOODS AND SERVICES

Project Components	Contract Package – Type and Description	Procurement Methods**	Remarks
Infrastructure and Physical Assets in RGPs	Goods and Works exceeding US\$10,000	NCB/ National Shopping/ International Shopping	NCB for contracts exceeding US\$150,000 and National Shopping for contracts below that amount. International shopping may be used if items not available locally.
	Electricity Grids	ICB	Specialized grid structures
	Community goods less than US\$10,000	National shopping/ Direct Contract	Direct contract for items below US\$5,000.
	Design and Supervision Consultancy	International Shortlist	
	Infrastructure Construction less than US\$10,000	Community Contracts	If community expertise are not available national shopping will be conducted. Works below US\$5,000 will be directly contracted.
Institutional Capacity Building and Development Planning	Facilitation for Community Organizations and Development Planning	Existing NaCSA staff and open competition.	IDBs no objection will be required on the CVs of the appointed staff.
<p><i>NCB=National Competitive Bidding, QCBS=Quality and Cost Based Selection, ICB-MC=International Competitive Bidding limited to Bank's Member Countries</i></p> <p><i>**For all packages review of the procurement methods will be carried out by the Bank as per its procurement guidelines.</i></p>			



LOAN AGREEMENT

BETWEEN

REPUBLIC OF SIERRA LEONE

AND

ISLAMIC DEVELOPMENT BANK
(IN ITS CAPACITY AS THE ADMINISTRATOR OF THE
ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT)

REGARDING GIETRENK: SIERRA LEONE COMMUNITY DRIVEN DEVELOPMENT
PROJECT (PHASE-II)

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LOAN AGREEMENT

This Loan Agreement (the **Agreement**) is made on 21/8/1436H corresponding to 8 / 6 /2015G,

Between

The **Republic of Sierra Leone** (hereinafter referred to as the "**Borrower**")

And

The **Islamic Development Bank (IDB)** in its capacity as the administrator of the Islamic Solidarity Fund for Development (ISFD) (hereinafter referred to as the "**Bank**").

The Borrower and the Bank are hereinafter referred to individually as "**Party**" and collectively as "**Parties**".

Whereas,

- A. The Borrower has requested the Bank to assist in financing Gietrenk: Sierra Leone Community Driven Development Project (Phase-II) as described in Annex-I;
- B. ISFD is a special fund within IDB for the purpose of financing different productive and service projects and programs that help in reducing poverty in member countries of the Organization of Islamic Cooperation (OIC); and
- C. The Board of Directors of ISFD has on 25/12/1435H (19/10/2014G) approved to make available a loan, as specified in Article-2, to the Borrower upon the terms and conditions hereinafter set forth.

Now, therefore, the Parties agree as follows:-

Article-1 GENERAL CONDITIONS, DEFINITIONS AND INTERPRETATIONS

1.1 The Parties accept all the provisions of the General Conditions with the same force and effect as if they were fully set forth herein.

1.2 Unless the context otherwise requires, the terms defined in the General Conditions and in this Agreement shall have the meaning ascribed to them wherever used in this Agreement. In addition, the following terms shall have the meaning ascribed to them:

Consultant: the individual consultant as well as any consulting firm selected in accordance with the provisions of this Agreement for the supervision of the implementation of the Project.

Disbursement Procedures: The effective "Disbursement Procedure" of the Bank as well as any amendment thereto.

Disbursement: any withdrawal from the Loan to cover the cost of the components financed in accordance with this Agreement.



Executing Agency:	the entity identified in Section 6.1 of the Agreement and responsible for the implementation of the Project for and on behalf of the Borrower.
First Disbursement:	the first Disbursement following the Effectiveness in accordance with this Agreement and the Disbursement Procedures.
General Conditions:	the "General Conditions Applicable to Loan and Guarantee Agreements" dated 08/11/1976 approved by the Board of Executive Directors of the Bank (BED Resolution No.47/BED/96/10(27)).
ISFD Operational Policies and Guidelines:	the operational "Policies Guidelines for the Islamic Solidarity Fund for Development" as approved by its Board of Directors (No.ISFD/1429H/BOD/02/(6)) in 2008G. In the event of any gap in the coverage of operational policies and guidelines, the pertinent policies and guidelines of IDB shall apply.
Loan/Loan Amount:	the amount, the Bank has agreed to lend to the Borrower as specified in Article-2.
Principal Amount:	the total Disbursements in accordance with this Agreement.
Procurement Guidelines:	the Bank's "Guidelines for Procurement of Goods and Services".
Project:	the project described in Recital-A above.
Sanctionable Practices:	<p>any of Corrupt practice, Coercive practice, Collusive practice, Fraudulent practice or Obstructive practice:</p> <ul style="list-style-type: none"> (i) Corrupt Practice: means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party; (ii) Coercive Practice: means any act or omission impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party. (iii) Collusive Practice: means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party. (iv) Fraudulent practice: means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

