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GRANT NUMBERS H170-SL and H625-SL

# Financing Agreement

(Amending and Restating Development Grant Agreement)

(Bumbuna Hydroelectric Environmental and Social Management Project)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 29, 2010

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**CONFORMED COPY**

**GRANT NUMBERS H170-SL and H625-SL**

**FINANCING AGREEMENT  
(Amending and Restating Development Grant Agreement)**

AGREEMENT dated September 29, 2010 entered into between the REPUBLIC OF SIERRA LEONE (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) under an agreement, dated June 28, 2005, between the Recipient and the Association, as amended to date (“Development Grant Agreement”), the Association agreed to provide the Recipient with a grant (“Original Grant”) in an amount equivalent to eight million three hundred thousand Special Drawing Rights (SDR 8,300,000) to assist in financing the project described in Schedule 2 to the Development Grant Agreement (“Original Project”);

(B) the Recipient has requested the Association to provide additional financial assistance in support of activities related to the Original Project, as described in Schedule 1 to this Agreement (“Project”), by making available to the Recipient an additional grant (“Additional Grant”) in an amount in various currencies equivalent to six million three hundred thousand Special Drawing Rights (SDR 6,300,000); and

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

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Development Grant Agreement, with effect as of the Effective Date of this Agreement, to read as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Preamble and Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to fourteen million six hundred thousand Special Drawing Rights (SDR 14,600,000) (“Financing”) which consists of: (a) the Original Grant in various currencies

equivalent to eight million three hundred thousand Special Drawing Rights (SDR 8,300,000); and (b) the Additional Grant in various currencies equivalent to six million three hundred thousand Special Drawing Rights (SDR 6,300,000), to assist in financing the Project.

- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are March 1 and September 1 in each year.
- 2.05. The Payment Currency is Dollar.

### **ARTICLE III — PROJECT**

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

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness is that the Recipient has appointed a financial management specialist for the Project, with qualifications and terms of reference satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient's Representative is its Minister responsible for finance.

5.02. The Recipient's Address is:

The Minister of Finance  
Ministry of Finance  
Freetown  
Sierra Leone

Facsimile:

(232) 228472

5.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

**REPUBLIC OF SIERRA LEONE**

**By: /s/ Bockari Kortu Stevens**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By: /s/ Sergiy Kulyk**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Recipient in satisfactorily addressing and mitigating the environmental and social impacts in the Project Area associated with the completion and initial operation of the Bumbuna hydroelectric dam and transmission line.

The Project consists of the following parts:

#### **Part A.**            Environmental Management and Social Mitigation

1.        Carrying out of the environmental and social safeguard measures specified in the Environmental and Social Management Plan, including: (a) establishment and initial operation of the BWMA and implementation of the BWMP; (b) implementation of the Emergency Preparedness Plan; (c) establishment and initial operation of Loma mountains national park including the preparation and implementation of the Process Framework for Loma mountains; and (d) establishment and initial operation of the Bumbuna Trust.
2.        Carrying out of the measures specified in: (a) the Dam and Reservoir Resettlement Action Plan, including the Livelihood Assessment and Income Restoration Program and the Stabilized Agriculture Program; and (b) the Transmission Line Resettlement Action Plan.

#### **Part B.**            Community Growth Poles

Carrying out of a community development program designed to ensure that eligible communities around the Bumbuna reservoir area share in the benefits of the Bumbuna hydroelectric dam in a sustainable manner, through carrying out of selected Subprojects for improved public services and infrastructure identified by eligible communities.

