



## GRUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

**PROJET : PROJET D'APPUI À LA GESTION DES FINANCES  
PUBLIQUES ET À L'ENVIRONNEMENT DES AFFAIRES  
(PFMBESP)**

**PAYS : SIERRA LEONE**

---

### RAPPORT D'ÉVALUATION DE PROJET

juillet 2011

#### Équipe d'évaluation

**Chef d'équipe :** Kalayu Gebre-selassie, expert principal de la gouvernance, OSGE.1  
**Membres de l'équipe :** Sheikh Sesay, macroéconomiste supérieur, SLFO  
Shiaka Momoh, expert en passation de marchés, SLFO  
Susan Mpande, YPP, OSGE.1  
Ollame Bekale, assistant aux opérations, OSGE.1  
Victor Wahba, consultant, OSGE.1  
Samuel Bruce-Smith, consultant, ORPF.2

**Chef de division du secteur :** Serge N'Guessan, OIC, OSGE.1  
**Directeur sectoriel :** Isaac Lobe Ndoumbe, OSGE  
**Directeur régional :** Issa Koussoube, OIC, ORWB

#### Pair-évaluateurs

Owusu Agyei, expert principal en gestion financière (GHFO), Mothobi Matila, économiste supérieur (OSGE.2), Carlos Mollinedo, macroéconomiste principal (OSGE.2), Adam Amoumoun, expert principal en passation de marchés (OSGE.2), Tilahun Temesgen, spécialiste principal du secteur privé (OSGE.2) et Basil Jones, spécialiste principal du développement institutionnel (OSFU)

# TABLE DES MATIÈRES

Sigles et abréviations	i
Équivalences monétaires	iii
Exercice financier	iii
Poids et mesures	iii
Fiche du client	iv
Synthèse du projet	v
Cadre logique axé sur les résultats	vi
Calendrier de mise en œuvre du projet	ix
<b>I - ORIENTATION STRATÉGIQUE ET JUSTIFICATION</b>	<b>1</b>
1.1 Liens du projet avec la stratégie et les objectifs du pays	1
1.2 Justification de l'intervention de la Banque	2
1.3 Coordination des interventions des donateurs	4
<b>II – DESCRIPTION DU PROJET</b>	<b>5</b>
2.1 Composantes du projet	5
2.2 Solution technique retenue et options étudiées	6
2.3 Type de projet	7
2.4 Coût du projet et modalités de financements	7
2.5 Région et bénéficiaires visés par le projet	9
2.6 Approche participative pour l'identification, la conception et la mise en œuvre du projet	9
2.7 Prise en considération de l'expérience du Groupe de la Banque et des enseignements tirés dans la conception du projet	10
2.8 Indicateurs clés de performance	11
<b>III – FAISABILITÉ DU PROJET</b>	<b>12</b>
3.1 Performance économique et financière	12
3.2 Impacts environnementaux et sociaux	12
<b>IV – MISE EN ŒUVRE</b>	<b>14</b>
4.1 Modalités de mise en œuvre	14
4.2 Suivi	15
4.3 Gouvernance	16
4.4 Viabilité	16
4.5 Gestion des risques	16
4.6 Développement du savoir	17
<b>V – INSTRUMENT JURIDIQUE ET AUTORITE LÉGALE</b>	<b>18</b>
5.1 Instrument juridique	18
5.2 Conditions liées à l'intervention de la Banque	18
5.3 Conformité avec les politiques de la Banque	18
<b>VI– RECOMMANDATION</b>	<b>18</b>

## Annexes

- Annexe 1 Indicateurs socio-économiques comparatifs nationaux
- Annexe 2 Portefeuille du Groupe de la Banque à la fin de l'année 2010
- Annexe 3 Projets associés financés par les autres partenaires au développement
- Annexe 4 Carte du pays

### Annexes techniques (disponibles en anglais uniquement)

- Annex A1 Country's Development Agenda, Sector Brief and Donor's Support
- Annex A2 Local Government PFM Performance Assessment
- Annex A3 Private Sector Development
- Annex B1 Lessons Learned Chart
- Annex B2 Project Description and Costs (details)
- Annex B3 Implementation Arrangements (details)
- Annex B4 Financial management, Disbursement and Audit Arrangements
- Annex B5 Procurement Arrangement (details)
- Annex B6 Environmental and Social analysis
- Annex B7 Project Preparation and Supervision
- Annex C Any Additional Annexes – Terms of References

## SIGLES ET ABRÉVIATIONS

ACCA	Association des experts-comptables agréés (Association of Chartered Certified Accountants)
ACC	Commission anti-corruption
BAD	Banque africaine de développement
FAD	Fonds africain de développement
AFROSAI	Organisation africaine des institutions supérieures de contrôle des finances publiques
AGD	Service du comptable général (Accountant General's Department)
MAEP	Mécanisme africain d'évaluation par les pairs
ASSL	Service d'audit de la Sierra Leone (Audit Service Sierra Leone)
BSL	Banque de Sierra Leone
ERFP	Évaluation de la responsabilité fiduciaire par pays
EPIP	Évaluation de la performance et des institutions du pays
IPC	Indice de perception de la corruption
DSP	Document de stratégie pays
DFID	Ministère du développement international (R.-U.)
CE	Commission européenne
EGRP	Programme de réforme de la gouvernance économique
EIE	Étude d'impact environnemental
ITIE	Initiative de la transparence dans les industries extractives
FEF	Facilité en faveur des États fragiles
PIB	Produit intérieur brut
GTZ	Agence allemande de développement international
AGPM	Avis général de passation de marché
GSL	Gouvernement de Sierra Leone
IDH	Indice de développement humain
PPTE	Pays pauvres très endettés
IA	Audit interne
UAI	Unité d'audit interne
AOI	Appel d'offres international
IPAU	Unité de gestion de projet intégrée (Integrated Project Administration Unit)
IPFMRP	Programme de réforme de la gestion intégrée des finances publiques (Integrated Public Financial Management Reform Program)
FMI	Fonds monétaire international
PAI	Projet d'appui institutionnel
SAC	Stratégie d'assistance commune
CL	Conseils locaux
LGFC	Commission locale de finances publiques (Local Government Finance Commission)
MDA	Ministères, départements et agences
MDBS	Appui budgétaire au développement multilatéral (Multilateral Development Budget Support)
OMD	Objectifs du Millénaire pour le développement
IADM	Initiative pour l'allègement de la dette multilatérale
MIALG&RD	Ministère de l'Intérieur, du Gouvernement local et du Développement rural

MoFED	Ministère des Finances et du Développement économique
MoTI	Ministère du Commerce et de l'Industrie
CDMT	Cadre de dépenses à moyen terme
NACE	National Advocacy Coalition on Extractive Industry
AON	Appel d'offres concurrentiel national
NPPA	Office national des marchés publics (National Public Procurement Agency)
ORPF	Département des acquisitions et des services fiduciaires
ORQR	Département du contrôle de la qualité et des résultats
OSGE	Département de la gouvernance et des réformes économiques et financières
PAF	Cadre d'évaluation des résultats
CCP	Comité de coordination du projet
RAP	Rapport d'achèvement de projet
PEFA	Évaluation du cadre des dépenses publiques (Public Expenditure Framework Assessment)
ESDP	Enquêtes de suivi des dépenses publiques
PFBESP	Programme d'appui à la gestion des finances publiques et à l'environnement des affaires
GFP	Gestion des finances publiques
PFMRU	Unité de réforme de la gestion des finances publiques
UMP	Unité de mise en œuvre du projet
DSRP	Document de stratégie de réduction de la pauvreté
DSP	Développement du secteur privé
SL-ITIE	Initiative pour la transparence dans les industries extractives en Sierra Leone
SLIEPA	Sierra Leone Investment and Export Promotion Agency (Office de la Sierra Leone pour la promotion des investissements et des exportations)
SLFO	Bureau national de la Sierra Leone
PME	Petites et moyennes entreprises
AT	Assistance technique
TdR	Termes de référence
UC	Unité de compte

**Équivalences monétaires  
en mai 2011**

<b>Unité monétaire de la Sierra Leone</b>	<b>=</b>	<b>Leone (Le)</b>
1 unité de compte (UC)	=	6718,43 Le
1 unité de compte (UC)	=	1,57305 \$ EU
1 unité de compte (UC)	=	1,09082 EUR
1 unité de compte (UC)	=	0,972496 GBP
1 \$ EU	=	4 450 Le

**Exercice financier**

**1<sup>er</sup> janvier – 31 décembre**

**Poids et mesures**

1 tonne	=	2 204 livres (lbs)
1 kilogramme (kg)	=	2,200 lbs
1 mètre (m)	=	3,28 pieds (pi)
1 millimètre (mm)	=	0,03937 pouce (po)
1 kilomètre (km)	=	0,62 mile
1 hectare (ha)	=	2 471 acres

### Information sur le client

**BÉNÉFICIAIRE** : République de Sierra Leone

**ORGANE D'EXÉCUTION** : Ministère des Finances et du Développement économique

Plan de financement

---

Source	Montant (UC)	Instrument
FEF	4,0 millions	Don

Calendrier - Étapes importantes (prévues)

---

Préparation	Mars 2011
Evaluation	Mai 2011
Négociation	Juillet 2011
Approbation du projet	Septembre 2011
Entrée en vigueur	Janvier 2012
Revue à mi-parcours	Juin 2013
Dernier décaissement	Décembre 2014
Achèvement du projet	Mars 2015

## Synthèse du projet

Paragraphe	Thèmes abordés
Aperçu général du projet	<p><u>Nom du projet</u> : Projet d'appui à la gestion des finances publiques et à l'environnement des affaires (PFMBESP).</p> <p><u>Portée géographique</u> : Tout le pays</p> <p><u>Résultats attendus</u> : renforcement des capacités de GFP des instances publiques locales ; renforcement des capacités des institutions en matière de responsabilité et d'intégrité ; renforcement des capacités des institutions de développement du secteur privé ; optimisation de l'appui aux petites et moyennes entreprises et mise en œuvre du plan d'action de réforme de la pratique des affaires ; publication régulière des rapports de rapprochement et d'audit de SL-ITIE sur les recettes minières ; création d'une Agence nationale des minerais indépendante et dotée d'un laboratoire de géologie.</p> <p><u>Calendrier d'exécution</u> : 2012-2014</p> <p><u>Prévision de coût</u> : 4,0 millions d'UC</p> <p><u>Bénéficiaires directs du projet</u> : le projet renforcera les capacités des principales institutions participant à la gestion des finances publiques et au développement du secteur privé, à savoir : MoFED, les dix-neuf conseils locaux, ASSL, ACC, MoTI, SL-ITIE et SLIEPA.</p>
Évaluation des besoins	<p>Afin de répondre au besoin de réformes de la GFP, le gouvernement, avec l'aide des partenaires au développement, a élaboré un Programme de réforme de la gestion intégrée des finances publiques (IPFMRP, 2009-2013) ainsi qu'un Plan d'action. Ce programme a reçu le soutien des partenaires au développement depuis son lancement par le biais de projets d'appui budgétaire et de renforcement des capacités. Le Plan d'action GFP est supervisé conjointement par le gouvernement et les donateurs. L'évaluation PEFA 2010 a identifié la faible capacité des institutions de GFP, notamment au niveau des autorités locales, comme un domaine nécessitant une action prioritaire. Les capacités des institutions de développement du secteur privé sont également limitées, créant ainsi un frein au développement d'un environnement propice à une économie compétitive et diversifiée, nécessaire à une croissance économique équitable, à la création d'emplois et à la réduction de la pauvreté. Il est nécessaire de mettre en œuvre ce projet afin de consolider les progrès réalisés en matière de gestion des finances publiques, notamment dans le renforcement du transfert des responsabilités financières aux conseils locaux ; ainsi que pour optimiser les résultats du Projet de réforme de la gouvernance économique de la Banque (EGRP II).</p>
Valeur ajoutée de la Banque	<p>Le projet proposé viendra compléter les efforts de réformes et de renforcement des capacités précédemment entrepris par la Banque ainsi que les projets de renforcement des capacités d'autres partenaires au développement en Sierra Leone. La valeur ajoutée apportée par la Banque en soutenant ce projet est liée à plusieurs facteurs : (i) les enseignements tirés de l'expérience acquise grâce à la mise en œuvre de trois PSI et d'opérations à l'appui de réformes en Sierra Leone ont été pris en compte pour la formulation de ce projet ; (ii) l'expérience de la Banque en matière de gouvernance du secteur public dans les États fragiles servira de référence pour la mise en œuvre de la composante relative à la gouvernance des industries extractives du projet ; et (iii) la présence accrue de la Banque sur le terrain (SLFO) contribuera au partage des connaissances et des expériences entre pairs sur le continent.</p>
Gestion du savoir	<p>Le projet contribuera au renforcement des connaissances dans le domaine de la gestion des finances publiques dans les États fragiles, en particulier au niveau des autorités locales. Il permettra de renforcer le niveau des connaissances techniques et des compétences dans le domaine de l'audit spécialisé. La création d'un laboratoire de géologie fonctionnel se traduira par une meilleure connaissance de la gestion des ressources minérales du pays. La Banque recensera et diffusera les connaissances par le biais du suivi et de l'évaluation ainsi que du Rapport d'achèvement de projet.</p>

## Cadre logique axé sur les résultats

**Pays et nom du projet :** Sierra Leone : Projet d'appui à la gestion des finances publiques et à l'environnement des affaires  
**But du projet :** amélioration de la transparence et de la responsabilité dans la gestion des finances publiques, ainsi que de l'environnement des affaires

CHAÎNE DES RESULTATS		INDICATEURS DE PERFORMANCE			MOYENS DE VERIFICATION	RISQUES/MESURES D'ATTENUATION
		Indicateur (y compris les indicateurs sectoriels)	Référence	Cible		
IMPACT	<b>Impact :</b> croissance économique inclusive et durable, et réduction de la pauvreté	Taux de croissance annuel du PIB	Croissance du PIB de 5,0 % en 2010	Croissance moyenne du PIB > 6,0 %	Rapport d'activité SRP et OMD Rapport de mission du FMI	<b>Risque macroéconomique n° 1 :</b> vulnérabilité de la Sierra Leone aux chocs externes. <b>Atténuation :</b> mise en œuvre continue des politiques budgétaires et monétaires soutenues. Opération d'appui budgétaire, réforme des recettes publiques et projet FMI/FAC.
		Recettes publiques/PIB	13,3 % en 2010	14,5 % en 2014		
		Population sous le seuil de pauvreté	60 % sous le seuil de pauvreté en 2010	55 % sous le seuil de pauvreté en 2013		
		Investissements du secteur privé en pourcentage du PIB	10% 2007	15% en 2014		
RESULTATS	<b>Résultat n° 1 :</b> renforcement de la discipline budgétaire, de l'efficacité des dépenses publiques au sein des conseils locaux	IP-24. Qualité et respect des délais des rapports d'exécution budgétaire produits en cours d'exercice	Note PEFA de D (2010) Note PEFA de D (2010)	Note PEFA de C (2014) Note PEFA de C (2014) Soumission du budget et des états financiers produits en cours d'année dans les délais prescrits	Rapport PEFA Rapport du ministère des Finances Rapport IPC	<b>Risque électoral n° 2 :</b> à l'approche des élections de 2012, il est possible que le montant des dépenses ne se traduise par un important déficit budgétaire. <b>Atténuation :</b> l'appui des donateurs en période électorale permettra de limiter les dépenses du gouvernement et renforcera les chances d'une élection démocratique et sans heurts. Poursuite du dialogue sur le budget, renforcement du rôle des organisations de la société civile dans le suivi et la supervision du budget. Les conditions de décaissement associées à l'appui budgétaire renforceront la discipline budgétaire et réduiront le risque de dérapage budgétaire
		IP-25. Qualité et respect des délais des états financiers annuels				
		IP-26. Étendue, nature et suivi de l'audit externe	Note PEFA de D (2010)	Note PEFA de C (2014)		
		Indice de perception de la corruption	Rang 134 et score de 2,4 pour l'IPC	Rang 130 et score de 2,2 en 2013		
	<b>Résultat n° 2 :</b> amélioration de la gouvernance du secteur minier se traduisant par une contribution accrue au PIB et aux recettes publiques	Contribution accrue du secteur minier au PIB	10,7 % du PIB en 2010 selon les estimations (FMI)	Au moins 12 % en 2014 (BAD).	MoFED, ministère des Mines et missions de supervision de la BAD	
		• Statut ITIE	• Pays candidat ITIE	• Conformité ITIE d'ici 2012	Rapport ITIE	
	<b>Résultat n° 3 :</b> Amélioration de l'environnement des affaires pour le développement du secteur privé et de la compétitivité pour la croissance économique	Temps nécessaire à la création d'une société (nombre de jours et de démarches)	Délais : 12 jours (2010) Procédures : 6	Délais : 8 jours Procédures : 4 en 2014	Rapport sur la pratique des affaires	
		Exécution des contrats (délais et nombre de démarches)	Délais : 515 jours Procédures : 40 en 2011	Délais : 450 jours Procédures : 35 en 2014		
		Durée nécessaire au paiement des impôts pour une entreprise	Délais : 357 heures en 2010	Délais : 257 heures en 2014		
					<b>Risque n° 3 : capacités de mise en œuvre :</b> malgré les récents progrès en matière de GFP, certaines contraintes de capacités pourraient freiner ou retarder la mise en œuvre de la réforme de la GFP et de l'environnement des affaires. <b>Atténuation :</b> les réformes de la GFP en cours et le plan d'action pour l'environnement des affaires constituent une solide plateforme favorisant le changement. Le projet multi-donateurs de réforme de la GFP intégrée et le projet proposé de	

CHAINE DES RESULTATS	INDICATEURS DE PERFORMANCE			MOYENS DE VERIFICATION	RISQUES/MESURES D'ATTENUATION
	Indicateur (y compris les indicateurs sectoriels)	Référence	Cible		
	Commerce transfrontalier : nombre de jours nécessaires pour l'importation et l'exportation	Exportation : 26 Importation : 31 jours (2010)	Exportation : 19 Importation : 31 jours en 2014		renforcement des capacités permettraient de renforcer les capacités de la PFMRU. Par ailleurs, l'utilisation d'une UMP existante et les efforts soutenus de renforcement des capacités limiteront les risques associés aux capacités de mise en œuvre

EXTRANTS	Extrant 1 : Amélioration de la transparence et de la responsabilité dans la gestion des finances publiques				
	Extrant 1.1 : renforcement des capacités de GFP des instances publiques locales	Formation en audit interne, gestion budgétaire et GFP	Le personnel en poste n'a pas reçu de formation	429 experts en GFP et autres spécialités ont reçu une formation et 25 % des gens formés sont des femmes.	Rapport PEFA Rapport intermédiaire de la GFP Rapport de mission de supervision
		Système d'établissement de rapports sur l'exécution du budget en cours d'exercice.	s.o.	Système de rapports en cours d'exercice développé et adopté	
		Existence de manuels et directives CDMT	s.o.	Manuel et directives CDMT développés	
	Extrant 1.2 Renforcement des capacités des institutions en matière de responsabilité et d'intégrité	Audit de performance des travaux de génie civil et de l'environnement.	Proposition de création de l'unité	Deux unités d'audit spécialisées (génie civil et environnement) mises en place d'ici à (2014)	Rapport intermédiaire de la GFP Rapport de mission de supervision
		Développement professionnel des auditeurs et des comptables.	Seuls 5 membres du personnel affiliés à l'ACCA	20 membres du personnel supplémentaires formés pour obtenir l'affiliation ACCA.	
	Extrant 2 : amélioration de la gouvernance dans le secteur des industries extractives				
	Extrant 2.1 Appui à la SL-ITIE	Rapports d'audit et de rapprochement sur les recettes publiques générées par le secteur minier	N/D	Rapports annuels en 2012 et 2013	Rapports ITIE et rapports de supervision de la BAD
		La Sierra Leone entre en conformité avec l'ITIE.	N/D	Conformité avant fin 2013	
	Extrant 2.2 : appui institutionnel à l'Agence nationale des minerais	Acquisition et installation d'équipements de laboratoire	Pas de laboratoire	Équipements de laboratoire installés d'ici à 2014	Ministère des Mines et rapport de mission de supervision de la BAD
7,5 formations universitaires par an de cinq géologues, d'un géochimiste et de 6 techniciens par mois dans la région		Titulaires de diplômes universitaires	Programme de formation terminé pour 5 géologues, 1 géochimiste et des techniciens de laboratoires d'ici 2014 (dont 5 techniciennes)		
Extrant 3 : amélioration de l'environnement des affaires pour le développement du secteur privé					
Extrant 3.1 : renforcement des institutions de développement du secteur privé	Création d'une <i>Direction du secteur privé</i> (DSP) au sein du MIT	Approbation de la note conceptuelle	DSP mise en place et opérationnelle en 2012	Rapport d'activité du MoT	
	Mise en œuvre des réformes sur la pratique des affaires (Doing Business)	Plan de réformes DB	Recrutement d'un consultant 2013-2014 et réalisation des objectifs de réforme		

	Extrant 3.2 : appui aux petites et moyennes entreprises	Étude sur les Services de promotion des entreprises afin d'informer les PME sur les services aux entreprises	N/D	Étude achevée en 2014	Rapport d'activité du MIT et missions de supervision de la BAD	
		90 formations par mois sur la gestion des affaires et les bases de la comptabilité proposées aux PME		50 PME bénéficiant d'une formation de renforcement des capacités dont 50 % dirigées par des femmes		
<b>ACTIVITES PRINCIPALES</b>	<u>ACTIVITÉS</u> 1. Formation des conseils locaux en GFP 2. Assistance technique pour les conseils locaux 3. Fourniture d'ordinateurs, de matériel de bureau et de générateurs aux conseils locaux 4. Formation du personnel de l'ASSL, de l'ACC, du MoMR et du MoTI 5. Assistance technique pour l'ASSL, l'ACC, le MoMR et le MoTI 6. Fourniture d'ordinateurs, de véhicules et d'équipements de laboratoire à l'ASSL, à l'ACC, au MoMR et au MoTI 7. Activités de communication et de sensibilisation pour l'ITIE			<u>CONTRIBUTIONS</u> <ul style="list-style-type: none"> <li>• FEF : 4 MILLIONS d'UC</li> <li>• Mission de supervision de l'appui à la mise en  œuvre</li> </ul>		

**Calendrier de mise en œuvre du projet**  
**Sierra Leone : Projet d'appui à la gestion des finances publiques et à l'environnement des affaires**

Activités/années	2011	2012				2013				2014				2015	Acteurs
	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	
<b>Traitement et gestion de projet</b>															
Approbation des dons															BAD
Signature du protocole d'accord de don															BAD et GSL
Efficacité et lancement du projet															BAD et GSL
Supervision et surveillance															BAD
Revue à mi-parcours															BAD
Rapport d'achèvement de projet															BAD
<b>Composante n° 1 : transparence et responsabilité dans la GFP</b>															
A. Acquisition de biens															GSL
B. Formation															GSL
C. Assistance technique															GSL
<b>Composante n° 2 : amélioration de l'environnement des affaires</b>															GSL
A. Acquisition de biens															GSL
B. Formation															GSL
C. Assistance technique															GSL
<b>Composante n° 3 : amélioration de la gouvernance dans le secteur des industries extractives</b>															GSL
A. Acquisition de biens															GSL
B. Formation															GSL
C. Assistance technique															GSL

## **RAPPORT ET RECOMMANDATION DE LA DIRECTION DU GROUPE DE LA BAD AU CONSEIL D'ADMINISTRATION RELATIFS A UNE PROPOSITION DE DON A LA SIERRA LEONE VISANT LE FINANCEMENT DU PROJET D'APPUI A LA GESTION DES FINANCES PUBLIQUES ET A L'ENVIRONNEMENT DES AFFAIRES**

La Direction soumet la recommandation et le rapport suivants relatif à une proposition de don à la République de Sierra Leone d'un montant de 4 millions d'UC, dans le cadre de la Facilité en faveur des états fragiles au titre du FAD-12 pour le financement du Projet d'appui à la gestion des finances publiques et à l'environnement des affaires (PFMBESP).

### **I. ORIENTATION STRATÉGIQUE ET JUSTIFICATION**

#### **1.1. Liens du projet avec la stratégie et les objectifs du pays**

**1.1.1 L'opération proposée présente des liens solides avec la stratégie de réduction de la pauvreté du pays.** Le gouvernement de Sierra Leone a défini sa stratégie pour promouvoir la croissance économique, la sécurité alimentaire et la création d'emplois dans son Programme de réforme, deuxième Document de stratégie pour la réduction de la pauvreté (DSRP II, 2008-2012). Le DSRP II définit quatre priorités stratégiques : l'énergie, le transport, l'agriculture et le développement humain. La stratégie est axée autour de quatre principes et conditions préalables : la stabilité macroéconomique, une bonne gouvernance, le développement du secteur privé et la gestion des ressources naturelles. L'opération vise spécifiquement à réunir ces quatre conditions préalables, qui sont essentielles au succès de la mise en œuvre du Programme de réforme et qui détermineront si la Sierra Leone peut s'engager fermement sur la voie du développement socio-économique (Annexe 3).

**1.1.2 Afin de mettre en œuvre sa stratégie de réduction de la pauvreté, le gouvernement a formulé des programmes de réforme s'articulant autour de trois thèmes : Programme de réforme de la gestion intégrée des finances publiques (IPFMRP, 2009-2013), Plan de transformation du ministère des Ressources minières et Stratégie de développement du secteur privé (2009-2014).** L'opération proposée vise à soutenir la mise en œuvre des priorités du DSRP-II, à favoriser la transparence et la responsabilité dans l'utilisation des ressources publiques en mettant l'accent sur la gestion des finances publiques et la gouvernance des industries extractives, et à développer le secteur privé.

