September 18, 2015

Honorable Kaifala Marah
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Treasury Building
George Street
Freetown, Sierra Leone

Re: ERRTF Grant No. TF0A0806
Additional Grant for Social Safety Nets Project

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Sierra Leone ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by the Government of the United Kingdom of Great Britain and Northern Ireland, represented by the Department for International Development ("Donor") under the Ebola Recovery and Reconstruction Trust Fund (TF No. 072305), proposes to extend to the Recipient, a grant in an amount not to exceed three million one hundred and seven thousand United States Dollars (US$3,107,000) ("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 abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is 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 to 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 specified by the World Bank in accordance with Section 5.03 of the Annex to this Agreement; provided, however, that the offer of this Agreement shall be deemed
withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Sergiy V. Kulyk
Acting Country Director for Sierra Leone
Africa Region

AGreed:
REPUBLIC OF SIERRA LEONE

By
Authorized Representative

Name Buckari Kosia Stevens

Title Ambassador

Date: September 18, 2015

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
(3) 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.
Article I
Standard Conditions; Definitions


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.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to establish the key building blocks for a basic national safety net system and to provide income support to extremely poor households in Sierra Leone.

The Project consists of the following parts:

Part 1: Development of Systems for Implementation of Social Safety Net Interventions

Establishing and operationalizing, and thereafter expanding and strengthening, key building blocks of a basic national safety net system, the said key building blocks to include: (a) tools for a three stage common targeting system consisting of: (i) geographical areas below the district level; (ii) community-based identification of potentially eligible households; and (iii) verification of households eligibility through proxy means testing; (b) a registry of Beneficiaries; (c) an integrated management information system, including, among others, supply and installation of appropriate information and communications technology, hardware, software, internet connectivity, local area networks and mobile technology support; (d) a payment system; and (e) appropriate grievance redress mechanisms and anti-corruption measures.

Part 2: Cash Transfers to Extremely Poor Households

Piloting and thereafter scaling up the implementation of a Cash Transfer Program designed to provide income support to Beneficiaries.

Part 3: Project Management and Capacity Building

(a) Strengthening the capacity of NaCSA for day to day coordination, implementation and management (including, among others, fiduciary aspects, carrying out of
audits, designing and implementing an information, education and communications strategy and reporting) of Project activities and results, all through the provision of technical advisory services, Training, Operating Costs, non-consulting services and acquisition of goods for the purpose.

(b) Strengthening the technical and management capacities of sector ministries, institutions, agencies and Local Councils at central and local levels for coordination of national safety net interventions, all through provision of technical advisory services, Training, Operating Costs, non-consulting services and acquisition of goods for the purpose.

(c) Strengthening monitoring and evaluation mechanisms in the sector, in particular: (i) regular monitoring activities (including field visits); (ii) external assessments (including process evaluations and targeting assessments); and (iii) carrying out of an impact evaluation.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of:

(a) Article II of the Standard Conditions;

(b) the Anti-Corruption Guidelines; and

(c) this Article II.

2.03. **Institutional and Other Arrangements.** The provisions of Sections I.A, I.B and I.C of Schedule 2 to the Amended and Restated Financing Agreement and related definitions are hereby incorporated by reference in this Section and shall apply to this Agreement, mutatis mutandis, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:

(a) references to “Association” shall be construed as references to the World Bank (acting as administrator of grant funds provided by the Donor);

(b) references to “Financing” shall be construed as references to the Grant provided for under this Agreement; and

(c) references to the “Recipient” shall be construed as references to the Recipient of this Grant.
2.04. **Donor Visibility and Visit**

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation**

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. **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 forty-five (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, upon the World Bank’s request, have its Financial Statements 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 (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
2.07. Procurement

(a) General. All goods, non-consulting services and consultants' 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 Procurement Guidelines, in the case of goods and non-consulting services;

(ii) Sections I and IV of the 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 1.18 of the Procurement Guidelines and paragraph 1.25 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services 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 non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional provisions in paragraph (iii) immediately below; (B) Shopping; (C) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; and (D) Direct Contracting.

(iii) Exceptions to National Competitive Bidding ("NCB") Procedures. The procedures to be followed for NCB shall be those set forth in the Recipient's Public Procurement Act ("the Act"), provided, however, that said procedures shall be subject to the provisions of Section I and paragraphs 3.3 and 3.4, respectively, of the Procurement Guidelines, and subject to the following additional procedures (i.e. exceptions to the Act):
(A) Bidding documents acceptable to the World Bank shall be used;

(B) Eligibility to participate in a procurement process and to be awarded a World Bank-financed contract shall be as defined under Section I of the Procurement Guidelines. Accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and foreign bidders shall not be obligated to partner with local bidders in order to participate in a procurement process;

(C) Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids;

(D) No margins of preference of any sort (e.g., on the basis of bidder nationality, origin of goods, services or labor, and/or preferential programs) shall be applied in the bid evaluation;

