December 23, 2010

Hon. Samura Kamara
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Freetown
Republic of Sierra Leone

Re: Republic of Sierra Leone: Institutional Reform and Capacity Building Project IDA Grant Number H086-0 SL
Amendment to Development Grant Agreement

Dear Sir:

We refer to the Development Grant Agreement, dated May 18, 2004, between the Republic of Sierra Leone (the Recipient) and the International Development Association (IDA) for the above mentioned Project, as amended to date (the “Agreement”). We refer also to our recent discussions regarding the proposed amendment to the Agreement to reflect the revised Project performance indicators.

Accordingly, we propose to amend Schedule 5 to the Agreement to read as follows:

“SCHEDULE 5

Performance Indicators

For the purpose of this Agreement, the performance indicators to be used for the Project implementation are as follows:

1. All 19 elected local councils continue to meet the transparency and the financial management accountability requirement as per Sections 107, 81, and 105 of the Local Government Act of 2004.

2. Number of Local Councils meeting all minimum conditions on the Comprehensive Local Government Performance Assessment System.

3. Number of Local Councils meeting the threshold for the performance measures bonus (or Performance Incentive Grants) of the Comprehensive Local Government Performance Assessment System.

4. Percentage of general population seeing improvements in health and education services.”
In all other respects, the Agreement will remain in full force and effect.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this amendment letter. Upon receipt by IDA of the copy of this letter of amendment countersigned by you, this amendment letter will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

AGREED:

REPUBLIC OF SIERRA LEONE

By: /s/ Hon. Samura Kamara
Name: Samura Kamara
Title: Minister of Finance and Economic Development
Date: 10-02-2011