Dated March 9, 2015

Hon. Dr. Kaifala Marah
Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Treasury Building, George Street
Freetown, Sierra Leone

Excellency:

Re: SIERRA LEONE—Second Phase of the Reproductive and Child Health Project
Grant Numbers TF096812 & TF012691
Second Amendment to the Africa Catalytic Growth Fund Grant Agreement

We refer to: (1) the Africa Catalytic Growth Fund Grant Agreement dated August 12, 2010 for the above-referenced Project (ACGF Grant Number TF096812) between the Republic of Sierra Leone (“Recipient”) and the International Development Association (“World Bank”) acting as an administrator of the Africa Catalytic Growth Fund (“ACGF”) and the first amendment letter to the Agreement dated September 27, 2012 (ACGF Grant Number TF012691) between the Recipient and the World Bank (collectively, “Agreement”); (2) the Financing Agreement dated October 11, 2013 for the above-referenced Project (Grant Number H877-SL) between the Recipient and the International Development Association, as amended to date (“Financing Agreement”); (3) your letter dated August 02, 2014 requesting for the restructuring of the Project to support the Government’s emergency Ebola response which would entail amending the Agreement; and (4) your letter dated November 4, 2014 requesting for the extension of the closing dates for both the ACGF grants.

We are pleased to inform you that the World Bank hereby agrees to your request. To this effect, the World Bank proposes to amend the Agreement as set forth in the Attachment to this letter (“Amendment”).

All other provisions of the Agreement, except as herein amended, shall remain in full force and effect.
Please confirm your agreement with the foregoing Amendment to the Agreement, on behalf of the Recipient, by countersigning and dating the two original copies of this letter and returning one countersigned and dated original to us. Upon receipt by the World Bank of the original copy of this letter countersigned and dated by you, this Amendment will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Africa Catalytic Growth Fund)

[Signature]
Yusupha B. Crooke
Country Director for Sierra Leone
Africa Region

AGREED:

REPUBLIC OF SIERRA LEONE

By: [Signature]
Name: [Name]
Title: [Title]
Date: 23/11/15
Amendment

1. Schedule 1 ("Project Description") to the Agreement is deleted in its entirety and replaced by new Schedule 1 ("Project Description") to read as follows:

"The objective of the Project is to increase utilization of a package of essential health services by pregnant and lactating women and children under the age of five and support the emergency response needed to contain and control the Ebola crisis.

The Project constitutes the second phase of the Program, and consists of the following parts:

Part 1. Strengthening Service Delivery

(a) (i) Local Council Grants ("LC Grants")

Provision of LC Grants to LCs to finance specific development projects (Subprojects) for the provision of core basic services in the health sector, including rehabilitation of health facilities, as elaborated in the respective LC annual work plans and budgets.

(ii) Performance-Based Financing Services Grants ("PBF Services Grants")

Carrying out of specific development projects through the provision of PBF Services Grants to health services providers ("Beneficiaries") for delivery of Packages of Essential Health Services ("PEHS") comprising of preventive and curative services, such services to include, *inter alia*, primary health care and preventive services for pregnant women, delivery and post-partum care, care and immunizations for children under the age of five, and family planning services ("PBF Services Subprojects").

(iii) Purchase and distribution of long lasting impregnated nets.

(b) LC Grant Administration

(i) Carrying out of a program of activities aimed at building the capacity of the Local Government Financing Department for supervision and monitoring of implementation of activities under Part 1(a) above, including provision of training in medical waste management to Local Councils' environmental committees.

(ii) Carrying out of a program of activities aimed at improving the capacity of Local Councils and eligible health service providers ("Beneficiaries") for implementation of PBF Services Subprojects, including, among others, the external verification of delivery of PEHS by Beneficiaries under respective PBF Services Subprojects.

Part 2. Capacity Building

(a) Carrying out of a program of activities aimed at strengthening the capacity of the MoHS for supervision, monitoring and evaluation of the Project.
(b) Carrying out of a program of activities aimed at strengthening the capacity of Njala University and University of Sierra Leone for provision of pre-service and postgraduate medical training.

c) Carrying out of the following program of activities: (i) strengthening the organizational and management capacity of MoHS, including, the establishment of an integrated health project administration unit within said MoHS; (ii) operationalization of the Health Services Commission; (iii) carrying out of a comprehensive review of the legislative and regulatory framework for the health sector with a view to identifying gaps and making recommendations; (iv) strengthening health management information systems; and (v) carrying out of a comprehensive review of health sector financing, including, among others, sustainability of the free health care initiative and development of a social health insurance scheme, all through the provision of technical advisory services, operating costs and Training for the purpose.