(E) Joint venture or consortium partners shall be jointly and severally liable for their obligations. Bidders shall be given at least fifteen (15) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be submitted in a single envelope;

(F) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation and award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior written concurrence of the World Bank;

(G) All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank’s prior written concurrence;

(H) Qualification criteria shall be applied on a pass or fail basis;

(I) Bidders shall be given at least twenty-eight (28) days from the receipt of notification of award to submit performance securities;
(J) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines; and

(k) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance

(d) Particular Methods of Procurement of Consultants’ Services

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

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-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) 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:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goods, non-consulting services, consultants' services, Training and Operating Costs under Parts 1 and 3 of the Project <em>(Pro Memoria)</em></td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>2. Cash Transfer Program under Part 2 of the Project <em>(Pro Memoria)</em></td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>3. Goods, non-consulting services, consultants' services, Training and Operating Costs for the Districts under Parts 1 and 3 of the Project</td>
<td>932,000</td>
<td>Such percentage of the Annual Expenditures as the World Bank may determine for each Fiscal Year and communicate to the Recipient</td>
</tr>
<tr>
<td>4. Cash Transfer Program for the Districts under Part 2 of the Project</td>
<td>2,175,000</td>
<td>Such percentage of the Annual Expenditures as the World Bank may determine for each Fiscal Year and communicate to the Recipient</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,107,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made in any Fiscal Year commencing in Fiscal Year 2015, until: (i) the Recipient has furnished to the World Bank, in form and substance satisfactory to the World Bank, a proposed Annual Work Plan and Budget along with details of the proposed Annual Expenditures, including the percentage of said Annual Expenditures which may be financed out of the proceeds of the Grant; and (ii) both Annual Work Plan and Budget and Annual Expenditures have been approved by the World Bank.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2019.
Article IV
Additional Remedies

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02(k) of the Standard Conditions consists of the following, namely, that the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraph 4.01 occurs and is continuing for a period of sixty (60) days after notice of the event has been dispatched by the World Bank to the Recipient.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.

(b) the amended and restated financing agreement dated the same date as this Agreement, between the Recipient and the IDA, providing financing in support of the Project (“Amended and Restated Financing Agreement”), has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters, namely, that on behalf of the Recipient, this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). 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.
5.04. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) 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 VI**

**Recipient’s Representative; Addresses**

6.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

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

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

  Facsimile: 232 22 229 060

6.03. **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 248423 (MCI) or 1-202-477-6391
  Washington, D.C. 64145 (MCI)
APPENDIX

Definitions

1. "Amended and Restated Financing Agreement" means the amended and restated agreement between the Recipient and the International Development Association, of the same date as this Agreement, providing financing for a Social Safety Nets Project (Grant Numbers H925-SL and D0920-SL).

2. "Annual Expenditures" means the Annual Expenditures referred to in Section I.B.2.(e) of Schedule 2 to the Amended and Restated Financing Agreement.

3. "Annual Work Plan and Budget" means the Annual Work Plan and Budget referred to in Section I.B.2 of Schedule 2 to the Amended and Restated Financing Agreement.


5. "Beneficiary" means a household which is eligible to receive a Cash Transfer under the Cash Transfer Program and is duly registered for the purpose; and "Beneficiaries" mean, collectively, two or more such households.

6. "Cash Transfer" means the cash payment to be made to a Beneficiary under the Cash Transfer Program, and "Cash Transfers" mean, collectively, two or more such cash payments.

7. "Cash Transfer Program" means the program referred to in Part 2 of Section 2.01 of the Annex to this Agreement as elaborated in Section I.C of Schedule 2 to the Amended and Restated Financing Agreement.

8. "Category" means a category set forth in the table in Section 3.01 of the Annex to this Agreement.


10. "District" includes one of the following administrative units in the Recipient’s territory participating in the Project: Bo, Bombali, Kailahun, Kenema, Kono, Moyamba, Port Loko, Western Rural, or Tonkolili, or such other administrative unit as may be elaborated in the Project Operational Manual from time to time; and "Districts" mean, collectively, two or more said administrative units.

11. "Fiscal Year" means the fiscal year of the Recipient commencing on January 1 and ending on December 31 of the same year.
12. "Local Council" means a council established and operating pursuant to Section 2 of the Local Government Act and any successor thereto, and "Local Councils" means, collectively, two or more said councils.

13. "Local Government Act" means the Act Number 1 of 2004 of the laws of the Recipient, as amended from time to time.

14. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on the Annual Work Plan and Budget approved by the International Development Association pursuant to the provisions of Section I.B.2 of Schedule 2 to the Amended and Restated Financing Agreement, and consisting of expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting and other sitting allowances and honoraria to said Project staff.


16. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated July 1, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


18. "Training" means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the International Development Association pursuant to Section I.B.2 of Schedule 2 to the Amended and Restated Financing Agreement, consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (i) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.