**1.1.3 L'opération proposée s'inscrit dans le cadre de la Stratégie d'assistance commune de la BAD et de la Banque mondiale<sup>1</sup> (SAC, 2009-2012) formulée pour le pays.** Elle est plus particulièrement conforme aux priorités du DSRP et de la SAC : la gouvernance et le développement du secteur privé. Le projet contribuera à la réalisation de trois objectifs de la SAC, à savoir : résultat 4 - amélioration de l'image de la Sierra Leone en tant que destination d'investissement ; résultat 6 - meilleur contrôle des dépenses et transparence de la gestion des ressources publiques ; et résultat 11 - renforcement des capacités des autorités locales en matière de prestation des services décentralisés. L'opération est conforme aux priorités opérationnelles du FAD-12, au Plan d'action stratégique de la Banque en matière de gouvernance, au plan pour le Développement du secteur privé et à la Stratégie pour un engagement accru dans les États fragiles, tous prônant une bonne gouvernance financière et

---

<sup>1</sup> Approuvée par le Conseil d'administration de la BAD en décembre 2009

économique. Le projet se fonde sur différentes études économiques et sectorielles financées par la Banque (comme le rapport d'évaluation PEFA de 2010 sur les conseils locaux) et par d'autres partenaires au développement (comme la revue du secteur minier et les diagnostics du secteur privé financés par la Banque mondiale et le ministère du Développement international du Royaume-Uni).

## **1.2. Justification de l'intervention de la Banque**

**1.2.1 Le projet proposé permettra de renforcer les capacités d'institutions clés afin d'approfondir et de mettre en œuvre les réformes dans les domaines de la gestion des finances publiques (GFP), de la transparence et de la responsabilité des industries extractives et du développement du secteur privé.** Depuis la fin de la guerre civile, la politique économique de la Sierra Leone est axée sur la reconstruction de l'économie et la création d'une base solide propice à une croissance à long terme. Le gouvernement de Sierra Leone a mis en place le cadre politique et institutionnel nécessaire à l'amélioration de la gestion des finances publiques et au développement du secteur privé dans le pays. Il doit toutefois faire face à des défis liés aux contraintes de capacités. L'intervention de la Banque est nécessaire pour soutenir et compléter les progrès réalisés grâce aux précédentes interventions de la Banque et d'autres partenaires au développement. À ce titre, le projet proposé continuera de soutenir les priorités de réforme du gouvernement qui sont essentielles à la mise en œuvre réussie du DSRP II.

**1.2.2 La réalisation de l'objectif stratégique du DSRP II nécessite la création de systèmes institutionnels et gouvernementaux basés sur la responsabilité et la transparence.** Il faut pour cela : (i) poursuivre et approfondir les réformes afin de renforcer la GFP pour optimiser la gouvernance locale et la prestation de services décentralisés ; réduire la corruption et accroître la responsabilité dans le cadre de l'utilisation des fonds publics ; (ii) renforcer les capacités et le rôle de supervision de la commission d'audit externe et de lutte contre la corruption ; et (iii) renforcer les capacités afin de promouvoir la transparence et la responsabilité dans les industries extractives.

**1.2.3 Le projet complète et apporte une valeur ajoutée aux efforts du gouvernement et des autres partenaires au développement visant à surmonter les défis auxquels le pays est confronté.** Trois facteurs justifient la mise en œuvre du projet. Premièrement, les institutions de GFP souffrent d'importants dysfonctionnements qui constituent un frein important au développement, à la réduction de la pauvreté et à l'établissement d'une paix durable en Sierra Leone. Il est par conséquent prioritaire pour le gouvernement et ses partenaires au développement de résoudre ces dysfonctionnements. Deuxièmement, en renforçant le système fiduciaire des institutions gouvernementales, le projet proposé contribuera également à lutter contre la corruption et le détournement de deniers publics. Troisièmement, le projet permettra de consolider les gains générés par la réforme de la gouvernance économique et financière ayant bénéficié de l'appui d'un précédent projet et par la réforme de la GFP en cours.

**1.2.4 Le rapport PEFA 2010 indique que l'appui des donateurs à la GFP s'est concentré sur les réformes de la GFP au niveau du gouvernement central, et plus particulièrement du ministère des Finances et du Développement économique.** Par conséquent, la Banque et le gouvernement ont convenu de se concentrer sur l'amélioration des systèmes de GFP des autorités locales au vu du processus de décentralisation en cours et du renforcement des transferts budgétaires au profit des conseils locaux (ainsi, plus de 15 % du

budget national de 2011 est alloué aux conseils locaux). Le DSRP II a identifié la corruption comme l'un des principaux défis de la Sierra Leone, à la fois dans les faits et au niveau de la perception. La promulgation de la loi anti-corruption (2008) a conféré à la Commission anti-corruption le pouvoir d'engager des poursuites judiciaires sans l'autorisation préalable du procureur général ou du ministère de la Justice<sup>1</sup>. Le gouvernement a mis en place une Stratégie anti-corruption pour accélérer et approfondir la réforme. L'appui supplémentaire au Service d'audit de la Sierra Leone (ASSL) et à la Commission anti-corruption (ACC) renforcera la fonction de supervision externe qui est essentielle pour réduire les risques fiduciaires et restaurer la confiance dans le gouvernement en matière d'utilisation de fonds.

**1.2.5 Le potentiel de développement économique à moyen terme du secteur minier dépasse celui de tous les autres secteurs en Sierra Leone.** Pour exploiter ce potentiel, le ministère des Ressources minières et les institutions associées devront surmonter plusieurs contraintes institutionnelles. Les récentes études de la Banque mondiale<sup>2</sup> consacrées au secteur minier ont mis en évidence plusieurs réformes institutionnelles et programmes de renforcement des capacités qu'il faudra mettre en œuvre en Sierra Leone pour permettre au pays d'attirer les investissements nécessaires à la réalisation de gains économiques pour l'Etat et la population. Une nouvelle loi sur les mines et les minerais est entrée en vigueur en janvier 2010 et le Plan de transformation du ministère des Ressources minières prévoit créer une Agence nationale des minerais (NMA) indépendante. La législation relative à la création de la NMA a été rédigée et devrait être promulguée avant la fin de 2011. L'intervention de la Banque dans le domaine des industries extractives vise principalement à soutenir le programme de réforme du gouvernement dans le secteur minier qui est essentiel aux perspectives de croissance et de réduction de la pauvreté en Sierra Leone. Par ailleurs, au vu des récents accords contractuels et de la possible augmentation de la production minière, il est important d'aider la Sierra Leone à améliorer la transparence et la responsabilité de sa gestion des industries extractives afin de s'assurer que les recettes générées des ressources minières profitent à l'Etat et à la population. C'est dans cette perspective que le pays est devenu candidat à l'ITIE en 2008 et a formulé un plan de travail ITIE sur deux ans. Il est important de soutenir la mise en œuvre de l'initiative en faveur de la transparence des industries extractives afin de permettre à la Sierra Leone de se conformer à celle-ci.

**1.2.6 La croissance économique tirée par le secteur privé est l'un des piliers de la stratégie de réduction de la pauvreté du gouvernement.** Le secteur privé devrait selon les prévisions devenir le principal moteur de croissance, permettant ainsi au gouvernement de se concentrer sur le maintien de la paix et la sécurité, la mise en place d'un État de droit, la fourniture d'infrastructures de base et la promotion du développement humain. Le Rapport Doing Business sur la pratique des affaires et les Études de diagnostic de croissance ont révélé que le secteur privé était confronté à plusieurs défis, parmi lesquels : (i) la mauvaise qualité des infrastructures (électricité, routes et transport) ; (ii) l'absence d'accès aux services financiers ; (iii) les barrières administratives ; et (iv) le manque de compétences entrepreneuriales et professionnelles. Le gouvernement a par conséquent formulé et mis en œuvre une Stratégie de développement du secteur privé (2009-2014). Cette stratégie définit cinq objectifs : (i) la promotion et l'appui à l'entrepreneuriat ; (ii) la réduction des coûts et des risques liés à la pratique des affaires ; (iii) la promotion de l'accès aux services financiers ; (iv) l'amélioration du fonctionnement des marchés ; et (v) la fourniture d'infrastructures adaptées. Le gouvernement a également mis au point un plan d'action de réforme spécifique

---

<sup>1</sup> En 2010, l'ACC a traité 117 affaires qui ont donné lieu à huit condamnations (à l'encontre notamment de deux ministres du gouvernement), deux acquittements et 22 affaires classées pour manque de preuves. La Commission a recouvré la somme de 1 729 millions Le (source : Rapport annuel 2010 de la Commission anti-corruption).

<sup>2</sup> Voir par exemple Banque mondiale (2005) et FMI (2004 et 2006)

afin d'améliorer l'environnement des affaires pour contribuer à diversifier progressivement l'économie et à créer des emplois pour les pauvres. Le projet viendra compléter le programme de renforcement des capacités en cours soutenu par les partenaires au développement en se concentrant sur la mise en œuvre du plan de réforme de la pratique des affaires, en aidant les PME à développer leurs compétences entrepreneuriales et en donnant respectivement aux institutions financières et aux grandes entreprises un meilleur accès au crédit et au marché.

**1.2.7 Le PFMBESP proposé complète le Programme de réforme de la gouvernance économique de la BAD (EGRP II) présenté dans l'Annexe technique A1.** Le PRGE soutient les réformes institutionnelles dans le domaine de la gestion des dépenses publiques et dans le secteur minier. Le PFMBESP proposé complète l'EGRP II en renforçant les capacités des municipalités locales et des institutions de responsabilisation (p. ex. ASSL, ACC et ITIE). Le projet contribuera à améliorer l'exécution du budget par les conseils locaux, optimisant la gouvernance locale et les prestations de services. En renforçant les capacités de l'ASSL et de l'ACC, le projet permettra de mettre en place les mesures d'atténuation des risques définies dans l'EGRP II.

### **1.3. Coordination des interventions des donateurs**

**1.3.1 La Sierra Leone bénéficie d'un bon niveau de coordination des interventions des donateurs.** Le bureau de coordination de l'aide au développement au sein du MoFED (Development Assistance Coordination Office, DACO) est chargé de la formulation des politiques d'aide et constitue le principal intermédiaire entre le gouvernement et la communauté des donateurs. Le dialogue avec les partenaires au développement s'effectue par le biais d'un comité chargé des partenariats pour le développement (Development Partnership Committee, DEPAC), qui est présidé par le ministre des Finances et du Développement économique et co-présidé par le Représentant exécutif du Secrétaire général des Nations Unies et le Directeur pays de la Banque mondiale. Un Comité directeur GFP, présidé par le Secrétaire financier, est chargé de la supervision et du suivi stratégiques du Programme de réforme de la gestion intégrée des finances publiques (IPFMRP). Il existe des mécanismes de coordination des interventions des donateurs, comprenant notamment des réunions de coordination régulières entre les donateurs et le gouvernement (p. ex. Groupe MDBS, groupes de travail du secteur privé et du secteur minier et partenaires ITIE). Sur le plan de la coordination des interventions des donateurs, la Banque et d'autres partenaires ont collaboré pour mettre en œuvre plusieurs projets d'appui institutionnel en Sierra Leone (Annexe 3).

**Tableau 1.1  
Interventions des donateurs dans les domaines couverts par le projet**

<b>Partenaires</b>	<b>Gestion des finances publiques</b>	<b>Gouvernance des industries extractives</b>	<b>Développement du secteur privé</b>
DFID	X		X
Banque mondiale	X	X	
Commission européenne	X		X
Programme des Nations Unies pour le développement		X	
GIZ		X	X
SFI			X

## II. DESCRIPTION DU PROJET

### 2.1 Composantes du projet

2.1.1 Objectifs du projet : le projet a pour objectif général de développement de soutenir les efforts et le programme du gouvernement visant à promouvoir une croissance économique équitable et durable ainsi que la réduction de la pauvreté grâce au soutien de la réforme de la GFP et au développement du secteur privé. Plus spécifiquement, le projet vise à (i) renforcer la transparence et la responsabilité dans l'utilisation des ressources publiques grâce au renforcement des capacités organisationnelles et de ressources humaines des conseils locaux ainsi que des institutions de supervision et d'intégrité, et (ii) à promouvoir le développement du secteur privé grâce à la réforme de l'environnement des affaires et au renforcement des capacités des petites et moyennes entreprises et des institutions de soutien au secteur privé.

2.1.2 Composantes du projet : le projet compte quatre composantes principales qui se complètent : (i) renforcement de la transparence et de la responsabilité dans la gestion des finances publiques ; (ii) amélioration de la gouvernance des industries extractives ; (iii) amélioration de l'environnement des affaires pour le développement du secteur privé ; et (iv) gestion de projet. Les principales activités pour chaque composante sont présentées dans le tableau 2.1 et décrites en détail avec des informations sur leur coût dans l'Annexe technique B2.

**Tableau 2.1**  
**Composantes du projet**

Nom de la composante	Description des composantes
<b>Composante (1). Renforcement de la transparence et de la responsabilité dans la gestion des finances publiques</b>	
<b>Sous-composante (1.1).</b> Renforcement de la GFP des conseils locaux	Cette sous-composante vise à éliminer les contraintes de capacités organisationnelles et en ressources humaines des conseils locaux, en particulier celles identifiées lors de l'évaluation PEFA. Le projet prévoit donc : (i) la formation locale à court terme de 19 auditeurs internes, 19 responsables du budget et 19 responsables financiers ; (ii) une formation GFP de base pour les responsables hors GFP (plus de 200 personnes), y compris les conseillers municipaux, chefs suprêmes, administrateurs et gestionnaires de projets pour les sensibiliser aux questions de GFP ; (iii) une formation sur la budgétisation sexospécifique ; (iv) une assistance technique pour transférer les compétences et les connaissances sur la GFP des conseils locaux grâce au financement de deux postes d'experts en GFP pour soutenir la mise en œuvre de la GFP des conseils locaux ; et (v) le projet fournira également du matériel de bureau, des équipements, des véhicules et des générateurs pour soutenir le déploiement du système de comptabilité PETRA.
<b>Sous-composante (1.2).</b> Renforcement des capacités des institutions en matière de responsabilité et d'intégrité, notamment du Service d'audit de la Sierra Leone et de la Commission anti-corruption.	Cette composante vise à soutenir le renforcement des capacités de l'ASSL et de l'ACC. L'appui proposé à l'ASSL se base sur les rapports d'achèvement de projet des précédents PAI de la Banque et sur l'analyse des besoins de formation (mars 2011). Le soutien sera apporté par les moyens suivants : (i) une assistance technique grâce au financement de deux postes d'auditeurs internationaux pour aider l'ASSL à développer les compétences de ses unités d'audit environnemental et de génie civil en partenariat avec AFROSAI-E et les institutions supérieures de contrôle dans la région pour garantir un transfert des connaissances et des compétences ; (ii) le développement professionnel par le biais de programmes de formation régionale et intensifs ; (iii) la fourniture d'équipements, de logiciels et de formations sur l'utilisation des logiciels (p. ex. IDEA) ; et (iii) le renforcement de l'audit régional de l'ASSL grâce au renforcement des fonctions d'audit des conseils locaux.  Les activités prévues pour la Commission anti-corruption (ACC) sont les suivantes : (i) une formation à court terme sur l'analyse des données, la supervision avancée, la

	fraude dans les passations de marchés et les enquêtes ainsi que la prévention des fraudes ; (ii) une assistance technique pour améliorer les communications, y compris la modernisation du site Internet de l'ACC, ainsi que la réalisation d'études de diagnostics de corruption ; et (iii) la fourniture de matériel de bureau, d'équipements, de dispositifs de surveillance et d'enregistrement vidéo pour améliorer l'efficacité de la lutte contre la corruption. La parité entre les sexes sera prise en compte dans la sélection et la préparation du programme de formation.
<b>Composante (2). Amélioration de la gouvernance dans le secteur des industries extractives</b>	
<b>Sous-composante (2.1).</b> Appui à la mise en œuvre de SL-ITIE	Cette composante prévoit une offre d'assistance technique et financière pour (i) mettre en place des systèmes transparents pour la collecte et la publication des recettes et des paiements dans les industries extractives ; (ii) les activités d'information, d'éducation et de communication de l'ITIE ; (iii) renforcer les capacités des organisations de la société civile afin de favoriser le dialogue et les partenariats avec les industries extractives, en soutenant notamment la National Advocacy Coalition on Extractives (NACE) pour qu'elle assure (a) le suivi des licences et des contrats ; (b) la revue des accords contractuels et des concessions afin de garantir leur conformité avec la loi et les avantages fiscaux revenant au pays ; et (c) des campagnes de formation et de sensibilisation dans le pays destinées aux parlementaires, aux conseillers municipaux, aux chefs suprêmes, aux administrateurs, aux associations de femmes et de jeunes ainsi qu'aux organisations de la société civile et portant sur le besoin d'amélioration de la transparence et de la responsabilité du secteur minier et sur l'impact de l'exploitation minière sur l'environnement.
<b>Sous-composante (2.2).</b> Renforcement institutionnel du ministère des Mines et des Ressources minières	Cette sous-composante apportera également un soutien supplémentaire pour la création d'un laboratoire opérationnel pour le Département des études géologiques afin ii) de réaliser efficacement des travaux de cartographie et d'évaluation des ressources, d'évaluer les rapports et de gérer les données géologiques ; et ii) de renforcer les des capacités en ressources humaines des institutions chargées de la gestion du secteur minier grâce au financement d'une formation post-universitaire pour cinq géologues et un géochimiste ainsi que des techniciens de laboratoire.
<b>Composante (3). Amélioration de l'environnement des affaires pour le développement du secteur privé</b>	
<b>Sous-composante (3.1).</b> Renforcement des institutions de développement du secteur privé et mise en œuvre de la réforme de la pratique des affaires	Dans le cadre de cette sous-composante, le projet apportera un appui au renforcement des capacités par les moyens suivants : (i) une assistance technique pour soutenir la mise en œuvre efficace du Plan d'action de la réforme de la pratique des affaires en Sierra Leone ; (ii) le financement de formations, ateliers et séminaires au niveau local ; (iii) la fourniture d'équipements et de matériel ; et (iv) la formulation et le lancement d'une campagne nationale de sensibilisation et de communication sur les réformes déjà adoptées.
<b>Sous-composante (3.2).</b> Appui aux PME	Le projet prévoit des formations dans les domaines de la gestion des affaires, du marketing, de la gestion financière et de la comptabilité, de la gestion des ressources humaines et de la gestion des opérations. La parité entre les sexes sera prise en compte dans la sélection des PME et dans la classification des besoins de formation pour s'assurer que les femmes entrepreneurs profitent du projet.
<b>Composante (4).</b>	<b>Gestion de projet :</b> cette composante prévoit de soutenir les opérations de l'IPAU responsable de l'administration, de la coordination et de la gestion fiduciaire du projet, y compris de l'audit, du suivi et de la supervision.

## 2.2 Solution technique retenue et autres options étudiées

2.2.1 Pendant la préparation du projet, plusieurs options ont été étudiées concernant notamment l'ampleur du soutien apporté aux conseils locaux. Les questions portaient sur l'éventualité d'apporter une assistance à tous les 19 conseils ou de se concentrer uniquement sur certains d'entre eux et sur les modalités du renforcement de capacités à apporter (la formation peut être fournie par des organismes spécialisés régionaux/internationaux ou au niveau national par le biais de formations à court terme formulées spécifiquement et prodiguées par des experts nationaux/régionaux ou par des institutions de formation nationales). Quant au choix de l'organe d'exécution, il s'agissait de choisir entre la création

d'une unité de mise en œuvre du projet spécifique au sein du MoFED et une mise en œuvre par l'Unité de gestion de projet intégrée (IPAU). Conformément à l'engagement de la Banque en matière d'efficacité de l'aide, l'IPAU sera chargé des services fiduciaires de la gestion de projet, y compris de la gestion financière, de la passation de marchés et de l'audit. Le suivi et l'évaluation seront confiés aux responsables des composantes du projet.

2.2.2 En ce qui concerne l'ampleur de l'application du projet au niveau des conseils locaux, l'équipe a choisi d'apporter un renforcement des capacités à tous les conseils. La portée des études à court terme pourrait toutefois être déterminée par les consultants indépendants chargés de les réaliser. Une évaluation de l'offre de formation a révélé qu'il existait des institutions de formation publiques et privées locales qui bénéficiaient d'une expérience et d'un bon historique de performance dans le domaine des formations en GFP. Cette approche permettra par ailleurs d'optimiser la viabilité du programme de renforcement des capacités grâce aux investissements et aux partenariats avec les institutions locales de renforcement des capacités. Le programme de formation qui sera financé dans le cadre de ce projet sera proposé au niveau national par le biais d'institutions existantes en partenariat avec des experts qualifiés et des institutions de la région afin d'optimiser les compétences des institutions locales de renforcement des capacités.

### **2.3 Type de projet**

2.3.1 L'opération proposée est un projet d'investissement financé par un don au titre de la Facilité en faveur des États fragiles. Il est centré sur trois objectifs connexes : (i) GFP en prêtant une attention particulière aux conseils locaux ; (ii) amélioration de l'environnement des entreprises ; et (iii) meilleure gouvernance du secteur minier. Le projet s'inscrit dans le cadre d'un effort concerté de la communauté internationale, y compris la BAD, afin de créer les conditions requises pour que le gouvernement puisse mener les réformes des politiques et des institutions à l'œuvre dans la gestion des finances publiques dans le cadre de l'assistance générale fournie à travers un appui budgétaire. Il a pour objet d'assurer une synergie et une liaison avec l'EGRP II de la Banque, qui est traité en même temps que le programme PFMBESP.

### **2.4 Coût du projet et modalités de financement**

2.4.1 Le coût total estimé du projet, hors taxes et impôts, est de 4 millions UC. Une marge de 3 % et 2 % respectivement pour aléas financiers et physiques a été intégrée au coût du projet. Les tableaux 2.2 et 2.3 ci-dessous présentent le coût estimé du projet par composante et par source de financement, tandis que les tableaux 2.4 et 2.5 présentent le coût estimé par catégorie de dépense. Les détails du coût du projet par composante et par catégorie de dépense sont également décrits dans l'annexe technique B2.

2.4.2 La Banque financera intégralement le coût du projet. Cette action s'inscrit dans le droit fil de la politique sur les dépenses admissibles au financement par le Groupe de la Banque<sup>1</sup>, qui autorise la Banque à financer 100 % du coût total d'un projet. La Sierra Leone est éligible à la Facilité en faveur des États fragiles, et l'opération proposée financera 100 % du coût total du projet.

