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Enabling poor rural people
to overcome poverty

Republic of Sierra Leone

Rural Finance and Community Improvement Programme – Phase II

Addendum

For: **Approval**

Rural Finance and Community Improvement Programme – Phase II

Addendum

The attention of the Executive Board is drawn to the following addenda and modifications to the President's report on the Rural Finance and Community Improvement Programme – Phase II (EB 2013/LOT/P.2). For ease of reference, the changes to the text of the report are shown in boldface, while underscore indicates deleted text.

Page iv, Financing summary:

Amount of IFAD loan:	_____SDR 7,375,000 (equivalent to approximately US\$11.2 million)
Amount of IFAD grant:	_____SDR 7,375,000 (equivalent to approximately US\$11.2 million)
Proposed cofinancer(s):	National Social Security and Insurance Trust (NaSSIT), the International Finance Corporation (IFC) or other donor
Proposed amount of cofinancing:	NaSSIT or other donor : US\$6.9 million IFC: US\$1.0 million

Page 1, Recommendation for approval

The recommendation should read:

"The Executive Board is invited to approve the recommendation for the proposed financing, **in the form of a loan and a grant**, to the Republic of Sierra Leone for the Rural Finance and Community Improvement Programme – Phase II, as contained in paragraph 44."

Page 3, paragraph 11

The first sentence should read:

"Component 1: **Strengthening and expanding the rural finance system.**"

Page 4, paragraph 17

The paragraph should read:

"Overall programme oversight will be undertaken by a programme steering committee (PSC), co-chaired by the Minister for Agriculture, Forestry and Food Security and the Minister for Finance and Economic Development. The committee will use the existing NCU as its secretariat and will be responsible for providing overall policy guidance. The NCU will monitor the implementation of PSC decisions. As with the RFCIP, the MAFFS will be the lead implementing agency with overall responsibility for the programme but will assign day-to-day implementation and coordination to the NCU, which is currently responsible for **all** IFAD-financed programmes/projects. Responsibility for specific technical rural finance activities (provision of services to community banks/FSAs, capitalization of community banks and administration of the Agricultural Finance Facility will be delegated – through a **subsidiary agreement** – to the apex bank. The programme will also be supported by key strategic partners such as MOFED, the Ministry of Trade and

Industry, BOSL, the private sector (especially external investors such as the National Social Security and Insurance Trust) and donors, so as to ensure an inclusive and harmonized approach to rural finance.”

Page 5, paragraph 21

The paragraph should read:

“All disbursements will follow IFAD’s disbursement procedures as outlined in the letter to the borrower and Loan Disbursement Handbook. Payments under all categories will be apportioned on a 50:50 pari passu basis between the loan and the grant. **There will be the following accounts: (i) a designated account in United States dollars, (ii) a project account in local currency; and (iii) a counterpart financing account in local currency to be opened and maintained in a bank acceptable to IFAD.** Transfers of funds to the main **programme party**, the apex bank will be made to a separate programme account acceptable to IFAD. The apex bank will be responsible for providing financial reports to the NCU, while the NCU will be responsible for preparing consolidated financial statements for the programme. External auditors with qualifications and experience to IFAD’s satisfaction will be appointed to conduct annual audits of the programme’s financial statements in compliance with the International Standards on Auditing (ISA). In addition to the standard audit opinions outlined in IFAD’s Guidelines on Project Audits, IFAD will require a separate audit opinion on the use of the Agricultural Finance Facility managed by the apex bank.”

Page 6, paragraph 27

The paragraph should read:

“The programme will be financed by IFAD, the Government of Sierra Leone, NaSSIT, IFC, **other donor** and the beneficiaries. The IFAD contribution will amount to approximately SDR **14.750** million (or US\$22.3 million, with 50 per cent provided as loan and 50 per cent as a grant). The NaSSIT **or other donor’s** contribution is US\$6.9 million and will finance the Agricultural Finance Facility, the equity for the community banks and the capitalization of the apex bank. The IFC contribution¹ of US\$1 million will cofinance the capitalization of the apex bank. The Government’s contribution is estimated at around US\$4.5 million and will cover taxes and duties (12 per cent of total costs) and the fixed asset contribution to the apex. Approximately US\$3.4 million (9 per cent of total costs) will be provided by beneficiaries.”

Page 10, paragraph 44

The recommendation should read:

“RESOLVED: that the Fund shall provide a loan on highly concessional terms to the Republic of Sierra Leone in an amount equivalent to **seven million three hundred and seventy-five thousand special drawing rights (SDR 7,375,000)**, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Republic of Sierra Leone in an amount equivalent to **seven million three hundred and seventy-five thousand special drawing rights (SDR 7,375,000)**, and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.”

¹ In the event that IFC cofinancing is not confirmed, NaSSIT will finance the capitalization of community banks in full.