

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

CONFORMED COPY

November 17, 2010

H. E. Dr. Samura M. W. Kamara
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Ministerial Building
George Street
Freetown, Sierra Leone

Re: Republic of Sierra Leone: JSDF Grant for Rapid Response
Growth Poles: Community-Based Livelihood and Food Support
Program
Grant No. TF097914

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Sierra Leone (the Recipient), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by Japan under the Japan Social Development Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million eight hundred thirteen thousand three hundred eighteen United States Dollars (U.S.\$2,813,318) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the Japan Social Development Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to

the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature (“Effective Date”).

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ishac Diwan
Ishac Diwan
Country Director for Sierra Leone
Africa Region

AGREED:
REPUBLIC OF SIERRA LEONE

By: /s/ Samura M. W. Kamara
Authorized Representative
Name: Samura M. W. Kamara
Title: Minister of Finance and Economic Development
Date: December 1, 2010

Enclosures:

- (1) “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 31, 2010
- (2) Disbursement Letter of even date herewith, together with the “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006
- (3) Guidelines: “Procurement under IBRD Loans and IDA Credits”, published by the Bank in May 2004 and revised in October 2006 and May 2010
- (4) Guidelines: “Selection and Employment of Consultants by World Bank Borrowers”, dated May 2004 and revised in October 2006 and May 2010
- (5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006

Article I

Standard Conditions; Definitions

1.01. *Standard Conditions.* The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. *Definitions.* Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, including the Appendix to this Agreement.

Article II Project Execution

2.01. *Project Objectives and Description.* The objective of the Project is to: (i) reduce hunger and deprivation in two of the poorest Districts of the Recipient’s territory in the Seli River area, directly affected by the global economic crisis and recent drought and flooding, by distributing food packages to targeted groups; and (ii) restore livelihoods, sustain services, and enhance local capacities through Rapid Response Growth Poles (RRGP) activities. The Project consists of the following parts:

A. Rapid Response Growth Pole income, food and livelihood security Sub-projects

Carrying out a program of activities aimed at improving at-risk households’ livelihoods and increasing their income, such activities to include:

(i) district level access to transportation and social services through the construction of foot trails, boat building and landing points for targeted marginalized villages across the Seli river and the installation of renewable energy to some targeted schools and health centers;

(ii) restoration of the community’s food security and livelihood through:
(A) agricultural food security including swampland and upland conservation farming; and
(B) construction of communication centers and provision of risk mitigation tools such as crop, weather forecasts, and disaster risk and prevention information through the installation of satellite dish, computer and telecommunications; and

(iii) implementation of a labor-intensive public works program, such program to include women self-help industries, youth reforestation and soil conservation, life skill and job training for disabled.

B. Establishment of community-based social accountability and participatory monitoring mechanisms

Carrying out a program of activities aimed at strengthening the capacity of some of the Project’s targeted community leaders to adequately respond to emergency through training on RRGPs

monitoring and social accountability, impact evaluation, stakeholder workshops and grievance mechanisms.

C. Project management

Creating a small unit under the Recipient's Ministry of Energy and Water Resources to be in charge of organizing the Steering Committee's (Steering Committee) meetings and national workshops, distributing the progress reports and preparing the financial, audit and completion reports.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out:

- (a) Part B of the Project with the assistance of NaCSA;
- (b) Part C of the Project; and
- (c) cause Part A of the Project to be carried out by NaCSA,

all in accordance with: (a) the provisions of Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 ("Anti-Corruption Guidelines"), with the modifications set forth in Section II of the Appendix to this Agreement; (c) this Article II, (d) the Operational Manual; and (e) the ESMF.

2.03. ***Institutional and Other Arrangements.*** Without limitations upon the provisions of Section 2.02 above:

I. Subsidiary Agreement

(a) The Recipient shall make the proceeds of the Grant allocated to Category (4) available, on a grant basis, to NaCSA under a subsidiary agreement between the Recipient and NaCSA, under terms and conditions approved by the World Bank ("Subsidiary Agreement").

(b) The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interest of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

II. Operational Manual

(c) The Recipient shall cause NaCSA to prepare and adopt not later than 4 months after the Effective Date of this Agreement, the Operational Manual for the Project, consisting of different schedules setting forth, respectively, rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project including *inter alia*:

- (i) the eligibility criteria and procedures for the selection of the Beneficiary;
- (ii) the eligibility criteria for the selection and provision of Sub-grants;
- (iii) the terms of the Sub-grant Agreements;

(iv) the procedural arrangements for the selection, implementation, supervision and evaluation of Sub-projects; and

(v) the ESMF and the performance indicators, all satisfactory in form and substance to the World Bank.

III. Sub-projects

(d) The Recipient shall cause NaCSA to ensure that all Sub-projects under Part A of the Project are carried out in accordance with eligibility criteria and procedures detailed in the Project Operations Manual, which, except the World Bank may otherwise agree in writing, shall include the following:

(i) the proposed Beneficiary is a legal entity which has participated in training and awareness campaign under Part B of the Project;

(ii) the proposed Sub-project shall be economically, financially and technically viable, and environmentally and socially sound;

(iii) the proposed Sub-project shall be for income generating activities or community oriented initiatives;

(iv) the proposed Sub-project shall be in compliance with the standards set forth in the applicable laws and regulations of the Recipient relating to agriculture, safety and employment.

