Agreement Amending Development Grant Agreement

(Infrastructure Development Project)

between

REPUBLIC OF SIERRA LEONE

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 21, 2008
AGREEMENT AMENDING DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated July 21, 2008, between the REPUBLIC OF SIERRA LEONE (the Recipient) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) under the Development Grant Agreement dated December 22, 2005 and amended on January 25, 2008 (renamed as Development Financing Agreement pursuant to Section 1.01 below) between the Recipient and the Association, the Association agreed to provide the Recipient with a grant in an amount equivalent to thirty million four hundred thousand Special Drawing Rights (SDR 30,400,000) to assist in financing the Infrastructure Development Project described in Schedule 2 to the Development Financing Agreement (the Project);

(B) the Recipient has requested the Association to provide additional grant and credit assistance in order to meet increased costs associated with the completion of Project activities, by increasing the amount made available under the Development Financing Agreement by an amount in various currencies equivalent to six million nine hundred thousand Special Drawing Rights (SDR 6,900,000); and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to provide such additional assistance to the Recipient upon the terms and conditions set forth in this Amending Agreement (as hereinafter defined);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
Amendments

Section 1.01. The Development Grant Agreement is renamed “Development Financing Agreement”, and the numbers of the Original Grant, the Additional Grant and the Additional Credit (as hereinafter defined) are added to the title page and the first page of the Development Financing Agreement.

Section 1.02. The term “Grant”, wherever used in the Development Financing Agreement, is replaced by the term “Financing”; and the term “Grant Account”, wherever used in the Development Financing Agreement, is replaced by the term “Financing
Accounts” except in Section 2.02 (c) of the Development Financing Agreement where the term “Grant Account” is replaced by the term “Original Grant Account”.

Section 1.03. Section 1.02 of the Development Financing Agreement is amended by inserting the following paragraph (b) and renumbering the existing paragraphs (b) through (ii) as paragraphs (c) through (jj):

“(b) ‘Amending Agreement’ means the agreement between the Recipient and the Association dated July 21, 2008, amending this Development Financing Agreement;”

Section 1.04. Section 2.01 of the Development Financing Agreement is amended to read as follows:

“Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to thirty seven million three hundred thousand Special Drawing Rights (SDR 37,300,000) (the Financing), which includes: (a) an original grant in an amount in various currencies equivalent to thirty million four hundred thousand Special Drawing Rights (SDR 30,400,000) (the Original Grant); (b) an additional grant in an amount in various currencies equivalent to three million two hundred thousand Special Drawing Rights (SDR 3,200,000) (the Additional Grant); and (c) an additional credit in an amount in various currencies equivalent to three million seven hundred thousand Special Drawing Rights (SDR 3,700,000) (the Additional Credit).”

Section 1.05. Section 2.04 (b) (i) of the Development Financing Agreement is amended by adding the following proviso after the word “canceled”:

“provided however, that any commitment charge on the Additional Grant and the Additional Credit shall accrue from a date sixty (60) days after the date of the Amending Agreement;”

Section 1.06. A new Section 2.05 is added to read as follows, and the existing Section 2.05 is renumbered as Section 2.06 accordingly:

“Section 2.05. The Recipient shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Additional Credit withdrawn and outstanding from time to time.”
Section 1.07. Section 2.06 (renumbered as such pursuant to Section 1.06 above) is amended by adding the words “and service charges” after the words “commitment charges”.

Section 1.08. New Sections 2.07 and 2.08 are added to read as follows:

“Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Recipient shall repay the principal amount of the Additional Credit in semiannual installments payable on each June 15 and December 15 commencing December 15, 2018 and ending June 15, 2048. Each installment to and including the installment payable on June 15, 2028 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Recipient’s per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Recipient creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Recipient’s economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Recipient to repay twice the amount of each such installment not yet due until the principal amount of the Additional Credit shall have been repaid; and (B) requiring the Recipient to commence repayment of the principal amount of the Additional Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Recipient that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Recipient, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Additional Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Recipient’s economic condition has deteriorated significantly, the Association may, if so
requested by the Recipient, further modify the terms of repayment of the Additional Credit to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.”

Section 1.09. The table set forth in paragraph 1 of Schedule 1 to the Development Financing Agreement is deleted and replaced with the table set forth in Attachment I to this Amending Agreement.

Section 1.10. Parts A and B of Section I of Schedule 3 to the Development Financing Agreement are amended by adding the words “and revised in October 2006” after the words “May 2004”.

Section 1.11. Paragraph 1(c) of Schedule 5 to the Development Financing Agreement is amended by replacing the figure “$3,000,000” relating to the Authorized Allocation of the Special Account with the figure “$4,000,000”.

Section 1.12. Paragraph 1 of Schedule 7 to the Development Financing Agreement is deleted, and the following paragraphs 2 through 10 are renumbered 1 through 9 accordingly.

Section 1.13. Paragraph 1(b) (renumbered as such pursuant to Section 1.12 above) of Schedule 7 to the Development Financing Agreement is amended to read as follows:

“(b) The term “Credit” is modified to read “Financing”, except in Sections 3.02, 3.04 and 6.05 and the introductory paragraph of Section 7.01 of the General Conditions where the term “Credit” is modified to read “Additional Credit”.

