
GRANT NUMBER E1350-SL

Financing Agreement
(Second Inclusive and Sustainable Growth Development Policy Financing)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E1350-SL

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF SIERRA LEONE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to 78,200,000 Special Drawing Rights (SDR seventy-eight million two hundred thousand) (“Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Payment Dates are February 15 and August 15 in each year.
- 2.04. The Payment Currency is Dollar.
- 2.05. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating

to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (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 (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the minister responsible for finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance
Treasury Building
George Street
Freetown, Sierra Leone; and

(b) the Recipient's Electronic Address is:

E-mail: fsecretary@mof.gov.sl

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF SIERRA LEONE

By



Authorized Representative

Name: _____
Hon. Dennis K. Vandi

Title: _____
MINISTER

Date: _____
09-Dec-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: _____
Abdu Muwonge

Title: _____
Country Manager

Date: _____
09-Dec-2022

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. The Recipient, through the Ministry of Finance, has: (i) submitted to Parliament amendments to the Extractive Industry Revenue Act (EIRA) to reconcile it with the National Revenue Authority Act, and the Mines and Minerals Development Act; and (ii) gazetted a manual consisting of guidelines for the implementation of the EIRA.
2. The Recipient, through its Ministry of Lands, Housing, and Country Planning (MLHCP), has appointed Board members to commence the operationalization process of the National Land Commission (NLC), which will facilitate enforcement and implementation of tenure security, demarcation of forest and ecologically sensitive boundaries, and involvement of local communities in land decision-making process.
3. The Recipient, through its Ministry of Labor, has submitted to Parliament a draft Employment Bill, which will, *inter alia*: (i) provide for equal remuneration for work of equal value; (ii) prohibit discrimination in employment based on gender, and prohibit dismissal of pregnant workers; (iii) repeal provisions prohibiting or restricting women's work in certain industries including mining, factories, construction, water, energy, and transportation; (iv) prohibit sexual harassment in employment, with associated civil remedies; and (v) provide for paid maternity leave of at least 14 weeks to women, as well as paid paternity leave.
4. The Recipient has, pursuant to Teaching Service Commission (TSC) Act, issued a directive that prescribes detailed sanctions against absentee teachers along with incentives for promoting teacher attendance.
5. The Recipient's Cabinet has adopted: (i) a new education sector plan; and (ii) an implementation plan for the National Policy on Radical Inclusion in Schools.
6. The Recipient, through the Bank of Sierra Leone (BSL), has adopted E-Money Guidelines, Remittances Guidelines, Revised Guidelines on the Use of Agents, E-Know Your Customer (KYC) Guidelines, and National Payment System Oversight Regulations.

7. The Recipient has: (i) through its Cabinet, approved a new State-Owned Enterprises (SOE) ownership and governance policy; and (ii) disclosed all guarantees and borrowing of the ten largest SOEs.
8. The Recipient has: (i) published on the National Public Procurement Authority (NPPA) website, tender announcements and contract award information for the last twelve (12) months for contracts above the threshold established in the Public Procurement Regulations, for the health, education and energy sectors, in Open Contracting Data Standard (OCDS); and (ii) committed to continue publishing said information on a monthly basis.
9. The Recipient, through its Cabinet, has approved the Standard Operating Procedures (SOPs) detailing the follow-up procedures, responsibilities, and actions of concerned parties, including the Auditor General, audit committees, internal auditors, MoF, PAC and the MDAs, and outlined applicable sanctions for failure to comply.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	78,200,000
TOTAL AMOUNT	78,200,000

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
 - (a) the Recipient shall open, prior to furnishing to the Association the request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated account in Dollars (“Foreign Currency Dedicated Account”); (ii) a dedicated account in Leones (“Local Currency Dedicated Account”); and
 - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.
2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Leones equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit.

Upon the Association’s request, the Recipient shall:

1. have the Dedicated Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case, not later than six (6) months after the end of the Association’s fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is November 30, 2023.

APPENDIX

Section I. Definitions

1. “Bank of Sierra Leone” or “BSL” means the Recipient’s institution in charge of the monetary policy, established and operating pursuant to the Bank of Sierra Leone Act, 2019, or its successor thereto.
2. “Cabinet” means the executive body of the Recipient comprising the President, Vice-President, and ministers appointed by the President.
3. “Dedicated Accounts” means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account.
4. “EIRA” or “Extractive Industry Revenue Act” means the Recipient’s law which regulates the extractive industry, Act No. 54, 2018, as may be amended from time to time.
5. “E-Money Guidelines” means the Guidelines issued pursuant to the Other Financial Services Act 2001, regulating the issuance of e-money and the licensing and supervision of e-money issuers.
6. “Employment Bill” means the bill providing for labor and employment matters.
7. “E-KYC Guidelines” means the Guidelines issued pursuant to the Bank of Sierra Leone Act, 2019, regulating the verification of customer’s identity through digital means.
8. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
9. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
10. “Local Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
11. “Leone(s)” means the currency of the Recipient.
12. “MDAs” means the ministries, departments and agencies established by the Recipient.

13. “Mines and Minerals Development Act” means the Recipient’s law which regulates mines and minerals, Act No. 69, 2022, as may be amended from time to time.
14. “Ministry of Finance” or “MOF” means the Recipient’s ministry responsible for finance or any successor thereto.
15. “Ministry of Labor” means Recipient’s ministry in charge of employment or any successor thereto.
16. “Ministry of Lands, Housing, and the Country Planning” or “MLHCP” means the Recipient’s ministry in charge of lands and housing or any successor thereto.
17. “National Land Commission” means the Recipient’s agency established under the National Land Commission Act, 2022.
18. “National Payment Systems Oversight Regulations” means the Regulations issued pursuant to the National Payment Systems Act, 2022 for the efficiency of the national payments system and protection of users of payment services and payment instruments.
19. “National Public Procurement Authority” or “NPPA” means the Recipient’s National Public Procurement Authority established under section 3 of the Public Procurement Act, 2016 (Act No. 1 of 2016).
20. “National Revenue Authority Act” means the Recipient’s law regulating revenues, Act No. 57, 2002, as may be amended from time to time.
21. “Public Accounts Committee” or “PAC” means Recipient’s parliamentary committee responsible for, *inter alia*, examining accounts or reports of statutory corporations and boards.
22. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated October 14, 2022, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
23. “Public Procurement Regulations” means the Recipient’s Public Procurement Regulations (2020) issued under the Public Procurement Act No. 10, 2016, of the laws of the Recipient.

24. “Remittances Guidelines” means the Guidelines issued pursuant to the Other Financial Services Act 2001 and Bank of Sierra Leone Act, 2019.
25. “Revised Guidelines on the Use of Agents” means the Guidelines issued pursuant to the Other Financial Services Act, 2001, for the use of agents as a channel for delivery of financial services.
26. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
27. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
28. “Teachers’ Service Commission” or “TSC” means the Recipient’s Teaching Service Commission established under section 2 of the Recipient’s Teaching Service Commission Act, 2011 (Act No. 1 2011), or its successor thereto.
29. “State Owned Enterprise” or “SOE” means a parastatal or other autonomous public entity established as such entity under the laws of the Recipient.
30. “Standard Operating Procedures” or “SOPs” means the procedures for improving and clarifying audit follow-up processes.