- (v) **Obstructive Practice:** means,
- (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede the Bank investigation into allegations of a Corrupt, Fraudulent, Coercive or Collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - (b) acts intended to materially impede the exercise of the Bank's access to contractually required information in connection with the Bank's investigation into allegations of a Corrupt, Fraudulent, Coercive or Collusive practice.

Service Fee: the fee to cover the administrative expenses of the Bank in administering the Loan in accordance with Sections 3.02 of the General Conditions and 3.2 of this Agreement.

USD/US\$/US Dollars: the lawful currency of the United States of America.

1.3 Interpretations:

- (i) an "annex", "schedule", shall, subject to any contrary indication, be construed as a reference to an annex, schedule of the agreement or document in which such reference appears;
- (ii) "including" shall be construed as a reference to "including, without limitation";
- (iii) this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, notated or supplemented;
- (iv) "Article", "Section", "paragraph", or "preamble" shall, unless a contrary indication appears, be construed as one in or to this Agreement;
- (v) the headings in this Agreement are for convenience only and are not intended, and shall not be construed, to alter, limit, or enlarge in any way the scope or meaning of the language contained in this Agreement;
- (vi) the singular includes the plural and vice versa; and
- (vii) a "day" and "year" shall be to a day, month and year, respectively of the Gregorian calendar.

Article-2 THE LOAN

- 2.1 The Bank shall make available to the Borrower a loan in an amount not exceeding USD15,000,000.00 (United States Dollars Fifteen Million) approximately equivalent to ID10.00 million (Islamic Dinar Ten Million).
- 2.2 The obligation of the Bank to make the Loan available under this Agreement is conditional upon:
- (i) the effectiveness of this Agreement being achieved within 180 (One Hundred and Eighty) days from the date of this Agreement unless the Bank decides to extend this period; and
 - (ii) the submission of a request to make the First Disbursement within 180 (One Hundred and Eighty) days from the Date of Effectiveness or such later date as shall be agreed between the Borrower and the Bank.
- 2.3 Except as the Bank shall otherwise agree, Goods and services to be financed from the proceeds of the Loan shall be procured in accordance with the Procurement Guidelines. In this regard, the Borrower shall abide by the Regulations of the Organization of Islamic Cooperation concerning Boycott of Israel.
- 2.4 The Disbursement shall take place from the Date of Effectiveness and by no later than 18/04/2021 G (the **Closing Date**). Any Disbursement request by the Borrower shall be in accordance with Schedule-C of Annex-II and other provisions of this Agreement, the General Conditions and the Disbursement Procedure.
- 2.5 All the amounts withdrawn by the Borrower from the Loan shall be used solely for the purpose of the Project.
- 2.6 Subject to Section 2.7, all payments for Goods and services provided for under this Agreement shall be made by direct payment in accordance with the Disbursement Procedures.
- 2.7 A Special Account in United States Dollars will be opened with the central bank of the Borrower or in a local commercial bank acceptable to the Bank for easy and timely disbursement of the Project. With the exception that the maximum disbursement limit is increased to USD1,000,000.00 (United States Dollars One Million), the replenishment of the Special Account and other matters shall be in accordance with the Guidelines for Opening a Special Account..

Article-3 PAYMENT OF PRINCIPAL AMOUNT AND SERVICE FEE

- 3.1 The Borrower shall repay the Principal Amount in Thirty (30) years including a Ten (10) years grace period commencing from the date of this Agreement in US Dollars and in Forty (40) consecutive semi annual installments as set forth in Schedule-A of Annex-II.