Part 3. Emergency Response to the Ebola Crisis

Carrying out of a program of emergency response activities designed to, inter alia, contain and control the spread of the Ebola virus outbreak, including, coordination of response initiatives, epidemiology, surveillance and diagnostics, case management, infection prevention, control and psychosocial support, social mobilization, communication and strengthening of the overall health system, all through the provision of technical advisory services, non-consulting services, training, operating costs and acquisition of goods for the purpose.

2. A new paragraph 4 is added to Section L.A ("Institutional Arrangements") of Schedule 2 ("Project Execution") to read as follows:

"4. Local Councils

Without limitation upon the provisions of paragraphs 1, 2 and 3 of this Section L.A, the Recipient shall designate, at all times during the implementation of the Project, the respective Local Councils ("LCs") established in the respective Localities, to be responsible for, among others, implementing Subprojects under Part 1(a)(i) of the Project, all in accordance with the Operational Manual. The Recipient shall cause to be taken all actions, including, the provision of funding, personnel and other resources to enable said LCs to implement said Subprojects."

3. Section I.F ("PBF Services Grants") of Schedule 2 ("Project Execution") to the Agreement is deleted in its entirety and replaced by new Section LF ("PBF Services Subprojects under Part 1(a)(ii); PBF Services Grants") to read as follows:

"F. PBF Services Subprojects under Part 1(a)(ii); PBF Services Grants

1. Eligibility. In order to ensure the proper implementation of Part 1(a)(ii) of the Project, the Recipient shall, through MOFED, make PBF Services Grants to Beneficiaries for PBF Services Subprojects in accordance with eligibility criteria and procedures acceptable to the World Bank, which shall include, inter alia, the following:

(a) the Recipient, through MOHS, has determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the World Bank, and elaborated in the PBF Operational Manual, that:
(i) the proposed Beneficiary; (A) is a legal entity and a public or a private HSP of PEHS located in a LC, with the organization, management, technical capacity and financial resources necessary to carry out the proposed PBF Services Subproject; and (B) has prepared a satisfactory financing plan and budget, and a satisfactory implementation plan for the proposed PBF Services Subproject; and

(ii) the proposed PBF Services Subproject: (A) is technically feasible, and financially and economically sound; and (B) is in compliance with the ESMF (including the Medical Waste Management Plan) and any Environmental (and Social) Management Plan developed thereunder for purposes of said PBF Services Subproject and relevant sectoral, environmental, and social standards and policies; and

(b) the: (i) aggregate amount of all PBF Services Grants made in a given calendar year to Beneficiaries shall not exceed the limit set out in the Annual Work Plan; and (ii) maximum amount of each PBF Services Grant for a PBF Services Subproject shall not exceed 100 percent of the total estimated cost of the PBF Services Subproject minus the amount of other funds allocated to finance such cost.

2. PBF Services Grant Agreement

(a) The Recipient shall make each PBF Services Grant to a Beneficiary under a PBF Services Grant Agreement on terms and conditions satisfactory to the World Bank, as further described in the PBF Operational Manual, which shall include the following:

(i) the amount of the PBF Services Grant shall not exceed the total estimated cost of the PBF Services Subproject; and the proceeds of the PBF Services Grant shall be made available to a Beneficiary on non-reimbursable grant terms;

(ii) a description of the PBF Services Subproject, the applicable rates for the services included thereunder, and applicable performance indicators;

(iii) the Beneficiary shall be required to: (A) carry out the PBF Services Subproject with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental practices; (B) ensure that the resources required for the PBF Services Subproject are provided promptly as needed; (C) procure goods, works and consultants’ services required for the PBF Services Subproject in accordance with Section III of this Schedule; (D) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the World Bank, the progress of the PBF Services Subproject and the achievement of its objectives; and (E) (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the PBF Services Subproject; and (ii) at the request of the World Bank or the Recipient,
have such records audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the records as so audited to the Recipient and the World Bank;

(iv) the Beneficiary shall be required to carry out the PBF Services Subproject in accordance with the provisions of the Anti-Corruption Guidelines;

(v) the Beneficiary shall be required to carry out the PBF Services Subproject in accordance with the provisions of the PBF Operational Manual;

(vi) the Beneficiary shall be required to carry out the PBF Services Subproject in accordance with the provisions of the ESMF (including the Medical Waste Management Plan) and any Environmental (and Social) Management Plan developed thereunder for purposes of the PBF Services Subproject;