#### **Part C.**            Project Management, Communication, Monitoring and Evaluation

1.        Day-to-day administration, procurement, financial management, monitoring and evaluation of the Project.
2.        Provision of technical and logistical assistance to the Dam Safety Review Panel and the Environmental and Social Advisory Panel for the carrying out of their functions related to the Project.
3.        Implementation of the Communication Action Plan.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional Arrangements**

##### **A. Project Management Unit**

1. The Recipient shall maintain within the Recipient's Ministry of Energy and Water Resources, at all times during the implementation of the Project, the PMU, with a mandate, terms of reference, staffing and resources satisfactory to the Association, and which shall be responsible for the day-to-day execution, financial management, procurement, monitoring and evaluation of the Project, and for building the capacity of the BWMA and other concerned ministries and agencies for sustained implementation of the Project's environmental and social safeguard measures.
2. Without limitation to the foregoing, the PMU shall include at all times during the implementation of the Project, the following units composed of staff in numbers and with qualifications and terms of reference satisfactory to the Association: (a) an environmental safeguard management unit which shall be responsible for the implementation of the ESMP and the World Bank's applicable environmental, health and safety guidelines; (b) a resettlement unit which shall be responsible for the implementation of the RAPs and the Process Framework; (c) an accounting and procurement unit; (d) a communication unit; and (e) a monitoring and evaluation unit.

##### **B. Bumbuna Watershed Management Authority ; Environmental Offsets; Bumbuna Trust**

1. The Recipient shall maintain the BWMA with a mandate, functions, staffing and resources satisfactory to the Association, to be responsible for environmental management in the Bumbuna watershed and for implementing the measures specified in the BWMP.
2. The Recipient shall: (a) prepare, by March 31, 2011 (or such later date as the Association may specify by notice to the Recipient), and implement a consolidated Bumbuna Watershed Management Plan, including the operation of the Bumbuna Conservation Area, in a manner satisfactory to the Association; and (b) not later than December 31, 2011 (or such later date as the Association may specify by notice to the Recipient), legally establish in a manner satisfactory to the Association, and thereafter ensure the efficient maintenance and functioning of, a national park in Loma mountains as an environmental offset that mitigates the Project's impact on biodiversity.

3. The Recipient shall: (a) not later than June 30, 2011 (or such later date as the Association may specify by notice to the Recipient), legally establish in a manner satisfactory to the Association, and thereafter ensure the efficient operation of the Bumbuna Trust, for purposes and on terms and conditions acceptable to the Association, to finance the operation of the Bumbuna Watershed Management Authority, the Bumbuna Conservation Area, the Loma mountains national park, and the implementation of other measures required for the environmentally and socially sustainable management of the Bumbuna watershed; and (b) not later than June 30, 2012 (or such later date as the Association may specify by notice to the Recipient), set aside adequate resources (including a portion of the electricity tariff) for the sustainable financing of the Bumbuna Trust, in a manner acceptable to the Association.

**C. Dam Safety Review Panel**

1. The Recipient shall maintain the DSRP, until at least the completion of a post-commissioning mission, in form and with terms of reference, composition and resources satisfactory to the Association, for the purpose of reviewing and advising the Recipient on matters relative to safety and other critical aspects of the Bumbuna hydroelectric dam.
2. The Recipient shall promptly provide to the Association a copy of each report prepared by the DSRP, and shall make such reports publicly available.

**D. Environmental and Social Advisory Panel**

1. The Recipient shall maintain, until the end of the Project, the ESAP in form and with terms of reference, composition and resources satisfactory to the Association, for the purpose of reviewing and advising the Recipient on all environmental and social aspects of the Project.
2. The Recipient shall promptly provide to the Association a copy of each report prepared by the ESAP, and shall make such reports publicly available.

**Section II. Implementation Arrangements**

**A. Project Implementation Manual**

1. The Recipient shall, not later than three months after the Effective Date, revise and update the Project Implementation Manual in a manner satisfactory to the Association.
2. The Recipient shall carry out the Project in accordance with the arrangements and procedures set out in PIM, and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision thereof, if such



amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

**B. Environmental and Social Management Plan**

1. The Recipient shall implement the Project, and shall implement, or cause the dam and transmission line operation, maintenance and management contractors, contracted or to be contracted in connection with the Bumbuna dam operation, maintenance and management activities, to implement such activities in accordance with the ESMP, and shall not amend, abrogate or waive any provision of the ESMP without the prior written approval of the Association.
2. Without limitation upon the foregoing, the ESMP shall include: (a) preparation and implementation of the Bumbuna Watershed Management Plan consisting of: (i) a reservoir clearance plan; (ii) a plan for the implementation of an environmental and social amenity flow; (iii) a plan for monitoring and mitigation of public health impacts of diseases such as bilharzias, malaria and HIV/AIDS; (iv) a plan for the management of water quality in the reservoir area; (v) an environmental monitoring program; (vi) establishment and management of the Bumbuna Conservation Area; (vii) a community awareness program; (viii) a land and soil management program; (ix) an agro forestry and forestry program; (x) a downstream and a reservoir fisheries management program; (xi) an agricultural development program; and (xii) an ecological and ecotourism survey; (b) a plan for the establishment and operation of the Loma mountains national park; (c) the Emergency Preparedness Plan; (d) establishment and management of the Bumbuna Trust; and (e) guidelines and procedures for assessing and managing any potential adverse environmental and social impacts associated with the implementation of Community Subprojects.

**C. Loma Mountains Process Framework**

The Recipient shall ensure that the establishment and operation of the Loma mountains national park is carried out in accordance with the guidelines, procedures, timetable and other measures set forth in the Process Framework, and shall not amend, abrogate or waive any provision of the aforementioned framework without the prior written approval of the Association.

**D. Resettlement Action Plans**

1. The Recipient shall ensure that the Project is implemented in accordance with the guidelines, procedures, timetable and other specifications set forth in the Dam and Reservoir Resettlement Action Plan and the Transmission Line Resettlement Action Plan, and shall not amend, abrogate or waive any provision of the aforementioned plans without the prior written approval of the Association.

2. Without limitation to the foregoing, for the purpose of implementing the RAPs the Recipient shall, *inter alia*:
  - (a) maintain at all times during the implementation of the RAPs the Resettlement Advisory Group, composed of representatives of the PMU, the Recipient's ministries and agencies involved in Project implementation, NGOs involved in resettlement activities, vulnerable groups, villages and communities, which shall convene periodically during the implementation of the RAPs to review resettlement and compensation activities and results and advise the Recipient of recommended actions; and
  - (b) take all measures necessary to ensure that the Village Resettlement Committees, composed of and representing Affected Persons in each village in the dam and reservoir area and the transmission line area, are actively and regularly consulted and involved in the determination of all matters and grievances related to compensation of lost land and identification and preparation of replacement land.

**E. Contractors' ESMPs; Emergency Preparedness Plans**

1. The Recipient shall cause the Bumbuna dam and transmission line operation, maintenance and management contractors, to be contracted by the Recipient, to develop environmental and social management plans consistent with the ESMP, in a manner and in form and substance satisfactory to the Association, and shall cause the said contractors to implement all operational, maintenance and managerial activities related to the Bumbuna dam: (a) in accordance with the environmental, health, safety and social guidelines, measures and procedures specified in the Contractors' ESMPs; and (b) all environmental and social safeguard obligations undertaken by the said contractors pursuant to the contractual agreements entered into between the Recipient and the said contractors.
2. Without limitation to the foregoing, the Recipient shall prepare, and thereafter implement or cause to be implemented the Emergency Preparedness Plan setting out emergency preparedness measures, including measures to deal with a major flood event or incipient dam failure, and shall ensure that the dam safety measures recommended by the DSRP for the near zone area are implemented prior to the post-commissioning mission of the DSRP referred to in Section I.C.1 of this Schedule.

**F. Communication Action Plan**

The Recipient shall carry out the Project in accordance with the CAP and, except as the Association shall otherwise agree, shall not amend or waive any provision

thereof, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

**G. Independent Monitoring**

The Recipient shall contract non-governmental organizations, on terms of reference acceptable to the Association, to: (a) monitor the implementation of resettlement and compensation activities under the RAPs, the ESMP, the Process Framework and the Contractors' EMPs; (b) provide legal aid to Affected Persons; and (c) carry out the LAIR program.