- 3.2 The Borrower shall pay to the Bank a Service Fee of an amount estimated initially at USD562,500.00 (US Dollars Five Hundred and Sixty-two Thousand and Five Hundred) in the manner set forth in Schedule-B of Annex-II. The Service Fee will be payable from the date of this Agreement and shall be calculated and levied in accordance with Bank's Guidelines for Calculation and Levy of Service Fee on Loans.
- 3.3 The amount of the Service Fee referred to in Section 3.2 is an estimation based on the assumption of the implementation period and the period of disbursement of the Loan Amount as herein envisaged. The actual amount of the Service Fee shall be calculated after the implementation of the Project, provided that the amount shall not exceed 0.75% of the Loan Amount when calculated on annual basis.
- 3.4 Any payment under this Agreement, including repayments of the Principal Amount and Service Fee, shall be considered duly made when funds constituting such payments are credited to an account indicated for this purpose by the Bank.
- 3.5 Without prejudice to the generality of the provisions of Section 3.4, any payment hereunder shall be deemed to have been duly made when either of the following banks confirms the receipt of such payment to the Bank.

Bank:	Gulf International Bank (UK) London
Currency:	US Dollars
IBAN No:	GB77 SINT 60928000159149 PAF
Account No:	000111058
Swift:	SINTGB2L
Correspondent:	HSBC Bank USA, New York
Swift(USD Correspondent):	MRMDUS33

- 3.6 If any payment becomes due on a day on which the banks are not officially open for business in the place where payment is to be effected by the Borrower in the currency concerned, such payment shall be made on the following day on which such banks are open for business.
- 3.7 If the Borrower fails to pay any amount payable hereunder when it is due, the Borrower, in addition to the amount due, shall,

- (a) in accordance with the Principles of Islamic Shari'ah, compensate the Bank for any loss, damage, reasonable actual costs and expenses (including, but not limited to any legal, or collecting agent's costs and expenses) incurred by the Bank as a result of delay in payment to the Bank.
- (b) pay the Bank a late payment charge in respect of the overdue amount, any such late payment charge shall be calculated and applied as a sum determined by the Bank after applying the formula indicated below:

$$\frac{A \times B \times C}{360}$$

Where: "A" means the unpaid amount;
 "B" means 01% per annum; and
 "C" means the number of days from and including such due date to, and, including the date of actual payment (whether before or after judgment).

The Bank shall, after the deduction of all actual costs and expenses incurred, pay any amount received pursuant to this Article to the Bank's Waqf Fund Account.

Account No: 0000 100 102
Bank Name: The British Arab Commercial Bank
SWIFT Code: BACMGB2L
IBAN: GB69 BACM 4051 3200 100 102

Article-4 DECLARATION OF EFFECTIVENESS

This Agreement and the obligations of the Bank hereunder shall not be effective until and unless the Borrower provides documents to the satisfaction of the Bank relating to the following:

- (i) Evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized or ratified by the competent authorities of the Borrower;
- (ii) Legal opinion acceptable to the Bank emanating from the chief legal and/or judiciary authority of the Borrower stating that the provisions of the Agreement constitute enforceable binding obligations upon the Borrower substantially in the form provided in Annex-III to this Agreement;
- (iii) (a) A letter issued by the Ministry of Finance or any other duly authorized organ of the Borrower to the central bank of Republic of Sierra Leone instructing/authorizing the central bank that payment of the Principal Amount and the Service Fee installments by the Borrower under this Agreement shall be effected by the central bank on the dates on which they fall due; and

The central bank acknowledging that it has received the said letter of instruction/authorization and that it will adhere to the instructions contained therein;

OR

The Borrower, through its Ministry of Finance or any other duly authorized organ, shall provide the Bank with a letter confirming that the concerned department or unit charged with servicing external debt has been instructed to make payment of the Principal Amount and the Service Fee installments on due dates.

Article-5 SUSPENSION, CANCELLATION AND TERMINATION

5.1 The Bank may upon notice to the Borrower terminate this Agreement and all obligations of the Parties if, in accordance with Article 2.2 and subject to the exceptions provided therein:

- (i) the Agreement has not been declared effective within 180 (One Hundred and Eighty) days from the date of this Agreement unless the Bank decides to extend this period; or
- (ii) The Borrower has not submitted a request for First Disbursement within 180 (One Hundred and Eighty) days from the Date of Effectiveness unless the Bank decides to extend this period.