---

<sup>1</sup> (ADB/BD/WP/2007/106/Rev.2-ADF/BD/WP/207/72/Rev. 2 du 2 mai 2008)

**Tableau 2.2**  
**Estimation du coût du projet par composante**

Composantes	(en millions de SLL)			(en millions d'UC)			%	
	Monnaie locale	Devise	Total	Monnaie locale	Devise	Total	Devise	Total
<b>A. Renforcement de la transparence et de la responsabilité dans la GFP</b>								
1. GFP des conseils locaux	7 075,16	2 203,47	9 278,63	1,05	0,33	1,38	24 %	35 %
2. Audit externe	1 713,96	453,60	2 167,56	0,26	0,07	0,32	21 %	8 %
3. Commission anti-corruption	1 391,85	327,59	1 719,44	0,21	0,05	0,26	19 %	6 %
<b>Sous-total</b>	<b>10 180,96</b>	<b>2 984,66</b>	<b>13 165,62</b>	<b>1,52</b>	<b>0,44</b>	<b>1,96</b>	<b>23 %</b>	<b>49 %</b>
<b>B. Amélioration de la gouvernance dans le secteur des industries extractives</b>								
1. Appui à la mise en œuvre de l'ITIE	1 466,29	1 766,92	3 233,21	0,22	0,26	0,48	55 %	12 %
2. Renforcement institutionnel du ministère des Ressources minières et des Ressources minières	1 541,84	385,46	1 927,30	0,23	0,06	0,29	20 %	7 %
<b>Sous-total</b>	<b>3 008,13</b>	<b>2 152,38</b>	<b>5 160,51</b>	<b>0,45</b>	<b>0,32</b>	<b>0,77</b>	<b>42 %</b>	<b>19 %</b>
<b>C. Amélioration de l'environnement des affaires pour le DSP</b>								
1. Renforcement des institutions de DSP et mise en œuvre de la réforme de la pratique des affaires	3 354,13	1 233,50	4 587,63	0,50	0,18	0,68	27 %	17 %
2. Appui aux petites et moyennes entreprises (PME)	1 139,67	440,34	1 580,01	0,17	0,07	0,24	28 %	6 %
<b>Sous-total</b>	<b>4 493,80</b>	<b>1 673,85</b>	<b>6 167,64</b>	<b>0,67</b>	<b>0,25</b>	<b>0,92</b>	<b>27 %</b>	<b>23 %</b>
<b>D. Gestion de projet</b>	937,16	19,89	957,05	0,14	0,00	0,14	2 %	4 %
<b>Coût de référence</b>	18 620,04	6 830,78	25 450,82	2,77	1,02	3,79	27 %	95 %
Imprévus physiques	570,67	26,53	597,20	0,08	0,00	0,09	4 %	2 %
Imprévus financiers	630,34	195,36	825,70	0,09	0,03	0,12	24 %	3 %
<b>COÛT TOTAL DU PROJET</b>	<b>19 821,05</b>	<b>7 052,67</b>	<b>26 873,72</b>	<b>2,95</b>	<b>1,05</b>	<b>4,00</b>	<b>26 %</b>	<b>100 %</b>

**Tableau 2.3**  
**Sources de financement**

Origine du financement	(en millions de SLL)				(en millions d'UC)			
	Devise	Monnaie locale	Total	Pourcentage	Devise	Monnaie locale	Total	Pourcentage
Don FEF	7 052,67	19 821,05	26 873,72	100,0	1,05	2,95	4,00	100,0
<b>Total</b>	<b>7 052,67</b>	<b>19 821,05</b>	<b>26 873,72</b>	<b>100,0</b>	<b>1,05</b>	<b>2,95</b>	<b>4,00</b>	<b>100,0</b>

**Tableau 2.4**  
**Coût du projet par catégorie de dépense**

Catégorie de dépense	(en millions de SLL)			(en millions d'UC)			%	
	Monnaie locale	Devise	Total	Monnaie locale	Devise	Total	Devise	Total
<b>A. Biens</b>	<b>7 180,02</b>	<b>331,58</b>	<b>7 511,60</b>	<b>1,07</b>	<b>0,05</b>	<b>1,12</b>	<b>4 %</b>	<b>28 %</b>
<b>B. Services (AT et formation)</b>	<b>10 582,45</b>	<b>6 499,21</b>	<b>17 081,65</b>	<b>1,58</b>	<b>0,97</b>	<b>2,54</b>	<b>38 %</b>	<b>64 %</b>
<b>C. Coûts d'exploitation</b>	857,58	-	857,58	0,13	-	0,13	0 %	3 %
<b>Coût de référence</b>	<b>18 620,04</b>	<b>6 830,78</b>	<b>25 450,82</b>	<b>2,77</b>	<b>1,02</b>	<b>3,79</b>	<b>27 %</b>	<b>95 %</b>
Imprévus physiques	570,67	26,53	597,20	0,08	0,00	0,09	4 %	2 %
Imprévus financiers	630,34	195,36	825,70	0,09	0,03	0,12	24 %	3 %
<b>Coût total du projet</b>	<b>19 821,05</b>	<b>7 052,67</b>	<b>26 873,72</b>	<b>2,95</b>	<b>1,05</b>	<b>4,00</b>	<b>26 %</b>	<b>100 %</b>

**Tableau 2.5**  
**Calendrier des dépenses par composante**

Composantes	(en millions de SLL)				(en millions d'UC)			
	2012	2013	2014	Total	2012	2013	2014	Total
<b>A. Renforcement de la transparence et de la responsabilité dans la GFP</b>								
1. GFP des conseils locaux	6 833,03	2 083,84	886,72	9 803,59	1,02	0,31	0,13	1,46
2. Audit externe	1 745,71	555,94	-	2 301,65	0,26	0,08	-	0,34
3. Commission anti-corruption	413,04	1 400,38	-	1 813,42	0,06	0,21	-	0,27
<b>Sous-total</b>	<b>8 991,78</b>	<b>4 040,15</b>	<b>886,72</b>	<b>13 918,66</b>	<b>1,34</b>	<b>0,60</b>	<b>0,13</b>	<b>2,07</b>
<b>B. Amélioration de la gouvernance dans le secteur des industries extractives</b>								
1. Appui à la mise en œuvre de l'ITIE	1 697,34	983,33	668,02	3 348,69	0,25	0,15	0,10	0,50
2. Renforcement institutionnel du ministère des Ressources minières et des Ressources minières	2 006,69	86,66	-	2 093,35	0,30	0,01	-	0,31
<b>Sous-total</b>	<b>3 704,03</b>	<b>1 069,99</b>	<b>668,02</b>	<b>5 442,05</b>	<b>0,55</b>	<b>0,16</b>	<b>0,10</b>	<b>0,81</b>
<b>C. Amélioration de l'environnement des affaires pour le DSP</b>								
1. Renforcement institutionnel du DSP et mise en œuvre de la réforme sur la pratique des affaires	2 409,91	1 534,41	892,62	4 836,94	0,36	0,23	0,13	0,72
2. Appui aux petites et moyennes entreprises (PME)	210,34	1 435,17	-	1 645,51	0,03	0,21	-	0,24
<b>Sous-total</b>	<b>2 620,25</b>	<b>2 969,58</b>	<b>892,62</b>	<b>6 482,45</b>	<b>0,39</b>	<b>0,44</b>	<b>0,13</b>	<b>0,96</b>
<b>D. Gestion de projet</b>	-	-	<b>1 030,57</b>	<b>1 030,57</b>	-	-	<b>0,15</b>	<b>0,15</b>
<b>Coût total du projet</b>	<b>15 316,06</b>	<b>8 079,72</b>	<b>3 477,93</b>	<b>26 873,72</b>	<b>2,28</b>	<b>1,20</b>	<b>0,52</b>	<b>4,00</b>

## 2.5 Région et bénéficiaires visés par le projet

2.5.1 En privilégiant les institutions impliquées dans la gestion des finances publiques et le développement du secteur privé, les bénéficiaires directs sont : le ministère des Finances et du développement économique (MoFED) et dix-neuf conseils locaux, l'Auditeur général (ASSL), la Commission anti-corruption (ACC), le ministère du Commerce et de l'industrie (MoTI), l'Initiative de transparence des industries extractives de la Sierra Leone (SL-ITIE), le ministère des Ressources minières (MoMR) et l'agence du Sierra Leone pour la promotion des investissements et des exportations (SLIEPA). Les bénéficiaires indirects sont la population dans son ensemble qui profitera d'une gestion améliorée des finances publiques et d'un environnement budgétaire plus efficace, apte à offrir des services sociaux aux communautés défavorisées, ainsi qu'aux acteurs du secteur privé, lesquels profiteront d'un environnement commercial optimisé.

## 2.6 Approche participative pour l'identification, la conception et la mise en œuvre du projet

2.6.1 Une consultation des parties prenantes a été effectuée pendant l'identification et la préparation du projet. Une société de conseil, financée par la Banque, a mené l'évaluation PEFA des conseils locaux en octobre 2010. L'évaluation PEFA consistait en une consultation des parties prenantes dans cinq conseils locaux pilotes qui ont été sélectionnés sur la base de leur volume de budget, de leur couverture géographique et de leurs performances. Le projet de compte rendu a été transmis pour examen et observations. Un séminaire de validation par plusieurs parties prenantes a été organisé en mars 2011 à des fins de concertation sur la progression, les faiblesses, les priorités et les perspectives de la future réforme. La mission de préparation de la Banque a participé au séminaire des conseils locaux sur l'évaluation PEFA. Les résultats de l'évaluation PEFA et les conclusions établies par le séminaire de validation ont permis de mieux cerner la conception du projet. Par ailleurs, pendant la préparation et

l'évaluation, plusieurs ministères et organismes gouvernementaux, des organismes d'appui au secteur privé, des organisations de la société civile ainsi que des partenaires au développement, y compris la Banque mondiale, la CE, le DFID et le GIZ ont été consultés.

## 2.7 Prise en compte de l'expérience du Groupe de la Banque et des enseignements tirés dans la conception du projet

2.7.1 À ce jour, la Banque a approuvé trois projets d'appui institutionnels<sup>1</sup> pour la Sierra Leone. Les RAP de ces opérations ont conclu que les interventions de la Banque dans le renforcement des capacités et l'appui aux institutions ont apporté des contributions importantes en matière de comptabilité, de gestion et d'audit de la dette. Dans le domaine de la gestion de la dette, l'intervention de la Banque comportait une AT dans l'élaboration des manuels de procédures, l'installation d'un réseau local et la configuration et mise à disposition d'une infrastructure informatique, de logiciels et une formation. Cette intervention a permis d'améliorer la qualité des données de la dette, la formulation d'une stratégie de gestion de la dette et la préparation d'une analyse périodique de soutenabilité de la dette. La Banque a également contribué à la mise en place d'un système comptable public qui, depuis 2007, a permis au Service du comptable général (AGD) de publier les comptes publics annuels trois mois après la fin de l'exercice. L'assistance fournie à l'AGD et à l'ASSL a contribué au renforcement de leurs capacités et a facilité le rattrapage des retards d'audit sur la période allant de 2002 à 2006. Depuis lors, les rapports du comptable général relatifs aux comptes publics sont publiés dans les délais.

**Tableau 2.6**  
**Enseignements tirés des précédents projets d'appui institutionnel**

Enseignements tirés	Actions engagées pour intégrer au RAP les enseignements du passé
(i) Les projets d'appui institutionnel de la Banque constituent un dispositif efficace pour le renforcement des capacités, mais la démarche de renforcement des capacités doit être systématiquement élargie non seulement au gouvernement central et aux fonctionnaires responsables, mais également aux institutions législatives et aux organes investis d'un rôle de responsabilité.	Le projet proposé s'appuie sur cet enseignement dans le choix de la priorité et des composantes du programme. Priorité est donnée au gouvernement local (réforme en aval de la GFP) et à une démarche de renforcement des capacités, comprenant la formation, l'assistance technique, les services de conseil et d'analyse, l'apprentissage par les pairs et le partenariat avec des institutions homologues présentes dans la région.
(ii) Nécessité de renforcer la synergie et la complémentarité entre les projets de renforcement des capacités et les opérations à l'appui des réformes.	Le projet apportera son soutien à la commission d'audit et de lutte contre la corruption afin d'améliorer ses fonctions de supervision et réduire les risques fiduciaires liés à l'appui budgétaire. L'appui au conseil local et un environnement favorable aux entreprises contribueront à renforcer les effets de l'appui budgétaire sur les prestations de service et à stimuler la croissance économique.
(iii) Besoin d'une coordination plus étroite entre donateurs, d'une harmonisation de l'utilisation de l'unité de mise en œuvre du projet et d'un placement sous contrôle gouvernemental de l'unité de mise en œuvre du projet.	Le projet utilisera l'IPAU et les dispositifs de coordination existants pour compléter les activités des autres donateurs et honorera l'engagement de la Banque pour accroître l'efficacité et l'utilisation des systèmes nationaux.
(iv) Les conditions d'entrée en vigueur et de décaissement pour le projet de renforcement des capacités devraient porter uniquement sur l'instauration de dispositifs de mise en œuvre	Le projet proposé prend en considération cet enseignement et les conditions sont simplifiées pour faciliter la mise en œuvre et éviter le délai d'attente entre l'approbation et le premier décaissement.

<sup>1</sup> (i) « Programme de gestion de la dette », approuvé en février 1991 (don du FAD de 0,451 million d'UC) ; (ii) « Projet de soutien institutionnel », approuvé en novembre 2001 (0,960 million d'UC de la part du FAD) et (iii) « Projet de soutien institutionnel au renforcement de la gestion des finances publiques et du secteur de l'énergie », approuvé en septembre 2004.

appropriés au lieu d'une conditionnalité aux réformes politiques et institutionnelles.	
(v) Nécessité de prendre en considération la viabilité et d'articuler explicitement la stratégie de désengagement.	Le projet prendra en charge le développement professionnel des auditeurs, des responsables de la GFP et d'un spécialiste affecté au renforcement de la viabilité. Il aidera également les institutions de formation locale à organiser et à assurer des cycles de formation selon une démarche viable. Pendant la préparation du projet, il a été convenu que le projet ne fournira pas de compléments de salaire et le système d'UMP sera harmonisé avec les systèmes existants (par exemple, l'IPAU), ce qui est plus viable pour le renforcement des capacités. Toutes les AT sont régies par la demande, répondent à une sollicitation des bénéficiaires du projet et ont une composante de transfert de compétence.

## 2.8 Indicateurs clés de performance

2.8.1 Les indicateurs clés de performance identifiés et les résultats attendus à l'issue du projet sont présentés dans le cadre logique basé sur les résultats (page v). Les résultats attendus pour la première composante : « renforcement de la discipline budgétaire, de l'efficacité et de l'efficacité des dépenses publiques » sont :

- (i) amélioration du score PEFA de (D) en 2010 à (C) en 2014 pour la qualité et le respect des délais des rapports budgétaires annuels ;
- (ii) amélioration du score PEFA de (D) en 2010 à (C) en 2014 pour la qualité et le respect des délais dans la communication des états financiers annuels ;
- (iii) amélioration du score PEFA de (D) en 2010 à (C) en 2014 pour l'étendue, la nature et le suivi de l'audit externe ; et
- (iv) progression de l'« indicateur de perception de la corruption » qui, partant du rang 134 avec un score de 2,4 en 2010 devrait atteindre le rang 130 et le score de 2,2 au minimum en 2014.

2.8.2 Les résultats attendus pour la deuxième composante sont :

- (i) accroissement de la contribution du secteur minier qui devra passer de 10,7 % en 2010 à 12 % au minimum d'ici 2014 ; et
- (ii) augmentation des recettes issues des redevances minières et des licences d'exploitation qui devront passer de 0,4 % en 2010 à 1 % en 2014 (en pourcentage du PIB).

2.8.3 Pour la troisième composante : « amélioration de l'environnement des affaires pour le développement du secteur privé », les principaux indicateurs de résultats sont :

- (i) réduction du nombre de jours et du nombre de procédures requis pour lancer une entreprise, qui devront passer de 12 jours et 6 procédures en 2010, à 8 jours et 4 procédures en 2014 ;
- (ii) réduction du nombre de jours et de procédures requis en 2010 pour mettre un

marché en application, qui devront passer de 515 jours et 40 procédures en 2010 pour atteindre 450 jours et 35 procédures en 2014 ;

- (iii) réduction du nombre de jours requis pour payer les impôts, qui devront progresser de 357 heures en 2010 à 257 heures en 2014 ;
- (iv) réduction du nombre de jours requis pour réaliser des transactions d'exportation et d'importations transfrontalières, qui devront passer de 26 jours en 2010 à 19 jours en 2014, et 31 jours pour les importations ; et
- (v) augmentation du nombre d'emplois créés et du nombre de PME recevant une formation.

### III. FAISABILITÉ DU PROJET

#### 3.1 Performance économique et financière

3.1.1 **Les avantages économiques et financiers du projet dépasseront largement 4 millions d'UC.** L'identification et la quantification des avantages économiques et financiers directs et indirects des interventions en renforcement des capacités ne sont pas des opérations simples. Il est difficile de réaliser des analyses financières et du rapport coût-bénéfice rigoureuses et crédibles. En revanche, les avantages de ces réformes sont largement reconnus comme étant considérables. Si les coûts sont quantifiables (section 2.4), les avantages sont pour leur part indirects et finissent par apparaître sous la forme d'une amélioration de la gouvernance locale, des prestations de service et des performances des institutions de gestion financière publique. La justification économique du projet proposé est sa contribution à l'amélioration du fonctionnement de l'administration publique grâce à une meilleure GFP et une plus grande capacité à mettre en œuvre une stratégie de développement du secteur privé. Les avantages du projet résulteront d'une plus grande crédibilité du budget, de contrôles internes plus efficaces, d'une supervision améliorée et d'une plus grande transparence dans la gestion des industries extractives. L'expérience nous amène à suggérer que l'intervention proposée de renforcement des capacités pourrait conduire à : (i) une gestion budgétaire et financière efficace, transparente et responsable ; (ii) une mise en œuvre du programme et une prestation de service améliorées par suite d'une crédibilité et d'une prévisibilité accrues du budget ; (iii) l'accroissement de la crédibilité du budget contribuera également à améliorer l'allocation des ressources et l'exécution du budget selon les priorités du DSRP ; et (iv) une hausse des revenus générée par une meilleure gestion des industries extractives. Le projet prendra également en charge le renforcement des capacités en ressources humaines renouvelables, assurant ainsi la pérennité des avantages.

#### 3.2 Impacts environnementaux et sociaux

3.2.1 **Le projet a été classé dans la catégorie III par ORQR, ce qui signifie qu'il n'aura pas d'effet négatif sur l'environnement.** Le projet peut toutefois avoir des effets positifs indirects sur l'environnement au travers de l'élargissement envisagé du rôle de SL ITIE à l'examen des cadres de réglementation existants de l'exploitation des ressources naturelles, y compris les ressources forestières et halieutiques. Le fait d'inclure les ressources naturelles est un élément crucial compte tenu de l'impact négatif de l'activité minière sur la couverture forestière dû à la dégradation de vastes étendues de terre, de la découverte de

gisements pétroliers et gaziers en mer et de la réalisation d'une étude d'exploitation commerciale à l'heure actuelle. Le projet produira aussi un effet bénéfique direct sur l'environnement grâce à l'assistance technique en audit environnemental, la campagne de sensibilisation publique à l'ITIE et la formation assurée aux parlementaires, aux chefs et aux administrateurs des conseils locaux.

**3.2.2 Genre : l'opération proposée apportera son soutien à l'effort et au programme engagés par le gouvernement pour accroître le budget affecté à la gestion de la parité entre les sexes et pour étendre la mixité dans les programmes de développement.** Plus particulièrement, le projet appuiera la formation à une budgétisation intégrant la parité entre les sexes, que le gouvernement a lancée pour faciliter une analyse sexospécifique comparative dans la formulation des budgets publics et l'allocation des ressources. Un comité de budgétisation prenant en considération la parité hommes-femmes, comprenant 15 acteurs issus de MDA, a été constitué. Le programme destiné aux secteurs miniers et énergétiques aura également un impact positif sur l'emploi et les perspectives de génération de revenus des femmes. Par ailleurs, le projet veillera à ce que les femmes constituent au moins 25 % du personnel des institutions bénéficiaires de formations.

**3.2.3 L'opération aura un impact positif sur la parité entre les hommes et les femmes, qui reste une préoccupation majeure en Sierra Leone.** Le profil sexospécifique établi par la Banque pour la Sierra Leone indique que les femmes représentent 51,3 % de la population, mais qu'elles sont généralement moins autonomes que les hommes, et qu'elles sont sous-représentées dans la vie publique et politique, ainsi que dans l'emploi du secteur formel. La proportion de femmes siégeant au parlement, travaillant dans les cabinets ministériels, nommés ministres adjoints et officiant comme conseillers dans les administrations locales atteint 13,7 %, 10 %, 13,1 % et 25 % respectivement. Il est par conséquent plus que nécessaire de déployer des efforts supplémentaires pour améliorer l'égalité entre les sexes. Au niveau international, la Sierra Leone a ratifié la Convention sur l'élimination de toutes les formes de discrimination à l'égard des femmes et est signataire de la Déclaration solennelle sur l'égalité entre les femmes et les hommes en Afrique et la plate-forme d'action de Pékin. Au niveau national, le pays a adopté une politique soucieuse de l'égalité des sexes ainsi qu'une politique nationale en matière de droits des femmes, qui visent toutes deux à créer un environnement favorable à l'amélioration du statut des femmes et à leur participation au processus de développement. Le président a également promis de définir un quota par genre au cours du cycle électoral 2012-2017 et de respecter la demande des femmes pour un quota de 30 % au parlement et dans d'autres sphères de gouvernance significatives.

**3.2.4 Aspect social : le PFMBESP contribuera à améliorer les services sociaux au travers de réformes institutionnelles et de programmes de renforcement des compétences destinés aux conseils locaux et aux PME.** Une meilleure liaison entre le budget et le DSRP II aura un impact positif sur les domaines prioritaires, notamment la santé et l'éducation. La prise en charge du renforcement des capacités assuré aux conseils locaux dans la préparation et la planification du budget, l'audit interne et externe contribuera à améliorer l'efficacité la diffusion des services sociaux. La composante du projet visant la facilitation des affaires devrait aussi avoir un impact social, induit par la croissance anticipée des PME, laquelle devrait produire une hausse de l'emploi notamment chez les femmes. En renforçant la capacité de gestion financière des conseils locaux, le projet viendra compléter d'autres opérations menées dans le secteur social, financées par la Banque.

## **IV. MISE EN ŒUVRE**

### **4.1 Modalités de mise en œuvre**

4.1.1 Le ministère des Finances et du Développement économique (MoFED) est l'organisme chef de file, chargé de la mise en œuvre et de la coordination du projet en collaboration avec les institutions bénéficiaires. L'opération proposée utilise la structure existante et l'unité de mise en œuvre unifiée au sein du MoFED, appelée Unité de gestion de projet intégrée (IPAU). L'IPAU assure la fourniture de services fiduciaires y compris la gestion du compte du projet, la gestion financière, la génération d'états financiers, les décaissements et les passations de marché. Chacune des institutions financières est responsable de la mise en œuvre technique de sa ou ses composantes respectives. Elles doivent préparer leur propre plan de mise en œuvre annuel (programmes de travail et budgets annuels). Un Comité de coordination du projet (CCP) est institué sous la présidence du chef de l'IPAU et chaque institution bénéficiaire doit nommer un représentant auprès du CCP. Le chef de l'IPAU rend compte au Secrétaire financier. Le CCP se réunit trimestriellement pour examiner le programme de travail de chaque bénéficiaire et résoudre les éléments faisant obstacle à la mise en œuvre et à la coordination du projet. Chaque agence bénéficiaire remet un rapport d'activité trimestriel au chef de l'IPAU, qui consolide les rapports et présente un rapport unique à la BAD. L'annexe technique B3 fournit les détails du dispositif de mise en œuvre.

4.1.2 Gestion financière : l'évaluation de la gestion financière de l'IPAU a conclu que le MoFED dispose de la capacité requise pour mener les activités fiduciaires exigées pour le projet. Le risque lié à la gestion financière au niveau national est toutefois jugé important en raison des faiblesses observées en matière de gouvernance et la capacité technique des institutions publiques, mais présente une courbe de changement positif depuis 2007. Au niveau des entités, le risque lié à la gestion financière est jugé modéré, pour la raison essentielle que l'IPAU a déjà fourni des services de gestion fiduciaire dans des projets similaires financés par des donateurs. L'annexe technique B4 fournit les détails du dispositif de gestion financière.

4.1.3 Passation de marchés : l'IPAU sera responsable de l'acquisition de biens, de services de conseil et de services de formation, comme présenté dans le tableau 4.1 ci-dessous. Tous les marchés seront passés conformément aux Règles de procédure pour l'acquisition des biens et travaux de la Banque, et avec des consultants sur la base d'un dossier d'appel d'offres standard. L'IPAU prépare un plan de passation de marchés pour une période initiale de 18 mois au minimum. Le bénéficiaire est tenu de le mettre à jour, sur une base annuelle ou selon les besoins, pour la période suivante de 18 mois de mise en œuvre du projet. Toute proposition de révision sera soumise à la Banque pour approbation préalable. L'annexe technique B5 fournit les détails sur les modalités de passation de marchés concernant les biens, les services de conseil et la formation.

4.1.4 Décaissement : il est prévu que le don de la FEF sera décaissé sur une période de 36 mois allant de janvier 2012 à décembre 2014. Le projet utilisera le compte spécial (SA) et les méthodes de paiement direct de décaissement conformément aux dispositions du Manuel des décaissements de la Banque. Le gouvernement gère un compte spécial en devises sur lequel sont déposées les recettes du don, qui sont ensuite transférées sur un compte spécial en monnaie locale. L'ouverture du compte spécial en devises et du compte spécial en monnaie locale sera une condition préalable au premier versement du don. Un versement initial d'un montant correspondant à 6 mois d'activité, justifié par un programme de travail approuvé par

la Banque, sera effectué sur le compte spécial. Les versements suivants sur le compte seront effectués lorsque l'PAU aura présenté les justificatifs relatifs à l'utilisation d'au moins 50 % du dépôt précédent et 100 % des avances plus anciennes. Les versements relatifs à des marchés d'équipement, de fournitures, de service d'audit et de services de conseils seront effectués selon la méthode du paiement direct.

4.1.5 Audit : les comptes seront audités annuellement par un cabinet indépendant digne de confiance, et des rapports d'audit seront soumis à la Banque dans un délai de six mois au maximum après la clôture de l'exercice. Un dispositif d'audit détaillé est présenté dans l'annexe technique B4.

## 4.2 Suivi

4.2.1 Le MOFED sera responsable du suivi général et de l'évaluation des activités menées en collaboration avec les chefs de composante du projet et/ou les institutions bénéficiaires. Il rendra compte, par le biais de l'IPAU, de la progression de la mise en œuvre du projet et soumettra des rapports d'activité trimestriels sur tous les aspects de l'exécution du projet. Les rapports couvriront tous les aspects associés à la mise œuvre du projet, c'est-à-dire son statut, les décaissements, le programme de travail, le suivi des indicateurs de performance, l'analyse des glissements dans la mise en œuvre, les problèmes potentiels et les solutions proposées. Le rapport comportera également une vue générale des activités planifiées pour le trimestre à venir. Une attention particulière devra être accordée aux résultats tels que définis dans le cadre logique du projet. Le comité de supervision de la GFP, présidé par le Secrétaire financier, est responsable du contrôle stratégique et du suivi des réformes. Il est composé de représentants d'institutions clés impliquées dans la gestion des finances publiques, ainsi que de représentants d'organismes membres de la société civile et de partenaires au développement, dont la Banque. La Banque assurera également le suivi de la mise en œuvre de projet au travers de missions de supervision et d'une revue à mi-parcours. Un rapport d'achèvement de projet sera rédigé afin d'évaluer les progrès réalisés quant aux résultats et de tirer les enseignements pour une opération de suivi éventuel. Le tableau 4.1 présente le calendrier de mise en œuvre du projet.

**Tableau 4.1**  
**Calendrier de mise en œuvre du projet**

Tâche	Partie responsable	Date de lancement
Préparation	FEF	Mars 2011
Evaluation	FEF	Mai 2011
Approbation du don	FEF	Septembre 2011
Entrée en vigueur du don	FEF/GSL	Janvier 2012
Achat de biens et services	GSL	Mars 2012 – Juin 2014
Programme de formation pour experts et non-spécialistes de la GFP	GSL	Juin 2012 – Juin 2014
Programmes de formation pour PME	GSL	Juin 2012 – Juin 2014
Assistance technique	GSL	Juin 2012 – Juin 2014
Soumission du rapport d'audit annuel	GSL	Juin 2013, 2014 et 2015
Supervision	FEF	Juin et décembre 2012, 2013 et 2014
Revue à mi-parcours	FEF	Juin 2013
Rapport d'achèvement de projet	FEF/GSL	Juin 2015

### 4.3 Gouvernance

4.3.1 Jusqu'à présent, la gouvernance au niveau des projets financés par le Groupe de la Banque a été satisfaisante ; aucune plainte majeure n'a été portée par les sociétés soumissionnaires faisant état d'infraction aux procédures d'achat ou de décaissement de la Banque. En revanche, des fournisseurs et des sous-traitants ont effectivement fait état de non-respect des délais de paiement, or ces retards provenaient essentiellement de défaillances de procédure originaires de l'agence d'exécution ou de la Banque. De la même manière, les récents rapports d'audit de projet n'ont mis en évidence aucune malversation financière grave. S'appuyant sur le renforcement des capacités et sur les institutions, le projet proposé contribue à accroître la transparence et les bonnes pratiques comptables en assurant une formation et une assistance technique dans des domaines de gouvernance majeurs comme l'audit interne et externe, et en renforçant les pratiques de lutte contre la corruption et la transparence dans les industries extractives.