**H. Community Grants**

1. The Recipient shall appraise, approve, and monitor the Community Subprojects, and administer the Community Grants in accordance with the provisions and procedures set forth in this Section H and in more detail in the PIM and ESMP.
2. Without limitation to the foregoing, a Community Subproject shall be carried out pursuant to a Community Grant Agreement, to be concluded between Recipient and the Beneficiary, under terms and conditions described in more detail in the PIM and satisfactory to the Association, which, *inter alia*, shall include the following:
  - (a) the obligation of the Beneficiary to contribute, in cash, labor or in-kind, at least 5% of the projected Community Subproject costs;
  - (b) the obligation of the Beneficiary to: (i) carry out the Community Subproject with due diligence and efficiency and in accordance with sound environmental, engineering, financial, and managerial practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Community Subproject;
  - (c) the requirement that the goods, works and consultants' services to be financed from the proceeds of the Community Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Community Subproject; and
  - (d) the right of the Recipient to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants and construction included in the Community Subproject, the operations thereof and any relevant records and documents; (ii) obtain all

information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of Community Subprojects; and (iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Community Grant upon failure by the Beneficiary to perform any of its obligations under the Community Grant Agreement.

3. The Recipient shall exercise its rights under the Community Grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Community Grant Agreement or any substantial provision thereof.

**I. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**Section IV. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Recipient shall ensure that the Project is monitored and evaluated and that Project Reports are prepared in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of six calendar months, and shall be furnished to the Association not later than one month after the end of the period covered by such report. The Project Reports shall cover, inter alia: (a) public consultation and participation activities for purposes of the Project; and (b) compliance with all social and environmental safeguard measures under the Project, including any conditions which interfere or threaten to interfere with the smooth implementation of the said measures, and remedial measures taken or required to be taken to address such conditions.
2. The Recipient shall, following the submission of the Project Reports, act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the Recipient and the Association in furtherance of the objectives of the Project.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

## **Section V. Procurement**

### **A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

### **B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods of procurement, other than International Competitive Bidding, may be used for goods and works in the circumstances specified in the Procurement Plan: (a) National Competitive Bidding subject to the provisions of paragraph 3 of this Part B; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.
3. **Exceptions to National Competitive Bidding Procedures.** The following provisions shall apply to the procurement of goods and works under National

Competitive Bidding procedures: (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures without restriction of any kind; (b) bidders shall be given at least one month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (c) no domestic preference shall be given for domestic bidders and for domestically manufactured goods; and (d) in accordance with paragraph 1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (i) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14(a)(v) of the Procurement Guidelines.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods of procurement, other than Quality- and Cost-based Selection, may be used for consultants' services in the circumstances specified in the Procurement Plan: (a) Quality Based Selection; (b) Least Cost Selection; (c) Selection under a Fixed Budget; (d) Single Source Selection; (e) Selection of Individual Consultants; and (f) Sole Source Procedures for the Selection of Individual Consultants.

**D. Training**

Training seminars, workshops, conferences and study tours financed out of the proceeds of the Grant shall be carried out on the basis of annual programs approved by the Association, identifying the scope and nature of training activities for the respective year, number of participants and cost estimates. Any training activities outside the territory of the Recipient shall be subject to prior approval by the Association.

**E. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section VI. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the Categories of Eligible Expenditures that may be financed out of the proceeds of the Financing, the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Original Grant Allocated (Expressed in SDR Equivalent)	Amount of the Additional Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed (exclusive of Taxes)
(1) Goods	590,000	670,000	100%
(2) Works	1,750,000	330,000	100%
(3) Consultants' services, including audits	3,573,000	3,300,000	100%
(4) Training	30,000	70,000	100%
(5) Community Grants	50,000	830,000	100% of amounts payable under the respective Grant Agreement
(6) Operating Costs	520,000	430,000	100%
(7) Refunding of Project Preparation Advance	1,267,000	0	Amounts payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated	0	670,000	
(9) Compensation Grants	520,000	0	
<b>TOTAL</b>	<b>8,300,000</b>	<b>6,300,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of the Development Grant Agreement; and
  - (b) for the first six Community Grants under Category (5), unless the Association has received satisfactory evidence that each such Community Grant has been made in accordance with the provisions referred to in Section H of this Schedule, and the respective Community Grant Agreement, on the terms and conditions specified in Section H.2 of this Schedule and in the PIM, has been duly executed by and is binding on the parties thereto.
2. The Closing Date is September 30, 2012.