(vii) the goods, works and consultants' services to be financed out of the proceeds of the PBF Services Grant shall be used exclusively for the PBF Services Subproject; and

(viii) the Recipient shall have the right to: (A) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods and sites included in the PBF Services Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the World Bank, shall reasonably request regarding the administration, operation, and financial condition of the Beneficiary; and (C) suspend or terminate the right of the Beneficiary to use the proceeds of the PBF Services Grant, or obtain a refund of all or any part of the amount of the PBF Services Grant then withdrawn, as the case may be, upon failure by the Beneficiary to perform any of its obligations under the PBF Services Grant Agreement; and

(b) The Recipient shall exercise its rights under the PBF Services Grant Agreement in such manner as to protect its interests and those of the World Bank (including, the right to suspend or terminate the right of the Beneficiary to use the proceeds of the PBF Services Grant, or obtain a refund of all or any part of the amount of the PBF Services Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the PBF Services Grant Agreement) and to accomplish the purposes of the PBF Services Grant, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof."

4. Section LG ("External Controls") of Schedule 2 ("Project Execution") is deleted in its entirety and replaced by new Section LG ("Verification of PEHS Delivery") to read as follows:

"G. Verification of PEHS Delivery

(a) Internal Verification"
The Recipient shall, under terms of reference acceptable to the World Bank and elaborated in the PBF Operational Manual, ensure that the relevant health verification team verifies on a quarterly basis, the quality and quantity of the PEHS delivered under the PBF Services Subproject, for which a PBF Services Grant is requested.

(b) External Verification

The Recipient shall engage, in accordance with the provisions of Section III of this Schedule, consultants to conduct independent verifications of the delivery of PEHS by Beneficiaries under respective PBF Services Subprojects. To this end, the Recipient shall, in accordance with terms of reference satisfactory to the World Bank, cause said consultants to carry out, throughout Project implementation, annual verification exercises of PBF Services Subprojects and to provide the Recipient with reports of such exercises; such verification to include, *inter alia*, community surveys, HSP spot checks, verification of data provided and records kept by health facilities in relation to PBF Services Subprojects, and assessments of the quality of health services provided under such PBF Services Subproject, all in accordance with the provisions of the PBF Operational Manual."

5. Section IV.A.2 (Withdrawal Condition; Withdrawal Period”) of Schedule 2 (“Project Execution”) to the Agreement is amended to read as follows:

"2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Original Grant and Additional Grant (“Category”), respectively, the allocations of the amounts of the Original Grant and Additional Grant, respectively, 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 Original ACGF Grant (TF096812) Allocated (expressed in USD)</th>
<th>Amount of the Additional ACGF Grant (TF012691) Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants’ services Training and Operating Costs financed by LC Grants under Part 1(a)(i) of the Project</td>
<td>5,290,000</td>
<td>0</td>
<td>Such percentage as shall be specified in the Annual Work Plan for the respective Fiscal Year</td>
</tr>
<tr>
<td>(2) Goods and consultants’ services for PBF Services Subproject under Part 1(a)(ii) of the Project</td>
<td>5,700,000</td>
<td>0</td>
<td>100% of amounts of PBF Services Grants disbursed</td>
</tr>
</tbody>
</table>
### Table

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Goods and consultants' services, Training and Operating Costs under Part 1(a)(iii) of the Project</td>
<td>6,700,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, consultants' services, Training and Operating Costs under Part 1(b) of the Project</td>
<td>1,500,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, consultants' services, Training and Operating Costs under Part 2(a) of the Project</td>
<td>500,000</td>
<td>3,006,14</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Goods, works, consultants' services, Training and Operating Costs under Part 2(b) of the Project</td>
<td>310,000</td>
<td>2,690,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Goods, works, consultants' services, Training and Operating Costs under Part 2(c) of the Project</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,000,000</td>
<td>5,690,614</td>
<td></td>
</tr>
</tbody>
</table>

6. **Section IV.B.2 (“Withdrawal Condition; Withdrawal Period”) of Schedule 2 (“Project Execution”) to the Agreement is amended to read as follows:**

   “2. The Closing Date referred to in Section 3.06 of the Standard Condition is October 31, 2016.”

7. **The Appendix (“Definitions”) to the Agreement is amended as follows:**

   The capitalized terms used in this Amendment have the meanings ascribed to them in the Agreement or in the Financing Agreement, *mutatis mutandis*, and the Recipient undertakes to comply with the definitions hereof to the same extent as if such definitions had been set out in full in this Amendment.