### 4.4 Viabilité

4.4.1 Le projet présente plusieurs éléments susceptibles de contribuer favorablement à la viabilité des résultats attendus. Le premier de ces éléments est l'engagement ferme du gouvernement pour les réformes des politiques et des institutions, ce qui devrait permettre une plus grande transparence et responsabilité dans la gestion des finances publiques et une amélioration de l'environnement des affaires. Soutenues par ce projet et par l'EGRP II, les réformes viendront améliorer la viabilité budgétaire par le biais de meilleures pratiques budgétaires, d'une mobilisation des ressources locales et d'une plus grande intégrité et responsabilisation des institutions au niveau du gouvernement central comme des conseils locaux. On s'attend à ce que l'action dynamique du projet sur le renforcement des capacités soit un accélérateur pour la viabilité d'une croissance économique soutenue et une source d'emploi grâce à la création de petites et moyennes entreprises.

4.4.2 Un autre élément inhérent à la garantie de la viabilité est la priorité du projet sur le renforcement des capacités nationales à travers le développement des ressources humaines en Sierra Leone. La viabilité des résultats est assurée essentiellement au moyen de sessions courtes (une à deux semaines) de formation personnalisée. Les formations longues sont limitées à l'enseignement professionnel à distance, comme la formation à l'audit externe par le biais de l'Association des experts-comptables agréés (ACCA), représentée à Freetown. La viabilité est assurée au moyen de formations courtes conçues pour répondre aux besoins des institutions et par le biais de la formation locale. La participation des établissements de formation nationaux (Institut d'administration et de gestion publique) viendra également seconder les institutions de formation elles-mêmes. En février 2011, le Cabinet a adopté le programme de réformes du service public, y compris la stratégie de réforme des paiements, pour mettre en œuvre un système de rémunération et de barème de notation apte à attirer, motiver et fidéliser le personnel qualifié dans le service public.

### 4.5 Gestion des risques

- **Risque n° 1** : la vulnérabilité de la Sierra Leone aux chocs externes du fait de sa dépendance à l'égard de l'importation de ses denrées alimentaires et de son énergie, et de l'exportation de ses matières premières. [**Probabilité : moyenne, impact : élevé**]. **Atténuation** : la mise en œuvre continue d'une politique budgétaire et monétaire prise en charge par le programme du FMI assurera l'alignement des cibles macroéconomiques sur l'évolution des perspectives

économiques. La prise en charge de la réforme sur les revenus locaux et du versement du budget fournira l'infrastructure budgétaire requise pour mettre en œuvre les mesures correctives initiales. Le projet proposé aidera le gouvernement à poursuivre son engagement dans les réformes de GFP et de l'environnement des affaires afin de contrer les effets négatifs de la crise économique mondiale à court terme.

- **Risque n° 2 :** sans nier les progrès importants réalisés vers la consolidation de la paix et de la sécurité en Sierra Leone, les élections présidentielles prévues pour 2012 pourraient ralentir la dynamique des réformes des finances publiques et du milieu des affaires, et par contrecoup freiner la mise en œuvre du projet et la réalisation des engagements gouvernementaux [**Probabilité : moyenne, impact : élevé**]. **Atténuation :** l'appui des donateurs à la réforme du secteur de la sécurité et aux élections devrait renforcer la sécurité et atténuer les risques potentiels liés aux élections.
- **Risque n 3 : capacités de mise en œuvre :** malgré les progrès importants réalisés par le gouvernement dans le domaine de la GFP et l'amélioration du climat relatif aux investissements, comme indiqué respectivement dans le rapport PEFA de 2010 et le rapport de 2011 sur les affaires, des contraintes de capacité demeurent et pourraient gêner ou retarder la mise en œuvre de la réforme. La revue de la performance du portefeuille-pays (ADF/BD/WP/2009) établi par la Banque a conclu que les opérations à risque étaient de l'ordre de 50 % et que les engagements à risque étaient estimés à 73 %. [**Probabilité : moyenne, impact : moyen**]. **Atténuation :** le programme permanent multidonateurs de réforme de la GFP et le projet proposé de renforcement des capacités permettraient de renforcer les capacités du PFRMRU. Par ailleurs, l'application des efforts engagés dans la GFP et dans le renforcement des capacités réduira ce risque à moyen et à long terme. Pour améliorer la qualité du portefeuille, la SLFO et le gouvernement ont développé un Plan d'amélioration du portefeuille-pays (CPIP), qui comporte un nombre important de mesures correctives.

## 4.6 Développement des connaissances

4.6.1 Le PFMESP contribuera à construire un savoir et des compétences dans des domaines spécifiques de la GFP et visant l'amélioration de l'environnement des affaires. Dans le cadre de la GFP, les connaissances seront acquises par le biais d'une assistance technique et d'une formation à l'ensemble de la GFP, c'est-à-dire la comptabilité et l'audit financiers, l'audit spécialisé (audit des travaux publics et environnemental) ; établissement du budget et états financiers, gestion des dossiers ; investigation et prévention de la fraude, études de diagnostic de la corruption et gestion des affaires. Le projet aidera les établissements de formation locaux à concevoir des manuels et des programmes de formation aptes à fournir durablement des sessions de formation. Le savoir sera aussi acquis par le biais de transferts de connaissances de la part de spécialistes externes et par l'établissement de partenariats avec des institutions homologues implantées dans la région (par exemple, les institutions supérieures de contrôle, la commission anti-corruption, le Secrétariat EITI du Liberia et le groupe de la société civile de sensibilisation aux industries extractives). La sensibilisation de l'opinion publique à l'ITIE et la campagne de formation contribueront à mieux faire connaître le processus de l'ITIE et à accroître la transparence et la responsabilisation dans les secteurs

minier, forestier et halieutique de la Sierra Leone. Le développement d'un savoir en matière de création d'un environnement propice aux affaires comportera une formation aux dispositifs de gestion commerciale à l'intention des petites et moyennes entreprises, comprenant de jeunes entrepreneurs et de femmes entrepreneurs.

## **V. INSTRUMENT JURIDIQUE ET AUTORITE LEGALE**

### **5.1 Instrument juridique**

5.1.1 Protocole d'accord de don entre la Sierra Leone et la Banque africaine de développement pour un montant de 4 millions d'UC octroyé par la BAD dans le cadre de la Facilité en faveur des États fragiles.

### **5.2 Conditions liées à l'intervention de la Banque**

5.2.1 Le protocole d'accord du don de la BAD entrera en vigueur à la date de sa signature par le gouvernement de la République de Sierra Leone et par la Banque africaine de développement. Le premier décaissement du don sera soumis à l'entrée en vigueur du protocole d'accord du don et à la capacité du bénéficiaire à remplir les conditions spécifiques décrites ci-dessous d'une manière satisfaisante pour la Banque :

- (i) Une lettre du MoFED apportant la preuve de l'ouverture d'un compte en devise dans une banque acceptable pour le Fonds pour la réception des recettes du don ;
- (ii) Une lettre du MoFED indiquant la composition du comité de coordination du projet, comprenant des responsables/coordonnateurs des sous-composantes provenant de l'Unité de réforme de la gestion des finances publiques, du ministère du Commerce et de l'industrie, du ministère des Mines et des Ressources minières, et de l'Initiative pour la transparence dans les industries extractives en Sierra Leone.

### **5.3 Conformité avec les politiques de la Banque**

5.3.1 Ce projet respecte toutes les politiques en vigueur de la Banque.

## **VI. RECOMMANDATION**

6.1 La Direction recommande que les Conseils d'administration approuvent, selon la procédure de non-objection, la proposition de don de 4,0 millions d'UC au titre de la FEF au gouvernement de la République de Sierra Leone aux fins et sous réserve des conditions stipulées dans ce rapport.

## Sierra Leone

### INDICATEURS SOCIO-ECONOMIQUES COMPARATIFS

	Année	Sierra Leone	Pays en Afrique	Pays en Développement	Pays Développés
<b>Indicateurs de Base</b>					
Superficie ('000 Km <sup>2</sup> )		72	30 323	80 976	54 658
Population totale (millions)	2010	5,8	1 031	5 659	1 117
Population urbaine (% of Total)	2010	38,4	39,9	45,1	77,3
Densité de la population (au Km <sup>2</sup> )	2010	81,3	34,0	69,9	20,4
Revenu national brut (RNB) par Habitant (\$ EU)	2009	340	1 525	2 968	37 990
Participation de la Population Active - Total (%)	2010	37,5	40,1	61,8	60,7
Participation de la Population Active - Femmes (%)	2010	51,3	41,0	49,1	52,2
Valeur de l'Indice sexospécifique de dévelop. hum.	2007	0,354	0,433	0,694	0,911
Indice de développement humain (rang sur 169 pa)	2010	158	n.a	n.a	n.a
Population vivant en dessous de \$ 1 par Jour (%)	2005-08	...	42,3	25,2	...
<b>Indicateurs Démographiques</b>					
Taux d'accroissement de la population totale (%)	2010	2,4	2,3	1,3	0,6
Taux d'accroissement de la population urbaine (%)	2010	3,3	3,4	2,4	1,0
Population âgée de moins de 15 ans (%)	2010	43,5	40,3	29,0	17,5
Population âgée de 65 ans et plus (%)	2010	1,9	3,8	6,0	15,4
Taux de dépendance (%)	2010	82,9	77,6	55,4	49,2
Rapport de Masculinité (hommes pour 100 femmes)	2010	95,1	99,5	93,5	94,8
Population féminine de 15 à 49 ans (%)	2010	24,9	24,4	49,4	50,6
Espérance de vie à la naissance - ensemble (ans)	2010	48,2	56,0	67,1	79,8
Espérance de vie à la naissance - femmes (ans)	2010	49,6	57,1	69,1	82,7
Taux brut de natalité (pour 1000)	2010	39,5	34,2	21,4	11,8
Taux brut de mortalité (pour 1000)	2010	15,1	12,6	8,2	8,4
Taux de mortalité infantile (pour 1000)	2010	101,5	78,6	46,9	5,8
Taux de mortalité des moins de 5 ans (pour 1000)	2010	142,6	127,2	66,5	6,9
Indice synthétique de fécondité (par femme)	2010	5,1	4,4	2,7	1,7
Taux de mortalité maternelle (pour 100000)	2008	970,0	530,2	290,0	15,2
Femmes utilisant des méthodes contraceptives (%)	2005-08	...	...	61,0	...
<b>Indicateurs de Santé et de Nutrition</b>					
Nombre de médecins (pour 100000 habitants)	2008	2,0	58,3	109,5	286,0
Nombre d'infirmières (pour 100000 habitants)	2008	15,8	113,3	204,0	786,5
Naissances assistées par un personnel de santé q	2005-08	43,2	50,2	64,1	...
Accès à l'eau salubre (% de la population)	2008	49,0	64,5	84,3	99,6
Accès aux services de santé (% de la population)	2005-08	...	65,4	80,0	100,0
Accès aux services sanitaires (% de la population)	2008	13,0	41,0	53,6	99,5
Pourcent. d'adultes de 15-49 ans vivant avec le VIH	2007	1,7	4,9	0,9	0,3
Incidence de la tuberculose (pour 100000)	2009	644,0	294,9	161,0	14,0
Enfants vaccinés contre la tuberculose (%)	2009	99,0	79,9	81,0	95,1
Enfants vaccinés contre la rougeole (%)	2009	93,0	71,1	80,7	93,0
Insuffisance pondérale des moins de 5 ans (%)	2005	28,3	30,9	22,4	...
Apport journalier en calorie par habitant	2007	2 170	2 465	2 675	3 285
Dépenses publiques de santé (en % du PIB)	2008	4,2	5,7	2,9	7,4
<b>Indicateurs d'Education</b>					
Taux brut de scolarisation au (%)					
Primaire - Total	2007	157,7	102,7	107,2	101,3
Primaire - Filles	2007	148,0	99,0	109,2	101,1
Secondaire - Total	2007	34,6	37,8	62,9	100,1
Secondaire - Filles	2007	27,7	33,8	61,3	99,6
Personnel enseignant féminin au primaire (% du tot)	2007	25,7	47,0	60,5	81,4
Alphabétisme des adultes - Total (%)	2008	39,8	64,8	80,3	98,4
Alphabétisme des adultes - Hommes (%)	2008	51,7	74,0	86,0	98,7
Alphabétisme des adultes - Femmes (%)	2008	28,9	55,9	74,8	98,1
Dépenses d'éducation en % du PIB	2009	4,3	4,6	3,8	5,0
<b>Indicateurs d'Environnement</b>					
Terres arables en % de la superficie totale	2008	25,1	7,8	10,6	10,9
Taux annuel de déforestation (%)	2005-09	...	0,7	0,4	-0,2
Taux annuel de reboisement (%)	2005-09	...	10,9	...	...
Emissions de CO2 par habitant (tonnes métriques)	2009	0,2	1,1	2,9	12,5

Source : Base des données du Département des Statistiques de la BAD;

dernière mise à jour:

Mai 2011

Banque Mondiale WDI; ONUSIDA; UNSD; OMS, UNICEF, WRI, PNUD, Rapports nationaux.

Notes: n.a. Non Applicable; ... : Données non disponibles.

## Portefeuille du Groupe de la Banque à la fin de l'année 2010

<b>Secteur : agriculture</b>				
<b>Nom</b>	<b>Type<sup>1</sup></b>	<b>Note</b>	<b>Montant (UC)</b>	<b>Date d'approbation</b>
1. Réhabilitation de l'agriculture	L	IP 1,29 DO 1,75	10,0	02/02/05
	G		2,0	02/02/05
2. Diffusion du riz NERICA (multinationale)	G	IP 1,86 DO 1,76	2,85	26/09/03
<b>TOTAL DES APPROBATIONS</b>			<b>14,85</b>	

<b>Secteur : routes</b>				
<b>Nom</b>	<b>Type<sup>1</sup></b>	<b>Note</b>	<b>Montant (UC)</b>	<b>Date d'approbation</b>
1. Route reliant Lungi et Port Loko	L	0,00 0,00	26,26	17/06/09
2. Route reliant Matoktoka et Sefadu, études et appui institutionnel	G	IP 2,11 DO 3,00	1,99	09/03/06
<b>TOTAL DES APPROBATIONS</b>			<b>28,25</b>	

<b>Secteur : eau</b>				
<b>Nom</b>	<b>Type<sup>1</sup></b>	<b>Note</b>	<b>Montant (UC)</b>	<b>Date d'approbation</b>
1. Projet d'alimentation en eau de trois villes	L	0,00 0,00	27,30	26/10/10
<b>TOTAL DES APPROBATIONS</b>			<b>27,30</b>	

<b>Secteur : énergie</b>				
<b>Nom</b>	<b>Type<sup>1</sup></b>	<b>Note</b>	<b>Montant (UC)</b>	<b>Date d'approbation</b>
1. Centrale hydraulique de Bumbuna, financement supplémentaire	L	IP 1,92	10,30	08/10/08
		DO 2,25		
2. Centrale hydraulique de Bumbuna (NTF)	G	IP 0,00 DO 0,00	0,71	29/09/10
<b>TOTAL DES APPROBATIONS</b>			<b>11,01</b>	

<b>Secteur : santé</b>				
<b>Nom</b>	<b>Type<sup>1</sup></b>	<b>Note</b>	<b>Montant (UC)</b>	<b>Date d'approbation</b>
Renforcement des services de santé des districts	L	PI 2,11 DO 2,33	17,00	07/09/05
<b>TOTAL DES APPROBATIONS</b>			<b>17,00</b>	
<b>TOTAL EN COURS</b>			<b>98,41</b>	

## Projets associés clés financés par les autres partenaires au développement

Titre du projet	Partenaires au développement	Objectifs et domaines clés de l'appui
1. Projet de prestation de services décentralisés (DSDP)	IDA (20 millions \$ EU) Clôture du projet prévue fin 2011	<b>Objectifs :</b> (i) renforcer la capacité du gouvernement à gérer des services décentralisés ; (ii) améliorer la disponibilité et la prévisibilité du financement par le gouvernement local ; et (iii) renforcer le système de transfert budgétaire intergouvernemental
2. Programme de réforme de la gestion intégrée des finances publiques (Integrated Public Financial Management Reform Program)	GoSL (2 millions \$ EU), IDA (4 millions \$ EU), DFID (6,61 m) et CE (8,32 millions \$ EU)	<b>Objectifs :</b> aider le gouvernement de Sierra Leone à améliorer de façon durable la crédibilité, le contrôle et la transparence dans la gestion budgétaire et financière. Le projet a cinq composantes : (i) renforcer la coordination macrobudgétaire et la gestion du budget ; (ii) développer le système de gestion pour améliorer la prestation de service ; (iii) renforcer les fonctions de finance centralisée, cette composante se décline en plusieurs activités transversales comprenant la mise en place d'un système IFMIS, tous les aspects de renforcement des capacités en ressources humaines (RH) qui sont requises pour soutenir les fonctions de gestion des finances publiques (GFP) ; (iv) assister la supervision des acteurs non étatiques, cette composante accompagnera le renforcement des capacités des acteurs non étatiques en matière d'analyse et de diffusion pour la surveillance de l'utilisation des ressources publiques.
3. Projet d'assistance technique auprès des industries extractives	IDA (11,1 millions \$ EU).	Objectif : (i) améliorer le cadre réglementaire global du secteur des industries extractives : combler les vides réglementaires dans le secteur minier, pétrolier et gazier en mettant en place des réglementations techniques et en mettant à jour les actes juridiques. (ii) assurer un renforcement des capacités, un contrôle des équipements et une étude géologique afin d'instaurer une bonne gouvernance du secteur fondée sur des principes d'une administration, d'une réglementation et d'un suivi transparents, non discrétionnaires et efficaces de l'exploitation des minerais, du pétrole et du gaz.

Carte du pays



Original: English



**AFRICAN DEVELOPMENT  
BANK GROUP**

**PROJECT: PUBLIC FINANCIAL MANAGEMENT AND  
BUSINESS ENABLING SUPPORT PROJECT  
(PFMBESP)**

**COUNTRY: SIERRA LEONE**

---

**PROJECT APPRAISAL REPORT**

**TECHNICAL ANNEXES**

**22 July 2011**

**SIERRA LEONE**

## **Public Financial Management and Business Enabling Support**

### **Project (PFMBESP)**

#### **Technical Annexes**

- Annex A1 Country's development agenda, sector brief and donor's support
- Annex A2 Local Government PFM Performance Assessment
- Annex A3 Private Sector Development
- Annex B1 Lessons learned chart
- Annex B2 Project Description and costs (details)
- Annex B3 Implementation arrangements (details)
- Annex B4 Financial management, disbursement and audit arrangements
- Annex B5 Procurement arrangement (details)
- Annex B6 Environmental and Social analysis
- Annex B7 Project preparation and supervision
- Annex C Any additional annexes – Terms of References

## **Annex A1      COUNTRY’S DEVELOPMENT AGENDA AND SECTOR BRIEF**

1.1 **The government has completed the second generation of the Poverty Reduction Strategy Paper (PRSP-II)**, which covers 2008–12, under the title “Agenda for Change.” The strategy is derived based on lessons learned from implementing PRSP I, the nationwide consultations and priority-setting exercise, and the growth diagnostic analysis for Sierra Leone. The focus of the PRSP-II is to reduce poverty through economic growth, with an emphasis on the private sector. The strategy was launched in June 2009 and was approved by the Boards of the World Bank and the International Monetary Fund (IMF) in October 2009.

1.2 Recognizing the slow rates of progress in attaining the MDG indicators, government developed the PRSP-II based on four key priorities:

- **Providing a reliable power supply** to the country; transiting toward a low carbon energy economy through use of the country’s significant hydropower potential.
- **Raising quantity and value-added productivity in agriculture and fisheries**, emphasizing the productive capacities of the poor and vulnerable.
- **Developing a national transportation network** to enable the movement of goods and people, thereby facilitating increased investment and economic activity.
- **Ensuring sustainable human development** through the provision of improved coverage of the basic social services and social protection needs of the poor and vulnerable.

1.3 Addressing gender issues is emphasized as part of human development, including access to health care, education, economic opportunities and assets as well as women’s voice in public affairs. The government has also identified four principles or preconditions that will underpin the implementation of the PRSP-II:

- **Good governance, peace and security** represent an explicit acknowledgement of the necessary political underpinnings for development. Without good governance and the absence of corruption on one hand and the consolidation of peace and security on the other, economic growth and human development will stay below potential.
- **Macroeconomic stability** is acknowledged as a precondition for economic growth and private sector development as well as for poverty reduction.
- **Private sector development - including the financial sector** - is seen as the engine for growth. Government will seek to encourage private investment in all the PRSP priority sectors.
- **Managing natural resources** in an important priority for a nation that has seen natural resources depleted (forests, minerals, fish stocks) with limited benefit to the economy or the people. Further prospects in extractive industries (notably oil) enhance the importance of this principle.

**1.4 Sierra Leone remains one of the poorest countries in the world and is unlikely to meet any of the Millennium Development Goals (MDGs) by 2015<sup>6</sup>.** Per capita income is estimated at US\$ 260 and over 60% of the population was estimated to be living below the poverty line in 2008. Income inequality remains relatively high with Gini coefficient estimated at 0.425 (World Bank, 2010). Youth unemployment, estimated at about 40%, is a serious element of the poverty situation. Sierra Leone's social indicators lag behind Africa's averages in a number of cases. However, Government has made a significant commitment to improve social indicators. In this context, a Free Health Care Initiative has recently been introduced for children less than five years, and pregnant women.

**1.5 Sierra Leone has made a steady progress in the area of governance.** Two general and presidential elections as well two local elections (in 2005 and 2007) have been successfully conducted and judged to be free and fair by international observers. Improvement in governance has also been highlighted in key governance reports, for example the Mo Ibrahim Index, Corruption Perception Index (CPI), Voice and Accountability, and Country Policy and Institutional Assessment. However, corruption remains endemic as revealed by the country's low CPI score and ranking. The fight against corruption has thus become a central thrust of government policy. In this regard, the power of the Anti-Corruption Commission (ACC) has been strengthened. The 2008 ACC Act devolves prosecutorial powers to the Commission, and this effort has started to bear fruits. In 2010 alone, the Commission handled 117 cases, eight (8) of which led to convictions, including two government ministers and about Le 1.73 billion was recovered as settlement from corruption related cases during the year. Despite the delay, the APRM and EITI implementation are underway with the aim to complete the APRM peer review and achieve the EITI compliant status in 2011 and 2012 respectively. Doing business indicators have also improved and Sierra Leone ranked 143 out of 183 countries in 2011, higher than its neighbors: Liberia (149), Cote D'Ivoire (168) and Guinea (173).

**1.6 As a fragile state, Sierra Leone's development challenges are enormous.** The 2010 PEFA assessment indicate weaknesses in the PFM system. Expenditure control is constrained by ineffective payroll system, delays in follow-up on audit recommendations, and weak external scrutiny. Revenue transparency and accountability, especially in the mining and energy sectors also remain weak. Although Sierra Leone became an EITI candidate since 2008, it has to date failed to attain compliance status aimed to promote revenue transparency in the extractive sector. A non-cost reflective energy tariff and a billing system perceived to be non-transparent by consumers, limit revenue collection. Strengthening revenue mobilization will create the fiscal space for pro-poor expenditure and enhance Sierra Leone's chances of achieving the MDGs. Poor infrastructure especially inadequate electricity supply and poor transport system also pose significant challenges. Only 8% of roads are paved while national electricity generation capacity and electricity consumption are about the lowest in Africa. Government plans to accelerate public investments in infrastructure (roads, water, and energy), as well as reform the mining and energy sectors to enhance domestic revenue generation and transparency. The recent confirmation of offshore oil reserves presents opportunities, but may also exacerbate governance of the extractive sector. This makes improved extractive

---

<sup>6</sup> Only the MDG relating to HIV/AIDS, malaria and other diseases is likely to be achieved, but only with respect to HIV/AIDS since malaria and TB are still a huge problem. The MDG relating to education is inconclusive due to limited information.

industries governance imperative, to avoid the resource curse that plagued diamond exploration in the past.

**1.7 The level of coordination in PFM capacity building is strong.** The main development partners, other than the Bank, providing capacity building and institutional support to the PFM reform process are the World Bank, DFID, EC and UNDP. Currently there are mainly three main on-going programs in support of capacity building. These are: (i) The Integrated Public Finance Management Reform Project (IPFMRP) (ii) The Decentralized Services Delivery Project (US\$20m), and (iii) the Extractive Industry Technical Assistance Project (US\$8m). The IPFMRP (US\$ 20.93 million) is jointly financed by Government and budget support donors and it focus on central government PFM reform. The proposed operation focus is on strengthening PFM at local government level and improving business environment. The Bank has strengthened collaboration with development partners; and this collaboration has been demonstrated through the preparation of the JAS (2009-2012) with the World Bank, co-financing PEFA assessment in 2010, joint supervision of PFM reform implementation, and development a Memorandum of Understanding between government and budget support donors.

**1.8 The Bank’s portfolio has adopted a complementary aid instrument to support governance reform in Sierra Leone,** including general budget support, technical assistance and capacity building project, and regional integration initiatives (e.g. WAMZ payment system) to consolidate transparency and accountability in the management of public resources. The following table illustrate the complementarity of the Bank’s governance portfolio with government reform priorities.

