

EXECUTION VERSION

INITIAL ENGAGEMENT GRANT AGREEMENT

BETWEEN

THE MILLENNIUM CHALLENGE CORPORATION

AND

**THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE
ACTING THROUGH THE MINISTRY OF FINANCE**

FOR THE DEVELOPMENT OF A MILLENNIUM CHALLENGE COMPACT

Dated as of April 8, 2021



INITIAL ENGAGEMENT GRANT AGREEMENT

This INITIAL ENGAGEMENT GRANT AGREEMENT (this "*Agreement*"), dated as of April 8, 2021, is made between the Millennium Challenge Corporation, a United States Government corporation ("*MCC*"), and the Government of the Republic of Sierra Leone, acting through the Ministry of Finance (the "*Government*"). The Government and MCC are referred to herein as the "*Parties*" and each, individually, a "*Party*."

RECITALS

WHEREAS, the Board of Directors of MCC has determined that the Republic of Sierra Leone ("*Sierra Leone*") is eligible for assistance from MCC, and the Parties are seeking to enter into a Millennium Challenge Compact to advance economic growth and poverty reduction in Sierra Leone (a "*Compact*");

WHEREAS, the Government is required to retain technical expertise for the purpose of facilitating the development of a proposal for compact;

WHEREAS, the Parties wish to facilitate the development and implementation of a Compact by providing funds to assemble a team (the "*Compact Development Team*") that shall be responsible for the management of the compact development process (the "*Objective*"); and

WHEREAS, MCC wishes to make a grant to the Government to support such activities under the authority of Section 609(g) of the Millennium Challenge Act of 2003, as amended (the "*MCA Act*");

NOW, THEREFORE, the Parties hereby agree as follows:

ARTICLE 1. MCC GRANT

Section 1.1 MCC Grant. MCC hereby grants to the Government, under the terms of this Agreement, an amount not to exceed Seven Hundred and Fifty Thousand United States Dollars (US\$750,000) (the "*Grant*") to fund certain costs associated with engaging the Compact Development Team, on a reimbursable basis, as described in more detail in Annex I (the "*Eligible Costs*").

Section 1.2 Budget. The Grant funding shall be allocated among the Eligible Costs as generally described in Annex II.

Section 1.3 Term. Unless otherwise agreed in writing between the Parties, this Agreement shall terminate on the earlier of (a) the date on which the Grant has been disbursed and fully expended and final payment has been made in accordance with this Agreement, and (b) the date on which either Party terminates this Agreement in accordance with Section 3.2.

ARTICLE 2.

IMPLEMENTATION AND DISBURSEMENT OF GRANT FUNDING

Section 2.1 Reimbursement Request Process.

(a) Reimbursement Requests. The Government may request a disbursement of the Grant for reimbursement of Eligible Costs (each, a "**Reimbursement**") by submitting a written request and certification to MCC substantially in the form of Annex III (each, a "**Request**"), duly completed, at least ten (10) business days prior to the requested date of payment (or such other period of time as may be agreed by MCC). Unless otherwise agreed by MCC, the Government may submit only one Request for each month (such month, or any other period of time as agreed by MCC, the "**Period**"); provided that MCC and the Government agree that more than one Request may be submitted at a time.

(b) Approval of Request; Release of Grant Funding. Subject to MCC's approval of a Request, the proceeds of the Reimbursement approved thereunder may be transferred to the account designated by the Government to receive such funding.

Section 2.2 Government Resources. The Government agrees that the Grant is intended to make funds available to expedite the Compact development process, and is not intended to serve as a substitute for Government resources. Accordingly the Government shall not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the Eligible Costs.

ARTICLE 3.

SPECIAL PROVISIONS

Section 3.1 Use of Funds. The Government acknowledges and agrees that no Grant funding shall be used for any purpose that would violate United States law or policy (including the MCA Act) as specified in this Agreement or as further notified to the Government in writing by MCC or by posting at www.mcc.gov (the "**MCC Website**").

Section 3.2 Termination and Suspension

(a) Each Party may terminate this Agreement without cause in its entirety by giving the other Party 30 days' written notice.

(b) MCC may suspend, in whole or in part, provision of assistance under this Agreement upon giving the Government written notice. If, after 30 days from the date of such notice, MCC determines that the cause or causes for such suspension have not been corrected (if capable of cure) or still exist, MCC may terminate assistance and provide written notice of such termination to the Government.

