

15 March 2023

Re: Republic of Sierra Leone:
Financing Agreement IFAD Grant No. 2000002586 / Loan No. 2000002587 / Additional
Loan No. 2000003095 / Grant No. 2000002586 / Additional Grant DSF No.

2000003094 / Additional RPSF Grant No. 2000003757
Agriculture Value Chain Development Project (AVDP)
Amendment to the Financing Agreement

Excellency,

1. We refer to the Financing Agreement (the "Agreement") dated 1 March 2019, between the Republic of Sierra Leone (the "Borrower/Recipient") and the International Fund for Agricultural Development (the "Fund" or "IFAD") for the execution of the Project in reference, as amended on 27 November 2019 and 4 August 2021.

2. We also refer to the request from the Borrower/Recipient dated 27 March 2019 requesting the Fund to allocate the full IFAD 11 amount to AVDP.

3. We are pleased to inform you that the Executive Board of the Fund approved on 22 December 2021 a Debt Sustainability Framework (DSF) Grant in an amount of three million three hundred thirty thousand United States dollars (USD 3 330 000) and an Additional Loan on highly concessional terms (HCT) in an amount of nine million United States dollars (USD 9 000 000) for the Project. Therefore, the Agreement is hereby amended to read as follows:

I. Cover page and first page

The following number shall be included in the cover page of the Financing Agreement, as well as in the first page of Financing Agreement:

Loan No.:	2000002587
Additional Loan No.:	2000003095
Grant Number:	2000002586
Additional Grant DSF No.:	2000003094
Additional RPSF Grant No.:	2000003757
Additional Grant DSF 2 No.:	2000004104
Additional Loan 2 No.:	2000004105

His Excellency
Minister for Finance of
the Republic of Sierra
Leone Ministry of
Finance
Treasury Building
Freetown

II. Section A, paragraph 3 shall be amended to read as follows:

"3. The Fund shall provide a Loan, an Additional Loan and an Additional Loan 2, a Grant, an Additional Grant and an Additional Grant 2 to the Borrower/Recipient (all together the "Financing"), which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.";

III. Section B

(a) Paragraph 1. Two new subsections F and G shall be included to read as follows:

"F. The amount of the Additional Grant 2 is three million three hundred thirty thousand United States dollars (USD 3 330 000).

G. The amount of the Additional Loan 2 eligible to highly concessional terms is nine million United States dollars (USD 9 000 000);

(b) A new paragraph 2(c) shall be added to read as follows:

"2(c). In relation to the HCT Loan:

- (i) it shall be free of interest but shall bear a fixed service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board, payable semi-annually in the Loan Service Payment Currency;
- (ii) it shall have a maturity period of forty (40) years, including a grace period of ten (10) years starting from the date of approval of the Loan by the Fund's Executive Board; and
- (iii) it will be repaid at two per cent (2%) of the total principal per annum for years eleven (11) to twenty (20), and four per cent (4%) of the total principal per annum for years twenty-one (21) to forty (40).

(c) Paragraph 3 shall be replaced to read as follows:

"3. The Loan and Additional Loans Service Payment Currency shall be United States dollars.";

(d) Paragraph 6 shall be replaced to read as follows:

"6. There shall be three (3) accounts designated to receive respectively IFAD Loan and Grant funds, IFAD Additional Loan and Additional Grant funds and IFAD Additional Loan 2 and Additional Grant 2 in advance (Designated Accounts) denominated in USD, to be maintained in a commercial bank. The funds in the Designated Accounts shall not be mingled with other funds.";

(e) Paragraph 7 shall be replaced to read as follows:

"7. There shall be a Project account denominated in SLL to receive the Financing from the Designated Accounts in a commercial bank. In addition, there will be separate counterpart account to receive counterpart financing from the government.".

IV. Schedule 2. The Table in paragraph 1 is hereby being amended as reflected in Annex "A" to this letter.

4. Except as expressly modified hereby the Agreement remains unmodified and in full force and effect. If there is conflict between this amendment and the Agreement or any earlier amendment, the terms of this amendment will prevail.

5. If this proposal is acceptable to you, we have the honour to request that you countersign the two copies of this Letter and return one copy to the Fund, thereby constituting a formal agreement between the Republic of Sierra Leone and the Fund which shall become effective on the date of countersignature by the Borrower/Recipient as indicated below.


Accept, Excellency, the assurances of my highest consideration.



Pascaline Barankeba
Country Director
West and Central Africa Division
Programme Management Department

CONFIRMED:

THE REPUBLIC OF SIERRA LEONE


Sheku Bangura
Minister of Finance
Freetown

Date and Place: 22/03/2023 FREETOWN, SIERRA LEONE

SCHEDULE 2

*Allocation and Withdrawal of Loan,
Additional Loan, Additional Loan 2, Grant, Additional Grant and Additional Grant 2 Proceeds*

The table in paragraph 1 will be replaced with the table below:

Category	Loan Amount Allocated (expressed in USD)	Grant Amount Allocated (expressed in USD)	Additional Loan Allocated (expressed in USD)	Additional Grant Allocated (expressed in USD)	Second Additional Loan Allocated (expressed in USD)	Second Additional Grant Allocated (expressed in USD)
I. Civil Works	460 000	460 000	1 890 000	700 000	1 160 000	405 000
II. Goods, Equipment and Vehicles	295 000	295 000	-	-	1 120 000	414 000
III. Consultancies (including technical assistance)	940 000	940 000	2 570 000	950 000	870 000	369 000
IV. Grants and Subsidies	2 080 000	2 080 000	11 770 000	4 360 000	2 950 000	1 080 000
V. Recurrent cost including salaries & allowances and operating cost	1 540 000	1 540 000	2 490 000	920 000	2 000 000	729 000
Unallocated	585 000	585 000	2 080 000	770 000	900 000	333 000
TOTAL	5 900 000	5 900 000	20 800 000	7 700 000	9 000 000	3 330 000