Administration Arrangement between the Government of the United Kingdom of Great Britain and Northern Ireland, represented by the Department for International Development and the International Bank for Reconstruction and Development and the International Development Association Concerning Sierra Leone: Public Financial Management Improvement and Consolidation (PFMICP) Multi-Donor Trust Fund (Trust Fund Number: TF072194)
DFID Component Code: 203718-101

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “World Bank”) acknowledge that the Government of the United Kingdom of Great Britain and Northern Ireland, represented by the Department for International Development (the “Donor”, and together with the World Bank, the “Participants” and each a “Participant”) decided to provide the sum of eight million eighteen thousand three hundred eighty two Pounds Sterling (£8,018,382) (the “Contribution”) for the Sierra Leone: Public Financial Management Improvement and Consolidation Multi-Donor Trust Fund No.TF072194 (the “Trust Fund”) in accordance with the provisions of this Administration Arrangement. Other donors are also expected to contribute to the Trust Fund on the provisions specified in the Annexes to this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the Sierra Leone Public Financial Management Improvement and Consolidation Multi-Donor Trust Fund (PFMICP), Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the provisions of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex II.

3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section I above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

   (a) Promptly following countersignature £ 3,100,000
   (b) By 31 August 2014 £ 1,250,000
   (c) By 30 April 2015 £ 1,500,000
   (d) By 31 October 2015 £ 1,250,000
   (e) By 30 April 2016 £ 918,382

4. The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund, such that if the speed of the implementation of the activities to be financed by the Trust Fund makes it necessary either to bring Installments forward or to delay them, the Installments schedule shall be amended as agreed by the Bank and the Donor.
5. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072194 (Sierra Leone Public Financial Management Improvement and Consolidation Multi-Donor Trust Fund), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

6. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Participant’s address specified below or at such other address as such Participant notifies in writing to the other Participant from time to time:

For the Bank (the “Bank Contact”):

Ismaila B. Ceesay
Lead Financial Management Specialist
AFTMW - AFTOS
The World Bank
Independence Avenue - 10 Street
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E-mail: iceesay@worldbank.org

For the Donor (the “Donor Contact”):

John-Paul Fanning
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7. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor’s applicable donor balance account, unless otherwise agreed with the Bank.

8. In providing funds under this Arrangement, the Donor does not intend to accept any responsibility or liability towards any third parties for any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

9. All annexes hereto constitute an integral part of this Administration Arrangement, whose provisions taken together will constitute the entire arrangement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by
written amendment between the Bank and the Donor; provided, however, that any annexes to this Administration Arrangement may be amended only by written amendment of all donors contributing to the Trust Fund.

10. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become carried out as of the date of the last signature. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Trustee and the Donor.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: 
Name: FRANCIS ATTO BROWN
Title: COUNTRY MANAGER, WORLD BANK
Date: 07/03/2014

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND REPRESENTED BY DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

By: 
Name: PHILIP HARDING
Title: HEAD, DFID
Date: 7/3/2014
Sierra Leone: Public Financial Management Improvement and Consolidation MDTF (PFMICP)  
Trust Fund Description

This Annex will be applicable to and form an integral part of all administration arrangements for the Trust Fund (collectively, the “Administration Arrangements” and each an “Administration Arrangement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. Objectives

The objective of the Project is to improve budget planning and credibility, financial control, accountability and oversight in government finances in the Recipient’s territory.

2. Activities

The activities (which may be described as “components” of activities) to be financed by the Trust Fund are:

2.1 Bank-executed activities, for which the Bank has implementation responsibility:

Provision of technical assistance to the Government of Sierra Leone for enhanced supervision and implementation support of the recipient-executed project activities.