Complementarity of the Governance Portfolio in Sierra Leone

JAS priorities	Governance Reform Priorities	Bank Group Ongoing and Planned Operations
Governance	Central Government Integrated Public Financial Management Reform (IPFMRP)	EGRP I support to IPFMRP EGRP II (disbursement triggers)
	Local council PFM capacity building	PFMBESP (component 1)
	Strengthening accountability and integrity institutions (Parliament, External Audit, Anti-corruption Commission)	PFMBESP (component 2) FSF Pillar III support to Parliament
	Improving extractive industries governance	Bank’s on-going support to EITI PFMBESP (component 2)
Private sector development	Financial sector development	Regional Operation/WAMZ Payment system project; FSF Pillar 3 (Capacity Building)
	Business enabling environment	PFMBESP (component 3)

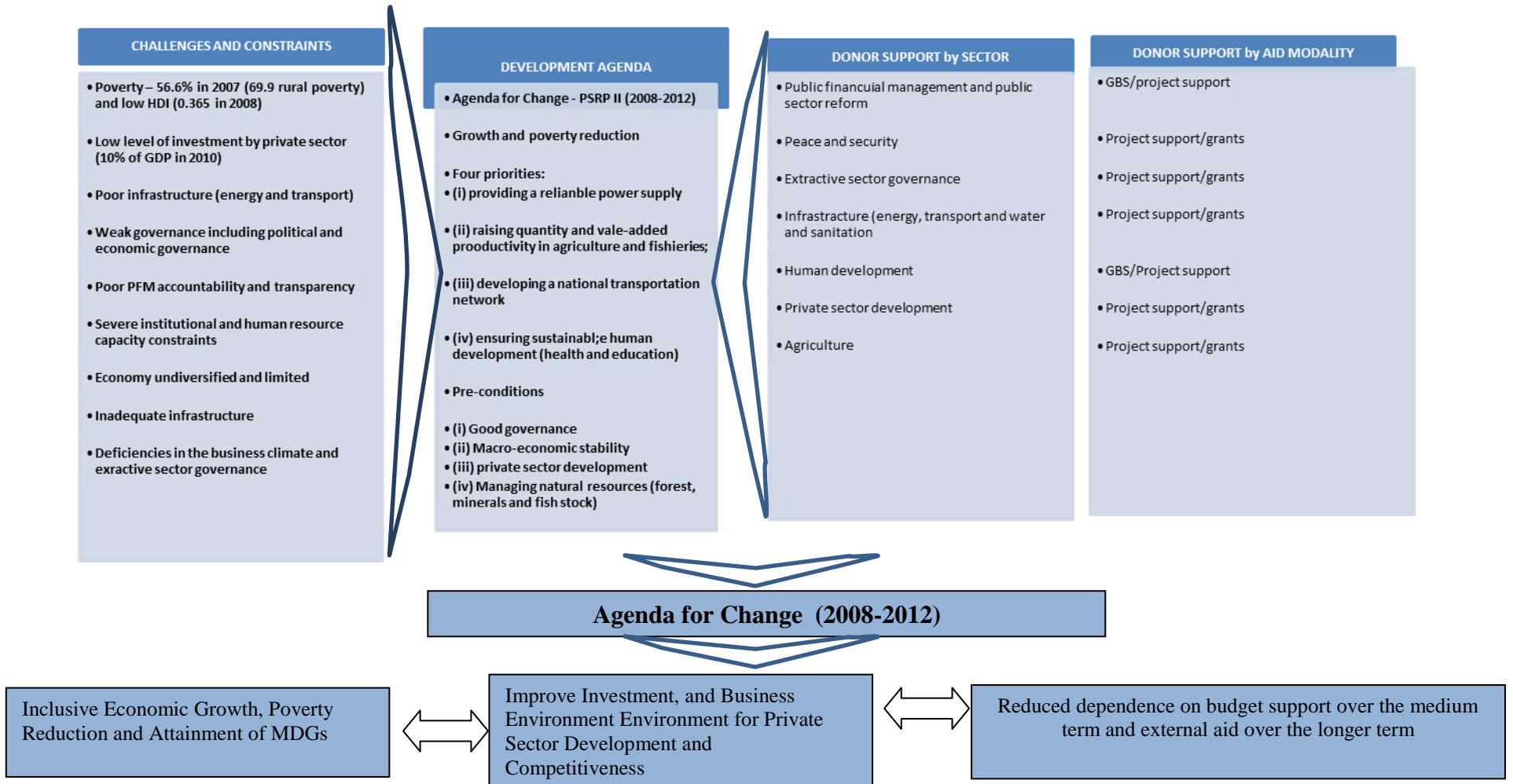
**1.9 The proposed PFMBESP complements the AfDB’s Economic Governance Reform Program (EGRP II) as presented below.** The EGRP supports policy reforms in the area of public expenditure management, particularly in respect of payroll control, internal audit, external scrutiny, and improved transparency and accountability in the mining and energy sectors. The proposed project complements the EGRP II through capacity building of local government councils and accountability institutions (e.g. Auditor General and Anti-Corruption Commission), and private sector institutions to improve business enabling environment. The proposed Institutional Support Project is based on the country’s PRSP, Private Sector Development Strategy, and PFM reform

strategy and addresses capacity and institutional weaknesses, which are critical for the delivery of the broader governance reform and budget support program.

**Complementarities between the EGRP II and ISP for PFM and Business Enabling Support**

<b>EGRP II focus areas</b>	<b>Complementarities provided by the ISP for PFM and Business Enabling</b>
<p>Component (1) Strengthening Public Expenditure Management.</p> <p><b>• The specific policy and institutional reforms measures supported by the EGRP II are focused on effectiveness of payroll control and external scrutiny of budget preparation and execution to ensure efficiency, effectiveness, and accountability of the use of public resources.</b></p>	<ul style="list-style-type: none"> <li>• The ISP provides tangible capacity building support through training, technical assistance and office infrastructure (computers and furniture) to local councils and integrity institutions (ASSL and ACC).</li> <li>• Support to local council include training to internal audit, budgeting planning, accounting and reporting, and technical assistance for establishing regular budget reporting system and methodologies for expenditure and revenue forecasting. This will strengthen public expenditure control and budget execution capacity at local councils who are receiving fiscal transfer from central government. Effectiveness of the budget support depends on the ability of local councils to effectively manage devolved functions and deliver basic services (e.g. primary education, and health services).</li> <li>• The ISP also providing capacity building support to external audit and anti-corruption commission including (i) professional training of accountants and auditors and (ii) special audit technical assistance such as performance, forensic, procurement, and construction audits. It will also provide short-term technical assistance and training to the Anti-Corruption Commission (ACC) in areas of corruption diagnostic studies and in strengthening the investigation and prosecution capabilities of the ACC staff and in undertaking public awareness campaigns. This will contribute to improve accountability and reduce fiduciary and corruption risks associated with budget support, and maximize the development outcome of aid in Sierra Leone.</li> <li>• Reform measures supported by the EGRP II and in particular payroll control will improve expenditure control and timely processing salary payment to teachers and health officers who are working at local council.</li> </ul>
<p>Component (2) Strengthening Transparency and Accountability of revenue management from the extractive industry and the energy sector.</p> <p><b>• It will support continued implementation of EITI implementation plan that would lead Sierra Leone to achieve EITI compliant status. This will contribute to improved transparency and accountability of the mining sector, reduce corruption and increase revenue from the sector to finance development projects. Reform in the energy sector will also enhance transparency and accountability of the National Power Authority to deliver a reliable and affordable electricity services</b></p>	<ul style="list-style-type: none"> <li>• The ISP will strengthen transparency and accountability of revenue from the mining sector, through capacity building support to implementation of Sierra Leone’s <i>Extractive Industries and Transparency Initiative</i> (SL-EITI) and to the National Mining Agency. No direct institutional support to the energy sector is provided for through PFMRP, as such support is provided by the other development partners, mainly the WB, EU and DFID. Technical support provided to SL-EITI will involve technical assistance to prepare its medium-term work plan, communication and public awareness campaign and carry out audit and validation reports as well as support to civil society to promote transparency and accountability in the extractive industries. This will contribute to improve transparency and accountability and help Sierra Leone achieve compliant status by 2012. Progress with EITI will reduce corruption in the sector and attract investment to the country. In addition, the ISP support to business enabling environment would also complements the overall objective of the budget support program and implementation of the PRSP through strengthening the role of the private sector in the economy and job creation and domestic revenue mobilization for poverty reduction.</li> </ul>

## THE SIERRA LEONE'S DEVELOPMENT AGENDA AND DONOR'S SUPPORT



**Annex A2**  
**LOCAL COUNCIL PFM PERFORMANCE ASSESSMENT**

**Description and Selection of Local Councils**

2.1 There are nineteen (19) Local Councils (LCs) established according to the Local Government Act 2004 in Sierra Leone. They cover all the national territory of Sierra Leone. Two (2) of the LCs are in the Western Area and seventeen (17) are in other provinces. Out of the seventeen (17) councils in the provinces, twelve (12) are district councils, which are located in the administrative districts of Sierra Leone.

2.2 Each Local Council is made up of Wards. Currently, there are 509 Councilors representing 473 Wards. The ward committees are involved in the development of local council policies but receive no formal funding for the provision of services. However, part of the Local Government Development Grant is used for the convening of ward meetings (refreshments and travel allowances).

2.3 Chiefs in Sierra Leone also play an important role in local politics (with the exception of Freetown which does not have a chieftaincy). Before 2004, Chiefdoms were often influential locally together with the line ministries and District Officers (DOs). Since then, the relative roles of local councils and Chiefdom have been a source of tension in many areas, with the LGA unclear as to the defined roles of the two parties. In some cases, there is relatively good co-operation between the two entities (especially, where there is strong chiefdom representation in the local council), but in others there are serious problems with co-operation. For instance, the collection of taxes is still a source of dispute in many areas, in particular market dues. This has undermined many local councils ability to raise own revenues.

**Functions of Local Councils and Councillors**

2.4 A Local Council is the highest political authority in the locality and has legislative and executive powers to be exercised in accordance with the Local Government Act, 2004. LCs are responsible generally for promoting development at the locality. In particular LCs have the following functions: (a) mobilize the human and material resources necessary for the overall development of the locality; (b) promote and support productive activity and social development in the locality; (c) initiate and maintain programs for the development of basic infrastructure and provide works and services in the locality; (d) be responsible for the development, improvement and management of human settlements and the environment in the locality; (e) initiate, draw up and execute development plans for the locality; (f) coordinate and harmonise the execution of programmes and projects promoted or carried out by public corporations, other statutory bodies and non-governmental organisations, in the locality; (g) cooperate with relevant agencies to ensure the security of the locality; (h) oversee chiefdom Councils in the performance of functions delegated to them by the local council; (i) determine the rates of local tax; (j) approve the annual budgets of Chiefdom Councils and oversee the implementation of such budgets.

## **2.5 Staff of Local Councils and Establishment of Local Government Service Commission:**

Each L.C has a Chief Administrator, who is appointed by the local council after consultations with Local Government Service Commission. The Local Council Chief Administrator (LCA) is the head of the local administration and acts as secretary to the LC. The LCA are responsible for the following: (a) financial and other resource management and the day-to-day administration of the local council; (b) implementation of the decisions of the local council; (c) assisting and advising the Chairperson in the performance of his functions; (d) supervising and coordinating the activities of the other staff and Departments of the local council; (e) have custody of all documents and records of the local council; (f) perform such other functions as the local council or Chairperson may determine; and (g) ensure that staff performance standards are met. In undertaking his responsibilities, the LCA shall, ensure that there is accountability and transparency in the management and delivery of the local council's services.

## **Financial Matters**

2.6 Local councils are financed from their own revenue collections, from central government grants for devolved functions and from transfers for services delegated from Government Ministries. The Local Government Act, 2004 stipulates that LCs shall make adequate efforts to collect revenues from their own sources, which include the following: (a) precepts from local taxes; (b) property rates; (c) licences; (d) fees and charges; (e) share of mining revenues; (f) interests and dividends; and (g) any other revenue due to the Government but assigned to LCs by the Minister of Finance and Economic Development. Revenue raised from local taxes and from mining revenues, other than those collected by the Government, are to be shared between LCs and Chiefdom Councils.

2.7 To raise local taxes, LCs determine the amount of local tax to be paid during the forthcoming financial year, three months before the end of each financial year by every person liable to pay tax within each locality. They also determine the percentage of the local tax to be paid to. LCs notify each Chiefdom Council in its administrative area of the amount of local taxes and precept for the forthcoming financial year, not later than two months before the end of each financial year. Chiefdom Councils, where applicable, collect the local tax and pay the precept to the LC, LCs are entitled to a share of the mining revenues, as may be determined by the Ministry of Local Government after consulting the Ministries of Finance and Mineral Resources.

2.8 In addition to the local resource mobilization, LCs receive annual grants from the central government. Annual grants, which constitute the bulk of the resources available to the LCs, include **tied grants** for the discharge of devolved functions and for meeting administrative costs. The total amount of grants allocated to local councils forms part of the national budget and is published by Government Notice and in the national papers. Payment of grants to the LCs is made on a monthly basis.

2.9 Expenditure: Subject to this Act a local council may incur all expenditure necessary for or incidental to the carrying out of any functions conferred on it, provided that the expenditure is included in the approved budget of the local council. A local council is empowered to raise loans or obtain overdraft within Sierra Leone, for a specific purposes, with the approval of the Ministers of Local Government and the Minister of Finance.

2.10 Budget Preparation: Every LC prepares an annual budget, three months before the beginning of the financial year. The budget should reflect the priorities and needs of the locality, as contained in the LC's development plan. The budget should balance income and expenditure by way of annual financial estimates of revenue and expenditure and the budget should be prepared in line with procedures prescribed by law. The LC's budget should be made public and be posted in the notice board of the local council, once approved by the council. A copy of the budget should be submitted to the Local Government Service Commission and the Local Government Committee.

2.11 Accounts and Audit: LCs should keep proper books of accounts and proper records in relation to the accounts and should, within the first quarter of the next financial year, prepare a statement of its final accounts in conformity with existing financial regulations. The accounts and financial statements of LCs should be audited by the Auditor-General or an auditor appointed by him within six months after the close of the financial year. The Auditor-General is required to submit a report of the audit to the local council concerned and the Minister of Local Government. The Auditor-General should draw attention to any irregularities in the accounts in the report. The accounts and the Auditor-General's report thereon are public documents and should be posted in a conspicuous place in the locality for public scrutiny. The Chairperson should lay the annual accounts together with the Auditor-General's report before the local council within thirty days of receipt of the report. The Chairperson should submit a report to the Minister of Local Government on actions taken by the LC on the report within sixty days of receipt of the report. The Minister should lay the report of the Auditor-General and a report of actions taken thereon if any, before Parliament. In the performance of his functions under this Act, the Auditor-General has the power to disallow any item of expenditure which is contrary to the Local Government Act and to surcharge.

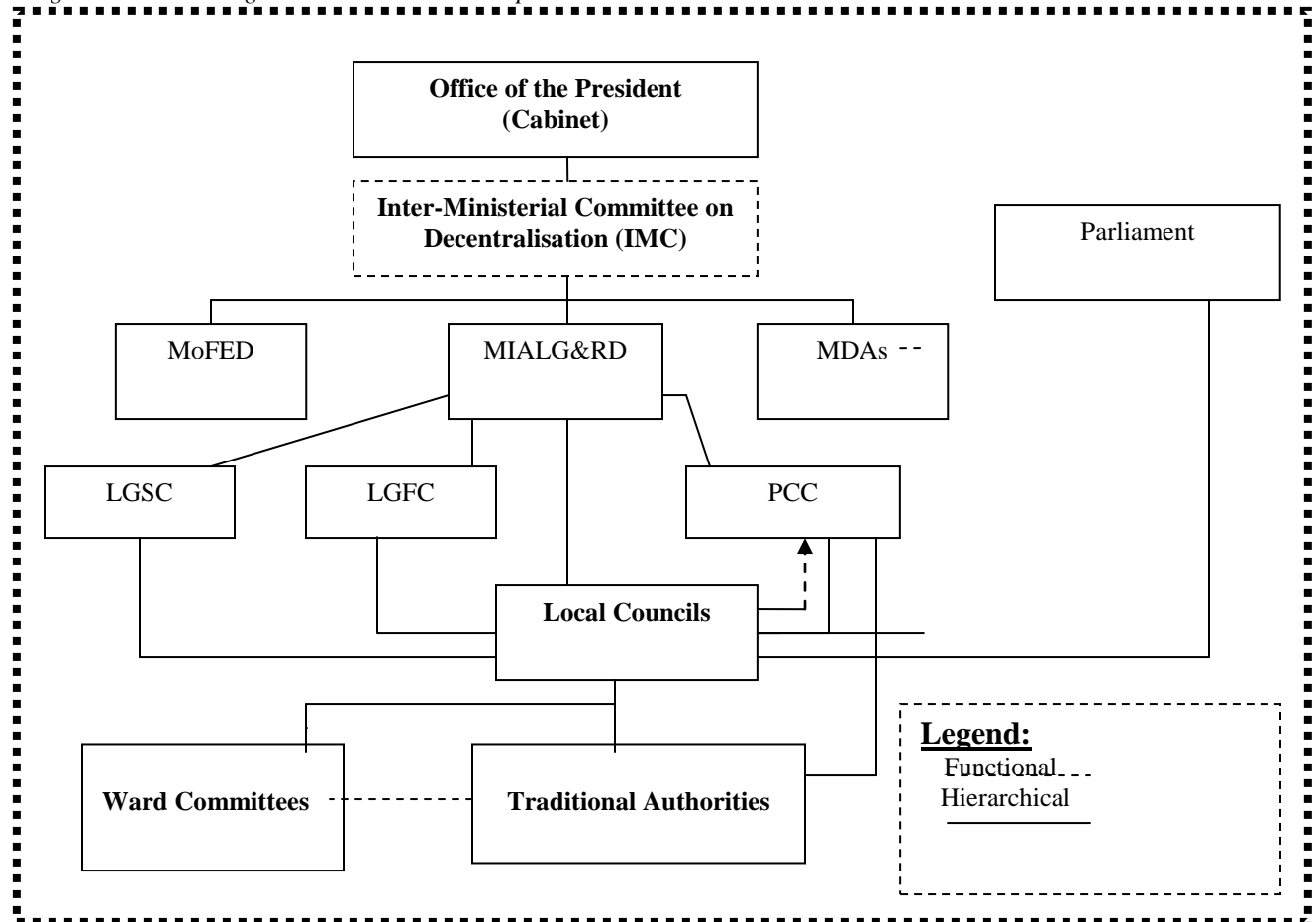
2.12 Internal Audit: Every LC should establish an Internal Audit Department. The Head of the Internal Audit Department should, at intervals of three months, prepare a report on the internal audit work carried out by the Department during the three months immediately preceding the preparation of the report, and submit it to the local council. The Head of the Internal Audit Department should make in each report such observations as appear necessary as to the conduct of the financial affairs of the local council during the period to which the report relates and a copy of the report should be sent to the Minister.

2.13 Transparency, Accountability and Participation: Every Councillor, appointed or assigned member of staff of a local council is subject to the Anti-Corruption Act, 2001. Councillors, appointed or assigned member of staff of each local council is required, not later than thirty days after assuming or leaving office make a declaration. Local councils should post on a notice board in a conspicuous place on the premises of the council and on a notice board in each Ward for at least twenty-one days: (a) monthly statements of financial accounts (b) annual income and expenditure statements; (c) inventories of assets of the local councils; (d) bye-laws and notices relating to tax rates and fees; (e) minutes of council meetings; and (f) development plans.

***The Intergovernmental Relationship between Central and Local Government:***

2.14 The Government of Sierra Leone’s National Decentralization Policy Document (Sept 2010) sets out the key inter-relationships between Central Government and Local Government, with the former committing to a policy of decentralization through devolution. The key stakeholders in the decentralization process, both at Central and Local level, their roles, responsibilities and functional relationships are identified in the institutional framework.

*Diagram 1 : The Intergovernmental Relationship between Central and Local Government*



Source: The Decentralisation Policy 2010

**Summary of Local Council PFM Performance Assessment**

**2.15 Credibility of the budget:** *The credibility of the budgets at LC level is weak. Both expenditures and revenues display weakness in estimation. This has been explained by the irregularity of CG transfers as witnessed in HLG-1 (though this is improving) and also optimistic own revenue collection estimates, which to an extent, reflects the disputes surrounding collections of market dues and property/business taxes, as well as weaknesses in the collection methods of property taxes. Regarding expenditures, it is still the case that there are areas of expenditure associated with devolved functions, over which the council has still not managed to assume full control vis-a-vis the relevant Line Ministry. Arrears are, in the main, claimed to be non-existent as invoices are paid shortly after presentation, though some local councils have a*

*weak system for documenting arrears which do arise, which gives cause for concern as the LC budgets and responsibilities increase.*

**2.16 *Comprehensiveness and Transparency:*** *Comprehensiveness and transparency are also weak though some positive signs are displayed. Budget classification is weak with manual systems still in use, though PETRA accounting software is in the process of being rolled out which will marry local accounting systems to CG systems, which would therefore assume a C score for classification given the CG's compatibility with GFS/COFOG.*

2.17 LCs are not accustomed to presenting comprehensive budget documentation. Given the lack of credibility of the budget, the incentive to compare budgeted to actual expenditure is low both during the year and also during budget preparation, though regulations may require such comparisons. However, many aspects of improving comprehensiveness can be relatively easily addressed.

2.18 Unreported government operations are minimal in both non-donor and donor interventions. There are no transfers to lower levels of government, nor to other public sector entities set up by local councils. Public Access to LC financial information is, on the whole, admirable, given the size of the LC operations, and lack of LC websites. Appropriate information is regularly posted on notice boards on a monthly basis. Large documents such as the budget cannot be posted, so if this score is to be improved it would be important to develop websites to provide public access, though summary analysis of the budgets could at least be posted on the notice boards.

**2.19 *Policy-Based Budgeting:*** *LCs follow a budget process prescribed by the CG and therefore have little need to prepare their own calendar or processes (Bo CC being a notable exception). This will change as operations become more sophisticated, particularly as untied revenues increase and departments require ceilings not only determined by the CG. There is lip service paid to a medium term budget in that estimates of revenues and expenditures are provided in budget documentation. However, outer years are often simple percentage add-ons and are not used in planning for purposes such as estimating future recurrent costs of maintenance of projects; though such sophistication is maybe misplaced given the relatively small budgets LCs operate with at present. Weakness in this area reflects weakness at CG level where MTEF development is still in progress.*

**2.20 *Predictability and Control in Budget Execution:*** *Tax coverage and collection are a bone of contention in all LCs. A degree of confusion exists regarding the ownership of some taxes vis-a-vis chieftaincies (market dues, local tax). Databases of taxpayers are weak though are improving along the lines of Bo CC's efforts in using property tax software. Unsurprisingly, the recording, monitoring and collection of arrears are generally weak. Accounting practices are in general rudimentary though reasonably effective given the size of LC operations. However, they will require strengthening, as operations increase. Reconciliation is usually good, though predictability of funds not so.*

2.21 Payroll controls are appropriate for levels of staff at LCs (excepting Freetown CC). Control of the payroll software is in the hands of one officer, enabling an audit trail of any

changes made. Full payroll audits are not made, though with small levels of staff it is debatable whether this is a priority at this stage of the reform process.

2.22 Procurement is strong, reflecting the CG system, though does not always cover all expenditures for which the LC is legally responsible for, as LMs still use their own procurement officers, despite the higher level of training of LC procurement officers. The complaints mechanism is weak, reflecting the weaknesses of the CG system, though in practice, this has not been an issue, as no complaints have been forwarded to the CG mechanism in the 5 LCs visited.

2.23 Systems of control over non-salary expenditure are reasonably strong though can be undermined by political influence or the absence of qualified finance staff. Also, the issue of unrecorded expenditure arrears, as expenditures are recorded on cash basis, may pose a risk of budget over expenditure or of being used to circumvent budgetary controls. Internal audit is in its infancy. Officers are often in post for a relatively short amount of time. Occasionally the CA will view the IA as an essential partner in strengthening PFM, but in some cases the IA is viewed as an extra administrative burden, and they are marginalised from the LC management team. A formal link with the MOF IA would serve to assist LC IAs in carrying out their duties and also sensitise LC management to their value.

**2.24 Accounting, Recording and Reporting:** *Accounts are maintained with regular monthly bank reconciliation, but in-year budget reports are nonexistent and annual financial statements display weaknesses in coverage. Information provided to service delivery units is not regularly given, though LCs appear refreshingly willing to provide such information, but are often beholden to LM representatives when goods or services are delivered, sometimes being unaware of deliveries in their own area.*

**2.25 External Scrutiny and Audit:** *External scrutiny is weak regarding audit as this is the first year when audit reports have been produced and, as yet, have not been circulated within the LCs. It remains to be seen how effective scrutiny will be. Scrutiny of the budget is also weak and reflects weak knowledge amongst councillors, as well as the prescribed nature of much of the budget from the CG. In addition, it appears that councillors are still used to a situation whereby it is more important to lobby for expenditures as needs arise rather than plan for them in the budget. Training and sensitisation is required therefore for councillors as well as the establishment of Council Accounts Committees or similar.*

**2.26 Donor Practices:** *There is no direct budget support from Donors. Information provided by donors is haphazard. Donor support to LCs is minimal.*

**Table 2: Aggregate results of the Local Councils PFM performance assessment**

<b>A. PFM-OUT-TURNS: Credibility of the budget</b>		<b>LC Mode</b>	<b>LC Mean</b>
PI-1	Aggregate expenditure out-turn compared to original approved budget	D	D+
PI-2	Composition of expenditure out-turn compared to original approved budget	D	D+
PI-3	Aggregate revenue out-turn compared to original approved budget	D	D
PI-4	Stock and monitoring of expenditure payment arrears	NR	NR
<b>B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency</b>			
PI-5	Classification of the budget	D	D+
PI-6	Comprehensiveness of information included in budget documentation	D	D+
PI-7	Extent of unreported government operations	A	C+
PI-8	Transparency of inter-governmental fiscal relations	n/a	n/a
PI-9	Oversight of aggregate fiscal risk from other public sector entities.	n/a	n/a
PI-10	Public access to key fiscal information	C	C+
<b>C. BUDGET CYCLE</b>			
<b>C(i) Policy-Based Budgeting</b>			
PI-11	Orderliness and participation in the annual budget process	C	C
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	D+	D+
<b>C(ii) Predictability and Control in Budget Execution</b>			
PI-13	Transparency of taxpayer obligations and liabilities	D+	D+
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	C	D+
PI-15	Effectiveness in collection of tax payments	NR	NR
PI-16	Predictability in the availability of funds for commitment of expenditures	D	D
PI-17	Recording and management of cash balances, debt and guarantees	C	C
PI-18	Effectiveness of payroll controls	C+	C+
PI-19	Competition, value for money and controls in procurement	A	A
PI-20	Effectiveness of internal controls for non-salary expenditure	C+	C
PI-21	Effectiveness of internal audit	D	D
<b>C(iii) Accounting, Recording and Reporting</b>			
PI-22	Timeliness and regularity of accounts reconciliation	A	B+
PI-23	Availability of information on resources received by service delivery units	D	D
PI-24	Quality and timeliness of in-year budget reports	NR	NR
PI-25	Quality and timeliness of annual financial statements	C+	C+
<b>C(iv) External Scrutiny and Audit</b>			
PI-26	Scope, nature and follow-up of external audit	NR	NR
PI-27	Legislative scrutiny of the annual budget law	D+	D+
PI-28	Legislative scrutiny of external audit reports	NR	NR
<b>D. DONOR PRACTICES</b>			
D-1	Predictability of Direct Budget Support	n/a	n/a
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	D	D
D-3	Proportion of aid that is managed by use of national procedures	A	A
<b>E. CG PRACTICES</b>			
HLG-1	Predictability of Transfers from Higher Level of Government	D+	D+

### Assessment of the Challenges or Prospects for Success of the Reform Program

2.27 Although the Decentralization Reform Program has completed its transition phase, many challenges remain for the deepening of decentralization. Many elements of the required architecture for decentralization have been established. Indeed, given that decentralization only started in earnest in 2004, the progress made has been remarkable in some areas (PI-10, 11,

13,17,18,20 and 22). However, full control of budgets, planning and associated accountability still requires strengthening. The most important areas requiring attention are:

- Predictability and delivery of resource transfers from CG to LCs
- Clarity regarding the potential own revenue sources of LCs
- Full transfer of ministerial budgets to LCs enabling the provision of decentralized service delivery. In this regard, it is also recommended that the Officers of line ministries (stationed in the LC areas) are fully accountable to LCs
- Strengthened PFM at LC level, in particular:
  - a) The Strengthening of development plans including the incorporation of robust sectoral plans aligned with national sectoral plans where existing
  - b) Improved estimation of own source revenues
  - c) Continued improvement regarding tax registration and collection
  - d) Improved budget classification which should be resolved as PETRA is rolled out
  - e) Finalisation of the draft financial management regulations
  - f) Improved policy-based budgeting which should be facilitated as LCs assume more control over policy and resources
  - g) Consolidation of Internal Audit functions
  - h) Significant strengthening of in-year budget reports and refinement of financial statements, with appropriate presentation formats developed
  - i) Significant strengthening of external scrutiny, particularly the training of councilors to fully understand PFM processes and responsibilities.