IV. Sub-grant Agreements

(e) cause NaCSA to enter into a Sub-grant Agreement with the respective Beneficiary under terms and conditions satisfactory to the Recipient and the World Bank, including *inter alia*:

(i) the obligation of the Beneficiary to:

(A) procure the goods and services to be financed out of the proceeds of the Sub-grant in conformity with the provisions of this Agreement and ensure that the goods and services be used exclusively in the carrying out of the Sub-project;

(B) maintain an accounting system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project;

(C) carry out the proposed Sub-project in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient;

- (D) promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Sub-project, or the performance by the Beneficiary of its obligations under the Sub-project;
 - (E) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and
 - (F) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.
- (ii) without limitation to the provisions of paragraph (j) of this Section, the obligation of the Recipient to suspend in whole or in part the portion of the Grant allocated to finance a given Sub-project in case the Beneficiary has failed to comply with any of its obligation under the corresponding Sub-grant Agreement and/or terminate the Sub-grant Agreement (as the case may be).

(f) exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

V. Other Implementation Arrangements

(g) maintain, throughout Project implementation, NaCSA to be responsible for procuring necessary materials, and technical assistance for the Project implementation and the supervision of the Food for Work (FfW) and Cash for Work (CfW) schemes being developed under Part A of the Project.

(h) establish, by not later than two months after the Effective Date, a Steering Committee for the Project composed of representatives from the Beneficiaries and NGOs, district, chiefdom and villages leaders, the Recipient's agencies and NaCSA, to be responsible for the Project's overall policy decision making, including approving guidelines and criteria prepared for the: (i) selection of Sub-projects; and (ii) identification and eligibility of Project Beneficiaries for the FfW and CfW schemes.

(i) maintain the Koinadugu and Tonkolili district councils and the community user committees to be responsible for designing the district level Sub-projects under Part A of the Project in accordance with existing village development plans.

(j) not later than three months after the Effective Date, hire an independent field based NGO to be responsible for carrying out the impact evaluation activity under Part B of the Project.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

2.05. ***Procurement***

(a) General. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods and works; and

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”), in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Limited International Bidding; (B) National Competitive Bidding, subject to the following additional provisions:

Exception 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, (b) bidders shall be given at least 28 days to submit performance securities;

(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; (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; and (iii) each bidding document and contract financed out of the proceeds of the Financing shall provide for “obstructive practices” under acts that constitute Fraud and Corruption as follows: deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation;

(C) Shopping; (D) Direct Contracting; (E) Force Account; (F) Procurement from UNOPS; (G) Established Private or Commercial Practices which have been found acceptable to the World Bank; and (H) Community Participation procedures which have been found acceptable to the World Bank.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Established Private or Commercial Practices which have been found acceptable to the World Bank; (G) Selection of Service Delivery Contractors which have been found acceptable to the World Bank; (H) Selection of Individual Consultants; and (I) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the

Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in U.S. \$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consultants’ services	1,070,098	100%
(2) Operating Costs	10,000	100%
(3) Training and Workshops	275,620	100%
(4) Sub-grants under Part A of the Project	1,457,600	100%
TOTAL AMOUNT	2,813,318	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; and

(b) under Category (4) of the Project until and unless the Sub-grant Agreement referred to in Section 2.03(i), acceptable to the World Bank, shall have been executed.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

**Article IV
Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been satisfied: the Subsidiary Agreement referred to in Section 2.03(a) of this Annex has been executed on behalf of the Recipient and NaCSA.

4.02. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if

this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

5.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of the Recipient responsible for finance.

5.02. *Recipient's Address.* The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Development
Ministerial Building
George Street
Freetown, Sierra Leone

Facsimile:

232 22 228 472

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions 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) or
64145 (MCI)

1-202-477-6391

APPENDIX

SECTION I. Definitions

1. “Beneficiary” means an individual or community who meets the eligibility criteria specified in the Operational Manual (hereinafter defined) to receive a Sub-Grant (hereinafter defined) and to which, or for whose benefit, a Sub-grant is made or proposed to be made.
2. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated March 8, 2010, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities.
3. “Koinadugu and Tonkolili districts” or “Districts” means two poor districts located in the Seli River Area in the Recipient’s territory.
4. “NaCSA” means the National Commission for Social Action established by an Act of the Recipient’s Parliament.
5. “NGO” or “Non-Governmental Organization” means a non-profit organization established and operating under the laws of the Recipient.
6. “Operating Costs” means reasonable operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service.
7. “Sub-grant” means a grant made or proposed to be made by NaCSA to an eligible Beneficiary, subject to the specific terms and conditions set forth in the Sub-grant Agreement (hereinafter defined), to finance the reasonable cost of goods, works or services required for Sub-projects (hereinafter defined).
8. “Sub-grant Agreement” means the agreement or contract satisfactory to the Recipient and the World Bank to be entered between NaCSA and an eligible Beneficiary, setting forth the terms and conditions under which proceeds of a Sub-grant are to be made available to the Beneficiary for the purpose of financing Sub-projects (hereinafter defined).
9. “Sub-project” means a specific activity to be carried out by local communities within the targeted areas, under Part A of the Project.
10. “Training” means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

SECTION II. 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.”