2.2 Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

Part 1. Enhancing Budget Planning and Credibility

Carrying out of a program of actions designed to improve overall budget planning, build capacity for managing contingent liabilities, and strengthen systems and procedures for budget formulation, in particular:

(a) Strengthening budgetary and macro-fiscal planning and forecasting, through, inter alia: (i) strengthening the institutional and technical capacities of: (A) the Economic Policy Research Unit for modeling, including, among others, forecasting of mineral resource revenues; and (B) the Macro-Fiscal Steering Group for forecasting and updating macroeconomic/fiscal indicators (e.g. national accounts, revenue, monetary and external sector variables), with a view to improving planning of the medium term budget; and (ii) strengthening the capacity of MoFED for carrying out of economic surveys.

(b) Supporting operationalization of the Public Investment Management Unit with a view to improving the public investment management function.

(c) Developing a framework for effective management and reporting of fiscal risks.

(d) Strengthening the framework and formulation for medium term budgeting, including, inter alia: (i) migration to a GFS2001 compliant budget classification; (ii) recalibrating the Budget Bureau’s classification systems; (iii) developing and implementing a training program for MDAs and Local Councils; and (iv) facilitating the reconfiguration of the budget module.
Part 2. Financial Control, Accountability and Oversight

Carrying out of a program of actions designed to strengthen financial control, improve accountability systems and practices and enhance independent and public oversight in the management and use of public finances, in particular:

(a) Strengthening financial systems, controls, accounting and reporting, in particular:

(i) Implementation of IFMIS with a view to improving budget preparation and execution, cash management and financial reporting, including: (A) rolling out of IFMIS to remaining MDAs and to on-budget donor funded projects; (B) the development and implementation of a disaster recovery plan for the IFMIS; (C) establishment of the IFMIS interface with other government systems, including, among others, Bank of Sierra Leone, the debt management system (CS-DRMS), and customs and tax systems (ASYCUDA & DTIS); (D) communication and change management; (E) establishment of a business continuity strategy and disaster recovery site; and (F) establishment of a data center.

(ii) Improving accounting and reporting functions (including collection of revenues and public expenditures incurred) to ensure consistency with national and international accounting standards, laws and regulations, in particular: (A) establishment of a TSA; (B) implementation of a document management system; (C) implementation of an electronic funds transfer system; (D) strengthening compliance with IPSAS; (E) undertaking a comprehensive review of budgeting and accounting procedures; (F) defining business processes in the roll-out of IFMIS; and (G) improving accuracy of government's financial statements.

(iii) Developing an effective, independent and objective internal audit function, through, inter alia: (A) carrying out of internal audit needs assessment and developing risk-based internal audit; (B) developing standard operating procedures manual and templates; (C) rolling out the internal audit function to all MDAs; (D) designing and implementing a training program for internal auditors in MDAs; (E) designing and implementing certification courses on internal audit; (F) supporting internal audit committees; (G) carrying out an audit of the MoE’s payroll; and (H) carrying out an audit of the Civil Service payroll.

(b) Strengthening fiscal control and cash, debt and aid management, in particular:

(i) Supporting implementation of the TSA (to the extent not covered under Part (a)(ii)(A) above), through, inter alia: (A) undertaking a comprehensive review of the legal framework as appropriate; (B) designing and implementing a strategy for establishing said TSA; and (C) preparation of appropriate plans for incorporating donor funded projects, banking payments and payment processes for TSA sub-accounts through IFMIS.

(ii) Strengthening the debt management function, through, inter alia: (A) provision of technical advisory services for preparation of a regulatory framework for medium term domestic bond issuance, updating of the debt sustainability analysis, and preparation of a strategy for public debt management including a training curricula; and (B) provision of associated training to PDMD staff.
(iii) Strengthening the aid management function in MoFED, through, *inter alia:* (A) provision of training on data collection; (B) enhancement of the development assistance database; (C) establishment of a monitoring and evaluation system; and (D) facilitating field-based data collection.

(iv) Strengthening the capacity of the Multilateral Projects Division ("MPD") for identifying, designing, appraising and reviewing of projects at completion, through, *inter alia:* (A) developing a procedures manual; (B) supporting data collection; and (C) improving management of said MPD's database.

