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**CREDIT NUMBER 4790-SL**  
**GRANT NUMBER H605-SL**

# **Financing Agreement**

**(Youth Employment Support Project)**

**between**

**REPUBLIC OF SIERRA LEONE**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 20, 2010**

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**CREDIT NUMBER 4790-SL**  
**GRANT NUMBER H605-SL**

## **FINANCING AGREEMENT**

AGREEMENT dated July 20, 2010, entered into 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
  - (a) an amount equivalent to six million two hundred thousand Special Drawing Rights (SDR 6,200,000) (“Grant”); and
  - (b) an amount equivalent to seven million five hundred thousand Special Drawing Rights (SDR 7,500,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 1 and August 1 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts 2 and 3 of the Project and cause Part 1 of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension is 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.
- 4.02. The Additional Event of Acceleration is that the event specified in Section 4.01 of this Agreement occurs.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Recipient has adopted the Project Implementation Manual referred to in Section I.E of Schedule 2 to this Agreement in accordance with the provisions of said Section.
  - (b) the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
  - (c) The Recipient has updated the ESMF and the RPF, and adopted the PMP, all in accordance with the provisions of Section I.F.1 of this Schedule 2 to this Agreement.
- 5.02. The Additional Legal Matter is that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is

legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

- 5.03. The Effectiveness Deadline is the date ninety days (90) days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister at the time responsible for finance.

- 6.02. The Recipient's Address is:

The Minister of Finance and Economic Development  
Ministry of Finance and Economic Development  
Treasury Building  
George Street  
Freetown, Sierra Leone

Cable: MINFIN, Freetown                      Facsimile: 232 22 228 472

- 6.03. The Association's Address 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)	1-202-477-6391

AGREED at Freetown, Republic of Sierra Leone, as of the day and year first above written.

**REPUBLIC OF SIERRA LEONE**

**By /s/ Samura Mathew Winston Kamara**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Vijay Pillai**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase access to short term employment opportunities and to improve employability of targeted youth.

The Project consists of the following parts:

#### **Part 1. “Cash for Work” Labor Based Public Works Program**

Carrying out a labor-intensive public works program, such program to include rehabilitation and maintenance of roads and other selected priority public works and related training, as a means to provide temporary employment for the Recipient’s youth.

#### **Part 2. Skills Development and Employment Support**

Carrying out a program of activities aimed at developing the business and life skills of the youth so as to enhance their livelihoods and employability in agriculture and other economic sectors, such activities to include provision of technical training through apprenticeship schemes in the formal and informal sectors, business development support and coaching, and other life skills.

#### **Part 3. Institutional Support and Policy Development**

Carrying out a program of activities aimed at building the capacity of the Recipient for implementation of the Project, such activities to include: (a) operationalization of the National Youth Commission; (b) development of policy responses on labor markets, skills certification, monitoring and evaluation of existing programs, and setting up systems to assist in the identification and follow-up of Project beneficiaries; and (c) knowledge management and carrying out learning events to promote the involvement of youth in the Project.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. Technical Steering Committee**

In order to ensure proper coordination of the Project, the Recipient shall maintain a steering committee, which shall: (a) be chaired by the permanent secretary of the MoEYS; (b) consist of director level representatives of the Recipient's ministries responsible for education, youth and sports, labor and social security, agriculture, trade and commerce, and finance and economic development; and (c) be responsible for providing policy guidance and oversight for the Project.

##### **2. Youth Secretariat**

In order to ensure the proper execution of Parts 2 and 3 of the Project, the Recipient shall maintain a secretariat within the MoEYS, to be responsible for providing technical support and guidance relating to Parts 2 and 3 of the Project, with qualified and experienced staff in adequate numbers and other resources needed to perform its functions.

##### **3. IPAU**

In order to ensure proper fiduciary oversight of Parts 2 and 3 of the Project, the Recipient shall maintain the IPAU to be responsible for financial and procurement management of Parts 2 and 3 of the Project, with qualified and experienced staff in adequate numbers and other resources needed to perform its functions.