Section 3.3 Refunds.

(a) If any Grant funding, or any interest or earnings thereon, is used for any purpose in violation of the terms of this Agreement, including any Taxes (as defined in Section 3.4 below) paid contrary to the requirements of Section 3.4, then MCC may require the Government to repay to MCC in U.S. Dollars the value of the misused portion or to reimburse for any Taxes paid in violation hereof of the Grant, interest, earnings, or asset within 30 days of MCC providing notice to the Government of the necessary refund of misused funds or reimbursement for Taxes paid. If the Government fails to pay any amount under this Agreement when due, interest shall be paid on such unpaid amount. Interest shall accrue on such unpaid amount at a rate equal to the then current US Treasury Current Value of Funds Rate, calculated on a daily basis and a 360-day year from the due date of such payment until such amount is paid in full. Any such payment shall first be credited against interest due, and once the interest due amount is extinguished, then payments shall be credited against outstanding principal. The Government shall not use any Grant funding, proceeds thereof, any other funds received from MCC, or any assets acquired with Grant funding or with any such other funds to make such payment.

(b) Notwithstanding any other provision in this Agreement or any other agreement to the contrary, MCC's right under this Section 3.3 for a refund shall continue during the term of this Agreement and for a period of (i) five years thereafter or (ii) one (1) year after MCC receives actual knowledge of such violation, whichever is later.

Section 3.4 Taxes. Unless the Parties otherwise specifically agree in writing, and subject to the provisions of this Section 3.4, the Grant shall not be used for the payment of any existing or future taxes, duties, levies, contributions or other similar charges ("**Taxes**") of or in Sierra Leone (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Sierra Leone). The Parties acknowledge and agree that the foregoing includes, *inter alia*, value added and other transfer taxes, profit and income taxes, property, stamp duty and *ad valorem* taxes, import and export duties and taxes (including for goods imported and re-exported for personal use), withholding taxes, payroll taxes, and social security and social insurance contributions. Unless otherwise agreed in writing by the Parties, the provisions of this Section shall not apply to income Taxes on and contributions with respect to individuals or legal persons who are nationals of Sierra Leone and individuals who are permanent residents in Sierra Leone, *provided that* such Taxes and contributions are not discriminatory and are generally applicable to all nationals in Sierra Leone.

Section 3.5 Reports. The Government shall provide to MCC within 30 days of a written request by MCC, or as otherwise agreed by MCC and the Government in writing, such other reports or documents as MCC may request from time to time in connection with any Eligible Costs or Reimbursement.

(a) Government Books and Records. The Government shall maintain accounting books, records, documents and other evidence relating to this Agreement adequate to show to MCC's satisfaction the use of all Grant funding (collectively, the "**Records**"). Records must be maintained for at least five years after the end of the term of this Agreement or for such longer period, if any, required to resolve any litigation, claims or audit findings or any statutory

requirements. The Government shall furnish or cause to be furnished to MCC upon MCC's request all such Records.

(b) Access; Audits. Upon MCC's request, the Government at all reasonable times shall permit, or cause to be permitted, authorized representatives of MCC, an authorized Inspector General of MCC, the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Agreement, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Activities, the opportunity to audit, review, evaluate or inspect facilities, assets, and activities funded in whole or in part by MCC. Any audit conducted in connection with this Agreement or any transaction contemplated hereby shall be prepared in accordance with the "Guidelines for Financial Audits" provided by MCC or posted on the MCC Website.

ARTICLE 4.

GENERAL

Section 4.1 Governing Law; Consultations.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles.

(b) Any dispute with regard to this Agreement shall be resolved between the Parties through consultations.

(c) In matters arising under or relating to this Agreement, neither Party shall be deemed to have submitted to the jurisdiction of the courts of or in the State of New York or any other court or judicial body.

Section 4.2 Representatives. For all purposes relevant to this Agreement, the Government shall be represented by the individual holding the position of, or acting as, Minister of Finance, and MCC shall be represented by the individual holding the position of, or acting as, the Vice President for Compact Operations (each of the foregoing, a "*Principal Representative*"). Each Principal Representative may, by written notice to the other Party, designate one or more additional representatives (each an "*Additional Representative*") for all purposes other than signing amendments to this Agreement. MCC hereby appoints the individual holding the position of, or acting as, the Deputy Vice President for Africa. A Party may change its Principal Representative to a new representative of equivalent or higher rank upon written notice to the other Party.

