Date October 31, 2011

H. E. Samura Kamara
Minister
Ministry of Finance and Economic Development
Ministerial Building
George Street
Freetown, Sierra Leone

Re: SLIDF Grant No. TF010710
Technical Assistance for Tariff Analysis and Integrated Resource Planning 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 under the Multi Donor Trust Fund for the Sierra Leone Infrastructure Development Fund ("SLIDF"), proposes to extend to the Recipient a grant in an amount not to exceed seven hundred fifty thousand United States Dollars (U.S.$750,000) ("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 Donors. 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 Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donors for the purposes of the Grant.

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 of the countersignature; 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 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: /s/ Sergiy Kulyk
Sergiy Kulyk
Acting Country Director for Sierra Leone
Africa Region

AGREED:
REPUBLIC OF SIERRA LEONE

By: /s/ H. E. Samura Kamara
Authorized Representative

Name: Samura Kamara
Title: Minister of Finance and Economic Development
Date: November 15, 2011

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
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 Objective and Description. The objective of the Project is to improve tariff setting framework of and integrated resources planning for the power sector in the Recipient’s Territory. The Project consists of the following parts:

Part A. Cost-Based, Formula-Driven Tariff Study

Carrying out of a cost-based, formula-driven tariff study, including analysis and recommendations on: (i) wholesale tariff; (ii) retail tariff; (iii) financial model; (iv) sensitivity analysis and performance indicators; (v) capacity building; and (vi) regulatory process.

Part B. Integrated Resource Planning Methodology Study

Carrying out of an integrated resource planning methodology study, including analysis and recommendations on: (i) defining policy priorities; (ii) establishing sector organization and reform roadmap; (iii) analyzing historical energy demand and forecasting future demand; (iv) evaluating options for increasing rural access; (v) assessing potential for demand-side management; (vi) conducting systems planning analysis, including fuel supply linkages, transmission/distribution system planning, environmental and social impact assessment, and supply option assessment; (vii) conducting financial and policy analysis; (viii) conducting scenario analysis; (ix) conducting multi-attribute trade-off analysis; (x) preparing a report; and (xi) implementing dissemination and capacity building programs.

Part C. Project Management

Carrying out support for the day-to-day management, monitoring and coordination, and audit of the Project.

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 through the project management unit in the Recipient’s Ministry of Energy and Water Recourses, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “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 (“Anti-Corruption Guidelines”); and (c) this Article II.
2.03. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project on the basis of the following indicators: (i) agreement on new tariff framework; and (ii) identification of the least-cost development path for the Recipient’s power sector to meet forecasted demand.

(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 two months after the Closing Date.

2.04. **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 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. **Procurement**

(a) **General.** All 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) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”); and

(ii) 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 1.25 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, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **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 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; and (C) Least Cost Selection.
(d) **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) Consultants’ services</td>
<td>700,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>50,000</td>
<td>100 %</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>750,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this paragraph, the term “Operating Costs” means the incremental expenditures incurred on account of Project implementation including, *inter alia*, office supplies, utilities, vehicle operation and maintenance costs, local travel and per diems for Project personnel, and communication and insurance costs.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed ten thousand United States Dollars (U.S.$10,000) equivalent may be made for payments made prior to this date but on or after August 17, 2011, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is eighteen months after the date of countersignature of this Agreement by the Recipient.

**Article IV**  
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister in charge of finance.
4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:  
MINFIN, Freetown

4.03. **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  
Washington, D.C.  
248423 (MCI) or 64145 (MCI)  
1-202-477-6391