(c) Strengthening public procurement and contract management functions, in particular:

(i) Enhancing the institutional capacity of the public procurement function, through, *inter alia:* (A) designing and implementing a procurement capacity building strategy for delivery of appropriate training; (B) implementing a procurement training program for stakeholders, including, practitioners, the private sector, internal auditors and civil society organizations; (C) designing a freely accessible website/online portal for advertising contracts and publishing NPPA's review reports; and (D) establishing and operationalizing a procurement directorate in the MoFED.

(ii) Strengthening contract management systems.

(d) Strengthening the Recipient’s external audit function and systems, in particular: (i) development of a comprehensive training program for auditors in collaboration with the University of Sierra Leone; (ii) supporting professional training and certification of Audit Service Sierra Leone's ("ASSL") staff; (iii) supporting operationalization of the ASSL; and (iv) design and implementation of audit management information systems.

(e) Strengthening the Recipient’s legislative’s and public oversight over PFM, in particular:

(i) Strengthening the operational capacity and effectiveness of the Public Accounts Committee, the Public Finance Committee, and the Transparency and Accountability Committee, respectively.

(ii) Developing the analytical and dissemination capacities of non-state actors ("NSAs") for advocacy with a view to promoting transparency and external accountability over PFM, through, *inter alia:* (A) strengthening the institutional and technical capacity of the NSA Secretariat for coordination of NSA activities; (B) enhancing the technical and institutional capacities of NSAs for advocacy; (C) facilitating access to PFM documents and reports; and (D) provision of sub-grants to NSAs ("NSA Sub-Grants") for Subprojects designed to promote social accountability in PFM.

Part 3. **Supporting the Strengthening of Revenue Mobilization and Administration Systems**

Carrying out of a program of actions designed to strengthen revenue policy and oversight of revenue collection, improve the efficiency and integrity of revenue administration, increase domestic revenue, and integrate revenue systems with the overall PFM system, in particular:

(a) (i) Strengthening the RTPU’s capacity for monitoring implementation of tax legislation and policy, through, *inter alia:* (A) provision of technical advisory services for: (aa) improving
the efficiency of RTPU; (bb) developing an operational manual for said RTPU; and (cc) developing tax policies and tax reform measures (including exemptions and duty waivers); and (B) provision of specialized training to RTPU staff; and (ii) strengthening the capacity of the CED for consolidating customs and excise regulations.

(b) Strengthening tax and non-tax revenue administration systems and improving the efficiency and connectivity between revenue systems and PFM systems, including, among others: (i) acquisition and installation of a robust off-the-shelf tax administration system; (ii) acquisition and installation of ASYCUDA World; (iii) support initial establishment of a resource revenues unit; and (iv) strengthening the technical capacity of said unit’s staff, all through the provision of technical advisory services, non-consulting services, training, operating costs and acquisition of goods for the purpose.


Carrying out of a program of actions designed to improve Local Councils financial management systems and to strengthen associated accountability and oversight institutions all with a view to enhancing service delivery, in particular:

(a) Strengthening the capacity of Local Councils for medium term budgeting, including, inter alia, harmonization of budget classification.

(b) Strengthening Local Councils’ budget execution, accounting and reporting systems, in particular: (i) facilitating compliance of financial reports with IPSAS, including among others, development and implementation of an appropriate strategy for IPSAS compliance; (ii) enhancing PETRA functions with a view to improving said Local Councils timely recording and reporting of financial transactions; (iii) establishing a uniform cadastral system across said Local Councils with a view to enhancing revenue mobilization; (iv) enhancing the capacity of said Local Councils for revenue collection and accounting; and (v) reinforcing internal audit practices in said Local Councils.

(c) Strengthening public procurement systems in Local Councils.

