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GRANT NUMBER D7690-SL

# **Financing Agreement**

**(Enhancing Sierra Leone Energy Access Project)**

**between**

**REPUBLIC OF SIERRA LEONE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**GRANT NUMBER D7690-SL**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF SIERRA LEONE (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 thirty five million Special Drawing Rights (SDR 35,000,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are February 15 and August 15 in each year.
- 2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts B and C.1 of the Project through its Ministry of Energy and cause Parts A and C.2 of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has prepared and adopted the Project Implementation Manual, in form and substance satisfactory to the Association; and
  - (b) the Subsidiary Agreement, acceptable to the Association, shall have been duly executed and delivered on behalf of the Recipient and the Project Implementing Entity and shall have become effective and binding upon such parties in accordance with its terms.
- 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: minister@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. Jacob Jusu Saffa

**Title:** \_\_\_\_\_ Minister of Finance

**Date:** \_\_\_\_\_ 22-Feb-2021

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

  
\_\_\_\_\_  
**Authorized Representative**

**Name:** \_\_\_\_\_ Gayle Martin

**Title:** \_\_\_\_\_ Country Manager

**Date:** \_\_\_\_\_ 12-Feb-2021

## SCHEDULE 1

### Project Description

The objective of the Project is to increase electricity access in Sierra Leone.

The Project consists of the following parts:

#### **Part A: Electrification of Towns and Communities through Grid Extension**

Connecting the distribution networks in three (3) towns and surrounding communities to selected substations of the CLSG interconnection, and expanding the distribution networks in four (4) towns to provide electricity to new customers and improve existing electricity services, in particular:

1. carrying out the construction of three (3) segments of connection lines from 225 kV CLSG transmission line to distribution networks in three (3) towns, including: (a) a single circuit 33 kV distribution line of about 35 km, including a 15 MVA 33/11 kV transformer, connecting the distribution network in Kabala with the 225/33 kV Fadugu substation of the CLSG line; (b) a single circuit 66 kV sub-transmission line of about 100 km, including a 66/33/11 kV transformer of 20 MVA, connecting the distribution network in Kailahun with the 225/66 kV Kenema substation of the CLSG line; and (c) a single circuit of 33Kv of about 25km connecting the distribution network in Pujehun along the CLSG line to supply the communities and villages along the CLSG corridor;
2. expanding the distribution networks in Waterloo, Makeni, Magburaka, and Koidu, and the adjacent communities, including: (a) construction of 11 kV distribution lines and installation of distribution transformers; (b) construction of low voltage distribution lines; (c) construction of service lines and connecting households, commercial, industrial users and public institution like schools and health clinics; and (d) installation of meters; and
3. providing technical advisory services to the Project Implementing Entity for site supervision and construction management of the distribution network extensions and the connecting lines.

#### **Part B: Electrification through Mini-grid and Standalone Solar Systems**

1. Carrying out the construction of solar PV plant with battery storage capacity in the town of Moyamba and selected communities, including installation of solar PV capacity and battery storage in Moyamba, and solar PV capacity, battery storage and distribution networks in selected large communities, including conducting a minigrid feasibility study for selection of communities, and minigrid sites.

2. Carrying out the installation of solar PV systems for selected health facilities and schools, including:
  - (a) conducting an analysis to select the health facilities, and to review the type and quality of equipment required at said health facilities, and installation of solar PV systems with battery storage; and
  - (b) developing a sustainability strategy.
3. Provision of technical advisory services for, *inter alia*: (a) the carrying out of a market assessment and affordability analyses of productive uses in rural areas; (b) raising awareness; (c) building the capacity of rural and urban business communities, and the private sector in business management specifically focusing on women-led businesses; (d) monitoring and evaluating results on the basis of set targets; and (e) recording experiences and lessons learned.

