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**PROTOCOL OF AGREEMENT  
BETWEEN  
THE REPUBLIC OF SIERRA LEONE  
AND  
THE AFRICAN DEVELOPMENT FUND**

**(PUBLIC FINANCIAL MANAGEMENT IMPROVEMENT  
AND CONSOLIDATION PROJECT)**



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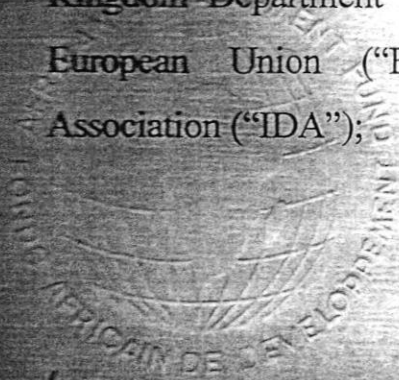
**(PUBLIC FINANCIAL MANAGEMENT IMPROVEMENT  
AND CONSOLIDATION PROJECT)**

**PROJECT ID No : P-SL-K00-007**  
**GRANT No : 2100155027317**

This Protocol of Agreement (hereinafter referred to as the "Agreement") is entered into this 22<sup>nd</sup> day of MAY 2014, between the REPUBLIC OF SIERRA LEONE, (hereinafter referred to as the "Recipient") and the AFRICAN DEVELOPMENT FUND (hereinafter referred to as the "Fund").

1. WHEREAS the Recipient has requested the Fund to support the implementation of the Public Financial Management Improvement and Consolidation Project (hereinafter referred to as the "Project") by providing a Grant to the Recipient in the amount specified hereunder;

2. WHEREAS the Project is being co-financed by the United Kingdom Department for International Development ("DFID"), the European Union ("EU") and the International Development Association ("IDA");



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3. WHEREAS the Recipient has requested the Fund to finance part of the foreign currency costs and part of the local currency costs of the Project;
4. WHEREAS the Recipient has declared its commitment to the execution of the Project;
5. WHEREAS the Project is technically feasible, economically viable, socially desirable and constitutes a suitable basis for financing under the activities of the Fund;
6. WHEREAS the Ministry of Finance and Economic Development (hereinafter referred to as "MoFED") of the Recipient and Audit Service Sierra Leone (hereinafter referred to as "ASSL") shall be the Executing Agencies for the Project;
7. WHEREAS the Fund has agreed on the basis, inter alia, of the foregoing to provide a Grant to the Recipient upon the terms and conditions hereinafter set forth;

NOW THEREFORE, the parties hereto agree as follows:





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## ARTICLE I

### GENERAL CONDITIONS-DEFINITIONS

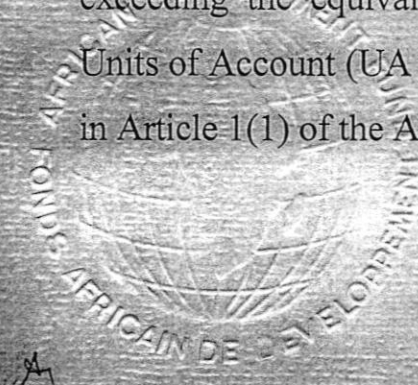
Section 1.01. General Conditions. The parties to this Agreement accept all the provisions of the *General Conditions Applicable to Protocols of Agreements for Grants of the African Development Fund* (hereinafter referred to as the "General Conditions"), as amended from time to time, with the same force and effect as if they were fully set forth herein.

Section 1.02. Definitions. Whenever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions shall have the respective meanings therein set forth.

## ARTICLE II

### THE GRANT

Section 2.01. Amount. The Fund agrees to grant to the Recipient, from the ordinary resources of the Fund, an amount in various convertible currencies, other than the currency of the Recipient, not exceeding the equivalent of Two Million Three Hundred Thousand Units of Account (UA 2,300,000) (the "Unit of Account" being defined in Article 1(1) of the Agreement establishing the Fund).









Section 2.02. Purpose. The purpose of the Grant is to finance part of the foreign currency costs and part of the local currency costs of the Project described in Annex I of this Agreement.

Section 2.03. Allocation. The Grant shall be allocated to various categories of expenditure of the Project in conformity with Annex II of this Agreement.

### ARTICLE III

#### CONDITIONS PRECEDENT TO ENTRY INTO FORCE

Section 3.01. Conditions Precedent to Entry into Force. This Agreement shall enter into force on the date of signature by the Recipient and the Fund.