## APPENDIX

### Section I. Definitions

1. “Affected Persons” means any persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons..
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section III of this Appendix.
3. “Beneficiary” means a community-based organization, registered and operating under the laws of the Recipient, which has met the eligibility criteria specified in the Project Implementation Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a Community Grant (as hereinafter defined) for the carrying out of a Community Subproject (as hereinafter defined); and “Beneficiaries” means each such Beneficiary collectively.
4. “Bumbuna Conservation Area” means a protected biodiversity area to be established by the Recipient in accordance with Section I.B.2 of Schedule 2 to this Agreement.
5. “Bumbuna Trust” means the trust referred to Section I.B.3 of Schedule 2 to this Agreement.
6. “Bumbuna Watershed Management Authority” or “BWMA” means the institution referred to in Section I.B.1 of Schedule 2 to this Agreement.
7. “Bumbuna Watershed Management Plan” means the plan referred to in Section II.B of Schedule 2 to this Agreement.
8. “Category” means a category set forth in the table in Section VI of Schedule 2 to this Agreement.
9. “Communication Action Plan” or “CAP” means the Recipient’s plan dated March 2005 as the said plan may be amended and/or supplemented from time to time with the prior concurrence of the Association and referred to in Section II.F of Schedule 2 to this Agreement, containing guidelines and procedures for communications capacity building, inter-institutional coordination, grassroots

communication, media relations, and external communication related to the Project.

10. “Community Grant” means a grant made or proposed to be made by a district council out of the proceeds of the Grant to a Beneficiary for the purpose of financing a Community Subproject.
11. “Community Grant Agreement” means an agreement between, or intended to be concluded between, a district council and a Beneficiary, setting forth the terms and conditions under which a Community Grant shall be made available to the Beneficiary for the purpose of financing a Community Subproject.
12. “Community Subproject” means specific activities carried out or to be carried out by a Beneficiary and financed or proposed to be financed through a Community Grant under Part B of the Project.
13. “Compensation Grants” means cash compensation grants to Affected Persons made in accordance with the Resettlement Action Plans.
14. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
15. “Contractors’ ESMPs” means the environmental and social management plans referred to in Section II.E of Schedule 2 to this Agreement.
16. “Dam and Reservoir Resettlement Action Plan” means the plan of the Recipient dated July 2008, as the said plan may be amended and/or supplemented from time to time with the prior concurrence of the Association, to be implemented by the Recipient under Part A.2 of the Project pursuant to Section II.D of Schedule 2 to this Agreement, defining a program of actions, measures and policies for compensation and resettlement of Affected Persons located in the Bumbuna dam and reservoir area as specified in the said plan, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, sources of funding, the Livelihood Assessment and Income Restoration Program and the Stabilized Agriculture Program, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the said plan.
17. “Dam Safety Review Panel” or “DSRP” means the panel of experts referred in Section I.C of Schedule 2 to this Agreement.
18. “Emergency Preparedness Plan” means the plan referred to in Section II.E of Schedule 2 to this Agreement.