Section 1.14. Paragraph 1(c) (renumbered as such pursuant to Section 1.12 above) of Schedule 7 to the Development Financing Agreement is amended to read as follows:

“(c) The term “Credit Account” is modified to read “Financing Accounts”, except in Section 3.04 of the General Conditions where the term “Credit Account” is modified to read “Additional Credit Account”.

Section 1.15. Sub-paragraph (a) of paragraph 4 (renumbered as such pursuant to Section 1.12 above) of Schedule 7 to the Development Financing Agreement is deleted.
Section 1.16. Sub-paragraph (a) of paragraph 7 (renumbered as such pursuant to Section 1.12 above) of Schedule 7 to the Development Financing Agreement is amended to read as follows:

“(a) The words “development credit” in paragraphs (a)(ii) and (c)(i) of Section 6.02 and paragraph (b) of Section 7.01 are deleted.”

Section 1.17. Paragraph 9 (renumbered as such pursuant to Section 1.12 above) of Schedule 7 to the Development Financing Agreement is amended to read as follows:

“Section 12.05 and its heading are modified to read as follows:

Section 12.05. Termination of Development Financing Agreement

The payment obligations of the Recipient under the Development Financing Agreement shall forthwith terminate on the date the Recipient has paid all the amounts required to be paid by it under the Development Financing Agreement, and the obligations of the Recipient other than those related to payments shall forthwith terminate on the date twenty years after the date of the Development Financing Agreement.”

ARTICLE II
Effective Date; Termination

Section 2.01. This Amending Agreement shall not become effective until: (a) evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Amending Agreement has been duly authorized or ratified by all necessary governmental action, and this Amending Agreement is legally binding upon the Recipient in accordance with its terms; and (b) the Recipient and the SLRA and SLPA have executed amendments to the Subsidiary Grant Agreements for the purpose of on-granting the proceeds of the Additional Grant and the Additional Credit by the Recipient to the SLRA and SLPA, under terms and conditions which shall have been approved by the Association.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association showing on behalf of the Recipient, that: (a) this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon the Recipient in accordance with its terms; and (b) the amendments to the Subsidiary Grant Agreements between the Recipient and SLRA and SLPA have been duly authorized or ratified by the Recipient and, respectively, SLRA and SLPA, and are legally binding upon the Recipient and, respectively, SLRA and SLPA in accordance with their terms.
Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Recipient notice of its acceptance of the evidence required by Section 2.01 of this Amending Agreement.

Section 2.04. If this Amending Agreement shall not come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Grant Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SIERRA LEONE

By: /s/ Bockari Stevens

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Colin Bruce

Authorized Representative
### SCHEDULE 1

**Withdrawal of the Proceeds of the Financing**

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Financing, the allocation of the amounts of the Financing to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Grant Allocated (Expressed in SDR Equivalent)</th>
<th>Amount of the Additional Grant Allocated (Expressed in SDR Equivalent)</th>
<th>Amount of the Additional Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Works</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) SLRA</td>
<td>13,996,000</td>
<td>3,200,000</td>
<td>1,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) SLPA</td>
<td>600,000</td>
<td>0</td>
<td>2,500,000</td>
<td>80%</td>
</tr>
<tr>
<td>(c) SLAA</td>
<td>3,550,000</td>
<td>0</td>
<td>0</td>
<td>90%</td>
</tr>
<tr>
<td>2 Goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) SLRA</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(b) SLPA</td>
<td>430,000</td>
<td>0</td>
<td>0</td>
<td>80%</td>
</tr>
<tr>
<td>(c) SLAA</td>
<td>1,500,000</td>
<td>0</td>
<td>0</td>
<td>90%</td>
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<tr>
<td>(d) CMU</td>
<td>60,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>3 Consultants’ services, including audits</td>
<td>2,004,000</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(a) SLRA</td>
<td>650,000</td>
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<td>100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) SLPA</td>
<td>450,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(c) SLAA</td>
<td>2,100,000</td>
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<td></td>
</tr>
<tr>
<td>(d) CMU</td>
<td>270,000</td>
<td>0</td>
<td>0</td>
<td>100%</td>
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<tr>
<td>4 Training</td>
<td>650,000</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>5 Operating Costs (CMU)</td>
<td>270,000</td>
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<td>0</td>
<td>100%</td>
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<tr>
<td></td>
<td>Description</td>
<td>Amount</td>
<td>Other 1</td>
<td>Other 2</td>
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<td>---</td>
<td>--------------------------------------------------</td>
<td>----------</td>
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<td>---------</td>
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<tr>
<td>6</td>
<td>Refunding of Project Preparation Advance</td>
<td>1,250,000</td>
<td>0</td>
<td>0</td>
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<td></td>
<td>Amount due pursuant to Section 2.02 (c) of this Agreement</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Unallocated</td>
<td>2,890,000</td>
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<td>0</td>
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<td></td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>37,300,000</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
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