### ARTICLE IV

#### CONDITIONS PRECEDENT TO FIRST DISBURSEMENT; OTHER CONDITION

Section 4.01. Conditions Precedent to First Disbursement. The obligation of the Fund to make the first disbursement of the Grant shall be conditional upon the entry into force of the Agreement in accordance with Section 3.01 above and the submission by the Recipient of evidence, in form and substance satisfactory to the Fund, of the fulfillment of the following conditions:





- i) The opening of two (2) foreign currency denominated Special Accounts at the Central Bank of Sierra Leone for the deposit of the proceeds of the Grant; and
- ii) The establishment of a Project Management Unit ("PMU") in the MoFED which will require the appointment of a Coordinator, a Financial Management Specialist and a Procurement Specialist, each with skills and qualifications acceptable to the Fund.

Section 4.02. Other Condition.

The Recipient shall, within three (3) months of the date of signature of this Protocol of Agreement, sign a Memorandum of Understanding (MoU) between the Recipient, International Development Association (IDA) and the African Development Fund, in form and substance acceptable to the Fund, that sets out jointly agreed procedures and arrangements for the joint financing of, and serves as a coordinating framework for the Project.

ARTICLE V

REPORTING AND MONITORING

Section 5.01. The Recipient shall ensure that :

- i) The Executing Agencies shall prepare and furnish to the Fund, a quarterly progress report, within thirty (30) calendar days of the end of each quarter; and





- ii) The Executing Agencies shall prepare and furnish to the Fund, a Project Completion Report, within six (6) months following Project completion.

Section 5.02. Audit. The Executing Agencies shall submit to the Fund, within six (6) months after the end of each financial year, two (2) sets of annual audited financial statements together with the auditor's reports and management letters as follows:

- i) For activities managed by the Ministry of Finance and Economic Development, the audit will be conducted by the Audit Service Sierra Leone; and
- ii) For activities managed by the ASSL, the audit will be conducted by a competent and independent firm of auditors, appointed by the ASSL in accordance with audit terms of reference approved by the Fund.

**ARTICLE VI**  
**DISBURSEMENTS AND APPLICATION**  
**OF AMOUNTS DISBURSED**

Section 6.01. Disbursements. The amount of the Grant shall be disbursed by the Fund, subject to the provisions of this Agreement and the General Conditions, for the purposes set forth in this Agreement for expenditure made in respect of the cost of goods, works and services





required for the Project. Disbursements shall be made in accordance with the Fund's Disbursement Policies and the Disbursement Letter.

Section 6.02. Deadline for Final Disbursement. The Closing Date shall be **30<sup>th</sup> September 2018** or such later date as shall be agreed upon in writing between the Recipient and the Fund for purposes of Section 5.03 (1)(g) of the General Conditions.

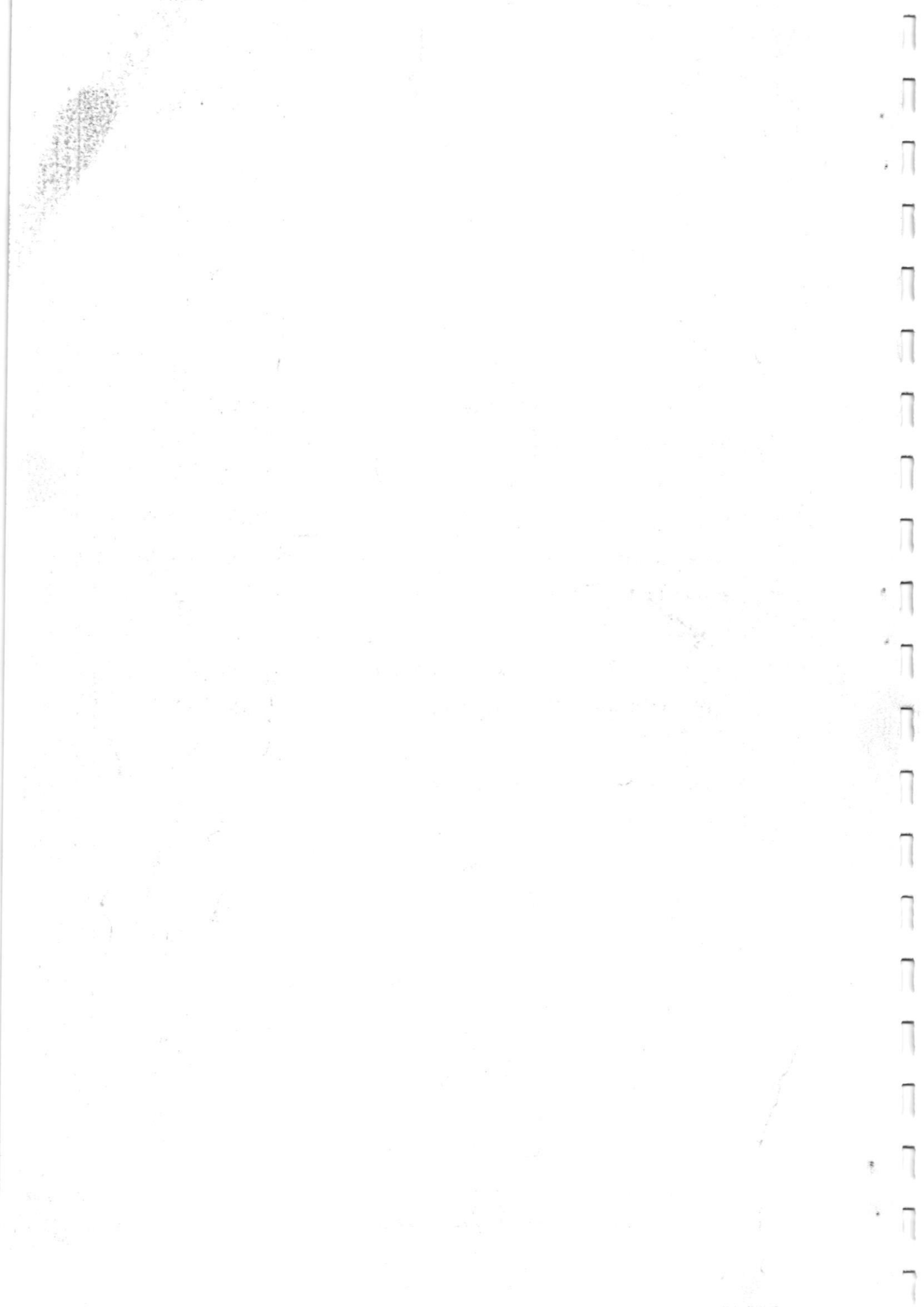
Section 6.03. Application of Disbursements. Amounts disbursed on account of the Grant shall be applied by the Recipient solely for the purposes for which they were disbursed.

