Honorable Mamodou L. Kargbo  
Minister  
Ministry of Finance and Economic Development  
Treasury Building, George Street  
Freetown, Sierra Leone  

Honorable Minister Kargbo:  

Sierra-Leone: Supreme Audit Institution Capacity Building Project Grant No. TF0A3851  

In response to the request for financial assistance made on behalf of the Republic of Sierra-Leone ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Supreme Audit Institution Capacity Development (SAICD) Multi-Donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed two hundred and seventy thousand United States Dollars (US$270,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").  

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.  

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.  

Very truly yours,  
INTERNATIONAL DEVELOPMENT ASSOCIATION  

Henry G.R. Kerali  
Country Director for Sierra Leone  
Africa Region  

1818 H Street NW □ Washington, DC 20433 USA
AGREED:
REPUBLIC OF SIERRA LEONE

By ____________________________
Authorized Representative

Name MAModu L. KAWAR
Title MINISTER
Date 2/1/17

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
SACID MDTF Grant No. TFOA3851
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. The following terms have the meaning ascribed to them as follows:

(a) "ASSL" means the Audit Service Sierra Leone, governed by Audit Service Act of 2014 with a constitutional mandate in section 119 of the 1991 constitution to undertake all audits.

(b) "Incremental Operating Costs" means the incremental operating costs under the Project incurred by the Recipient and the project implementing entity for purposes of Project management and implementation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, domestic travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Recipient’s civil service.

(c) "Project Implementing Entity" means Audit Service Sierra Leone.

(d) "Procurement Plan" means the Recipient’s procurement plan for the Project, dated November 21, 2116, and referred to in paragraph 2.07 of the Annex to the Grant Agreement.

(e) "Subsidiary Grant Agreement" the Agreement to be signed between the Recipient and ASSL for the implementation of the Project, as referred to in Section 2.03(b) of the Annex to this Agreement.

(f) "Training" means the reasonable costs, as shall have been approved by the World Bank, for training conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding goods, non-consultant and consultants’ services).
Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to improve the quality and efficiency of public sector audit, thereby strengthening external oversight over the management of public resources in Sierra Leone. The Project consists of the following parts:

Part A: **Strengthening Professional Capacity:** Strengthening professional capacity of the ASSL to support its financial oversight roles and submission of timely quality audits to the Public Accounts Committee to ensure transparency and accountability on the use of public funds, which includes: (i) providing technical support to organize ‘hands-on’ training in revenue audit to equip ASSL staff with the skills necessary to undertake the specialized audit; and (ii) providing logistical support to facilitate training of the staff in the revenue audit.

Part B: **Enhanced Understanding of Audit Service Sierra Leone (ASSL) Audit Reports:** Providing technical support to ASSL to facilitate the public to read and appreciate reports issued by the institution, including: (i) providing training to ASSL staff to develop and produce simplified versions of ASSL audit reports; and (ii) developing pictorial and vocal depictions for the benefit of the public to promote understanding of the audit findings.

Part C: **Project Management, Monitoring and Evaluation, and Audit:** Providing technical support to the Project Coordinator within the ASSL to facilitate the interaction among different units within ASSL, and interaction with the PMU and overall project monitoring.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause Audit Service Sierra Leone (“Project Implementing Entity”) to carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 (“Anti-Corruption Guidelines”); and (c) this Article.

2.03. **Institutional and Other Arrangements.**

(a) **Audit Service Sierra Leone (“ASSL”)**

(i) The Recipient shall designate, at all times during the implementation of the Project, ASSL to be responsible for prompt and efficient oversight, coordination and implementation of activities under the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable ASSL to perform its responsibilities under the Project.

(ii) Without limitation on the provisions of paragraph (i) above, the ASSL, headed by Deputy Auditor General Finance and Corporate Services, supported by a strengthened Financial Management Team with terms of reference, staffing and other resources satisfactory to the Bank, shall be responsible for day-to-day administration, financial management, procurement, and monitoring and evaluation of the Project.
(b) **Subsidiary Grant Agreement (“SGA”)**

To facilitate the carrying out the Project, the Recipient shall make the proceeds of the Grant available to ASSL (“Project Implementing Entity”) under a Subsidiary Grant Agreement (“Subsidiary Grant Agreement”), under terms and conditions approved by the World Bank, which shall include the following:

(i) the subsidiary grant shall be made available on a non-refundable grant basis;

(ii) the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (A) suspend or terminate the right of the Project Implementing Entity, to use the proceeds of the subsidiary grant, or obtain a refund of all or any part of the amount of the subsidiary grant then withdrawn, upon the Project Implementing Entity’s failure to perform any of its obligations under the Subsidiary Grant Agreement; and (B) require the Project Implementing Entity to: (1) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, and managerial practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; (2) provide, promptly as needed, the resources required for the purpose; (3) procure the goods and consultants services to be financed out of the Grant in accordance with the provisions of this Agreement; (4) 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 Project and the achievement of its objectives; (5) (a) 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 Project; and (b) at the World Bank’s or the Recipient’s request, have such financial statements 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 statements as so audited to the Recipient and the World Bank; (6) enable the Recipient and the World Bank to inspect the Project, its operation and any relevant records and documents; and (7) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing (“Subsidiary Grant Agreement”); and

(iii) the Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.
For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request cause the Project Implementing Entity, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

1. Number of revenue audits.

2. Increase in public respondents with positive impression of Auditor General's Annual Report.

3. Training of staff to produce simplified annual audit reports including developing pictorial and vocal depictions.

(c) The Recipient shall cause the Project Implementing Entity to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall cause the Project Implementing Entity to ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall cause the Project Implementing Entity to ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. Procurement

All goods, non-consulting services 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 “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions
of the Recipient’s procurement plan for the Project ("Procurement Plan") dated November 21, 2016 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to beFINANCED (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services, consulting services, Training, and Incremental Operating Costs</td>
<td>270,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>270,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 31, 2019.

**Article IV**
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) that the World Bank has determined after the Effective Date that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred; and
(b) that the ASSL Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Audit Service Sierra Leone ("ASSL") to perform any of its obligations under this Agreement.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Grant Agreement has been executed on behalf of the Recipient and the Project Implementing Entity in accordance with the provisions of Section 2.03(b) of the Annex to this Agreement.

5.02. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such events have ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

6.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Development
Ministerial Building
George Street
Freetown, Sierra Leone

6.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391