Section 4.3 Communications. Any document or communication required or submitted by either Party to the other under this Agreement must be submitted in writing and, except as otherwise agreed with MCC, in English to such Party's Principal Representative, and, if applicable, to such Party's Additional Representative(s), at such address as may be provided from time to time.

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Section 4.4 Counterparts. Except as the Parties may otherwise agree in writing from time to time, this Agreement and any related notice, certificate, instrument, agreement, or other document may be executed using counterpart signatures and, each when so executed and delivered, shall be an original instrument, but such counterparts together shall constitute a single agreement. A signature delivered by facsimile or electronic mail shall be deemed an original signature, and the Parties hereby waive any objection to such signature or to the validity of the underlying related notice, certificate, instrument, agreement or other document on the basis of the signature's legal effect, validity or enforceability solely because it is in facsimile or electronic form. Such signature shall be accepted by the receiving Party as an original signature and shall be binding on the Party delivering such signature.

Section 4.5 Relationship Between the Parties. Nothing in this Agreement shall be construed to constitute or create a partnership, agency relationship, joint venture or equity or similar interest between the Parties. Neither Party has the power or authority to act on behalf of the other Party, except as expressly authorized by the other Party in writing.

Section 4.6 No Assurance of Future Assistance. Nothing contained in this Agreement shall be construed as creating an obligation on the part of MCC to provide any further funding or assistance other than the Grant, including without limitation the provision of any funding for the Compact or any other project or program in Sierra Leone.

Section 4.7 Amendment. This Agreement may be amended or modified by written agreement of the Parties.

Section 4.8 Severability. If one or more provisions of this Agreement is held to be unenforceable, such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

Section 4.9 Survival. The Government's obligations under Article 3 survive the expiration, suspension or termination of this Agreement.

Section 4.10 References to MCC Website. Each reference in this Agreement, or any other agreement entered into in connection with this Agreement, to a document or information available on, or notified by posting on, the MCC Website shall be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.


Section 4.11 Entire Agreement. This Agreement, including any annexes hereto, shall constitute the entire agreement of the Parties with respect to the subject matter hereof and the transactions contemplated hereby, superseding and extinguishing all prior agreements, understandings, negotiations and representations and warranties, whether oral or written, relating to the subject matter hereof.

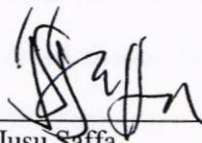
IN WITNESS WHEREOF, MCC and the Government, each acting through its duly authorized representative, have caused this Agreement to be executed in their names and delivered as of the date first written above. This Agreement shall become effective on and as of the date the Agreement is executed by the Parties.

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MILLENNIUM CHALLENGE
CORPORATION

THE GOVERNMENT OF SIERRA LEONE,
ACTING THROUGH THE MINISTRY OF
FINANCE

By: 
Name: Kyeh Kim
Title: Principal Deputy Vice President

By: 
Name: Jacob Jusu Saffa
Title: Minister of Finance

Date: _____

Date: _____

ANNEX I

DESCRIPTION OF THE ASSISTANCE

Unless the Parties otherwise agree in writing, the assistance provided hereunder shall be utilized to reimburse the Government for the Eligible Costs described in this Annex I.

Compact Development Team Staffing and Administration.

In furtherance of the preparation and development of the proposed Compact, the Grant shall reimburse the Government for the payment of salaries, benefits and related costs of the Compact Development Team for a specified term, as described in this Agreement.

Eligible Costs shall be subject to MCC's determination that such costs are reasonable, allowable and allocable, all as set forth in *MCC Cost Principles for Government Affiliates* as such may be posted on the MCC Website from time to time (the "*Cost Principles*").

The Grant shall support salary, benefits, and related costs for the following members of the Compact Development Team, consistent with the timeframes for eligibility set forth below and in each case only upon signature of a corresponding employment agreement (or similar instrument) with such member of the Compact Development Team; *provided that* no Grant funding will be available to support salary, benefits, or related costs for any member of the Compact Development Team for any period during which such individual has a valid contract with, and is employed by, the Government entity (referred to as MCCU) responsible for implementing the MCC-funded threshold program in Sierra Leone.