##### **4. National Commission for Social Action**

The Recipient shall designate the Project Implementing Entity to be responsible for implementation of Part 1 of the Project, and addressing day-to-day issues arising in the course of the implementation of Part 1 of the Project, including implementation of financial management requirements, reporting, preparation of annual work programs, procurement management activities, accounts management and monitoring of activities thereunder, in accordance with the terms of this Agreement and the Project Agreement.

**B. Subsidiary Agreement**

1. To facilitate the carrying out of the Project Implementing Entity's Respective Part of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Category (1) available, on a grant basis, to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by 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 Financing. 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. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**D. Annual Work Plans**

1. The Recipient shall, not later than November 30 in each Fiscal Year, prepare (in part on the basis of the proposed annual work plans and budgets prepared by the Project Implementing Entity pursuant to Section I.C of the Schedule to the Project Agreement) and furnish to the Association, annual work plans and related budgets containing all activities proposed to be carried out under the Project in the following calendar year.
2. The Recipient shall exchange views with the Association on each such proposed annual work plan, and shall thereafter adopt, and carry out such program of activities for such following calendar year as shall have been agreed with the Association, as such plan may be subsequently revised during such following calendar year with the prior written approval of the Association ("Annual Work Plan").

**E. Project Implementation Manual**

1. The Recipient shall develop, in accordance with terms of reference satisfactory to the Association, an implementation manual for the Project in form and substance acceptable to the Association, such manual to include financial management, indicators for monitoring and evaluation of the Project, procurement and operational procedures and guidelines for implementation and management of the Project ("Project Implementation Manual").



2. The Recipient: (a) shall adopt the Project Implementation Manual and thereafter ensure that the Project is carried out in accordance with the Project Implementation Manual; and (b) except as the Association shall otherwise approve in writing, shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
3. In the event of any conflict between the provisions of the Project Implementation Manual on one hand, and those of this Agreement on the other hand, the latter shall prevail.

**F. Safeguards**

1. The Recipient shall:
  - (a) in accordance with terms of reference agreed with the Association: (i) update the ESMF and RPF; and (ii) prepare, and thereafter adopt, a pest management plan for the Project, in form and substance satisfactory to the Association;
  - (b) proceed thereafter to ensure the implementation of the Project in accordance with the provisions of the ESMF, RPF, PMP and where applicable, the EMPs and RAPs;
  - (c) ensure that, if any activities proposed for inclusion under the Project in any Annual Work Plan would, pursuant to the ESMF, require the adoption of an EMP, then no activities included in the Annual Work Plan shall be implemented unless and until an EMP for such activities: (i) is prepared, in accordance with the ESMF and furnished to the Association for review and approval; and (ii) is disclosed as required by the ESMF and approved by the Association; and
  - (d) if a RAP would be required for any activities proposed for inclusion in any Annual Work Plan on the basis of the RPF: (i) prepare said RAP in accordance with the requirements of the RPF, disclose it locally and furnish it to the Association as part of the proposed Annual Work Plan; and (ii) ensure that no works under the Annual Work Plan for said activities shall be commenced until: (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken; (B) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP; and (C) the Association has confirmed that said activities may be commenced.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, in accordance with terms of reference satisfactory to the Association: (a) monitor the status of compliance with the ESMF, RPF, PMP and any EMPs or RAPs; and (b) prepare quarterly reports (based in part on the reports for the same period to be furnished by the Project Implementing Entity to the Recipient pursuant to Section I.D of the Schedule to the Project Agreement) and furnish the same to the Association, as part of the Project Reports, on the results of such monitoring activities, giving details of:
  - (i) measures taken in furtherance of such ESMF, RPF, PMP, EMPs and RAPs;
  - (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, RPF, PMP, EMPs and RAPs; and
  - (iii) remedial measures taken or required to be taken to address such conditions.
3. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part F, and thereafter shall carry out with due diligence all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the ESMF, RPF, PMP and any EMPs and RAPs.