- 5.2 In addition to the provisions of Article-VI of the General Conditions, the Bank may, by notice to the Borrower, suspend and/or cancel the Loan or any part thereof, if at any time, with respect to the implementation of the Project, including with respect to the procurement or execution of any contract concluded by virtue of this Agreement, the Bank determines that any person or entity has engaged in Sanctionable Practices without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation or to address such practices when they occur.

Article-6 EXECUTION OF THE PROJECT

- 6.1 National Commission for Social Action (NaCSA) shall be the Executing Agency.
- 6.2 The implementation of the Project shall be completed within 5 (five) year from the Date of Effectiveness.
- 6.3 The Borrower undertakes to:
- (i) implement the Project and to conduct its operations and affairs through the Executing Agency with due diligence and efficiency and in accordance with sound administrative, financial, engineering and economic practices, under the supervision of qualified and experienced management and personnel and in accordance with the Bank's approved budgets, plans and specifications concerning the Project approved by the Bank;
 - (ii) ensure or cause to be ensured that, all contractors and consultants providing Goods or carrying out works and/or services under the Project carry out their activities under the Project with due diligence and efficiency and in accordance with sound, technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including with the provisions of any anti-corruption guidelines applicable to the Borrower;
 - (iii) make appropriate arrangements so that the Executing Agency will at all times function under rules and regulations in form and substance satisfactory to the Bank and have such powers, management and administration as are necessary for the diligent and efficient implementation of the Project.
 - (iv) submit to the Bank for its approval, in such detail as the Bank may reasonably request, any envisaged important modifications to the budget, plans and specifications of the Project as well as any substantial changes in any contract for services or procurement of Goods relating to the execution of the Project.
 - (v) ensure that the proceeds from the Loan shall not be used to finance any expenditure with respect to which the Bank determines that Sanctionable Practices were engaged in by representatives of the Borrower or other recipient of the proceeds from the Loan, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.

Article-7 REPRESENTATIONS

The Borrower represents that:

- (i) all governmental authorizations and actions of any kind necessary to authorise or required for the validity or enforceability of the obligations contemplated under the Agreement have been obtained or performed and are valid and subsisting in full force and effect.
- (ii) under the laws of the Republic of Sierra Leone in force at the date of this Agreement, the claims of the Bank against the Borrower under this Agreement will rank at least *pari passu* with the claims of all other unsecured creditors for any indebtedness of the Borrower; and
- (iii) the concerned department or unit charged with servicing external debt has been instructed to make payment of the Principal Amount and the Service Fee instalments on due dates.

Article-8 PARTICULAR COVENANTS

- 8.1 The Borrower shall make available promptly, as needed, all sums including amounts necessary for local currency cost which shall be required for the implementation of the Project, on terms and conditions satisfactory to the Bank. Without prejudice to the generality of the foregoing, the Borrower undertakes to provide from its own resources the necessary funds for adequate operation and regular maintenance of the Project after completion thereof.
- 8.2 Except as the Bank shall otherwise agree and provided that the Procurement Guidelines are followed, the Borrower shall award contracts for procurement of Goods and services financed from the proceeds of the Loan as in Annex-IV.
- 8.3 The Borrower shall seek the prior approval of the Bank for the awarding of:
 - (i) any contract for Goods and works with value exceeding the equivalent of US\$150,000.00 (United States Dollars One Hundred Fifty Thousand); and
 - (ii) all contracts for consultancy services.
- 8.4 Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall allow the Bank a reasonable time period to comment on any substantial changes to be made to any contract for services or procurement of Goods relating to the execution of the Project, including any extension of the contract period.
- 8.5 The Borrower shall ensure, or cause to be ensured, that anti-corruption and anti-fraud provisions acceptable to the Bank are included in all bidding documents and contracts, including provisions specifying the right of the Bank to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.
- 8.6 The Borrower shall promptly furnish the Bank with approved studies of, and the plans and specifications for, the Project, the schedule of its execution and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.
- 8.7 The Borrower shall establish and maintain adequate records to:

- (i) identify the Goods and/or services financed from the proceeds of the Loan Amount and disclose their use in the Project;
 - (ii) record the progress of the Project; and
 - (iii) reflect in accordance with consistently maintained sound accounting practices, the operations and financial position of the Executing Agency.
- 8.8 The Borrower shall, during the implementation of the Project and until fulfilling all its obligations hereunder, afford all reasonable opportunity for accredited representatives of the Bank to make visits and inspect the Project, the Goods and any relevant records and documents in relation thereto; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds from the Loan, the Project, the Goods and the operations and financial position of the Executing Agency.
- 8.9 The Borrower shall take out or shall cause to be taken out adequate insurance from reputable insurers acceptable to the Bank for all Goods and works financed by the Bank. Such insurance shall cover marine, transit and other risks incidental to purchase and importation of the Goods into the territory of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts, as are consistent with sound commercial practices. Such insurance will be made in accordance with applicable laws on the understanding that the proceeds of insurance will be paid in the currency of the contract or in a freely convertible currency in accordance with the Procurement Guidelines.
- 8.10 The Borrower shall make available, as and when needed, all such land and rights in respect of land as shall be required for carrying out the Project and shall furnish to the Bank, at its request, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project.
- 8.11 The Borrower shall take all action which shall be necessary on its part to enable the Executing Agency to implement the Project and shall not take, or permit to be taken any action which would prevent or interfere with the implementation or operation of the Project or the performance of any obligations under this Agreement.
- 8.12 Unless otherwise decided by the Bank, the Borrower shall consider as confidential all documents, correspondence, and information provided by the Bank to the Borrower.
- 8.13 All taxes, charges, fees and duties related to the Bank's financing of the Project shall be borne by the Borrower.
- 8.14 The Borrower shall ensure that there is no funding gap for the Project and shall be responsible for all cost overruns.
- 8.15 The Borrower shall ensure that in the implementation of the Project, the Bank's participation is acknowledged by, amongst other measures, sign-postings at all sites, and with printing on all equipment and documents, the following phrase and its translation in all languages used and understood in the locality of the Project.

“Project Financed by the Islamic Solidarity Fund for Development”

Article-9 REPORTS

- 9.1 The Parties shall cooperate fully and share information in order to ensure that the proceeds from the Loan are utilized for the purposes of accomplishing the Project. To this end, each Party shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan and the Project. On the part of the Borrower, such information shall include information with respect to financial and economic conditions, including the balance of payments position of the Borrower.
- 9.2 (i) The Borrower shall submit or ensure submission, , to the Bank, to the latter's satisfaction and at the times specified for each, the following reports:
- (a) within 30 (Thirty) days after the end of each quarter, or within such other period as the Parties may agree, a report on the execution of the Project in such manner as the Bank may, from time to time, specify;
 - (b) such other reports as the Bank may reasonably request regarding the application of the proceeds from the Loan and the progress of the Project;
 - (c) promptly after completion of the Project, but in any event not later than 180 (One Hundred and Eighty) days after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a completion report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project.
- (ii) The documents described in this Section shall be certified at the option of the Bank, in such manner as the Bank may reasonably require.

Article-10 SETTLEMENT OF DISPUTES

- 10.1 In the event of a dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination and any claim by any Party against the other Party arising under this Agreement, which could not be determined by agreement of the Parties within 30 (Thirty) days of notice by one Party to the other, shall be submitted to an arbitration panel for final and binding decision in accordance with the rules and procedures of the International Islamic Centre for Reconciliation and Arbitration (IICRA), Dubai, United Arab Emirates. The arbitration rules and procedures of IICRA shall be in lieu of any other procedure for the determination of disputes between the Parties to this Agreement or any claim by any Party against the other Party arising thereunder.
- 10.2 If within 30 (Thirty) days after counterparts of the award shall have been delivered to the Parties, the award is not complied with, any Party may enter judgment upon, or institute a proceeding to enforce the award, in any court of competent jurisdiction against the other Party, may enforce such judgment by execution or may pursue any other appropriate remedy against the other Party for the enforcement of the award or the provisions of this Agreement.

- 10.3 Each Party to this Agreement agrees that any judgment rendered under this Agreement against it may be executed against its funds (assets) in any jurisdiction. The Parties hereby irrevocably waive any objection they may have to any suit, action or proceeding arising out of or relating to the enforcement of an arbitration judgment under this Agreement, whether brought in any jurisdiction in which they have funds (assets), and hereby further irrevocably waive any claim that any such suit, action or proceeding brought in any jurisdiction have been brought in any inconvenient forum.
- 10.4 To the extent that the Bank may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid or execution, before award or judgment or otherwise) or other legal process or to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity.