2.28 Much of the required improvements in PFM performance at LC level can be accommodated through existing training and supervision emanating from the Ministry of Finance and Economic Development (MOFED). PETRA will be rolled out and improve accounting control and reporting; revenue software will also be rolled out; finance officers will improve on in-year budget reports, and financial statements. With regard to Financial Statements, there is urgent need to improve their quality of presentation and to ensure adequate level of transparency by developing an appropriate presentation format for LCs.

2.29 Areas which may require more fine-tuning in regard to future plans include Internal Audit and External Scrutiny. At present LC internal auditors are accountable to the Ministry of Local Government. Many are not provided with appropriate resources by LCs. It is possible that senior management has not fully appreciated the usefulness of internal audit, but has noted the potential for IA to reduce any existing flexibility in LC PFM. This is particularly so in LCs which display political interference by councilors over expenditures. Given the expertise of the Internal Audit Department at MOFED, it may be appropriate that LC IA officers should also report to the MOFED. Training and comments on reports would be a useful resource. No doubt this would require extra funding for Internal Audit in MOFED. External scrutiny by councilors has not appeared to have been addressed at all, beyond the legal requirement that it should happen. Training is required, though this will be of greater importance as LCs assume greater responsibilities and their discretion over prioritization increased.

**Annex A3**  
**PRIVATE SECTOR DEVELOPMENT**

3.1 **Sierra Leone's Ranking in Doing Business 2011** : Sierra Leone's overall ranking in the *World Bank's Doing Business Indicators* has been improving in recent years, as the government has been undertaking broad policy and institutional reforms to create a more enabling business environment. The Government through consultation with the business community and other stakeholders has developed *A Private Sector Development Strategy (2009-2014)* with the aim to deliver rapid and sustainable private sector led economic growth. In the last two years, progress has been made especially in starting a business and protecting investors. The country has moved 13 positions upwards in the rankings of the *World Bank's Doing Business* scale, from 156 out of 183 countries in 2009 to 143 out of 183 economies in 2011. However, challenges still exist in the areas of registering a business, access to credit, enforcing contracts, closing a business, paying tax and trading across borders (Table 2). According to the Enterprise Survey (2009), the main obstacles identified by small and medium size enterprises were: access to finance, corruption, tax rate, and electricity.

**Table (1) Sierra Leone's Doing Business Ranking 2010-2011**

Doing Business Rank	2011	2010	Change	
<b>Overall Doing Business</b>	143	143	0	
<b>Topic Rankings</b>				
Starting a Business	61	58	↓	-3
Dealing with Construction Permits	166	171	↑	5
Registering Property	169	175	↑	6
Getting Credit	128	125	↓	-3
Protecting Investors	28	27	↓	-1
Paying Taxes	159	161	↑	2
Trading Across Borders	136	137	↑	1
Enforcing Contracts	144	143	●	-1
Closing a Business	149	147	↓	2

Source: Doing Business 2011, World Bank

3.2 The following table depicts a comparison of the ranking of Sierra Leone with the best performer (Singapore) and with other regional countries. Sierra Leone is exceeded by a wide margin by Ghana. However, it is better than the Gambia, Liberia, Guinea-Bissau and Guinea.

Country	Ranking In Doing Business
Singapore	1
Ghana	67
Sierra Leone	143
The Gambia	146
Liberia	155
Guinea-Bissau	178
Guinea	179

**Table (3) Summary of Indicators - Sierra Leone**

Starting a Business	Procedures (Number)	6
	Time (days)	12
	Cost (% of income per capita)	110.7
	Paid-in Minimum Capital (% income per capita)	00
Dealing with Construction Permits	Procedures (number)	25
	Time (days)	252
	Cost (% of property value)	343.3
Registering Property	Procedures (number)	7
	Time (days)	86
	Cost ((% of property value)	12.2
Getting Credit	Strength of legal rights index (0-10)	6
	Depth of credit information index (0-6)	0
	Public registry coverage (% of adults)	0.0
	Private bureau coverage (% of adults)	0.0
Protecting Investors	Extent of disclosure index (0-10) 6	6
	Extent of director liability index (0-10) 7	7
	Ease of shareholder suits index (0-10) 6	6
	Strength of investor protection index (0-10)	6.3
Paying Taxes	Payments (number per year)	29
	Time (hours per year)	357
	Profit tax (%) 0.0	
	Labor tax and contributions (%)	11.3
	Other taxes (%)	224.3
	Total tax rate (% profit)	235.6
Trading Across Borders	Documents to export (number)	7
	Time to export (days)	26
	Cost to export (US\$ per container)	1573
	Documents to import (number)	7
	Time to import (days)	31
	Cost to import (US\$ per container)	16393
Enforcing Contracts	Procedures (number)	40
	Time (days)	515
	Cost (% of claim)	149.5
Closing a Business	Recovery rate (cents on the dollar)	8.4
	Time (years)	2.6
	Cost (% of estate)	42

**3.3 The Private Sector Development Strategy 2009-2014:** The Five-year Private Sector Development Strategy (PSDS) covers the period (2009/10-2013/14) focuses on removing the critical constraints that are preventing the emergence of an entrepreneurial, innovative, competitive, and inclusive private sector. The strategy has been formulated on the basis of wide consultation undertaken with representatives of the private sector and other stakeholders, including the donor community. The Strategy is geared to achieve five main outcomes.

3.4 Promoting and Supporting Entrepreneurship through: (i) publishing success stories to provide role models that will help to attract new, more talented individuals to become entrepreneurs and to start to alter society's attitudes towards entrepreneurship; (ii) hold a business plan competition to give recognition to and reward those with innovative ideas; (iii) incorporate entrepreneurship skills in tertiary education and business organisations; (iv) strengthen business and trade associations so that they are able to provide commercially useful information and advice to their members and promote their interests effectively in markets and in dialogue with policy makers, (v) increase the supply of affordable, business development services provided by the private and non-profit sectors.

3.5 Reducing the Cost and Risk of Doing Business: Businesses in Sierra Leone face major difficulties in complying with laws and regulations governing business. Laws are outdated and not transparent and the institutions responsible lack the capacity to implement them effectively. These problems cause the cost and risk of investing to increase, reducing investment and lead to the majority of enterprises remaining informal. Progress has been made in recent years (especially in starting a business and protecting investors), but Sierra Leone still ranks 156 out of 181 countries in the *World Bank's Ease of Doing Business Index* and in Sub-Saharan Africa, the country ranks 26 out of 46 countries. The major areas in which Sierra Leone trails are: getting permits and licenses; registering property; paying taxes; enforcing contracts; and closing a business. The policy and institutional reform measures to address these constraints include: (i) streamlining and improving sector licensing; (ii) reducing the number of municipal licenses and facilitating obtaining permits; the Ministry of Lands, Country Planning and the Environment has started to reduce the uncertainty and cost of registering property in the Western Area and a committee headed by the Administrator and Registrar General is examining how to improve secure land use in the provincial areas; (iii) the National Revenue Authority's Modernisation Programme will make it easier to pay taxes; (iv) the strengthening of the judiciary that is underway will include reducing the time and cost of enforcing commercial contracts and provide mechanisms for low-cost alternative dispute resolution; (v) new legislation related to Companies and Bankruptcy laws will make it easier to close a business; (vi) strengthening of the *Sierra Leone Investment and Export Promotion Agency* (SLIEPA). The strategy will also involve the development of a more inclusive and fair private sector through: (i) strengthening of the *Anti-Corruption Commission*; (ii) reviewing of all commercial laws and regulations to make them more transparent, predictable, and reduce discretion; (iii) providing institutional support to such institutions; (iv) strengthening of the implementing them will be strengthened.

3.6 Increasing Access to Affordable Finance: A major constraint to private sector growth in the country is lack of access to finance at an affordable cost. The private sector's access to credit is amongst the lowest in the world. In 2004, the ratio of private credit to GDP was only 4 percent, less than half the level of Rwanda, a country with the same GDP per head as Sierra Leone and which is also recovering from civil war. To increase access to affordable finance, the government will undertake three main activities: (i) launching a *Financial Sector Strategy*, which will develop an efficient, competitive and sound banking system; (ii) developing financial markets that support efficient capital accumulation and allocation of financial resources; (iii) designing a regulatory sector for the development of MFIs. The *Financial Sector Strategy* involves supporting the commercial banks in innovating new financial products that will increase access to credit by the private sector. This support will involve providing technical assistance to the

banks to make profitable loans of smaller size available to smaller enterprises at affordable cost and through encouraging banks to offer new products and services to the private sector such as leasing which could provide an alternative to loans and help to meet the private sector's need for long-term finance. The strategy will also involve the establishment of a market for commercial micro finance to bridge the gap between small loans provided by NGO micro finance providers and the large loans offered by the commercial banks and the use of mobile telephone technology to improve access to credit in rural areas. The strategy will also involve reducing the cost of finance for investment through the establishment of a facility to partially guarantee suitable loans to the private sector so that the banks get over their perception that lending to smaller businesses.

3.7 Making Markets Work Better: The strategy involves supporting the development of industries in which Sierra Leone has comparative advantage such as agro-industries involving the commodities of rice, oil palm and cocoa; horticulture; fisheries and tourism and markets from which large numbers of those stuck in the informal economy earn low incomes such as petty trading. The markets for these industries are marked by many failures of policies and institutions, information and coordination between those involved. The strategy will adopt the framework known as Making Markets Work Better for the Poor which consists of: (i) Bringing together legitimate and credible stakeholders from the private and public sectors to form an effective partnership; (ii) helping them to articulate a vision and a plan of action for improving the functioning of the market; (iii) helping to facilitate the implementation of the action plan by providing finance and technical expertise to both the public and private sectors; (iv) monitoring and evaluation so that stakeholders can take corrective actions where needed and GoSL and donors can be sure that their funds are achieving the intended results.

3.8 Providing Adequate Infrastructure: The country has a huge gap of infrastructure to make up against West African countries. The target is to halve the gap in access to roads and electric power with West African countries and bring down the cost of transport and power to the West African average. To support private sector development, the MoTI will: (i) help the private sector assess priorities for where and when infrastructure is developed; (ii) Influence the SLRA and Ministry of Energy & Power to ensure that the priority needs of the private sector are met and that the cost of transport and power fall to the West African average.

3.9 Structure for the implementation of the PSDS: The Ministry of Trade & Industry (MoTI) will be responsible for the implementation of the PSD Strategy, with facilitation and support from the President's Advisor on the Private Sector (PAPS). The MoTI shall oversee the realisation of the goals set out in the PSD Strategy, mainly focusing on monitoring and evaluating progress and making recommendations on course corrections. The following structures shall ensure that the PSDS is effectively implemented: (i) PSD Strategy Secretariat (ii) MoTI-PSD Development Partner coordination meetings: These meetings form an integral element of efforts to keep stakeholders informed, ensure progress is achieved, and setbacks are overcome. (iii) Strategy and Policy Unit weekly meetings with the President: will ensure that the President is permanently updated on the progress achieved by the PSDS. (iv) Inter-Ministerial Committee on PSD meets quarterly is chaired by the President. (v) Public-private dialogue: business membership associations shall engage in dialogue between the public and private sectors.

## **Annex B1    LESSONS LEARNED**

4.1 The Bank to-date has approved three institutional support projects<sup>1</sup>. The most recent operation: “*Institutional Support Project to Strengthen Public Financial Management and the Energy Sectors*” (ADF Grant UA 2.94 million) was approved in September 2004 with the aim to strengthen capacity in the Public Financial Management (PFM) and Energy Sectors. The PCR for the third operation completed in December 2010. The major achievement of the previous operation and lessons learned are summarized below.

4.2 **The design of the proposed institutional support project has benefitted from the experience and lessons from the previous operations.** The main lessons learned from the previous ISP cited above is summarised in table 1:

### *Lessons learned from the previous ISPs*

<b>Lessons learned</b>	<b>Actions taken to integrate lessons into the PAR</b>
(i) The Bank’s institutional support projects constitute effective mechanism for building capacity but there is the need to develop a more systematic approach towards capacity development which targets not only the central government and executive but also the legislative and institutions of accountability	The proposed project reflects this lesson in the choice of the program focus and components. The focus on local government (downstream PFM reform), and the approach to capacity building including training, technical assistance, analytical and advisory services, peer learning and partnership with similar institutions in the region
(ii) The need to strengthen synergy and complementarity between capacity building projects and policy-based operations.	The project will provide support to audit and anti-corruption commission with the aim to improve their oversight functions and reduce fiduciary risks for budget support. Support to local council and business enabling environment will enhance impact of budget support on service delivery and stimulate economic growth.
(iii) The need for stronger coordination between donors, and harmonise the use of Project Implementation Unit and to put it under the control of government to sustain capacity.	The project will use the existing IPAU and coordination mechanisms to complement activities by other donors, and implement Bank’s commitment to aid effectiveness and use of country systems
(iv) The effectiveness and disbursement conditions for capacity building project should relate only to putting in place a project management team and appropriate implementation arrangements as opposed to policy and institutional reform conditionality.	The proposed project reflects this lesson and conditions are simplified to facilitate implementation and avoid delay between approval and first disbursement

<sup>1</sup> The first project was approved in 1991 and the second project in 2001 with the aim to strengthen the Public Debt Management and Auditor’s General Department respectively.

(v) The need to consider sustainability and clear articulation of exit strategy.	The proposed project will support to professional development of auditors and PFM officers and specialist intends to strengthen project sustainability. The project will also support local training institutions to develop and deliver training courses in a sustainable manner. During project preparation, it was agreed that the project will not provide salary top-ups and the system of PIU to be harmonised with the existing systems (i.e. IPAU) which is a more sustainable system for capacity building. All TAs are demand-driven and requested by project beneficiaries and include skill transfer component.
--	---

4.3 **The design of the propose project has also benefitted from the findings and recommendation of the Country Portfolio Performance Report<sup>1</sup>.** The CPPR report concluded that (i) the Bank should continue to work with Government and other development partners to reduce the number of stand-alone PIUs and promote integrated units within ministries; (ii) the Bank should conduct longer, more regular supervisions and provide more support to PIU; (iii) the challenges of the problematic project and potentially problematic project should be addressed comprehensively, and (iv) continue to provide training in project management as well as in the rules and Procedures in Procurement and Disbursement to the PIU in Sierra Leone. The design of the proposed operation has taken on board the recommendations including the use of existing and integrated PIU which has been established to provide procurement and financial management support to all donor funded projects. The selection of the conditions will exclude policy reform measures to avoid delay between approval and effectiveness of the project. Building on the experience of the previous ISP, SLFO will be responsible for project supervision and management support.

---

<sup>1</sup> ADF/BD/WP/2011/27, dated 4 April 2011.

## Annex B2(a)

### PROJECT DESCRIPTION AND COST

5.1 Project Objectives: The project's broad development objective is to support the effort and plan of the Government to promote inclusive and sustainable economic growth and poverty reduction, through support to PFM reform and private sector development. The specific objectives are to (i) enhance transparency and accountability in the use of public resources through strengthening local councils PFM systems and oversight and integrity institutions, and (ii) promote private sector development through business enabling reform, and capacity building of Small and Medium Enterprises and private sector support institutions.

5.2 Project Components: The project has four main components: (i) strengthening transparency and accountability in public financial management, (ii) improving extractive industries governance; (iii) improving business enabling environment for private sector development, and (iv) project management. These components are mutually reinforcing.

#### **Component (1): Strengthening Transparency and Accountability in Public Financial Management.**

5.3 Constraints and Challenges: The 2010 PEFA assessment indicated that though there has been substantial improvement in public financial management since the 2007 PEFA, there continues to be weaknesses in budget preparation and execution, internal audit, external scrutiny, financial reporting and records management at local councils, monitoring and evaluation (Technical Annex 7). There are also concerns in the areas of corruption, fraud (for example the issue of ghost personnel), and delays in the follow-up of audit recommendations. At the sub-national level, the PEFA assessment also underscored a number of challenges. Internal audit and external scrutiny of local councils are at its infancy, as most internal auditors were recruited in 2008, and are mostly not professionally qualified. In the area of budget comprehensiveness and transparency, of the 19 local councils, the PETRA accounting software has been installed in only eight councils. To strengthen the roll out of the system in the remaining councils and promote real time processing, there is a need to provide additional support including generators for the supply of electricity to the councils. In the budget cycle, there are weaknesses in revenue and expenditure projections and weaknesses in the formulation of MTEF. External scrutiny of local councils remains to be tested as 2010 was the first year audit reports were presented to Parliament despite the audit had been completed in prior years for the previous financial years since the enactment of the Local Government Act in 2004. Councilors and chiefdoms have limited understanding of the budget process, and the roles of councilors visa-vis internal control and financial statements.

5.4 Progress has been made in recent years in terms of timely submission and publication of the annual external audit reports. Despite this progress, further work remains to be done in order to provide an independent oversight of the proper use of public funds. The ACC has also made progress in prevention, investigation and prosecution of corruption charges related to procurement. The President, all ministers, all members of Parliament, and senior civil servants are now required to declare their assets to the ACC. The great majority has already done so. A

national anti-corruption strategy has been developed. However, in spite of these developments, there is a need to continue to develop professional competency and skills in specialized audits, such as environmental, civil works, and performance audits. Such strengthening is also essential to enable the Audit Services Sierra Leone (ASSL) to cope with the external audit requirements of local councils. Despite recent improvements, corruption remains a key challenge for Sierra Leone. There is still need for deeper reforms and strengthen the anti-corruption agenda. The project attempts to address these challenges through two sub-components.

### **Sub-component (1.1) Strengthening Local Council PFM**

5.5 Planned Project Activities: This sub-component will address organisational and human resource capacity constraints in local councils in particular weaknesses in internal audit; budget formulation and execution; financial reporting; monitoring and evaluation; and records management of local councils identified in the PEFA. The project therefore includes components to strengthen human resource capacity; specifically (i) short-term specialised training for internal auditors, budget officers, and finance officers, (ii) basic PFM training for non-PFM officers including councillors, paramount chiefs, administrators and project managers to enhance their awareness of PFM issues, and (iii) training on gender budgeting. The training programs will be delivered in-country by training service providers including public and private training institutions and consultants. The project will also provide technical assistance to transfer skills and knowledge on local council PFM and this involves (i) funding two long-term PFM experts to support the implementation of local council PFM; (ii) short term consultants to assist in developing a revised MTEF, budget manual, and undertake diagnostic study on the cost of devolved functions with the aim enhance inter-governmental fiscal transfers for improved local governance and service delivery. The project will also provide office furniture, equipment, and generators to complement the roll out of PETRA accounting system.

5.6 Key Expected Results: The key expected results are: (i) qualified internal auditors, finance officers and monitoring and evaluation officers; (ii) improved internal control and in-year financial and budgetary reporting; (iii) development of a revised MTEF manual and guidelines; and a budget manual, (iv) improved budget performance management and timely financial reporting, (v) improved records management, and (vi) improved local governance and delivery of basic services.

### **Sub-component (1.2) Strengthening Accountability and Integrity Institutions**

5.7 Capacity constraints is the major impediments to implementing the reforms needed to strengthen external oversight functions, and hence capacity building covering organizational and human resource capacity through short-term local training, specialized training, technical assistance, experience sharing and peer learning, logistics support, and equipment and software and adoption of new working systems and procedures are the major focus and interventions under this sub component.

5.8 Planned Project Activities: The proposed capacity building support to ASSL is informed by the project completion report of the Bank's previous ISP and training need analysis (March 2011). Specifically, support will be provided through technical assistance i.e. two posts for

auditors will be supported under the project (ToR attached in Technical Annex 10). These international auditors will assist ASSL to develop to competencies in environmental and civil work audit<sup>1</sup> and establish new units within ASSL to carry out these specialised audits. The technical assistance will involve special audit training and partnership arrangement with AFROSAI-E and supreme audit institutions in the region to ensure know-how and skill transfer. The project will also involve (i) professional development through in-house and intensive regional training programs (e.g. ACCA, and CPA), (ii) provision of equipment and software and training on the use of the software (e.g. IDEA); and (iii) strengthening ASSL regional audit by strengthening capacity to conduct local council audit functions. Planned project activities for the Anti-Corruption Commission (ACC) will include: (i) short-term training in intelligence analysis, advanced surveillance, procurement fraud, fraud investigation and prevention, (ii) technical assistance for improved communication including up-dating the ACC's web-site; and to undertake corruption diagnostic studies; and (iii) provision of office furniture, equipment, surveillance and video recording devices to improve efficiency of the anti-corruption work. Gender consideration will be factored in the selection and preparation of the training program.

5.9 The Expected Results: The main expected results include: increased scope of coverage of central government entities audited annually from 69.3% (2010) to 75% (2014); undertaking central government performance audit reports in civil works and environment; and improved quality and timely submission of internal audit reports. Support to the ACC will lead to curbing corruption and improved citizen's perception and awareness of the anti-corruption efforts, and increase in the number of cases prosecuted and convicted. The outcome of these outputs is anticipated to have positive spill-over effects in improving business environment through gaining investor's confidence and reduce fiduciary risks for.

## **Component (2) Improved Extractive Industries Governance**

5.10 Constraints and Challenges: Sierra Leone is well endowed with mineral resources and is a leading producer of diamonds, rutile and bauxite. Prior to the civil war (1991-2001), the mining sector accounted for more than 70 percent of the country's export earnings, 20 percent of GDP, and 15 percent of fiscal revenue. The sector, however, experienced a decline in the 1980s and came to a standstill during the 1990s due to the decade-long civil war (1991-2001). As a post-conflict economy moving toward becoming a transition economy, Sierra Leone seeks to integrate mining development into economic planning to ensure that it contributes to economic growth and poverty alleviation. However, the sector faces significant governance challenges in terms of contract awards and licensing; regulation and monitoring, mining cadastre; and collection of taxes and design of the minerals fiscal regime. The government has since 2005 implemented several legal, regulatory, fiscal and institutional reforms within the sector. Notwithstanding these reforms, the institutional capacity to manage the sector, negotiate agreements, enforce regulations, and monitor compliance remains weak. Other main constraints include: (i) lack of transparency and accountability in the management of revenues generated from the mining sector<sup>2</sup>; and (ii) inadequate capacity in monitoring mining activities, mainly because of lack of field and laboratory equipments, as well as shortage of trained technical staff to carry out such activities. Sierra Leone launched in March 2010, the first EITI report on payments made by

---

<sup>1</sup> Resort to AFROSI-E will be considered to provide consultancy and training in special audit.

<sup>2</sup> This activity complements the AfDB EGRP II, which is running parallel to this operation.

mining companies and revenue received by government from extractive sector for the fiscal year 2006-07. The report contains a number of recommendations for how the extractive industries revenue management can be improved over the next period. In August 2010, the SLEITI validation report was completed which acknowledge progress but also made comments and proposed specific remedial actions required in order for Sierra Leone to be an EITI compliant country. The project will provide technical and financial support to address the critical findings and recommendations from Sierra Leone EITI reconciliation and validation reports, and mining sector review.

### **Sub-component 3.1: Support to the Sierra Leone Extractive Industry Transparency Initiative (SL-EITI)**

5.11 Planned Activities: This Support to the SL EITI Secretariat will involve the provision of technical and financial assistance to (i) develop transparent systems for the collection and reporting of the revenues and payment from the extractive industries, (ii) support to EITI information, education and communication activities, and (iii) support to preparing EITI legislation (drafting, consultation and validation). In addition the project will support civil society participation and capacity building for multi-stakeholder dialogue and partnership on extractive industries, especially support to National Advocacy Coalition on Extractives (NACE) to undertake (i) license and contract monitoring, (ii) revenue and expenditure monitoring; (iii) review of contract agreements and concessions to ensure compliance with the law and fiscal benefit for the country; and (iii) in-country training, public awareness raising and sensitization campaigns directed at parliamentarians, local government councilors, paramount chiefs and chief administrators, women and youth groups, as well as civil society organizations on the need for improved transparency and accountability in the mining sector and the impact of mining on the environment.