## ARTICLE VII

### PROCUREMENT OF GOODS, WORKS AND SERVICES

Section 7.01. All procurement of goods and services financed by the Fund under this Project will be carried out in accordance with World Bank Procurement and Consultant Guidelines, as the case may be, using the relevant World Bank Standard Bidding Documents (SBDs), and in accordance with the Memorandum of Understanding to be signed between the Republic of Sierra Leone, the IDA and the African Development Fund pursuant to Section 4.02 of this Agreement.







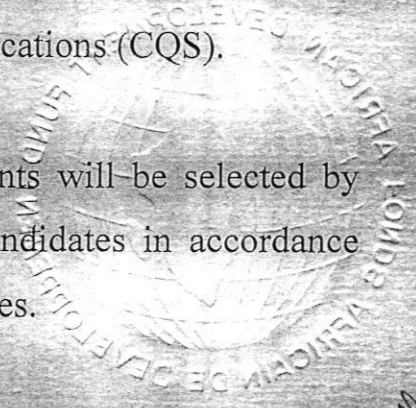
Section 7.02. Procurement of contracts for goods above UA 325,903 per contract will be carried out using International Competitive Bidding (ICB) procedures. Contracts with an amount lower than UA 325,903, but equal to or above US\$100,000 may be procured through National Competitive Bidding (NCB) procedures. Contracts with an amount below UA 65,181 may be procured using Shopping procedures.

Section 7.03. Procurement of non-consulting services will follow procurement procedures similar to those stipulated for the procurement of goods, depending on their nature. The applicable methods shall include ICB, NCB, Shopping, and Direct Contracting.

Section 7.04. Procurement of consultancy services will be carried as follows:

**Consulting Firms.** The selection method shall be chosen among the following: Quality and Cost Based Selection (QCBS) whenever possible; Quality Based Selection (QBS); Selection under a Fixed Budget (FBS); Least Cost Selection (LCS); Single Source Selection (SSS) as appropriate; and Consultant's Qualifications (CQS).

**Individual Consultants.** Individual consultants will be selected by comparing qualifications of at least three candidates in accordance with the provisions of the Consultant Guidelines.







**ARTICLE VIII**  
**MISCELLANEOUS PROVISIONS**

Section 8.01. Authorized Representatives. The Minister of Finance and Economic Development of the Recipient or such other person as the Minister may designate in writing shall be the authorized representative for the purposes of Section 9.02 of the General Conditions.

Section 8.02. Date of the Agreement. For all purposes of this Agreement, the date thereof shall be that appearing in the opening sentence of the Preamble hereof.