(d) Strengthening Local Councils’ oversight and transparency systems and practices through, inter alia: (i) facilitating disclosure of PFM information; (ii) designing and implementing citizen friendly templates for Local Councils’ budgets; (iii) organizing annual town hall meetings on PFM matters; and (iv) implementing public expenditure tracking surveys.

Part 5. PFM Reform Coordination and Project Management

(a) Strengthening the capacity of the Project Management Unit for Project implementation, coordination and oversight, including, inter alia, fiduciary (procurement and financial management) aspects, monitoring and evaluation and reporting arrangements.

(b) Strengthening the capacity of the PFMR Directorate for, among others, monitoring and evaluating overall PFM reforms.
3. **Eligible Expenditures**

3.1 For Bank-executed activities, the Trust Fund funds may be used to finance:

(a) Associated Overheads; (b) Consultant Fees Individuals and Firms; (c) Contractual Services; (d) Extended Term Consultants-No Indirects; (e) Extended Term Consultants; (f) Field Assignment Benefits; (g) Media, Workshop, Conference and Meeting; (h) Staff Costs - with Indirect Costs; (i) Staff Costs - No Indirect Costs; (j) Temporary Support Staff Costs; (k) Temporary staff costs - No Indirects; and (l) Travel Expenses.

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.

(a) Consulting; (b) Goods; (c) Operating Costs; (d) Training; (e) Non-consultant services; and (f) Sub-grants.

4. **Taxes**

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.
This Annex will be applicable to and form an integral part of all Administration Arrangements between the Bank and the respective Donors.

1. **Administration of the Contributions**

1.1 The Bank will be responsible only for performing those functions specifically set forth in this Administration Arrangement and will not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or commitments that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Administration Arrangement will be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor's Contribution (collectively, the "Contributions") will be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's commitments to give effect to the relevant decisions of the Security Council taken under Chapter VII of the Charter of the United Nations. The Donors acknowledge that this provision does not create any commitments of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to a Donor.

2. **Management of the Contributions**

2.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund will be held is United States Dollars (the "Holding Currency").

2.3 Donors accept to deposit their Contributions in the Contribution Currency stated in their respective Administration Arrangements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank will convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor will bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.
2.5 The Bank will invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable policies and procedures for the investment of trust funds administered by the Bank. The Bank will credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. **Trust Fund Fees and Costs**

3.1 The Bank will deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex 1 of the Administration Arrangements in accordance with the Bank’s applicable policies and procedures will be charged to the Trust Fund on an actual basis up to a maximum of one point thirty four percent (1.34%) of the total Contributions under all Administration Arrangements.

3.3 Each Donor acknowledges and accepts that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Arrangement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the provision of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Arrangements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Arrangements or from new Donors under new Administration Arrangements.

4. **Accounting and Financial Reporting**

4.1 The Bank will maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

4.2 The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank will provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor's opinion thereon. The cost of the single audit will be borne by the Bank.

4.4 If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will decide on the appropriate scope and provisions of reference of such audit. Following understanding on the scope and provisions of reference, the Bank will arrange for
such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be borne by the requesting Donor.

4.5 The Bank will make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

5. **Progress Reporting**

5.1 The Bank will provide the Donors with annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank will furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank will decide on the scope and conduct of such review or evaluation, and the Bank will provide all relevant information within the limits of the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, will be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by September 30, 2018 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for the purposes of this Administration Arrangement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Arrangements of all the Donors. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Arrangement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any arrangements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Arrangement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the Donor its pro-rata share in the Holding Currency as specified in the Administration Arrangement; unless otherwise agreed between the Bank and the Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank will disclose the Administration Arrangements and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Arrangements, the Donors consent to such disclosure of their respective Administration Arrangements and such related information.

7.2 The Donors and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Arrangements.
8. Grants to Recipients

8.1 The Bank will, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration Arrangement and on the provisions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Arrangements between the Bank and the Donors.

8.2 The Bank will be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

8.3 The Bank will promptly inform the Donors of any significant modification to the provisions of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.