5.12 Anticipated Results: The anticipated results will include the audit report and reconciliation report of the revenues from mining; and improved transparency of mining sector revenue and their collection as a result of the review of the concession agreements and contracts, and reporting systems of the revenues and payments from the extractive industries under the EITI. The training and sensitization provided will increase awareness of the population and civil organizations to engage in transparency and accountability of the extractive sector. The Bank's support will enable the country to attain EITI compliance status, and thereby attract investment and increase revenue from the mining sector in financing social and infrastructure projects.

### **Sub-component 2.2 Institutional Support to the Ministry of Mines and Mineral Resources and to the National Mining Agency (NMA)**

5.13 Planned Activities: This sub component will complement the World Bank's Extractive Industries Technical Assistance Project approved in May 2011 by providing additional support to the implementation of the Ministry of Mineral Resources Transformation Plan and the Establishment of a National Mining Agency (NMA). Specifically, support will be provided to (i) establish a functional laboratory for the Geological Survey Department to effectively undertake surveys for mapping and resources assessment, to evaluate reports and manage geological data; and (ii) strengthen human resource capacity of the institutions responsible for managing the

mining sector. This involves technical assistance and provision of office equipment and post-graduate training for five geologists and one geo-chemist as well as laboratory technicians.

5.14 Anticipated Results: Through the support provided, the capability of the MMR and the NMA will be improved in terms of its role in monitoring the extractive industries which in turn will contribute to the increased revenues from the mining sector. The project will also contribute to establish a functional laboratory which reduces the costs of geological sampling analysis currently done in overseas and transparency in sector governance.

### **Component 3: Improving Business Enabling Environment for Private Sector Development.**

5.15 Constraints and Challenges: The country has moved 13 positions upwards in the rankings of the *World Bank's Doing Business* scale, from 156 out of 183 countries in 2009 to 143 out of 183 economies in 2011. However, challenges still exist in the areas of registering a business, access to credit, enforcing contracts, closing a business, paying tax and trading across borders. Despite the recent improvement in the country's standing in terms of the World Bank's Doing Business (Technical Annex 8), the policy and institutional environment for private sector development continues to be constrained. The doing business report and growth diagnostics studies concluded that the private sector is confronted with several challenges including: (i) poor infrastructure (electricity, roads, and transport); (ii) lack of access to finance; (iii) administrative barriers; and (iv) lack of entrepreneurial and vocational skills. Government has put in place the necessary policy framework and reform strategy to promote private sector in Sierra Leone, however, capacity constraints are the major impediments to implementing the reforms. One of the major challenges is the weak implementation capacity of the Ministry of Trade and Industry and business associations to meaningfully engage with government and promote the role of the private sector in the economy. Challenges also exist with SME according the diagnostic studies (e.g. Enterprise Survey, 2009), the main obstacles identified by small and medium size enterprises were: access to finance, corruption, tax rate, electricity, as well as weak technical and operational capacity. The project attempts to address these challenges through three sub-components.

#### **Sub-component 2.1: Strengthening Private Sector Development Institutions**

5.16 Planned Activities: Under this sub-component, the project will support the private sector development institutions such as the Ministry of Trade and Industry(MoTI), Sierra Leone Investment and Export Promotion Agency (SLIEPA), Sierra Leone Chamber of Commerce (SLCC), and Sierra Leone Business Forum (SLBF) to better coordinate reform and program of private sector development In this respect, the project will support the (i) establishment of the Private Sector Directorate (PSD) within the MoTI, (ii) capacity building support to SLCC and SLBF to facilitate dialogue and effective engagement in fostering private sector development. The project will also provide: (i) technical assistance in the form of short-term consultancy to undertake analytical and advisory services, (ii) human resource capacity building through local training, workshops and seminars, (iii) equipment and furniture, and (iv) technical assistance to effectively implement a short to medium term doing business reform action plan, develop effective monitoring and evaluation system to track progress and reform implementation. It will

also involve the formulation and launching of a nation-wide sensitization and communication campaign of the reforms already adopted.

5.17 Expected Results: A major result would be the creation of a strong Private Sector Directorate (PSD), capable of streamlining procedures for business registration and termination, and creating improved awareness of both investors and related public sector institutions on the Doing Business reforms. The training provided will build capacity in formulating appropriate private sector development policies and improve the capability for monitoring private sector growth and development. The anticipated results include improved business environment, and reduction in costs and risks of doing business in terms of administrative barriers relating to business registration, closing down businesses and reduction in time of trade across borders.

### **Sub-component 2.2: Support to Small and Medium Enterprises**

5.18 Planned Activities: The project complement the Bank's and other development partners efforts to private sector development including AfDB's support to Bank of Sierra Leone ( payment system development project, and FSF Pillar III support to financial sector development program), by focusing on provision of training to SMEs. The project involves (i) training in the areas of business management, marketing, financial management and accounting, human resources management, and operations management; (ii) technical assistance to assist government develop a model for business development in Sierra Leone. Attention will be given to gender in the selection of SMEs and prioritization of training needs to ensure that women entrepreneurs are benefitted from the project.

5.19 Anticipated Results: The study on Business Development Services will open new horizons of cooperation between SMEs and local business service providers. The training provided will also contribute to improved performance of SMEs.

### **Component 4: Project Management**

5.20 The proposed project II will use the existing Integrated Project Administration Unit (IPAU) within MOFED. The IPAU has been instrumental in the successful implementation of ongoing donor funded projects in line with Aid Effectiveness principles of using government systems and avoid the use of parallel project implementation units. The Government and donors agreed to centralize the implementation of all PFM and donors funded capacity building projects through the IPAU. The project will contribute funds to enhance the financial and procurement functions of the IPAU without getting involved in determining and recruitment of staff required for the IPAU. The contribution from the ISP will be used to cover the costs of audit services, some of the running costs of the Unit and organize regular meetings and training sessions for the IPAU staff.

5.21 The expected output will be timely production and quality of financial and progress reports of the project, and improve the fiduciary environment including addressing the risk mitigation measures identified in Technical Annex B4. There will be a broader benefit in terms of institutional capacity to coordinate and implement reform projects

## Annex B2(b) : PROJECT COST(details)

<b>Component 1. Strengthening PFM Transparency and Accountability</b>						
<b>1.1. Local council PFM</b>						
	Units	Qty	Unit Cost	(UAC '000)		SLL '000
				Base	Incl. Cont.	Incl. Cont.
				Total	Total	Total
<b>A. Goods</b>						
Offices furniture and Equipement	PACKAGE	1	124	124,00	135,93	913 228,13
Generators	UNIT	12	28,96	347,60	381,04	2 559 978,76
Vehicle	UNIT	1	31	31,00	33,98	228 307,03
<b>Subtotal A</b>				<b>502,60</b>	<b>550,95</b>	<b>3 701 513,92</b>
<b>B. Services</b>						
<b>B1. Technical Assistance</b>						
TA for Local council in Budget reporting	PACKAGE	1	43	43,00	44,95	302 022,65
TA for Local council MTEF and Budget Manual and guideline	PACKAGE	1	61	61,00	63,77	428 450,74
TA for Local council PFM Expert (Long term local Consultant)	PERSON	48	1,85	88,80	90,13	605 545,53
TA for Local council Study on Cost of devolved function (Long term local	PACKAGE	1	61	61,00	61,92	415 971,59
<b>Subtotal B1</b>				<b>253,80</b>	<b>260,77</b>	<b>1 751 990,52</b>
<b>B2. Training</b>						
Two Week Local training in Internal Auditors	UNIT	19	0,43	8,17	8,29	55 712,92
Two Week Local training in Internal Auditors Perdiem and Allowance	PERSON DAY	266	0,075	19,95	20,25	136 043,17
Coaching and Mentoring in Internal Auditors Perdiem and Allowance: Stationery	PACKAGE	1	46,26 9	46,27	48,37	324 983,40
One Week Local training in Administrators/Councilors/paramount chiefs Tuition	UNIT	200	0,33	66,00	66,99	450 067,63
One Week Local training in Administrators/Councilors/paramount chiefs Perdiem and Allowance	PERSON DAY	400	0,082	114,80	116,52	782 844,90
Two Week Local training in Finance Officers	UNIT	19	0,43	8,17	8,54	57 384,30
Two Week Local training in Finance Officers Perdiem and Allowance	PERSON DAY	266	0,075	19,95	20,86	140 124,46
One Week Local training in Financial Reporting	UNIT	50	0,33	16,50	16,75	112 516,91
One Week Local training in Financial Reporting Perdiem and Allowance	PERSON DAY	350	0,082	28,70	29,13	195 711,23
Coaching and Mentoring in Financial Management and Reporting Perdiem and Allowance: Stationery	PACKAGE	1	46,26 9	46,27	48,37	324 983,40
Two Week Local training in Monitoring and Evaluation	UNIT	40	0,43	17,20	18,52	124 433,33
Two Week Local training in Monitoring and Evaluation Perdiem and Allowance	PERSON DAY	560	0,075	42,00	45,23	303 848,84
One Week Local training in Record Management	UNIT	20	0,33	6,60	6,70	45 006,76
One Week Local training in Record Management Perdiem and Allowance	PERSON DAY	140	0,075	10,50	10,66	71 601,67
Two Week Local training in Budget formulation and execution	UNIT	40	0,43	17,20	17,98	120 809,06
Two Week Local training in Budget formulation and execution Perdiem and Allowance	PERSON DAY	560	0,075	42,00	43,91	294 998,87
Coaching and Mentoring in Budget formulation and execution Perdiem and Allowance:Stationery	PACKAGE	1	46,26 9	46,27	49,82	334 732,90
One Week Local training in MTEF	UNIT	20	0,33	6,60	7,11	47 747,67
One Week Local training in MTEF Perdiem and Allowance	PERSON DAY	140	0,075	10,50	11,31	75 962,21
One Week Local training in Revenue and expenditure forecasting	UNIT	40	0,43	17,20	17,46	117 290,35
One Week Local training in Revenue and expenditure forecasting Perdiem and Allowance	PERSON DAY	280	0,075	21,00	21,32	143 203,34
One Week Local training in Gender Budgeting	UNIT	15	0,33	4,95	5,17	34 767,72
One Week Local training in Gender Budgeting Perdiem and Allowance	PERSON DAY	105	0,075	7,88	8,23	55 312,29
<b>Subtotal B2</b>				<b>624,67</b>	<b>647,49</b>	<b>4 350 087,33</b>
<b>Subtotal B</b>				<b>878,47</b>	<b>908,26</b>	<b>6 102 077,85</b>
<b>Total 1.1. Local Council PFM</b>				<b>1 381,07</b>	<b>1 459,21</b>	<b>9 803 591,77</b>
<b>1.2. External Audit</b>						

	Units	(UAC '000)				(SLL '000)	
		Qty	Unit Cost	Base	Incl. Cont.	Incl. Cont.	
				Total	Total	Total	
<b>A. Goods</b>							
<b>A1. Computer Soft and Hard</b>							
Laptops	UNIT	30	1,3	39,00	42,75	287 224,98	
Solar Laptop charges	UNIT	9	0,308	2,78	3,04	20 445,56	
IDEA Software	UNIT	30	1,481	44,42	48,69	327 127,15	
<b>Subtotal A1</b>				<b>86,19</b>	<b>94,49</b>	<b>634 797,69</b>	
<b>A2. Furnitures</b>							
Furnitures	PACKAGE	1	9,254	9,25	9,87	66 298,05	
<b>A3. Vehicles and Motors Bikes</b>							
Vehicle	UNIT	1	31	31,00	33,98	228 307,03	
Motorbikes	UNIT	10	3,702	37,02	41,79	280 784,90	
<b>Subtotal A3</b>				<b>68,02</b>	<b>75,78</b>	<b>509 091,93</b>	
<b>Subtotal A</b>				<b>163,46</b>	<b>180,13</b>	<b>1 210 187,66</b>	
<b>B. Services</b>							
<b>B1. Training</b>							
Three Year Distance training in ACCA Tuition	UNIT	20	2,974	59,47	61,27	411 628,20	
Local training in Civil works and environment Audit Return Air Ticket	UNIT	2	1,542	3,08	3,13	21 034,52	
Local training in Civil works and environment Audit Subsistence Allowance	UNIT	2	48,305	96,61	98,06	658 799,58	
<b>Subtotal B</b>				<b>159,17</b>	<b>162,46</b>	<b>1 091 462,31</b>	
<b>Total 1.2 External Audit</b>				<b>322,63</b>	<b>342,59</b>	<b>2 301 649,97</b>	
<b>1.3. Anti-Corruption Commission</b>							
	Units	(UAC '000)				(SLL '000)	
		Qty	Unit Cost	Base	Incl. Cont.	Incl. Cont.	
				Total	Total	Total	
<b>A. Goods</b>							
<b>A1. Computer hard and Soft</b>							
Desktops	UNIT	15	1,3	19,50	21,38	143 612,49	
Printers	UNIT	3	1,243	3,73	4,21	28 282,01	
Surveillance and Audio video recording devices	PACKAGE	3	8	24,00	26,31	176 753,83	
<b>Subtotal</b>				<b>47,23</b>	<b>51,89</b>	<b>348 648,33</b>	
<b>A2. Furniture</b>							
Office Furniture	PACKAGE	1	3	3,00	3,29	22 094,23	
<b>Subtotal A1</b>				<b>50,23</b>	<b>55,18</b>	<b>370 742,56</b>	
<b>B. Services</b>							
<b>B1. Technical Assistance</b>							
TA IT expert on system review and website design	PERSON	1	6,35	6,35	6,45	43 301,96	
TA expert on Monitoring evaluation	PERSON	1	6,35	6,35	6,64	44 601,02	
<b>Subtotal</b>				<b>12,70</b>	<b>13,08</b>	<b>87 902,98</b>	
<b>B2. Training</b>							
Advance Local training in surveillance	Person Week	2	2	4,00	4,18	28 095,13	
Two week local training in intelligence analysis, Corporate fraud, procurement fraud, fraud investigation and prevention	UNIT	40	4,625	185,00	193,41	1 299 399,79	
Training on advance communication skills and advance training	Person Week	4	1	4,00	4,06	27 276,83	
<b>Subtotal B2</b>				<b>193,00</b>	<b>201,65</b>	<b>1 354 771,75</b>	
<b>Subtotal B</b>				<b>205,70</b>	<b>214,73</b>	<b>1 442 674,73</b>	
<b>Total 1.3. Anti Corruption Commission</b>				<b>255,93</b>	<b>269,92</b>	<b>1 813 417,29</b>	
<b>Component 1. Strengthening PFM Transparency and Accountability</b>				<b>1959,63</b>	<b>2 071,71</b>	<b>13 918 659,03</b>	

<b>Component 2. Improving Extractive Industries Governance</b>							
<b>2. 1. Support to EITI Implementation</b>							
		<b>(UAC '000)</b>				<b>SLL '000</b>	
	<b>Units</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Base</b>	<b>Incl. Cont.</b>	<b>Incl. Cont.</b>	
				<b>Total</b>	<b>Total</b>	<b>Total</b>	
<b>B. Services</b>							
<b>B1. Technical Assistance</b>							
TA to Undertake EITI reconciliation/audit report for EITI Secretariat	PACKAGE	1	129,5	129,55	131,50	883 447,70	
TA to EITI legislation (drafting, consultation and validation) for EITI Secretariat	PACKAGE	1	20	20,00	20,91	140 475,65	
TA EITI reporting, and design mechanisms to improve transparency and revenue	PACKAGE	1	12,33	12,34	13,29	89 261,89	
TA EITI validator for EITI Secretariat	PACKAGE	1	49,35	49,35	50,09	336 551,50	
TA to License and contract monitoring for NACE	PACKAGE	1	20	20,00	20,91	140 475,65	
TA EI revenue and expenditure monitoring for NACE	PACKAGE	1	20	20,00	21,54	144 689,92	
TA Review contract agreements and concessions to ensure compliance with the	PACKAGE	1	20	20,00	20,30	136 384,13	
TA Civil society participation and capacity building for multi-stakeholder dialogue	PACKAGE	1	40	40,00	41,82	280 951,31	
<b>Subtotal B1</b>				<b>311,24</b>	<b>320,35</b>	<b>2 152 237,75</b>	
<b>B2. Training</b>							
Local training for Parliamentarians (50)	PACKAGE	1	10	10,00	10,15	68 192,06	
Local training for Local Council and chiefdoms (150)	PACKAGE	1	20	20,00	20,91	140 475,65	
Local training for Civil society organizations, mining companies, media, and	PACKAGE	1	20	20,00	21,54	144 689,92	
Local training for Peer learning and sharing country experiences, mechanisms and process of EI transparency and accountability (5)	PACKAGE	1	20	20,00	20,30	136 384,13	
<b>Subtotal B2</b>				<b>70,00</b>	<b>72,90</b>	<b>489 741,77</b>	
<b>B3. Others Services</b>							
EITI report dissemination	PACKAGE	1	20	20,00	20,30	136 384,13	
Publication of information, education and communication materials (posters, newspaper, articles, billboard)	PACKAGE	1	40	40,00	41,82	280 951,31	
Conduct workshops, town hall meetings, and seminars	PACKAGE	1	40	40,00	43,07	289 379,84	
<b>Subtotal B3</b>				<b>100,00</b>	<b>105,19</b>	<b>706 715,28</b>	
<b>Total 2.1 Support to EITI Implementation</b>				<b>481,24</b>	<b>498,43</b>	<b>3 348 694,80</b>	
<b>2. 2. Institutional Strengthening of Ministry of Mineral Resources and National Minerals Agencies</b>							
			<b>(UAC '000)</b>			<b>(SLL '000)</b>	
	<b>Units</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Base</b>	<b>Incl. Cont.</b>	<b>Incl. Cont.</b>	
				<b>Total</b>	<b>Total</b>	<b>Total</b>	
<b>A. Goods</b>							
<b>A1. Laboratory equipment</b>							
Mineralogical, Cartographic and Field Mapping Laboratory and Equipment	PACKAGE	1	246,767	246,77	270,51	1 817 378,11	
<b>B. Services</b>							
<b>B1. Training</b>							
Regional Training of Five Geologist and One Geo Chemist	PACKAGE	1	27,761	27,76	28,18	189 310,24	
Regional Training of technicians	PACKAGE	1	12,338	12,34	12,90	86 662,03	
<b>Subtotal B</b>				<b>40,10</b>	<b>41,08</b>	<b>275 972,27</b>	
<b>Total 2. 2 Institutional Strengthening of Ministry of Mineral Resources and National Minerals Agencies</b>				<b>286,87</b>	<b>311,58</b>	<b>2 093 350,37</b>	
<b>Total Component 2: Improving Governance in the Extractive Industries</b>							
				<b>768,11</b>	<b>810,02</b>	<b>5 442 045,18</b>	

<b>Component 3. Improving Business Enabling Environment for PSD</b>							
<b>3.1. Strengthening PSD Institutions and implementation of DBA</b>							
		<b>(UAC '000)</b>				<b>SLL '000</b>	
	<b>Units</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Base</b>	<b>Incl. Cont.</b>	<b>Incl. Cont.</b>	
				<b>Total</b>	<b>Total</b>	<b>Total</b>	
<b>A. Goods</b>							
<b>A1. Computer Soft and Hard</b>							
Offices furniture and Equipment for Ministry of Trade and Industry	PACKAGE	1	155	155,00	169,91	1 141 535,16	
<b>B. Services</b>							
<b>B1. Technical Assistance</b>							
TA Short-term Consultancy for studies	PACKAGE	1	150	150,00	152,25	1 022 880,97	
TA Doing Business Reform Consultant	PACKAGE	1	34	34,00	34,51	231 853,02	
<b>Subtotal B1</b>				<b>184,00</b>	<b>186,76</b>	<b>1 254 733,99</b>	
<b>B2. Training</b>							
Local training for MoTI Staff	PACKAGE	1	2	2,00	2,03	13 638,41	
Local training for Private Sector Support Institutions	PACKAGE	1	180	180,00	188,18	1 264 280,88	
<b>Subtotal B2</b>				<b>182,00</b>	<b>190,21</b>	<b>1 277 919,29</b>	
<b>B3. Others Services</b>							
Nation wide sensitization and communication of Doing Business Reform	PACKAGE	1	123,3	123,38	132,86	892 618,68	
Monitoring and evaluation of Doing Business Reform	PACKAGE	1	38,45	38,46	40,21	270 129,06	
<b>Subtotal B3</b>				<b>161,84</b>	<b>173,07</b>	<b>1 162 747,74</b>	
<b>Subtotal B</b>				<b>527,84</b>	<b>550,04</b>	<b>3 695 401,02</b>	
<b>Total 3.1. Strengthening PSD Institutions and implementation of DBA</b>				<b>682,84</b>	<b>719,95</b>	<b>4 836 936,18</b>	
<b>3.2. Support To Small and Medium Enterprises (SME)</b>							
	<b>Units</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>(UAC '000)</b>		<b>(SLL '000)</b>	
				<b>Base</b>	<b>Incl. Cont.</b>	<b>Incl. Cont.</b>	
				<b>Total</b>	<b>Total</b>	<b>Total</b>	
<b>B. Services</b>							
<b>B1. Technical Assistance</b>							
TA to SME Business Development service	PACKAGE	1	30,846	30,85	31,31	210 344,70	
<b>B2. Training</b>							
Training to SMEs	PACKAGE	1	204,33	204,33	213,62	1 435 169,51	
<b>Total 3.2 Support To Small and Medium Enterprises (SME)</b>				<b>235,18</b>	<b>244,93</b>	<b>1 645 514,20</b>	
<b>Component 3. Improving Business Enabling Environment for PSD</b>				<b>918,02</b>	<b>964,88</b>	<b>6 482 450,38</b>	

<b>Component 4 Project Management</b>							
	<b>Units</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>(UAC '000)</b>		<b>(SLL '000)</b>	
				<b>Base</b>	<b>Incl. Cont.</b>	<b>Incl. Cont.</b>	
<b>B. Services</b>							
Audit fees (3 Years)	PACKAGE	1	14,806	14,81	15,94	107 114,24	
<b>C. Operating Cost for Project</b>							
	PACKAGE	1	127,646	127,65	137,45	923 451,82	
<b>Total Component 4 Project Management</b>				<b>142,45</b>	<b>153,39</b>	<b>1 030 566,05</b>	
				<b>UAC'000</b>	<b>SLL'000</b>		
<b>Total Baseline Cost</b>				<b>3 788,21</b>	<b>25 450 823,78</b>		
<b>Physical Contingencies 2%</b>				<b>88,89</b>	<b>597 197,28</b>		
<b>Price Contingencies 3%</b>				<b>122,90</b>	<b>825 699,58</b>		
<b>Total Project Cost</b>				<b>4 000,00</b>	<b>26 873 720,64</b>		

## **B3 IMPLEMENTATION AND INSTITUTIONAL ARRANGEMENTS**

### **Institutional and Oversight Arrangements**

6.1 Public Financial Management and Business Enabling Support Project (PFMBESP) comprises of four main components and sub-components designed to achieve the objectives of strengthening transparency, accountability in public finance management and improving the business environment for private sector development. The project components and sub-components fall in the purview of particular Ministries, Departments and Agencies (MDAs).

- Component 1: **Strengthening public expenditure management**, is designed to strengthen transparency and accountability in public finance management and will cover (i) Local councils public financial management, and (ii) Accountability and Integrity institutions (Audit Service Sierra Leone, and Anti-corruption Commission).
- Component 2: **Improving extractive industries governance**, is designed to improve revenue management in the extractive industries and the beneficiary MDAs will be the **Ministry of Mineral Resources (MoMR)** and the **Sierra Leone Extractive Industries Transparency Initiative (SL EITI) Secretariat**.
- Component 3: **Improving business Enabling environment for private sector development**, is designed to improve the business enabling environment for private sector development, and the beneficiary MDAs include: the Ministry of Trade and Industry (MoTI) and entities/agencies under the supervision of the MoTI, and the Sierra Leone Investment and Export Promotion Agency (SLIEPA)
- Component 4: **Project management** which provides project management and fiduciary services for effective implementation and coordination of project activities.

6.2 Each of the beneficiary institutions will have technical responsibility for implementation of the respective component(s) or sub-component(s) of the project with fiduciary support provided by the Integrated Project Administration Unit (IPAU) of the MoFED.

