
GRANT NUMBER D650-SL

Financing Agreement

**(Third Productivity and Transparency Support Grant
Development Policy Financing)**

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER D650-SL

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF SIERRA LEONE (the “Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the “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 seventy-three million two hundred thousand Special Drawing Rights (SDR 73,200,000) (“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 including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that 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 Recipient's 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

Republic of Sierra Leone; and

(b) the Recipient's Electronic Address is:

Facsimile: E-mail:
+232 22 229 060 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

E-mail: sierraleonealert@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF SIERRA LEONE

By



Authorized Representative

Name: Jacob Jusu Saffa

Title: Minister of Finance

Date: 29-Jun-2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Gayle Martin

Title: Country Manager

Date: 19-Jun-2020

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:

- A. Creating the conditions for increased productivity in selected economic sectors**
1. To enhance private sector participation and access to seeds for farmers, the Recipient has: (a) through its Minister of Agriculture and Forestry prepared and presented to Parliament the Seed Certification Agency Regulations and the Regulations have matured into law; and (b) established and operationalized the Seed Certification Agency, *all as evidenced by: (i) the certificate of maturity for the Sierra Leone Seed Certification Agency Regulations, 2020 issued by the Clerk of Parliament; (ii) minutes dated July 25, 2019, for a board meeting of the Seed Certification Agency; and (iii) a letter dated April 2, 2020, from the Permanent Secretary, Ministry of Agriculture and Forestry (“MAF”) confirming the staffing at the Seed Certification Agency.*
 2. To boost local production of rice, the Recipient has through its Cabinet approved and adopted the National Rice Policy, 2020 and the Rice Value Chain Development Strategy, *as evidenced by: (i) cabinet minute paper dated February 19, 2020 and confirmation of Cabinet decisions letter dated April 3, 2020, issued by the Secretary to Cabinet and Head of the Civil Service; and (ii) letter dated April 22, 2020 from the Permanent Secretary, MAF forwarding approved copies of the National Rice Policy and the Rice Value Chain Development Strategy with said Cabinet-approved copies attached.*
 3. To promote private sector participation in fertilizer supply and enhance farmer access to fertilizer, the Recipient has: (a) through the Minister of Agriculture and Forestry prepared and presented to Parliament the National Fertilizer Regulations and the regulations have matured into law; and (b) established and operationalized the National Fertilizer Regulatory Agency (NaFRA), including the appointment of its governing Board, *all as evidenced by: (i) the certificate of maturity for the National Fertilizer Regulations, 2020 issued by the Ag. Clerk of Parliament; (ii) a certificate of passage indicating Parliamentary approval of the nomination of the chairperson for the NaFRA Board; (iii) minutes dated April 28, 2020, for a meeting of the NaFRA board; and (iv) a letter dated April 2, 2020, from the Permanent Secretary, Ministry of Agriculture and Forestry (“MAF”) confirming the staffing of NaFRA.*

4. To improve land administration systems and increase access and security of tenure, especially for women and other vulnerable groups, the Recipient has through its Ministry of Lands, Housing and Country Planning, prepared advanced drafts of the Land Commission Bill and Customary Land Rights Bill (the “Bills”) and conducted consultations in the East, South, North and North West regions of the Recipient’s territory, fully documenting the input and recommendations of said consultations into a final report fully considered by its Cabinet, *as evidenced by: (i) the advanced drafts of the Land Commission Bill, 2020 and the Customary Land Rights Bill, 2020 both of date March 16, 2020, (ii) final Report on Regional Consultations dated February 12, 2020, endorsed by the Permanent Secretary, Ministry of Lands, Housing and Country Planning documenting input from consultations; and (iii) a confirmation of Cabinet decision letter dated May 6, 2020, from the Secretary to the Cabinet and Head of the Civil Service confirming that the Report on Regional Consultations was presented to the Cabinet and that the report will inform the drafting of the Bills.*
5. To strengthen governance in the fisheries sector, the Recipient has: (a) through its Minister of Fisheries and Marine Resources, prepared and presented to Parliament the Fisheries and Aquaculture Regulations and the regulations have matured into law; and (b) through its Cabinet, approved and adopted the National Plan of Action to prevent, deter and eliminate illegal, unreported and unregulated fishing (“National Plan of Action”), *all as evidenced by: (i) the certificate of maturity for the Fisheries and Aquaculture Regulations, 2019 issued by the Clerk of Parliament; (ii) cabinet minute paper dated February 19, 2020 and confirmation of Cabinet decisions letter dated April 3, 2020, issued by the Secretary to Cabinet and Head of the Civil Service; and (iii) a memorandum dated April 14, 2020, from the Deputy Minister, Ministry of Fisheries and Marine Resources copied to the Country Manager, World Bank, Sierra Leone office forwarding a copy of the approved National Plan of Action.*
6. To strengthen the Electricity Distribution and Supply Authority’s (EDSA) governance and technical efficiency, the Recipient has through the board of directors of EDSA: (a) approved and adopted a new organizational structure; and (b) appointed staff to fill senior management positions, *as evidenced by: (i) a Board resolution dated November 25, 2019, and (ii) appointment letter dated January 22, 2020, for a distribution and technical services director, appointment letter dated December 24, 2019 for a quality assurance and compliance manager, appointment letter dated November 18, 2019, for a head of management accounts and financial planning and appointment letters dated September 18, 2019, for a chief financial officer and a commercial services director.*
7. To promote equitable deployment of teachers across the country, the Recipient has through the Teaching Service Commission (TSC) established a pilot for a nationwide teacher attendance monitoring system (TAMS) and through the TSC’s Board of Commissioners approved and adopted a teacher deployment protocol and