**Part C: Human Capital Development and Project Implementation Support**

Provision of technical advisory services, and building technical, planning, and operational capacity of the Project Implementing Entity and Ministry of Energy (MoE), and relevant institutions, in particular:

1. strengthening the capacity of the Project Implementation Unit (PIU) within the MoE for Project management and implementation of Part B of the Project, including: (a) the procurement of a private firm for the operation, maintenance and future expansion of the mini-grid; (b) preparation of a clean cooking investment project; (c) the institutional capacity for promotion, management and development of renewable energy and implementation of the national electrification strategy; (d) policy and institutional capacity to reduce gender disparity in energy sector employment; and (e) provision of operating costs; and
2. strengthening the capacity of the Project Implementing Entity for management and implementation of Part A of the Project, including: (a) improving the capacity of the Project Implementing Entity's management and staff, and strengthening the governance and management of the Project Implementing Entity to achieve full autonomy and commercialization; (b) improving the network's resilience to climate disasters, including improving operations and maintenance procedures and enhancing staff capacity; and (c) improving the capacity for management and implementation of environmental and social requirements.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements****1. Ministry of Energy (MoE)**

The Recipient shall at all times during the implementation of the Project, ensure that funds, facilities and resources, are available to MoE for the purpose of ensuring prompt and efficient oversight, and overall coordination, administration, contract management, monitoring, reporting and communication of the Project.

**2. Project Implementation Unit for Parts B and C.1 of the Project**

(a) The Recipient shall, at all times during implementation of the Project, maintain the Project Management Unit (PMU) for Parts B and C.1 of the Project within the MoE with terms of reference, resources and technical staff with expertise in solar PV technology, satisfactory to the Association, including a Project coordinator, a financial management officer or an accountant, a procurement officer, a monitoring and evaluation officer and an environmental and social officer, all with terms of reference, qualifications, and experience, satisfactory to the Association.

(b) Without limitation to the provisions of sub-paragraph 2 (a) immediately above, the PMU shall be responsible for day-to-day management, implementation and planning of Parts B and C.1 of the Project, fiduciary aspects (*i.e.*, procurement and financial management), environmental and social management aspects, communication, reporting, monitoring and evaluation, all in accordance with the Project Implementation Manual.

**3. Project Oversight Committee**

(a) The Recipient shall, maintain the Project Oversight Committee throughout the Project implementation period.

(b) Without limitation to the provisions of paragraph 3(a) immediately above, the Project Oversight Committee shall, *inter alia*, be responsible for providing overall policy and strategic guidance for the Project.

**B. Subsidiary Agreement**

1. To facilitate the carrying out of Parts A and C.2 of the Project (Project, the Project Implementing Entity's Respective Parts), the Recipient shall make part of the



proceeds of the Grant allocated from time to time to Category (1) of the table set forth in Section III.A. of this Schedule available to the Project Implementing Entity as a grant under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions acceptable to the Association. (“Subsidiary Agreement”).

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Grant. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Project Implementation Manual**

1. The Recipient shall carry out the Project, and cause the Project Implementing Entity to carry out the Respective Parts of the Project, in accordance with the provisions of a manual satisfactory to the Association (the Project Implementation Manual).
2. The Project Implementation Manual shall include, *inter alia*, the following provisions: (a) disbursement and financial management arrangements; (b) institutional administration, coordination and day-to-day execution of activities of the Project; (c) monitoring, evaluation, reporting and communication; (d) fiduciary aspects (*i.e.*, procurement and financial management); (e) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project; (f) arrangements for management and monitoring of environmental and social management aspects; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
3. In case of any conflict between the arrangements and procedures set out in the Project Implementation Manual, and the provisions of this Agreement, the provisions of this Agreement shall prevail and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision thereof without the prior written agreement of the Association.

**D. Annual Work Plans**

1. The Recipient shall prepare (in part on the basis of the proposed annual work plans and budgets prepared by Project Implementing Entity pursuant to Section I.A.2 of the Schedule to the Project Agreement) and furnish to the Association for its approval, not later than November 30 of each year during the implementation of the Project, a proposed work plan (including a budget therefor) containing all activities proposed to be carried out under the Project during the following Fiscal Year.