19. “Environmental and Social Advisory Panel” or “ESAP” means the panel of experts referred to in Section I.D of Schedule 2 to this Agreement.
20. “Environmental and Social Management Plan” or “ESMP” means the Environmental and Social Management Plan of the Recipient dated June 2010, as the said plan may be amended and/or supplemented from time to time with the prior concurrence of the Association, to be implemented by the Recipient under Part A.1 of the Project pursuant to Section II.B of Schedule 2 to this Agreement, defining procedures, guidelines, rules and measures to avoid, mitigate, reduce and/or offset adverse environmental and social impacts of the construction and operation of the dam, and enhance the environmental and social benefits to be derived from the operation of the dam.
21. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
22. “Livelihood Assessment and Income Restoration Program” or “LAIR” means a program of activities included in the Dam and Reservoir Resettlement Action Plan designed to ensure that individual household incomes in the Bumbuna dam and reservoir area are restored to at least pre-resettlement levels through the provision of income generation alternatives to the Affected Persons in the said area.
23. “Operating Costs” means the operating costs incurred by the Recipient on account of Project implementation, management and monitoring, including, *inter alia*, printing, utilities, maintenance of office equipment, office rental and travel, but excluding salaries of civil servants.
24. “Process Framework” means the framework to be prepared by the Recipient in accordance with Section II.C of Schedule 2 to this Agreement, as the said framework may be amended and/or supplemented from time to time with the prior written approval of the World Bank, describing the process by which potentially affected communities in the Loma mountains national park will participate in conservation site planning and management, criteria for eligibility of affected persons will be determined, livelihood improvement or restoration measures will be identified, and potential conflicts or grievances will be resolved, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the said framework’s terms.
25. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.

26. “Procurement Plan” means the Recipient’s procurement plan for the Project, in form and substance satisfactory to the Association and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
27. “Project Area” means the following areas, which may be impacted by the construction and operation of the dam: (i) the Bumbuna reservoir area; (ii) the watershed surrounding the Bumbuna reservoir; (iii) the dam site, work camps, borrow pits, powerhouse complex and dam access road to the town of Bumbuna and other roads directly provided by the contractors for dam-related construction activities; (iv) the river and embankments downstream of the dam encompassing Bumbuna Falls and the area to be defined in the downstream and reservoir fisheries program of the ESMP; (v) the area designated for the Bumbuna Conservation Area, the area designated for the Loma mountains national park and other related areas where biodiversity needs to be protected; and (vi) the transmission line right-of-way from the power station switchyard at Bumbuna to the substation in Freetown, including substations along the right-of-way.
28. “Project Implementation Manual” or “PIM” means the plan referred to in Section II.A of Schedule 2 to this Agreement, as the said plan may be amended from time to time in agreement with the Association, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day implementation of the ESMP, the Process Framework and the RAPs; (b) capacity building activities for sustained implementation of the Project’s environmental and social management measures; (c) monitoring of compliance with the World Bank’s applicable environmental, health and safety guidelines; (d) a Community Subprojects manual defining eligibility criteria, environmental and social screening guidelines, and approval and administration arrangements for Subprojects together with a sample Community Grant Agreement format; (e) disbursement and financial management; (f) procurement; (g) monitoring, evaluation and reporting; and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
29. “Project Management Unit” or “PMU” means the unit referred to in Section I.A of Schedule 2 to this Agreement.
30. “Project Preparation Advance” means the project preparation advance granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on July 4, 2004 and on behalf of the Recipient on July 5, 2004.
31. “Resettlement Action Plans” or “RAPs” means the Dam and Reservoir Resettlement Action Plan and the Transmission Line Resettlement Action Plan.

32. “Stabilized Agriculture Program” means a program of activities included in the Dam and Reservoir Resettlement Action Plan designed to assist Affected Persons in the Bumbuna dam and reservoir area in the development of improved agricultural techniques.
33. “Training” means all costs associated with the training of personnel involved in Project supported activities including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.
34. “Transmission Line Resettlement Action Plan” means the plan of the Recipient dated January 2005, as the said plan may be amended and/or supplemented from time to time with the prior concurrence of the Association, to be implemented by the Recipient under Part A.2 of the Project pursuant to Section II.D of Schedule 2 to this Agreement, acceptable to the Association, defining a program of actions, measures and policies for compensation and resettlement of Affected Persons located in the area of the transmission line right-of-way from the power station switchyard at Bumbuna to the substation in Freetown, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the said plan.

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

Section 3.01 (b) of the General Conditions is modified to read as follows:

“(b) The Commitment Charge shall accrue from a date sixty days after: (i) the date of the Development Grant Agreement with respect to the unwithdrawn balance of the Original Grant; and (ii) the date of the Financing Agreement (Amending and Restating Development Grant Agreement) with respect to the unwithdrawn balance of the Additional Grant, to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months.”

### **Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

#### Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a

sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”