Section 8.03. Addresses. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:







**For the Recipient:**

**Mail Address:**

Minister of Finance and  
Economic Development  
Treasury Building  
George Street  
Freetown  
SIERRA LEONE  
Telephone: (232) 22.22.22.11  
Fax: (232) 22.22.84.72  
E-mail: [ekoroma@mofed.gov.sl](mailto:ekoroma@mofed.gov.sl) and  
[marahkml@yahoo.com](mailto:marahkml@yahoo.com)

**To the attention of:**

Minister of Finance and Economic  
Development

**For the Fund:**

**Mail Address Headquarters**

African Development Fund  
01 B.P. 1387  
Abidjan 01  
CÔTE D'IVOIRE  
Cable Address : AFDEV ABIDJAN  
Telex Address : 23717/23498  
Telephone: (225) 20.20.44.44/20.20.40.47  
Fax: (225) 20.20.49.82

**Temporary Relocation Agency**

African Development Fund  
13, Avenue du Ghana  
B. P. 323, 1002 Tunis Belvedere  
TUNISIA  
Telephone : (216) 71 333 511  
71 102 055  
Fax: (216) 71 351 933  
71 102 679

**To the attention of:**

Director: Governance, Economic and  
Financial Management Department







IN WITNESS WHEREOF the Recipient and the Fund, each acting through its authorized representative, have signed this Agreement in two (2) original counterparts in English on the date first above written.

**FOR THE REPUBLIC OF SIERRA LEONE**



KAIFALA MARAH  
MINISTER OF FINANCE AND  
ECONOMIC DEVELOPMENT

**FOR THE AFRICAN DEVELOPMENT FUND**



ALY ABOU-SABAA  
VICE PRESIDENT



ATTESTED BY:



CECILIA AKINTOMIDE  
VICE PRESIDENT SECRETARY GENERAL







**ANNEX I**  
**PROJECT DESCRIPTION**

This Project is designed as a capacity building intervention using the Institutional Support Project instrument to respond to the core thrust of the Government of Sierra Leone's Public Financial Management (PFM) Reform Strategy. The overarching goal is to improve budget planning and credibility, financial control, accountability and oversight in government finances aiming to strengthen public sector and economic management. Through strengthened institutional capacity for the delivery of effective PFM and oversight, the expected outcome will be: (i) enhanced fiscal discipline; (ii) strategic allocation of resources; and (iii) efficient service delivery.

**Table of project components**

<b>Component</b>	<b>Component description</b>
<b><u>Component 1:</u></b> Enhancing Budget Planning, and Credibility	<ul style="list-style-type: none"><li>▪ Training in macroeconomic modeling, fiscal risk management &amp; reporting.</li><li>▪ Technical Assistance (TA) support to implementation of the Public Investment Management Unit.</li><li>▪ Support for strengthening budget framework and formulation.</li></ul>
<b><u>Component 2:</u></b> Financial Control, Accountability, and Oversight	<ul style="list-style-type: none"><li>▪ Establishment of Single Treasury Account.</li><li>▪ Training and capacity building in accounting and financial reporting; internal audit; aid management, Monitoring &amp; Evaluation; and procurement certification.</li></ul>





	<ul style="list-style-type: none"> <li>▪ Training for Legislature in gender-responsive budget analysis and reporting on audit reports</li> <li>▪ Training for civil society in gender-responsive budget analysis, advocacy, oversight and monitoring.</li> <li>▪ Technical support for the roll-out of the Integrated Financial Management Information System (IFMIS) and training on IFMIS.</li> </ul>
<b><u>Component 3:</u></b> Strengthening of Revenue Mobilization & Administration Systems	<ul style="list-style-type: none"> <li>▪ Technical support for revenue and tax policy.</li> <li>▪ Technical support to consolidate Customs Regulations.</li> <li>▪ Training in tax administration Information Technology system (200 staff).</li> <li>▪ Procurement of hardware and related software.</li> </ul>
<b><u>Component 4:</u></b> Strengthening Local Governance, Financial Management and Accountability Systems	<ul style="list-style-type: none"> <li>▪ TA support for preparation of multi-year budgets.</li> <li>▪ Training at local council level in financial reporting, collection and account for revenue; internal audit and procurement.</li> <li>▪ PETs conducted in education and health.</li> </ul>
<b><u>Component 5:</u></b> PFM Reform Coordination and Project Management	<ul style="list-style-type: none"> <li>▪ Recruitment of dedicated specialist and administrative support.</li> <li>▪ Production of annual self Public Expenditure Framework Assessment.</li> <li>▪ Short term TA for designing reporting requirements (M&amp;E framework).</li> <li>▪ Logistic support.</li> </ul>







**ANNEX II**  
**ALLOCATION OF THE GRANT**

The present Annex indicates the categories of expenditure to be financed out of the resources of the Grant and the allocation of the resources to each category financed.

**Categories of Expenditure**  
**(UA Thousand)**

No.	Category	Foreign Currency Costs	Local Currency Costs	Total
I.	Goods	835	92	927
II.	Services	1,095	121	1,213
III.	Operating Cost	0	160	160
	<b>Total Cost</b>	<b>1,927</b>	<b>373</b>	<b>2,300</b>





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