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

### **A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

### **B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each 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 Association not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the following additional procedures:
  - (a) foreign bidders shall be allowed to participate in National Competitive Bidding procedures;
  - (b) bidders shall be given at least 28 days from the receipt of notification of award to submit performance securities;
  - (c) no domestic preference shall be given for domestic bidders or 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 World Bank; and (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.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than National Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) Procurement from United Nations Office for Project Services
(b) Direct Contracting
(c) Shopping

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection Based on Consultants' Qualifications
(b) Single Source Selection
(c) Least Cost Selection

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such

additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Consultants’ services, goods, works and Training for Part 1 of the Project	700,000	6,200,000	100%
(2) Goods, consultants’ services and Training for Part 2 of the Project	5,000,000	0	100%
(3) Goods, consultants’ services, Training and Operating Costs for Part 3 of the Project	1,800,000	0	100%
<b>TOTAL AMOUNT</b>	<b>7,500,000</b>	<b>6,200,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2013.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 1 and August 1:	
commencing August 1, 2020 to and including February 1, 2030	<b>1%</b>
commencing August 1, 2030 to and including February 1, 2050	<b>2%</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “Annual Work Plan” means the program of activities together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.D of Schedule 2 to this Agreement, as the same may be revised from time to time.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
5. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter, (B) loss of assets or access to assets, or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and “Displaced Persons” means more than one Displaced Person.
6. “EMP” means, if required by the ESMF for activities to be included in an Annual Work Plan, the environmental management plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient in accordance with the ESMF, and giving details of measures to manage potential environmental risks and mitigate, reduce and/or offset adverse environmental impacts associated with the implementation of such activities, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as any such plan may be amended and/or supplemented from time to time with prior written approval of the Association; and “EMPs” means, collectively, all or several such plans.
7. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated January 2003, and to be updated in accordance with Section I.F.1 of Schedule 2 to this Agreement, 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.

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
9. “IPAU” means Integrated Project Administration Unit within the Recipient’s Ministry of Finance and Economic Development, and any successor thereto.
10. “MoEYS” means the Recipient’s Ministry of Education, Youth and Sport, or any successor thereto.
11. “National Youth Commission” means the National Youth Commission, established pursuant to the National Youth Commission Act No. 11 of 2008.
12. “Operating Costs” means the reasonable costs for operating expenditures incurred on account of the implementation of the Project, consisting of office supplies, operation and maintenance of vehicles and equipment, utilities, bank charges, consumables, travel expenses including per diems, and salaries of non-consultant Project staff but excluding salaries of the Recipient’s civil servants.
13. “PMP” means the Pest Management Plan to be prepared in accordance with Section I.F.1 of Schedule 2 to this Agreement, which shall outline the measures to be taken for development and implementation of pest management and safe handling of pesticides in the course of Project implementation.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 3, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “Project Implementing Entity” means the National Commission for Social Action, a legal entity established and operating pursuant to the Project Implementing Entity’s Legislation.



17. “Project Implementing Entity’s Legislation” means the National Commission for Social Action Act, 2001 (Act No. 13 of 2001), as said Act may be amended from time to time.
18. “Project Implementation Manual” means the manual referred to in Section I.E of Schedule 2 to this Agreement.
19. “RAP” means, if required by the RPF for any activities to be included in an Annual Work Plan, the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient in accordance with the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with the procedural and institutional measures needed to implement such actions, measures and policies.
20. “RPF” means the Resettlement Policy Framework prepared and adopted by the Recipient, dated January 2003, and to be updated in accordance with Section I.F.1 of Schedule 2 to this Agreement, giving details of provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons.
21. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.
22. “Technical Steering Committee” means the steering committee referred to in Section I.A.1 of Schedule 2 to this Agreement.
23. “Training” means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials.
24. “Youth Secretariat” means the secretariat referred to in Section I.A.2 of Schedule 2 to this Agreement.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

*“Section 2.07. Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

*“Section 6.02. Suspension by the Association*

... (1) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is 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 Project Implementing 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.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
  - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

### **Section III. 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.”