2. The Recipient shall exchange views with the Association on each such proposed annual work plan (including budget), and shall thereafter adopt, and carry out, or cause to be carried out, such program of activities for such following Fiscal Year as shall have been agreed with the Association, as such plan may be subsequently revised during such following fiscal year with the prior written agreement of the Association (“Annual Work Plan”).

**E. Environmental and Social Standards**

1. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph 2 above, if 60 days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than 30 days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

5. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Recipient shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
7. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to:
  - (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
  - (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

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

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each six calendar months, covering the six calendar months.

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

**A. General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services (including supply and installation of electrification equipment), Training, and Operating Costs for Parts A and C.2 of the Project	25,550,000	100%
(2) Goods, consulting services (including supply and installation of mini-grid and solar system equipment) Training and Operating Costs under Parts B.1 and C.1 of the Project	6,650,000	100%
(3) Goods, consulting services (including supply and installation of mini-grid and solar system equipment) Training and Operating Costs under Part B.2 and B.3 of the Project	2,800,000	60%
<b>TOTAL AMOUNT</b>	<b>35,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 31, 2025.

**APPENDIX****Definitions**

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011, and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “CLSG” means the interconnection line, which is financed by the Association under the West Africa Power Pool - Cote d’Ivoire, Liberia, Sierra Leone and Guinea Power Interconnection Project.
4. “Electricity Distribution and Supply Authority” or “ESDA” means the authority for electricity distribution and supply established by Act Number 16 of 2011 of the laws of the Recipient.
5. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 14, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
6. “Environmental and Social Standards” or “ESSs” means, collectively:
  - (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”;
  - (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;
  - (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”;
  - (iv) “Environmental and Social Standard 4: Community Health and Safety”;
  - (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”;
  - (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”;
  - (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”;
  - (viii) “Environmental and Social Standard 8: Cultural Heritage”;
  - (ix) “Environmental and Social Standard 9: Financial Intermediaries”;
  - (x) “Environmental and Social Standard 10: Stakeholder Engagement and

Information Disclosure”; effective on October 1, 2018, as published by the Association.

7. “Fiscal Year” means the fiscal year of the Recipient commencing period on January 1 and ending on December 31 of each year.
8. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020).
9. “Ministry of Energy” or “MoE” means the Recipient’s ministry responsible for energy, or any successor thereto.
10. “Operating Costs” means recurrent costs of the Project, based on Annual Work Plans approved by the Association, such term including: (i) operation and maintenance of vehicles, repairs, rental, fuel and spare parts; (ii) computer maintenance, including hardware and software, printers and photocopiers; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) small office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances; (viii) bank charges; and (vii) travel, accommodation and *per diem* costs for technical staff carrying out training, preparatory, supervisory and quality control activities.
11. “PHRD Grant Agreement” means the agreement entered into between the Recipient and the Association, acting as administrator of grant funds provided by Japan Policy and Human Resources Development Fund (TF0B4793), dated 22-Feb-2021, 2021, providing for a grant to the Recipient to assist the Recipient in the carrying out of activities related to Part B.2 and B.3 of the Project.
12. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
13. “Project Implementing Entity” means Electricity Distribution and Supply Authority.
14. “Project Implementation Manual” means the manual, satisfactory to the Association, and referred to in Section C.2 of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Association.
15. “Project Management Unit” or “PMU” means the PMU for Parts B and C.1 of the Project referred to in Section I.A.2 of Schedule to this Agreement.

16. “Project Management Team” means the Project Management Team within the Project Implementing Entity, and referred to in Section I.A.1(a) of the Project Agreement.
17. “Project Oversight Committee” means a committee of the Recipient referred to Section I.A.3 of Schedule 2 to this Agreement.
18. “PV” means Photovoltaic.
19. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement.
20. “Training” means the reasonable cost of training of persons involved in Project-supported activities, based on the Annual Work Plans approved by the Association, such term including seminars, workshops, and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation, acquisition and reproduction of training materials, and other costs directly related to training preparation and implementation.