Article-11 CO-ORDINATION AND NOTICES

- 11.1 The Borrower hereby appoints Minister of Finance and Economic Development as the authorized representative of the Borrower (the **Borrower's Representative**) for the purposes of Section 10.03 of the General Conditions and on all matters under this Agreement and for all intents and purposes without limitation; accordingly, the Borrower's Representative shall:
- (i) directly deal with the Bank.
 - (ii) be directly responsible for fulfilling the obligations incumbent on the Borrower by virtue of this Agreement;
 - (iii) be directly responsible for communicating with the Bank on all matters pertaining to the implementation of this Agreement; and
 - (iv) at all times, conduct proper and efficient coordination and cooperation, and ensure that the Borrower and the Executing Agency carry out their duties hereunder.
- 11.2 The Borrower may change the Borrower's Representative hereunder by giving written notice to the Bank.
- 11.3 Any notice, request, consent, approval or other communication to be given or made under this Agreement and for the purpose of Section 10.01 of the General Conditions shall be in writing and shall be deemed to have been duly given when delivered by hand, airmail, established courier service, or facsimile to the Party to which it is given at such Party's address specified below or at such other address as such Party shall have designated by notice to the Party giving such notice, request or communication.

For the Borrower:

Treasury Building
George Street, Freetown
The Republic of Sierra Leone
Tel: 232-22-222211/225826
Fax: 232-22-228355/228472
Email: info@mofed.gov.sl

For the Bank:

8111 King Khalid St. Al Nuzlah Al Yamania Dist.

Unit No.1

Jeddah-22332-2444

Kingdom of Saudi Arabia

Tel: +966 12 6361400

Fax: +966 12 6366871

Email: archives@isdb.org

Article-12 MISCELLANEOUS

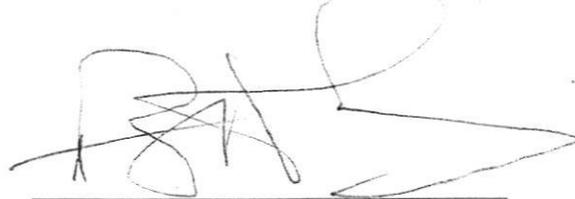
- 12.1 The recital and the annexes are an integral part of this Agreement.
- 12.2 This Agreement, including any amendments, may be executed in counterparts, which shall, in all cases, constitute a single agreement. Copies of this Agreement will be equally binding as originals and faxed or scanned and emailed counterpart signatures will be sufficient to evidence execution, though the Parties may require original signed documents to be delivered.
- 12.3 This Agreement is the entire agreement and supersedes any prior oral or written agreement or communications between the Parties regarding its subject matter. The provisions of this Agreement are severable so that if any provision is found to be invalid, illegal or unenforceable, such finding shall not affect the validity, construction or enforceability of any remaining provision.
- 12.4 This Agreement may only be amended by a mutual written agreement of the Parties.
- 12.5 The date of this Agreement shall, for all purposes of this Agreement, be that appearing in the Preamble.

[END OF ARTICLES]

Execution Page

IN WITNESS WHEREOF, the Parties, through their duly authorized representatives, have signed this Agreement on the date first above written.

FOR AND ON BEHALF OF
REPUBLIC OF SIERRA LEONE



FODAY B. L. MANSARAY (Alhaji)
Minister of State, Ministry of Finance and Economic Development

FOR AND ON BEHALF OF
ISLAMIC DEVELOPMENT BANK
(IN ITS CAPACITY AS THE ADMINISTRATOR OF THE
ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT)



DR. AHMAD MOHAMED ALI
President



Annex-I DESCRIPTION OF THE PROJECT

- 1) The aim of the Project is to reduce poverty and attain sustainable improvement in well-being of the population in Sierra Leone. The development objective of the Project is to build the livelihoods of rural poor by providing them access to socio-economic opportunities and capacity building.
- 2) The scope of GIETRENK is designed around the seven guiding principles of SLA¹, ensuring that the Project interventions support the livelihood outcomes by either enhancing the assets of the poor or building on the opportunities they identify, or improving the environment and context in which they operate (PIP). The Project specifically focuses on the process and institutions of the poor to encapsulate the above elements by taking community driven development approach to the design of interventions. It is envisioned that this multi-pronged and integrated approach to developing community livelihoods will have a sustained and lasting impact on improving the well-being of the target communities.
- 3) The Project builds on and scales-up the Sierra Leone Community Driven Development (SLCDD) Phase-1, which was funded by the Bank and implemented by National Commission for Social Action (NaCSA). The main objective of Phase-1 was to assist the war affected communities reduce poverty, and build local capacity for collective action thus contributing to the country's stability, peace and sustainable growth.
- 4) The Project will have five key components Table 1 below:
 - (a) Infrastructure Development in growth poles;
 - (b) Support for Livelihood and Micro and Small enterprise development;
 - (c) Institutional Capacity Building and Community Development Planning;
 - (d) Monitoring, Knowledge Management and Advocacy, and
 - (e) Support for Project Implementation and Management.