incentive strategy, as evidenced by: (i) signed minutes of the TSC Board of Commissioners dated January 3, 2020; (ii) signed Teacher Deployment Policy dated December 2019; and (iii) final report on the TAMS pilot dated March 1, 2020.

B. Improving transparency and accountability in selected government decision making processes

8. To enable the implementation of a nationwide e-procurement system, the Recipient has through the National Public Procurement Authority prepared and presented to Parliament the Public Procurement Regulations and, said procurement regulations have matured into law, as evidenced by the certificate of maturity for the Public Procurement Regulations, 2020 issued by the Clerk of Parliament.
9. To enable implementation of the Anti-Corruption Commission (Asset Declaration) Regulations, 2019, the Recipient has enacted an amendment to the Anti-Corruption Act, 2008 to, as evidenced by Gazette supplement volume CXLX, no. 88 dated December 22, 2019.

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)
Single Withdrawal Tranche	73,200,000
TOTAL AMOUNT	73,200,000

C. Withdrawal Tranche Release Conditions

1. 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 a 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 United States 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 five (5) 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 Leone 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 Recipient’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 December 31, 2020.

APPENDIX

Definitions

1. “Anti-Corruption Act” means the Recipient’s Anti-Corruption Act, 2008 as may be amended.
2. “Anti-Corruption Commission (Asset Declaration) Regulations” means the Recipient’s Anti-Corruption Commission (Asset Declaration) Regulations of 2019, statutory instrument number 3 of 2019 passed under section 140 of the Anti-Corruption Act and published on January 24 of 2019.
3. “Dedicated Accounts” means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account.
4. “Electricity Distribution and Supply Authority” or “EDSA” means the Recipient’s agency responsible for distribution, supply and retail sale of electricity in the Recipient’s territory established and operating pursuant to the National Electricity Act, 2011 or its successor.
5. “Fisheries and Aquaculture Regulations” means the Recipient’s Fisheries and Aquaculture Regulations of 2019 passed under section 92 of the Fisheries and Aquaculture Act, 2018.
6. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
7. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018.
8. “Leone(s)” means the Recipient’s local currency.
9. “Local Currency Dedicated Account” means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
10. “Minister of Agriculture and Forestry” means the Recipient’s minister responsible for agriculture.
11. “Minister of Fisheries and Marine Resources” means the Recipient’s minister responsible for fisheries and marine resources.
12. “National Fertilizer Regulations” means the Recipient’s National Fertilizer Regulations, statutory instrument number 3 of 2020 passed under section 28 of the National Fertilizer Regulatory Agency Act, 2018 published on January 16, 2020.

13. “National Fertilizer Regulatory Agency” or “NaFRA” means the National Fertilizer Regulatory Agency established under section 2 of the National Fertilizer Regulatory Agency Act, 2018 (Act No. 4 of 2018).
14. “National Plan of Action” means the Recipient’s National Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing dated June 26, 2019.
15. “National Public Procurement Authority” means the Recipient’s National Public Procurement Authority established under section 3 of the Public Procurement Act, 2016 (Act No. 1 of 2018).
16. “Public Procurement Regulations” means the Recipient’s Public Procurement Regulations of 2020, Statutory Instrument No. 5 of 2020, passed under section 68 of the Public Procurement Act, 2016, published on March 19, 2020.
17. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated April 30, 2020, 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.
18. “Report on Regional Consultations” means the report dated February 12, 2020 documenting the consultations conducted in the East, South, North and North West regions of the Recipient’s territory on the proposed provisions of the Land Commission and Customary Land Rights Bills.
19. “Seed Certification Agency Regulations” means the Recipient’s Sierra Leone Seed Certification Agency Regulations of 2020, Statutory Instrument No. 8 of 2020, passed under section 91 of the Sierra Leone Seed Certification Agency Act, 2018, published on April 14, 2020.
20. “Seed Certification Agency” or “SCA” means the Recipient’s Seed Certification Agency established under section 4 of the Sierra Leone Seed Certification Agency Act, 2018 or any successor thereto.
21. “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.
22. “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.

23. "Teaching Service Commission" or "TSC" means the Sierra Leone Teaching Service Commission established under section 2 of the Sierra Leone Teaching Service Commission Act, 2011 (Act No. 1 of 2011), or any successor thereto.