For the avoidance of doubt, the positions identified below may be full or part-time depending on the needs of compact development, in each case subject to MCC prior written agreement. In addition, the Parties anticipate that the need for certain positions may increase progressively during the course of compact development, such that positions may be part-time initially and later become full-time. Regardless, Grant support for any position identified below will be limited to the percentage of time spent by such member of the Compact Development Team on compact development matters.

Compact Development Team Member	Timing for Eligibility for Reimbursement
National Coordinator	Upon signing of this Agreement
Economist 1	
Economist 2	
Social and Gender Specialist	
Private Sector Development Specialist	
Stakeholder Engagement/Outreach/Consultation Lead	
Environmental and Social Performance Specialist	

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Monitoring and Evaluation Specialist	After the binding constraints have been agreed to by the Parties
One or more sector leads, to be determined by mutual agreement of the Parties	
Finance Manager	
Procurement Manager	
Legal Counsel	

Each Request shall include the following¹:

1. Completed timesheets (in the form provided by MCC) for each reimbursement period signed by each relevant member of the Compact Development Team and approved by [authorized official].
2. Completed and signed Request Form summarizing Eligible Costs to be reimbursed and "certified" by the Government as true and correct.
3. Government's banking information for the reimbursement (Bank name, account number, routing information (IBAN/SWIFT, *etc.*), currency for remittance (local currency)).
4. Grant Reference: [_____].

Payments for Compact Development Team salaries and benefits shall be made by in accordance with Section 2.1 of this Agreement. Prior to the initial reimbursement request for a particular Compact Development Team member's salary, the Government shall have submitted to MCC: (i) a copy of the Compact Development Team member's fully executed employment agreement (or similar instrument), including a clear indication of the salary of the employee and the start date of his/her employment; and (ii) a curriculum vitae of that employee. Each such employee shall be properly qualified to perform the tasks set forth in the applicable employment agreement, and salary shall be consistent with the Cost Principles. The determination regarding proper qualifications and compliance with the Cost Principles shall be made in MCC's sole discretion.

¹ Note that if any members of the Compact Development Team are contracted through a deliverables-based, consultant contract (or similar instrument), each Request must include sufficient documentation of the Government's acceptance of such deliverables for MCC to assess and reimburse the Government for such amounts.

**ANNEX II
BUDGET**

Activity	Budget (US\$)
Compact Development Team Salaries (Reimbursement)	US\$ 750,000
Total Estimated MCC Contribution	US\$ 750,000

ANNEX III: Form of Request

[Letterhead of Relevant Ministry/Compact Development Team]

Reference is made to the Initial Engagement Grant Agreement between the Republic of Sierra Leone, acting through the Ministry of Finance (the "**Government**"), and the Millennium Challenge Corporation, a United States Government corporation ("**MCC**"), dated as of April 8, 2021 (the "**Agreement**"). Capitalized terms used but not defined herein shall have the meanings given such terms in the Agreement.

[I][We], the undersigned, as [Government official(s)], pursuant to Section 2.1 of the Agreement, hereby submit this Request and certif[ies][y] as follows:

- (a) the below is a true and correct statement of the hours worked by the associated member of the Compact Development Team, for which the Government requests reimbursement:

Name	Title	Date Paid	Gross Amount Paid (specify local currency paid)	Ineligible Taxes or Other Costs included in Gross Amount	Amount Requested for Reimbursement by MCC (specify local currency)

- (b) Attached hereto is a true and correct copy of each such Compact Development Team member's timesheet;
- (c) The Compact Development Team member's timesheet reflects only that time dedicated to the compact development process;
- (d) No material default or breach of any covenant, obligation or responsibility by the Government has occurred and is continuing under the Agreement;
- (e) Eligible Costs to be reimbursed under this Request shall not violate any applicable law or regulation; and
- (f) No act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, the Agreement in accordance with Section 3 of the Agreement.

[Signature]

Printed/Typed Name:

Title: Minister of []

Remit to:

Account Name:

Account Number:

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Bank Name:
SWIFT Code:
For the Credit of: