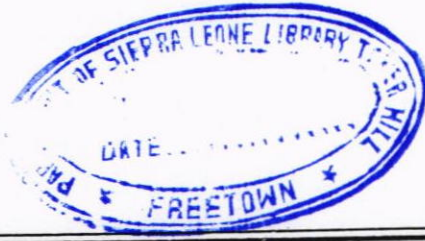


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LETTER OF AGREEMENT

TRANSITION SUPPORT FACILITY (TSF)

ENHANCING EFFICIENCY AND SUSTAINABILITY OF
ARTISANAL AND SMALL-SCALE MINING THROUGH
CLIMATE SMART ACTIONS

THE REPUBLIC OF SIERRA LEONE

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AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND
VICE PRESIDENCY
REGIONAL DEVELOPMENT, INTEGRATION
AND BUSINESS DELIVERY

Headquarters Address:
African Development Bank
01 B.P. 1387
Abidjan 01
COTE D'IVOIRE
Telephone: (225) 20 26 44 44/20.26.39.00
Web Site: www.afdb.org



VICE PRESIDENT – RDVP

Date 25th November 2020

PROJECT ID. No. P-Z1-B00-019
GRANT No. 5900155016358

Mr. Jacob Jusu Saffa
Minister for Finance
Ministry of Finance
Treasury Building George Street
Freetown
THE REPUBLIC OF SIERRA LEONE

Dear Honourable Minister,

RE: THE REPUBLIC OF SIERRA LEONE TRANSITION SUPPORT FACILITY (TSF) PILLAR III (*TARGETED SUPPORT WINDOW*) PROJECT ID. NO. P-Z1-B00-019 GRANT NO. 5900155016358 ENHANCING EFFICIENCY AND SUSTAINABILITY OF ARTISANAL AND SMALL-SCALE MINING THROUGH CLIMATE SMART ACTIONS. LETTER OF AGREEMENT

In response to the request for financial assistance made on behalf of the Republic of Sierra Leone (the "Recipient"), I am pleased to inform you that the African Development Bank (the "Bank") and the African Development Fund (the "Fund") (collectively the "Bank") as administrators of grant funds under the Transition Support Facility, proposes to extend to the

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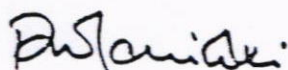
Recipient, a grant of an amount not exceeding Five Hundred Thousand Units of Account (UA 500,000) (the "Grant") from the Transition Support Facility (TSF) Pillar III (*Targeted Support Window*) on the terms and conditions set forth or referred to in this letter of agreement which includes the attached Annexes (the "Agreement"), to assist in the financing of the Enhancing Efficiency and Sustainability of Artisanal and Small-Scale Mining through Climate Smart Actions described in the Annex I (*Project Description*) to this Agreement (the "Project").

Please confirm the Recipient's agreement with the foregoing by having an authorized official of the Recipient, initial, sign and date the enclosed copy of this Agreement, and returning it to the Bank. This Agreement shall enter into force as of the date of the countersignature. Provided, however, that the Grant shall be deemed cancelled if the Agreement is not countersigned within ninety (90) days, unless the Bank shall have established a later date for such purpose.

Sincerely Yours,

AFRICAN DEVELOPMENT BANK
AND
AFRICAN DEVELOPMENT FUND

As Administrators of the Transition Support Facility



Peninah KARIUKI
Country Manager
Sierra Leone Country Office

AGREED ON BEHALF OF:

THE REPUBLIC OF SIERRA LEONE



Mr. Jacob Jusu Saffa
Minister of Finance

Date:

28/11/2020

Enclosures:

1. The General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund dated February 2009; and
2. The African Development Bank Disbursement Handbook.

ANNEX I

Article I

General Conditions - Definitions

Section 1.01. General Conditions. The *General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund dated February 2009* as amended from time to time (the "General Conditions"), constitute an integral part of this Agreement. For purposes of this Agreement, all references to "Fund" and "African Development Fund" in the General Conditions shall, for all intents and purposes, also refer to "Bank" and "African Development Bank".

Section 1.02. Definitions. Unless the context otherwise requires, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in Annex III (*Definitions*) to this Agreement.

Section 1.03. Annexes. The Annexes to this Agreement form an integral part of this Agreement and shall have effect as if set out in full herein.

Article II

Entry into Force and Disbursement

Section 2.01. Entry into Force. This Agreement shall enter into force upon signature by the Recipient and the Bank.

Section 2.02. Disbursement.

- (a) The proceeds of the Grant shall be disbursed to the Recipient in accordance with the provisions of: (i) Article IV (*Disbursement of Grant*) of the General Conditions; (ii) the Disbursement Handbook; (iii) Article II (*Entry into Force and Disbursement*) of this Agreement; and (iv) such additional instructions as the Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in Annex II (*Allocation of the Grant*) to this Agreement.
- (b) The Grant may be disbursed using the Direct Payment and Special Account disbursement methods as well as other available methods of disbursement as may be required in accordance with the Disbursement Handbook.

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Section 2.03. **Condition Precedent to First Disbursement.** The obligation of the Bank to make the first disbursement of the Grant shall be subject to the entry into force of this Agreement in accordance with Section 2.01 (*Entry into Force*) of this Agreement.

Section 2.04. **Closing Date.** For purposes of Section 5.03 (*Cancellation by the Fund*) of the General Conditions, the Closing Date shall be **31st December 2022**, or such later date as shall be agreed upon in writing between the Recipient and the Bank.

Article III Project Description and Execution

Section 3.01. **Project Objectives and Description.** The objective of the Project is to improve formalisation, efficiency and environmental management practices in the Artisanal and Small-Scale Mining ("ASM") sub-sector in Guinea Bissau, Liberia and Sierra Leone. The Project consists of three (3) components: (i) Formalization of the artisanal and small-scale mining sector to create jobs and contribute to the improvement of the socio-economic life of mining communities; (ii) Capacity building of regulatory institutions to enforce mining laws and regulations and (iii) Project coordination and management.

- (a) **Component 1: Support Formalisation of Artisanal and Small-Scale Mining Sector**
In line with the national development strategies of the beneficiary countries, ASM has been identified as a sector with potential source of employment and will also contribute to the socio-economic development of rural communities who have less economic alternatives besides engaging in agro-allied enterprises. Among others, the Project will help promote and support sustainable mining practices; support mining cooperatives; improve environmental conditions in mining communities; train small-scale miners in efficient extraction processes and promote gender equality and social inclusion in mining communities.
- (b) **Component 2 – Capacity Building of Mining Sector Regulatory Institutions**
The Project intends to build the capacity of mining sector regulatory institutions to enforce the policy, legal and regulatory frameworks. The institution in Sierra Leone is the Ministry of Mines and Mineral Resources and the National Mineral Agency. The mining sector institutions will also be supported to improve data collection to inform policy responses aimed at addressing natural resource conflicts. This will involve purchasing Geographic Information System (GIS) based software, tablets, Global Positioning Systems and other field accessories.

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(c) **Component 3: Project Coordination and Management**

This component will involve the provision of institutional/management support to executing agencies, supervision of project activities and outcomes. The Bank will hold bi-annual supervision missions and the Bank country/field offices in Freetown will be part of the Project's technical committee.

Section 3.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project, and shall cause the Executing Agency and, its contractors and/or agents to carry out the Project, in accordance with the applicable policies of the Bank including amongst others:

- (a) the provisions of Article VII (*Project Implementation - Cooperation and Information*) of the General Conditions;
- (b) the Anti-Corruption Policies;
- (c) the Bank's Safeguards Policies; and
- (d) this Agreement.

Section 3.03. **Institutional and other Arrangements.**

- (a) The Recipient's Ministry of Mines and Mineral Resources ("MMMR") shall be the Executing Agency for the Project.
- (b) The Executing Agency shall be responsible for inter alia the following:
 - (i) the day-to-day implementation of the Project including preparation and submission of the Project quarterly progress reports, financial reports, and audit report to the Bank;
 - (ii) facilitating collaborations with stakeholders; and
 - (iii) all Project related monitoring and evaluation activities including compliance with the Bank's procurement, financial management and control requirements.
- (c) The Executing Agency's existing Project Implementation Unit (the "PIU") shall be in charge of implementation. The PIU shall remain operational at all times until completion of the Project, with the mandate, staffing and resources acceptable to the Bank.

Bank

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- (d) The National Minerals Agency shall lead the technical implementation of the Project.
- (e) The Recipient shall and shall cause the Executing Agency to nominate a Project Coordinator who will provide guidance and direction for the implementation of the Project and facilitate collaboration with government and government counterparts including within municipalities.
- (f) The Recipient shall establish a Project Steering Committee ("PSC"), with members from key relevant entities and chaired by the Minister of MMR or his nominated representative. A representative each from the following entities shall constitute the PSC: the Ministry of Finance (MOF), Ministry of Lands Housing and Country Planning, the National Minerals Agency (NMA), the Environmental Protection Agency (EPA), the National Chamber of Mines (NCM), an umbrella Civil Society Organization, a representative from the ASMs and such other representatives as agreed by the parties.
- (g) The PSC will provide strategic and oversight governance to the Project as well as scrutinise and approve key strategic documents such as, annual workplans, budgets, procurement plans amongst others and monitor/ track project implementation progress. The Project Coordinator shall act as the secretary for the PSC meetings. The PSC will meet on a quarterly basis to deliberate on issues of the project.

Section 3.04. **Other Conditions.** The Recipient shall provide evidence, in the form and substance satisfactory to the Bank, of:

- (a) the availability of its counterpart contribution of office space for consultants for the implementation of the Project, within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Bank; and
- (b) the establishment of a PSC, with a representative each from the following entities: the Ministry of Finance (MOF), Ministry of Lands Housing and Country Planning, the National Minerals Agency (NMA), the Environmental Protection Agency (EPA), the National Chamber of Mines (NCM), an umbrella Civil Society Organization, a representative from the ASMs and such other representatives as agreed by the parties, within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Bank.

Section 3.05. **Project Report and Completion Report.**

- (a) The Recipient shall monitor the progress of the Project and prepare Project Reports in accordance with the provisions of Section 7.07 (*Accounts, Records and Audit*) of the

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General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one (1) calendar quarter and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

- (b) The Recipient shall prepare and submit to the Bank a Completion Report, pursuant to Section 7.08 (*Completion Report*) of the General Conditions, no later than six (6) months after the Closing Date.

Section 3.06. **Financial Management.**

- (a) **Internal Control.** The Recipient shall maintain and shall cause the Executing Agency to maintain proper records and procedures in accordance with the provisions of Section 7.07 (*Accounts, Records and Audit*) of the General Conditions.
- (b) **Interim Financial Reporting.** Without limitations to the provisions of Section 3.06 (*Financial Management*) of this Agreement, the Recipient shall prepare and furnish to the Bank quarterly financial reports for the Project no later than forty-five (45) days after the end of the respective quarter in form and substance satisfactory to the Bank.
- (c) **Financial Audit.**
- (i) The Recipient shall have its financial statements for the Project audited and certified in accordance with terms of reference acceptable to the Bank by Audit Service of Sierra Leone (ASSL) or a competitively recruited independent auditor appointed by the Recipient with the approval of the Bank.
- (ii) The audit shall cover the entire two (2) years Project implementation period. In the event that the Project implementation period is extended over the two (2) years lifespan, the financial statements shall be audited at mid-term and at the end of the Project.
- (iii) The audit reports shall comprise inter alia: (i) a complete set of financial statements of the entire Project implementation period with the auditor opinion on said financial statements, and (ii) the management letter, and shall be furnished to the Bank no later than six (6) after the Closing Date.
- (iv) The cost of the external audit will be borne out of the proceeds of the Grant whenever such external audit is conducted by a competitively recruited independent auditor. For audit done by the ASSL, the Project shall pay for only incidental expenses incurred in conducting the audit.

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Section 3.07. **Procurement.**

- (a) All Goods and Consulting 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 the Procurement Framework and the provisions of the Recipient's procurement plan for the Project and set forth in Annex IV (*Procurement Plan*) of this Agreement which may be amended from time to time in accordance with the provisions of paragraph (c) below.
- (b) **Definitions.** Unless the context otherwise requires, the capitalized terms used in this Section 3.07 (*Procurement*) including those describing particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Framework.
- (c) **Procurement Plan.** The Procurement Plan shall at least cover the first eighteen (18) months of the Project implementation period, and shall be updated by the Recipient on an annual basis or as needed, and each such update shall, to the extent practicable, cover a period of at least eighteen (18) months of the Project implementation period. Any revisions or updates to the Procurement Plan shall be made in writing with the Bank's prior approval.
- (d) **Use of the Bank's Procurement Methods and Procedures ("PMPs")**
- (i) **Methods.** Each contract for Consulting Services required for the Project shall be procured in accordance with the Bank's Procurement Methods and Procedures using the relevant Standard Solicitation Documents and the methods prescribed in the Procurement Plan.
- (ii) **Procurement Oversight:**
- (A) The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review and Post Review.
- (B) In accordance with Section 7.02 (c) (*Cooperation and Information*) of the General Conditions, the Bank may, upon reasonable notice to the Recipient, conduct supervision missions, independent procurement reviews and inspection concerning the procurement undertaken using the proceeds of the Grant.

Section 3.08. **Documents; Records.** In addition and without limitation to the obligations set forth in Section 7.07(c) (*Accounts, Records and Audit*) of the General Conditions, the Recipient shall ensure that:

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- (a) all records evidencing expenditures under the Project are retained for five (5) years after the Closing Date, such records to include: (i) this Agreement, all addenda thereof and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and
- (b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors, where applicable.

Article IV **Additional Remedies of the Bank**

Section 4.01. **Other Events of Suspension.** For the purpose of Section 5.02 (1) (i) (*Other Events of Suspension*) of the General Conditions, the other events of suspension of the Grant consist of any circumstance arising which in the opinion of the Bank interferes with or threatens to interfere with the successful completion of the Project or the accomplishment of its purposes.

Section 4.02. **Events of Cancellation.** The Bank may, by notice to the Recipient, cancel the whole or part of the Grant, as the case may be, if any of the events listed in Section 5.03 (*Cancellation by the Bank*) of the General Conditions occur.

Article V **Authorized Representatives, Date, Addresses**

Section 5.01. **Authorized Representatives.** The Minister for Finance or such other person as the Minister for Finance may designate in writing shall be the authorized representative for the purposes of Article IX (*Miscellaneous Provisions*) of the General Conditions.

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Section 5.02. Addresses. The following addresses are specified purposes of Article IX (Miscellaneous Provisions) of the General Conditions:

For the Recipient:

Mailing Address:

Ministry of Finance
Treasury Building George Street
Freetown
REPUBLIC OF SIERRA LEONE
Tel: (232) 76 61 12 25
E-mail : fsecretary@mof.gov.sl

Attention:

Minister of Finance

For the Bank:

Headquarters Mail Address:

African Development Bank
01 B.P. 1387
Abidjan 01
REPUBLIC OF COTE D'IVOIRE
Tel: (225) 20 26 44 44/20 26 39 00

Attention:

The Director, African Natural Resources Centre

Country Office Mailing Address:

African Development Bank Group
13 Lamina Sankoh Street
5th & 6th Floors, Bishop Building
Freetown
REPUBLIC OF SIERRA LEONE

Attention:

Country Manager
Sierra Leone Country Office

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ANNEX II
ALLOCATION OF THE GRANT

The table below indicates the categories of Eligible Expenditure to be financed out of the proceeds of the Grant and the amount allocated to each category:

Category	Expenditure in Units of Account (Millions)
Consulting Services	0.37
Goods	0.06
Miscellaneous / Other	0.07
Total cost	0.50

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ANNEX III
DEFINITIONS

1. **“Anti-Corruption Policies”** means the Uniform Framework for Preventing and Combating Fraud and Corruption dated September 2006, the Whistle Blowing and Complaints Handling Policy dated January 2007, the Procurement Framework, the Cross-Debarment Agreement and the Sanctions Procedures of the African Development Bank Group issued 18 November, 2014 as the same may be amended from time to time
2. **“Bank’s Safeguards Policies”** means policies, procedures and guidelines of the Bank that concern environmental and social matters including, the Bank Group Integrated Safeguards System (Policy Statement, Operational Safeguards and Guidance Materials), the Involuntary Resettlement Policy, the Environmental and Social Assessment Procedures, the Bank Group Policy for Disclosure and Access to Information, the Bank Group Policy on Poverty Reduction, the Gender Policy, as the same may be amended and revised from time to time.
3. **“Completion Report”** means a comprehensive report on inter alia, the execution and the initial operation of the Project, including the cost and benefits derived and to be derived therefrom, the performance by the Recipient and the Bank of their respective obligations under the Agreement, the accomplishment of the purposes of the Grant and the plan designed to ensure the sustainability of the Project achievements, amongst others to be prepared and submitted by the Recipient to the Bank in accordance with the terms of this Agreement.
4. **“Cross-Debarment Agreement”** means Agreement for Mutual Enforcement of Debarment Decisions dated 9 April 2010 and entered into, amongst the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group and the World Bank Group as the same may be amended from time to time.
5. **“Date of the Agreement”** means the date of countersignature of the Agreement by the Recipient.
6. **“Disbursement Handbook”** means the Disbursement Handbook of the African Development Bank Group dated March 2020 setting out the disbursement policies, guidelines, practices, and procedures of the Bank Group the same may be amended from time to time.

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7. **"Eligible Expenditures"** means expenditure determined as eligible for Bank Group financing under the Policy on Expenditure Eligible for Bank Group Financing dated March 2008 as the same may be amended from time to time.
8. **"Procurement Framework"** means (i) the Procurement Policy for Bank Group Funded Operations dated October 2015 and effective January 1, 2016; (ii) the Methodology for Implementation of the Procurement Policy of the African Development Bank; (iii) the Operations Procurement Manual for the African Development Bank; and (iv) the Procurement Toolkit for the African Development Bank as the same may be amended from time to time.
9. **"Procurement Plan"** means the procurement plan for the Project set forth in Annex IV (*Procurement Plan*) to this Agreement prepared in accordance with the Procurement Framework indicating, among other things: (i) the particular activities required to implement the Project; (ii) the proposed methods for procurement; and (iii) the applicable review procedures as the same shall be updated from time to time in agreement with the Bank.
10. **"Project Report"** means the report prepared by the Recipient pursuant to this Agreement containing project information that includes sources and uses of funds including those committed, with the corresponding budgets, progress on project implementation made in the achievement of the results together with supporting schedules and highlighting issues that require attention.

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ANNEX IV
PROCUREMENT PLAN

Procurement System	Package No.	Package Description	Category	Estimated Cost (UA)	Procurement Method	Pre-or Post-Qualification	Procurement Oversight	Planned SPN Publication Date
BPM	1	Provide Hand-held devices (Tablets) for Mines Compliance Officers to improve efficiency in reporting and operational effectiveness and to also ensure a transparent, easy and timely access to data and information	Goods	60	OCB-N	Post	Prior	January, 2021
BPM	2	Training of Artisanal Small-scale Miners (ASMs) in Environment, Health and Safety issues and mining and Processing methods	Consulting Services	60	IC	Post	Prior	February, 2021

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BPM	3	Strengthen capacity of Mines Compliance Officers to monitor activities of ASM to restore mined out lands to other viable socio-economic uses	Consulting Services	50	IC	Post	Prior	March, 2021
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BPM	4	Conduct outreach and sensitization programs for ASM	Consulting Services	45	LCS	Post	Prior	January, 2021
	5	Develop guidelines for the establishment of Financial & Technical Assistance (FTAP) Programmes for ASM	Consulting Services	65	LCS	Post	Prior	June, 2021
BPM	6	Development of an ASM Strategy with a costed action plan	Consulting Services	40	IC	Post	Prior	February 2021
BPM	7	Facilitation of workshops on effects of mercury pollution on the environment	Consulting Services	70	LCS	Post	Prior	June 2021

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BPM	8	Monitoring & Evaluation	Consulting Services	15	IC	Post	Prior	January 2021
BPM	9	Financial Audit	Consulting Services	25	LCS	Post	Prior	September 2021
Total				430				

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**INSTRUCTIONS FOR SIGNATURE OF AGREEMENTS
OUTSIDE THE BANK'S HEADQUARTERS SENT VIA PDF**

**REPUBLIC OF SIERRA LEONE: TRANSITION SUPPORT FACILITY (TSF) PILLAR III
(TARGETED SUPPORT WINDOW PROJECT ID. NO. P-Z1-B00-019 GRANT NO.
5900155016358 ENHANCING EFFICIENCY AND SUSTAINABILITY OF ARTISANAL AND
SMALL-SCALE MINING THROUGH CLIMATE SMART ACTIONS
- LETTER OF AGREEMENT**

1. The Country Manager for Sierra Leone Country Office (the "Country Manager") should download and print **two (2) copies** of the attached Letter of Agreement (the "Agreement") on ordinary white paper;
2. The Country Manager should **sign page 2, and** initial the bottom left hand corner of each page of the Agreement (**including the cover and annexes but excluding the signature page of both copies of the Agreement**), **PLEASE DO NOT DATE THE LETTER AGREEMENT AS IT IS ALREADY DATED ON PAGE 1;**
3. Both copies of the Agreement should then be transmitted to the Minister of Finance , Ministry of Finance of the Republic of Sierra Leone , who should initial the bottom right hand corner of each page (**including cover and annexes but excluding the signature page of both copies of the Agreement**);
4. The Minister of Finance should **SIGN AND DATE PAGE 3** in the appropriate space provided above his name and title;
5. The Minister of Finance **should return the Agreement** to the Country Manager ;
6. When the above procedure is completed, the representatives of Republic of Sierra Leone, should each be given one (1) original copy of the duly signed and initialed Agreement, and they will fill and sign the form for acknowledgement of receipt of original copy of the Agreement;
7. The duly signed Agreement will be scanned by the Sierra Leone Country Office and sent to PGCL 1 via e-mail;
8. PGCL 1 will undertake SAP formalities on the basis of the scanned agreement; and
9. One (1) original copy of the duly signed and initialed Agreement must be retained by the Country Manager, and transmitted to Abidjan for binding and records, together with the above-mentioned signed acknowledgement of receipt forms.

Thank you.

OLAKEMI SALAU

Olakemi SALAU
Consultant, PGCL.1

25 NOVEMBER 2020

DATE: _____

Note: You shall be returning one (1) original copy of the Agreement to PGCL 1 for binding and records. Thanks.

ACKNOWLEDGEMENT FORM

MULTINATIONAL

LETTER OF AGREEMENT

TRANSITION SUPPORT FACILITY (TSF)

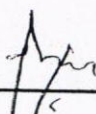
**(ENHANCING EFFICIENCY AND SUSTAINABILITY OF
ARTISANAL AND SMALL-SCALE MINING THROUGH
CLIMATE SMART ACTIONS)**

REPUBLIC OF SIERRA LEONE

**RECEIVED (1) ONE DULY EXECUTED ORIGINAL OF THE
ABOVE-MENTIONED LETTER OF AGREEMENT
ON BEHALF OF REPUBLIC OF SIERRA LEONE**

NAME : Sam M. ARVIA

TITLE : DEPUTY FINANCIAL SECRETARY

SIGNED : 

DATE : 29th NOVEMBER, 2020