Sr. No.	Project Components	IDB Istisna'a		ISFD Loan		GoSL		Total Cost
		Amt.	%	Amt.	%	Amt.	%	
A.	Infrastructure Development in RGPs	30.60	91	0.00	-	3.13	9	33.73
B.	Support for Livelihood and MSE Development		-	8.41	95	0.40	5	8.81
C.	Institutional Capacity Building and Development Planning	1.00	41	1.21	50	0.20	8	2.41
D.	Monitoring, Knowledge Management and IEC	-	-	0.65	93	0.05	7	0.70
E.	Support for Project Implementation	-	-	3.38	77	1.00	23	4.38
F.	Base Cost	31.60	63	13.65	27	4.78	10	50.03
G.	Contingency*	0.08	4	1.35	71	0.48	25	1.91
I.	Grand Total	31.68	61	15.00	29	5.25	10	51.93

*no contingency has been put for block financing under infrastructure development

¹The seven guiding principles of SLA include: be people centered, be holistic, be dynamic, build on strengths, promote micro-macro links, encourage broad partnerships, and aim for sustainability.

Schedule-A Payment of the Principal Amount		
Number	Date	Amount (USD)
1	6/30/2025	375,000.00
2	12/31/2025	375,000.00
3	6/30/2026	375,000.00
4	12/31/2026	375,000.00
5	6/30/2027	375,000.00
6	12/31/2027	375,000.00
7	6/30/2028	375,000.00
8	12/31/2028	375,000.00
9	6/30/2029	375,000.00
10	12/31/2029	375,000.00
11	6/30/2030	375,000.00
12	12/31/2030	375,000.00
13	6/30/2031	375,000.00
14	12/31/2031	375,000.00
15	6/30/2032	375,000.00
16	12/31/2032	375,000.00
17	6/30/2033	375,000.00
18	12/31/2033	375,000.00
19	6/30/2034	375,000.00
20	12/31/2034	375,000.00
21	6/30/2035	375,000.00
22	12/31/2035	375,000.00
23	6/30/2036	375,000.00
24	12/31/2036	375,000.00
25	6/30/2037	375,000.00
26	12/31/2037	375,000.00
27	6/30/2038	375,000.00
28	12/31/2038	375,000.00
29	6/30/2039	375,000.00
30	12/31/2039	375,000.00
31	6/30/2040	375,000.00
32	12/31/2040	375,000.00
33	6/30/2041	375,000.00
34	12/31/2041	375,000.00
35	6/30/2042	375,000.00
36	12/31/2042	375,000.00
37	6/30/2043	375,000.00
38	12/31/2043	375,000.00
39	6/30/2044	375,000.00
40	12/31/2044	375,000.00
Total:		15,000,000.00

Schedule-B Payment of Service Fee		
Number	Date	Amount (USD)
1	12/31/2015	22,500.00
2	6/30/2016	22,500.00
3	12/31/2016	22,500.00
4	6/30/2017	22,500.00
5	12/31/2017	22,500.00
6	6/30/2018	22,500.00
7	12/31/2018	22,500.00
8	6/30/2019	22,500.00
9	12/31/2019	22,500.00
10	6/30/2020	22,500.00
11	12/31/2020	22,500.00
12	6/30/2021	31,500.00
13	12/31/2021	31,500.00
14	6/30/2022	31,500.00
15	12/31/2022	31,500.00
16	6/30/2023	31,500.00
17	12/31/2023	31,500.00
18	6/30/2024	31,500.00
19	12/31/2024	31,500.00
20	6/30/2025	31,500.00
21	12/31/2025	31,500.00
Total:		-562,500.00

Schedule-C					
Withdrawal of Proceeds from the Loan (US\$ Millions)					
Components	Total Cost	Bank		Borrower	
		Amount	%	Amount	%
Support for Livelihood and MSE Development	8.81	8.41	95%	0.40	5%
Institutional Capacity Building and Development Planning	1.41	1.21	86%	0.20	4%
Monitoring, Knowledge Management and IEC	0.70	0.65	93%	0.05	7%
Support for Project Implementation	4.38	3.38	77%	1.00	23%
Contingency	1.83	1.35	74%	0.48	26%
Total Project Cost:	20.25	15.00	74%	5.25	26%



Annex-III FORM OF LEGAL OPINION OF THE BORROWER'S CHIEF LEGAL AND/OR JUDICIAL AUTHORITY

[TO BE PROVIDED ON THE LETTERHEAD]

Islamic Development Bank
8111 King Khalid St. Al Nuzlah Al Yamania Dist.
Unit No.1
Jeddah-22332-2444
Kingdom of Saudi Arabia

Dear Sirs,

In my capacity as the chief legal and/or judicial authority of Republic of Sierra Leone, under the powers vested in me under the laws of Republic of Sierra Leone, I hereby certify that this document constitutes the Legal Opinion issued in relation to Article-4 of the Loan Agreement dated ___/___/___H (___/___/___G) entered into between Republic of Sierra Leone and the Islamic Development Bank in its capacity as the administrator of the Islamic Solidarity Fund for Development (the "**Bank**") (the "**Loan Agreement**") for financing Gietrenk: Sierra Leone Community Driven Development, (Phase-II) (the "**Project**") in an amount not exceeding USD 15,000,000.00 (United States Dollars Fifteen Million) approximately equivalent to ID10.00 million (Islamic Dinar Ten Million).

For the purpose of this Legal Opinion, I have examined,

- (i) the Loan Agreement;
- (ii) the authorization to enter into and sign the Loan Agreement;
- (iii) all laws, rules, regulations, orders, decrees and the like of Republic of Sierra Leone; and
- (iv) such other documents and instruments as I deemed necessary.

Accordingly, I am of the opinion that the Loan Agreement signed for and on behalf of Republic of Sierra Leone by *****

- (a) has been duly authorized, executed, delivered and ratified in accordance with applicable governmental and/or legislative procedures;
- (b) does not violate any provision of the Constitution, any law, rule, regulation, order or decree of Republic of Sierra Leone; and
- (c) constitute legal valid and binding obligations of Republic of Sierra Leone enforceable against the Republic of Sierra Leone in accordance with the terms and conditions stipulated in the said Agreement.

DONE at ***** on ___/___/___H (corresponding to ___/___/___G).

Yours truly,
Signature| Name| Designation

Annex-IV PROCUREMENT OF GOODS AND SERVICES

Project Components	Contract Package- Type and Description	Procurement Methods **	Remarks
Livelihood and MSE Development	SAG Documentation, smart phones	National Shopping	Several small lots.
	Value-chain and business development consultant	National Shortlist	Individual short-term international/ local experts may be hired where expertise not available with the local firm through competitive process.
	Islamic Microfinance	Member Country Shortlist	
	SAG Formulation (group formation services)	MYRADA	Contract will be signed with Myrada for continuity of training.
	Women Empowerment and Literacy	National Shortlist (including NGOs)	NaCSA facilitators may be used for delivering the training.
Monitoring, Knowledge Management and Advocacy	Goods for IEC	International and National Shopping/ Direct Contracting	Items below US\$5,000 through direct contracting. Items not available locally through international shopping if worth below US\$0.5 million and open ICB for items above that amount.
	M&E and thematic studies	International Shortlist/ Individual	Individual international experts (3) for thematic studies and impact evaluation.
Institutional Capacity Building+ Support for Project Management and Implementation.	Audit	National Shortlist	
	MIS System Development	National Shortlist	
	Training of local councils and master trainers/ PMU staff/ Facilitator Teams	Individuals (International and Local)	PMU staff and Facilitators shall be locals; All individuals to be selected through competitive selection with clearance on appointment by IDB.
	Goods and Works	Direct Contracting/ National Shopping	Below US\$5,000 through direct contracting.
<p><i>NCB=National Competitive Bidding, QCBS=Quality and Cost Based Selection, ICB-MC=International Competitive Bidding limited to Bank's Member Countries.</i></p> <p><i>**For all packages review of the procurement methods will be carried out by the Bank as per its procurement guidelines.</i></p>			

