

JAPANESE GRANT AGREEMENT
RELATED TO CREDIT NUMBER 2352 SL

Japanese Grant Agreement

(Reconstruction Import Program)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Administrator of Grant Funds
provided by the
MINISTRY OF FINANCE OF JAPAN

Dated December 18, 1990

JAPANESE GRANT AGREEMENT

AGREEMENT, dated December 18, 1990, between REPUBLIC OF SIERRA LEONE (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) acting as Administrator (the Administrator) of grant funds provided by the MINISTRY OF FINANCE OF JAPAN (the Ministry).

WHEREAS: (A) pursuant to the Arrangements dated July 30, 1990, between the Ministry, the International Bank for Reconstruction and Development (the Bank), and IDA, the Ministry has requested IDA, and IDA has agreed, to administer grant funds to be made available by the Ministry for the financing of certain programs and projects supported by IDA in accordance with the provisions of such letter agreement;

WHEREAS: (B) the Recipient has requested and Japan has agreed to make available to the Recipient a grant (the Grant) out of said grant funds to finance the cost of carrying out the technical assistance described in Schedule 2 to this Agreement (the Technical Assistance) on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (the General Conditions), constitute an integral part of this Agreement, subject, however, to the following modifications thereto:

(a) the term "Association" wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof, means the International Development Association acting as Administrator of the Grant pursuant to the Arrangements between the Ministry, the Bank and IDA referred to in Recital (A) of this Agreement, except that in Section 6.02, the term "Association" shall also include IDA acting in its own capacity;

(b) the term "Borrower" wherever used in the General Conditions, means the Recipient;

(c) the term "Development Credit Agreement" wherever used in the General Conditions, means this Agreement;

(d) the term "Credit" wherever used in the General Conditions, means the Grant;

(e) the term "Credit Account" wherever used in the General Conditions, shall be amended to read the Grant Account;

(f) the term "Project" wherever used in the General Conditions, means the technical assistance described in Schedule 2 to this Agreement;

(g) Section 4.01. shall be modified to read:

"Withdrawals from the Grant Account shall be made in yen; provided, however, that if the expenditures to be financed out of the proceeds of the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal.";

(h) Sections 2.01 (5), (7), (12), (13), (14), (15), (16), (17) and (19), 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.10, 6.02 (a)(i), 6.02 (g), 6.02 (h), 6.05, 6.07, 7.01, 8.01 (a), 9.01 (b), 9.02, 9.03, 10.02, 12.01, 12.02, 12.03, 12.04 and 12.05 are deleted; and

(i) The second and third sentences of Section 4.09 are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth; and the terms "yen" and "Y" mean the currency of Japan.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, the Grant in an amount of one hundred twenty million yen (Y120,000,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account by the Recipient in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator.

Section 2.03. The Closing Date shall be December 31,

1992, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Technical Assistance

Section 3.01. (a) The Recipient shall carry out the Technical Assistance through the Recipient's Ministry of Finance with due diligence and efficiency and in conformity with appropriate administrative and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Technical Assistance.

(b) Without limitation upon the provisions of paragraph (a) of this Section and, except as the Recipient and the Administrator shall otherwise agree, the Recipient shall carry out the Technical Assistance in accordance with the Implementation Program set forth in Schedule 3 to this Agreement.

Section 3.02. In order to assist the Recipient in carrying out the Technical Assistance, the Recipient shall employ consultants whose qualifications, experience and terms and conditions of employment are satisfactory to the Administrator. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Administrator, on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Administrator in August 1981.

Section 3.03. (a) The Recipient shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Technical Assistance of the departments or agencies of the Recipient responsible for carrying out the Technical Assistance or any part thereof.

(b) The Recipient shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;
- (ii) furnish to the Administrator, as soon as available, but in any case not later than four months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and
- (iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

ARTICLE IV

Effectiveness; Termination

Section 4.01. This Agreement shall become effective upon its execution by the parties hereto.

Section 4.02. This Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE V

Representation; Transfer of
Rights and Obligations

Section 5.01. The Minister of Finance of the Recipient shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

The Honourable Minister
Ministry of Finance
George Street
Freetown
Sierra Leone

Cable address: Telex:

For the Administrator:

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

Cable address: Telex:

INDEVAS	197688 (TRT)
Washington, D.C.	248423 (RCA)
	64145 (WUI)
	82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SIERRA LEONE

By /s/ Thomas Taylor Morgan
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Grant

By /s/ Jorge Barrientos
Acting Director
Western Africa Department

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amount of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Grant Allocated (Expressed in Yen)	% of Expenditures to be Financed
(1) Consultants' services	104,600,000	100%
(2) Office equipment and materials	10,500,000	100% of foreign expenditures and 75% of local expenditures
(3) Unallocated	4,900,000	
TOTAL	120,000,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement or for goods not eligible under this Agreement.

SCHEDULE 2

Description of Technical Assistance

The Technical Assistance is intended to assist the Recipient in the carrying out of:

A: Studies under the medium term adjustment program which will focus on public sector management as described below:

- (i) Diagnostic Study
 - review of all major public enterprises to determine which should continue to operate as public enterprises and which should be divested or sold.
- (ii) Commercialization Program for enterprises remaining in the public sector to:
 - (A) Establish accurate accounts for large key enterprises including the municipal water authority, the port authority, and external telecommunications.
 - (B) Prepare performance contracts for the major entities, including provision for annual tariff review.
 - (C) Develop monitoring capacity in the Ministry of Finance to oversee enterprises.
- (iii) Divestiture
 - Preparation of a plan of action to enable the Recipient to embark upon a

process of divestiture, liquidation or sale of selected public enterprises.

(iv) Marketing Board

- Conduct of an operational review of the Produce Marketing Board to determine the role it should play in the purchase and export of coffee and cocoa, and to decide on possible divestiture of state owned farms/plantations.

(v) Refinery

- Examination of the operations of the Sierra Leone Petroleum Refinery Company to determine its role under liberalized marketing arrangements.

B: Assisting the Recipient to prepare the Reconstruction Import Program under which financing will be provided for essential goods and services for the mining, agriculture and transport sectors to expand exports and assist in putting the economy on a growth path.

SCHEDULE 3

Implementation Program

1. The Recipient's Ministry of Finance shall be responsible for the implementation of the Technical Assistance in consultation with the Recipient's Ministry of Industries and State Enterprises.
 2. In order to assist the Recipient in the implementation of the Technical Assistance a coordinating unit shall be set up in the said Ministry of Finance.
 3. Unless otherwise agreed to by the Administrator, the Ministry of Finance shall ensure that the studies are completed by June 30, 1991.
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