### **Oversight**

6.3 The beneficiary institutions will elect/put forward representatives to be members of a Project Coordination Committee (PFMBESP-SC)), which will guide the implementation of the project by providing strategic and policy direction to the implementing MDAs. The IPAU will provide secretarial support for the activities of the PFMBESP-PCC. The PFMBESP-PCC will meet at least once every quarterly. At its first meeting it shall elect from among its membership, a chairperson and other officials to manage its activities. The Committee will among other things:

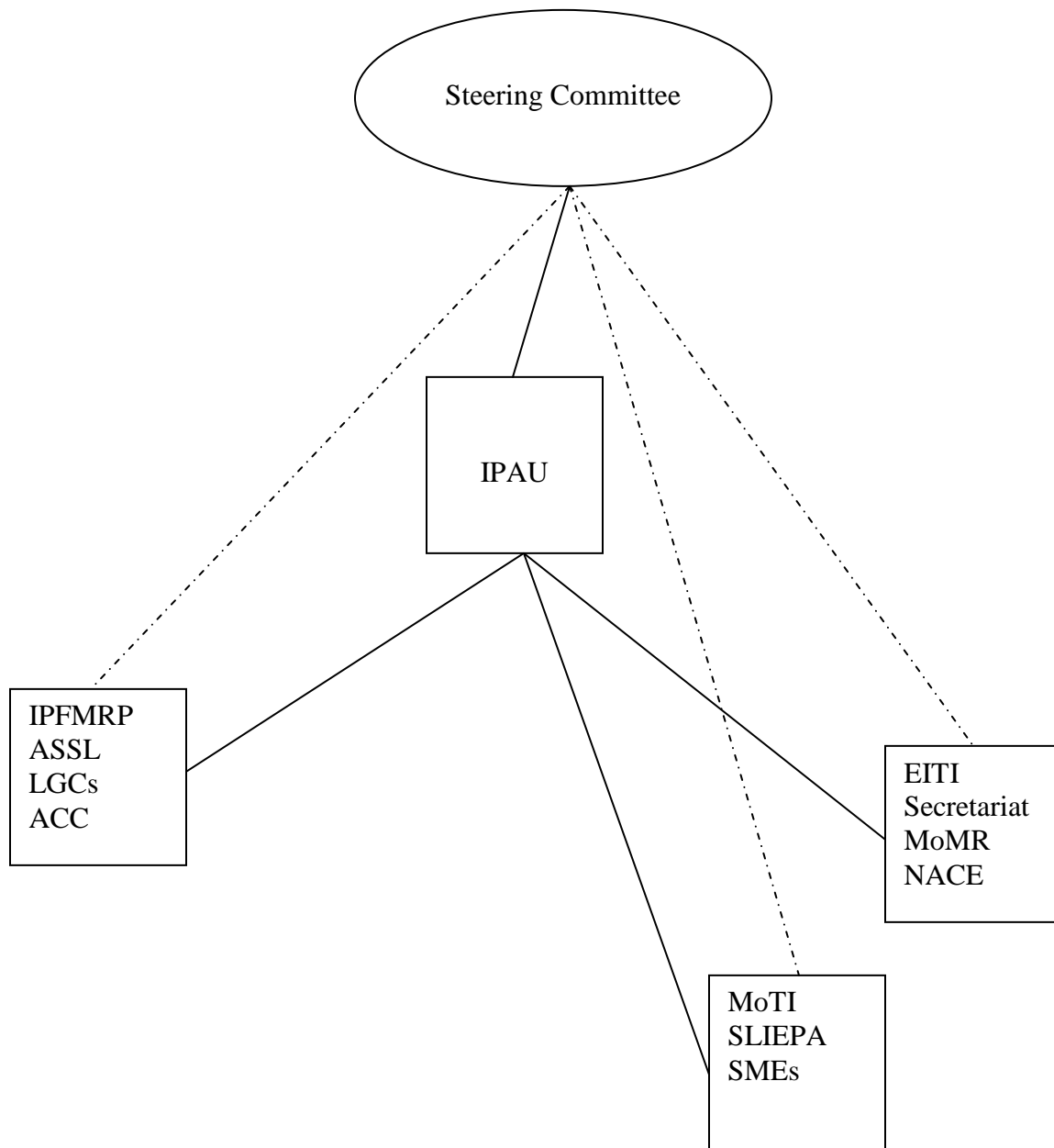
- Provide strategic and policy direction and review progress and impact of PFMBESP
- Assess risks to project implementation and develop mitigation strategies
- Discuss and approve the annual work plans and budgets for the project

- Coordinate bi-annual joint reviews of achievements against the indicators and targets in the agreed results framework, and progress against plan for the project
- Coordinate the joint mid-term review of PFMBESP
- Consider new/revised project priorities.
- Provide the main forum at which the Bank can jointly review with the GoSL the progress on and support to beneficiary MDA, within the framework of the PFMBESP.

6.4 The IPAU will have responsibility for the fiduciary management of the project and coordination of the activities of implementing MDAs. It will undertake procurement and financial management functions of the project in accordance with the Bank's rules and procedures including:

- Administering the grant agreements with AfDB, and ensuring compliance with the terms;
- Initiating the processes for release of funds in line with agreed processes i.e. withdrawal applications;
- Specification of formats required for preparation of the project budgets;
- Managing the Designated Account and making payments. Establishment and implementation of effective control procedures. Possible provision of imp-rest funds to implementing agencies outside MoFED, subject to assessment of capacity;
- Initiation and management of the all procurement processes;
- Design and implementation of accounting, reporting and monitoring mechanisms to ensure periodic financial and procurement reporting to AfDB and GoSL on implementation status;
- Arrangement of annual audits (financial and procurement); and
- Providing necessary information and access to the AfDB for fiduciary oversight.

## Implementation Management and Institutional Arrangements



## **Technical Implementation**

6.5 The key implementing MDAs, PFMRU of MoFED, MoTI, Ministry of Mineral Resources and the Sierra Leone Extractive Industries Transparency Initiative Secretariat will have responsibility to plan and execute the respective activities under the relevant components of the project and in consultation with secondary and in some cases tertiary beneficiaries of the project. These key/primary beneficiaries will elect representatives to a Steering Committee, which will provide direction and supervisory leadership to the implementation of the project.

6.6 The primary beneficiaries will prepare, annually, implementation plans (annual work plans and budgets) reflecting the purpose and objectives of the project components for which they are responsible after due consultations with the constituents of secondary/tertiary beneficiaries as the case may be. These plans will be reviewed and endorsed by the Steering Committee, consolidated into a single project-wide annual work plan and budget by IPAU for the final approval by the Bank. The individual budgets, consistent with the approved consolidated project-wide budget will then be registered with the MoFED and the National Public Procurement Authority (NPPA) as the national system requires. A copy of the approved consolidated budget will be maintained at the IPAU to facilitate monitoring of implementation support requests from beneficiary MDAs.

6.7 During implementation of approved plans, the beneficiary MDAs will make request to the IPAU Coordinator/Manager for resources to execute the respective plans. The request will be in accordance with the approved activities identified in the plans otherwise the request would be turned down for non-compliance. Once the IPAU Coordinator determines that a request is in conformity with approved plan(s), he would refer the request to the head of either of the two technical departments for execution in accordance with established procedure and the relevant financing agreement. IPAU will follow through till the transaction(s) is/(are) complete and full documentation received by IPAU for purposes of resource replenishment and audit.

## **Fiduciary Management**

6.8 The Government of Sierra Leone has established the Integrated Project Administration Unit (IPAU) within MoFED to act as project management and coordination agency for all projects for which MOFED plays a role as lead implementing agency in an effort to minimize the growth in numbers of stand-alone Project Implementation Units (PIUs). The IPAU currently provides fiduciary management (Financial Management and Procurement) services to five (5) projects, namely:

- Institutional Reform and Capacity Building Project (IRCBP);
- Decentralized Services Delivery Project (DSDP);
- Reproductive and Child Health Project Phase 2 (RCHP-2);
- Youth Employment Support Project (YESP); and
- Integrated Public Financial Management Reform Project (PFMRP).

6.9 The IPAU is headed by a Program Coordinator and it has four core sections of Procurement, Finance and Accounting, Monitoring and Evaluation and Information, Education and Communication.

6.10 The Procurement section is headed by a Procurement Specialist, who has several years of experience with donor procedures and processes. He used to be the procurement Specialist at for the IRCBP prior to its absorption into the IPAU. He is supported by two other procurement Officers with experience in donor procedures.

6.11 The Finance section is headed by a professionally qualified accountant with years of experience in World Bank and other donor financial management procedures and processes. She is supported by one other qualified accountant and four other part-qualified account officers. The operations of the two key fiduciary sections, which will provide support for the operations (PFMBESP), shall be regulated by an operating manual (including procurement and financial management procedures) prepared in accordance with the best recommended practices and the project financing agreement.

### **Reporting**

6.12 During the tenure of the project, IPAU will produce quarterly procurement and financial reports to the Bank, while the key implementing MDAs will produce half yearly project progress report on their various activities to IPAU for consolidation with IPAU's second and annual reports to the Bank.

6.13 At the end of each fiscal year, IPAU will produce project financial statements to be audited by the ASSL or on the approval of ASSL by an independent private audit firm recruited under competitive selection using the Banks procedures. The Audit report and Management Letter from the exercise shall be submitted to the Bank within six months after the end of the fiscal year.

## **B4 FINANCIAL MANAGEMENT, DISBURSEMENT & AUDIT ARRANGEMENTS**

### **Introduction**

7.1 In accordance with the *Guidelines for Financial Management and Financial Analysis of Projects* approved by the Board of Directors of the African Development Bank on November 7, 2000 and in conformity with the “*Model Paragraphs, Including Annexes, For Inclusion In Appraisal Reports*”, issued by ORPF in September 2009, a financial management assessment was conducted to assess the adequacy of the financial management capacity of the Integrated Project Administration Unit (IPAU) of the Ministry of Finance and Economic Development (MoFED), to handle the financial management function of the Public Financial Management and Business Enabling Support Project.

7.2 The objective of the assessment was to determine whether (a) the finance unit of the IPAU of the MoFED has adequate financial management arrangements to ensure project funds will be used for purposes intended in an efficient and economical way; (b) the project's financial reports will be prepared in an accurate, reliable, and timely manner; and (c) the project assets will be properly safeguarded.

7.3 The conclusion of the assessment is that the financial management arrangements satisfy the Bank's minimum requirements. The overall fiduciary risk rating as Moderate and additional risk mitigation measures are identified to further improve the fiduciary competencies.

### **Country Financial Systems**

7.4 Sierra Leone emerged from 10 years of conflict in 2001 and has since continued to make a strong recovery from the effects of the civil war. In 2002, a limited scope Country Financial Accountability Assessment (CFAA) was undertaken and in 2005, the Government set out its policy strategy to promote economic growth, food security, and job creation in its Poverty Reduction Strategy Paper. According to this plan, one of the foundations for sustained pro-poor growth is the maintenance of macroeconomic stability and continued improvement in public financial management (PFM).

7.5 The regulatory framework for public financial management has since been transformed by a number of new legislation, including:

- The Government Budgeting and Accountability Act, 2005
- National Revenue Authority Act, 2003
- Local Government Act, 2004
- Public Procurement Act, 2004
- Financial Management Regulations Act, 2007
- Finance Act, 2010

7.6 The Government of Sierra Leone is implementing a wide-ranging PFM improvement program and several development partners are providing ongoing technical and financial support to this program. The African Development Bank (AfDB), the World Bank, European

Commission (EC), and DFID have all provided financial and technical support to strengthen PFM in Sierra Leone.

7.7 The World Bank-financed Integrated Public Financial Management Reform Project managed by the Public Financial Management Reform Unit (PFMRU) of the Ministry of Finance and Economic Development (MoFED), includes sub-components covering: improvements to the legal and regulatory framework; the implementation of a new Integrated Financial Management Information System and the design of interim financial management systems for local government; a strengthened Medium-Term Expenditure Framework; procurement reform; and associated monitoring and evaluation arrangements.

7.8 Budget execution and supervision are conducted through the Treasury and the Accountant General, although there are Vote Controllers and Chief Financial Officers in each of the ministries, departments, and agencies (MDAs), who are the first line of responsibility for PFM at the MDA level. The Government Budgeting and Accountability Act (2005) established the requirement for MDAs to establish and maintain internal audit units that meet international standards. These units are supervised by MoFED's Internal Audit Department. External audit is carried out through the Office of the Independent Auditor General, whose report is scrutinized and commented upon by the Public Accounts Committee of Parliament.

7.9 In the areas of accounting, recording, and reporting of public funds, a Single Treasury Account (the Consolidated Revenue Fund) has now been operating for some time. The sub-accounts within the Treasury Account are treated as a consolidation of cash balances within the BoSL which is reconciled on a regular basis. However, the consolidation process only applies to the Single Treasury Account maintained at the BoSL and therefore excludes a significant number of departmental bank accounts, mainly for externally assisted projects and sub-vented agencies. There has been a significant increase in timeliness of the Financial Statements. Public Expenditure Tracking Surveys are undertaken bi-annually, since September 2007. These surveys are regarded as a central component of the monitoring system, especially in terms of their ability to address a range of issues relating to accountability, transparency and efficiency under the Good Governance Pillar of the Government's Poverty Reduction Strategy Paper.

7.10 As highlighted in the PEFA (2007) and confirmed in a recent PEFA (2010) report, aggregate financial discipline has improved over time, yet there are features of the PFM system that continue to pose challenges for the reform efforts. On the positive side, the PEFA report (2010) indicates that there are now 26 separate internal audit units established and functioning, an improvement over the 2007 PEFA report. These units function independently from the MDA's finance department and report directly to Vote Controllers. The MoFED Internal Auditor has statutory authority to coordinate and manage the internal audit cadre, set standards, and monitor performance. A summary of the assessment results is provided in the accompanying table below:

## Summary of FM Assessment

Financial Assessment	Management	Rating Rating	Risk mitigation measures/remarks	Residual risk rating
<b>Implementing Entity:</b> Integrated Projects Administration Unit (IPAU) of the Ministry of Finance (MoFED). The IPAU currently manages the fiduciary aspects of 5 donor funded projects across ministries, departments and agencies		M	IPAU will continue to manage the proposed project	M
<b>Funds Flow:</b> IPAU is managing donor-funded project and hence, has the experience and capacity to manage the proposed project.		M	A Special Account (SA) in United States Dollars will be opened in a local commercial bank on terms and conditions acceptable to both the Bank and Government of Sierra Leone for the purpose of receiving the grant/loan proceeds.	L
<b>Staffing:</b> IPAU have FM staff with prior experience in donor-funded FM guidelines and requirements. IPAU hopes to employ an additional professional accountant and one other partly-qualified accountant to handle the additional task the proposed project will bring.		M	Additional staff to be recruited end December 2011	L
<b>Accounting Policies and Procedures:</b> IPAU employs IPSAS cash accounting for the projects it supports. This is an acceptable standard to the Bank. The specific peculiarity of each project is captured in a project manual. IPAU does not have a generic FM manual.		M	IPAU will develop and submit FM manual to the Bank for review	M
<b>Internal audit:</b> IPAU does not have an internal audit unit.		S	The Internal Audit Department within MoFED has agreed to include all projects hosted/serviced from the MoFED in its activities as it is their responsibility.	M
<b>External Audit:</b> The ASSL has overall responsibility to audit GoSL financial transactions (including donor funds). It also has authority to outsource audit services to		M	Bank's institutional support project	M

private audit firms. ASSL has adequate capacity to carry out project audit. However, there are challenges as identified by the PEFA report.			
<b>Reporting and monitoring:</b> For most projects, quarterly reports are produced and submitted to donors. IPAU has a monitoring department which monitors project indicators for inclusion in project progress reports.	M	IPAU will submit quarterly progress report to the Bank. In addition the Bank will field supervision missions to monitor project progress	L
<b>Information System:</b> This is largely computer assisted manual systems, which are prone to errors of commission and omission.	S	The project will procure off the shelf accounting software.	M
<b>Overall Financial Management Rating</b>	M		M

**H – High      S – Substantial      M – Moderate      L- Low**

## Strength and weaknesses of the FM systems

### Strength

The project’s financial management is strengthened primarily by the fact that the IPAU staff has successfully implemented donor funded projects such as the World Bank and continues to implement all donor funded projects in Sierra Leone. They are familiar with donor financial management and disbursement guidelines and procedures. The additional staff to be recruited will further strengthen IPAU’s capacity to successfully implement the proposed project.

### Weakness

The major weakness identified is the lack of internal audit functions and the inexistence of automated financial management information system.

### Financial Management Action Plan

The FM action plan described below has been developed and agreed with MOFED to help mitigate the overall FM risks.

<b>Issue</b>	<b>Remedial action recommended</b>	<b>By whom</b>	<b>By when</b>	<b>FM conditions of effectiveness</b>
1. FM staff capacity	Recruitment of additional staff	IPAU/MOFED	December 2011	No
	Staff training on AfDB FM and disbursement procedure	IPAU/AfDB	Launching/January 2012	No
2. Information System	IPAU will procure off the shelf accounting software	IPAU	March 2012	No
3. Accounting Policies and Procedures	Develop and submit FM manual to the Bank for review	IPAU	January 2012	

## **Project Financial Management**

7.11 **Implementing Entity:** It was agreed that the project FM will be handled by IPAU which has been established within the MoFED to provide financial management services to all donor funded projects including the proposed Bank's institutional support to PFM and Business Enabling Support Project. The IPAU operates four departments (procurement, finance, monitoring and evaluation, information, education and communication) and has responsibilities for project administration and the fiduciary functions of financial management and procurement for projects across institutional boundaries.

## **Budgeting Arrangements**

7.12 The budgeting process for the project would be driven by the Annual Work Plans and would be fully integrated into the planning process of the IPAU, and approved by the Project Coordinating Committee and subject to the Bank's approval. Planned activities in the budget would contain details of objectives, expected outcomes, and performance indicators. The first year budget and work plan for this project will be finalized prior to effectiveness.

## **Accounting Arrangements**

7.13 Currently, the Finance Unit of IPAU uses computer assisted manual system to capture and process financial transactions. To enhance the quality of financial reporting, IPAU will procure off the shelf accounting software to support the current system and meet the Bank's financial reporting requirements for the project.

## **Internal Control and Internal Auditing**

7.14 The Internal Audit Department of MoFED is responsible for the internal audit function of MoFED, including IPAU. This department will provide the internal audit function necessary for IPAU to discharge its responsibility under the project. The implementing ministries, departments and Agencies (MDAs) have internal audit units (IADs) integrated into the respective MDAs' structures. The respective IAUs within the MDAs will be involved in project implementation to ensure compliance with government procedures. Procedures for internal audit are documented in an Internal Audit Manual. The duties of the Audit Unit involve reviewing the internal control systems of the MDAs and conducting special investigations. Project implementation will benefit from the IAUs' responsibility to conduct regular reviews of operations and financial transactions for the entire institution, including both budgetary and donor-funded activities.

## **Funds Flow**

7.15 The project is expected to be financed through ADB/ADF Grant/Loan of UA4.00 million, to be disbursed over a three-year period. Grant/Loan withdrawal and payment processing will be managed by the finance unit of the IPAU in order to ensure control and financial monitoring. A Special Account (SA) in United States Dollars will be opened in a local commercial bank on terms and conditions acceptable to both the Bank and Government of Sierra Leone for the purpose of receiving the grant/loan proceeds. All payment processing will be done at the IPAU level, and there will be no transfer of funds to any decentralized implementing entity. However, the IPAU may provide accountable imp-rest/advance for the conduct of eligible miscellaneous expenditure such as workshops, seminars and public awareness creation, on event basis, which would be accounted for by the recipient implementing MDA before any additional advance/imp-rest would be made available to the said MDA. All the required transaction supporting documents and event reports would be sent to the IPAU to enable it incorporate the financial transactions in its own financial statements and reports.

7.16 An initial deposit equivalent to six (6) months expenditures forecast will be released by the Bank at the request of the project, after project effectiveness and upon fulfillment of all disbursement conditions by the Government of Sierra Leone.. Subsequent releases into the SA will be made against replenishment requests approved and supported by appropriate documents as may be specified in a Disbursement Letter. Activities that will be financed through the Special Account, in a particular year, will be executed as approved in a consolidated annual AWPB. Invoices and supporting documents will be submitted directly to the implementing Ministries for verification and recommendation/confirmation of obligation to a vendor and subsequently paid by the finance unit of the IPAU on behalf of the implementing Ministries.

## **Disbursement Arrangements**

7.17 Upon effectiveness, both the revolving fund or Special Account method and the direct payment method of disbursement will be used by the project; in line with the thresholds as stated in the Disbursement Letter. All supporting documentation relating to various proceeds disbursed will be retained by the IPAU for review by Bank supervision missions and external auditors.

7.18 The Special Account will finance all eligible project expenditures and operating costs below pre-determined threshold as contained in the Disbursement Letter. The Direct Payment will be mainly used for disbursement to major consultancy and supplies contracts. The IPAU would be required to formally submit requests for disbursement and statement of expenditure reports justifying the use of funds previously received from ADF, upon utilizing at least fifty percent of the initial advance.

### **Financial Reporting Arrangements**

7.19 The IPAU will be responsible for generating quality and timely quarterly Interim Unaudited Financial Reports (IUFRs), annual financial statements for audit purposes, as well as any other reports as may be required during implementation. The key implementing MDAs will produce quarterly project progress report on their various activities to IPAU for consolidation with IPAU's second and annual (fourth quarter) reports to the Bank. These reports should clearly demonstrate, at a minimum: sources and uses of funds use of funds by project activity/component, expenditure summary by category, and cash flow forecast, as well as bank statements showing the activities of the Special Account. Financial reporting under the project will be based on transactions; therefore, proper record keeping is essential for generating accurate Statement of Expenditure returns. Accurate IUFRs will be prepared for each quarter depicting the budgeted or planned expenditures against the actual expenditures as indicated above.

7.20 For the purposes of enhancing financial reporting under the proposed project, formats for the periodic financial monitoring reports to be generated from the financial management system will be discussed and agreed with the IPAU during launching. The financial reports would be designed to provide relevant and timely information to the project management, the GoSL and the Bank for the purpose of monitoring project performance.

### ***External Audit***

7.21 The Auditor General of Sierra Leone has primary responsibility for the external audit of all government projects. However, in line with the guidelines of the utilization of resources from the Fragile State Facility, the audit arrangements will be undertaken by an independent external audit firm. The Bank's procurement guidelines for the engagement of the audit firms shall apply, and copy of the Bank's standard Terms of Reference (TOR) for project audit will be made available to GoSL during project effectiveness and launching.

### **Financial Covenants**

7.22 The Borrower shall establish and maintain a financial management system including records, accounts and preparation of related financial statements in accordance with accounting standards acceptable to the Bank. The Financial Statements will be audited in accordance with international auditing standards. The Audited Financial Statements for each period shall be furnished to the Bank not later than six (6) months after the end of the project fiscal year. It should be noted that the project financial statements should be all inclusive and cover all sources and uses of funds and not only those provided through ADF funding. It thus reflects all program

activities, financing, and expenditures, including funds from GoSL and other development partners (where it exists).

7.23 The GoSL (through the IPAU) shall prepare and furnish to the Bank not later than 30 days after the end of each calendar quarter, interim un-audited financial reports for the Project, in form and substance satisfactory to the Bank. The GoSL will comply with all the rules and procedures required for withdrawals from the Special Accounts of the project.

### **Supervision Plan**

7.24 Financial management supervision during project implementation would include on-site missions will be conducted at least twice to review financial management systems under the project to ensure that the project continue to maintain sound financial management system. The Bank's FM specialist will monitor the strict adherence to the financial management arrangements. A major focus of supervision will be to review the accounting and financial management systems to ensure that adequate and robust systems exist to record and process financial transaction in order to generate the required reports that can be substantiated by the records. Additionally, based on findings of the supervision missions and reviews of audit reports and Management Letters, the risk rating and frequency of missions will be adjusted accordingly.

## Annex B5

### PROCUREMENT ARRANGEMENTS

#### Summary of Procurement Arrangements

Project Categories	In millions UA					
	ICB	NCB	Other*	Short List	Non-Bank-Funded**	Total
<b>1. Goods</b>						
1.1 Computer hardware and Software	0.92					0.92
1.2 Furniture and Office Equipment		0.01				0.01
1.3 Vehicles and Motorcycles		0.07				0.07
1.4 Generators		0.27				0.27
1.5 IDEA Software Installation & Training			0.05			0.05
<b>Sub-Total</b>						<b>1.32</b>
<b>2. Consulting Services</b>						
2.1 Technical Assistance				0.82		0.82
2.2. Audit				0.02		0.02
2.3. Sensitization & Communication on doing business reform				0.123		0.123
2.4 M & E on doing business reform				0.038		0.038
2.5 Dissemination of EITI Report				0.10		0.10
<b>Sub-Total</b>						<b>1.101</b>
<b>3. Training</b>						
3.1 Short term Local Training				1.380		0.038
3.2 Short term Regional Training			0.04			0.04
3.3 Specialized Training			0.06			1.341
<b>Sub-Total</b>						<b>1.419</b>
<b>TOTAL</b>		<b>1.27</b>	<b>0.15</b>	<b>1.418</b>	-	<b>3.84</b>

\* "Other" may be Shopping, and Single Sourcing Selection

#### **Goods**

8.1 Procurement of Computer hardware and Software, and laboratory equipment valued at UA 920,000 will be contracted through the use of ICB. Furniture and Office Equipment UA 10,000, Vehicles and Motorcycles UA 70,000 and Generator UA 270,000 totaling UA 350,000 will be awarded under NCB procedures. NCB may be the most appropriate way of procuring goods by their scope, are unlikely to attract foreign bidders because the contract values are small and the goods are available locally at prices below the international market. Other miscellaneous goods, such as IDEA Software, estimated to cost less than UA 50,000 per contract will be procured through other procedures described under Miscellaneous below.

#### **◆ Consulting Services**

8.2 Procurement of consulting services including Technical Assistance UA 820,000, Sensitization and Communication on doing business reforms UA 123,000, Monitoring and Evaluation of business reforms UA 38,000, Dissemination of EITI Report UA 100,000 and Project Audit UA 20,000 totaling UA 1,101,000 will be carried out by *consulting firms and individual consultants*. The process for selecting firms shall be through Short List and the method for evaluation is the Quality and Cost Based Selection. However, for individual consultants, the

selection method shall be through the Bank’s procedure for the selection of individual consultants. For contract amounts valued at less than UA200, 000 for Firms and UA50, 000 for individual consultants such as EITI reporting and design mechanism, License and contract monitoring for NACE, Civil society participation and capacity building, EI revenue and expenditure monitoring for NACE, Review contract agreements and concessions , IT expert on system review and website design and expert on Monitoring evaluation, the Borrower may limit advertisement of the procurement to national or regional newspapers. However, all eligible consultants, who wish to provide the required services, may express their interest to be short-listed. For contract valued at more than UA200,000 for Firms and UA50,000 for individuals, advertisement of the procurement must be placed on the UNDB online and the Bank’s website.

**◆ Training**

8.3 Procurement of training including Short term local training UA 1,380,000 and regional training UA 40,000 and specialized training UA 60,000 will be carried out by *consulting firms, individual consultants and Universities through contract(s) valued at UA 1,480,000.*

8.4 The selection method chosen is Quality and Cost Based Selection (QCBS) for Short term Local Training and Single Sourcing for Regional and Specialized Trainings- . Single Source Selection has been chosen because it presents a clear advantage over competition for Regional and Specialized Training as the contract values are small. For contracts valued at less than UA200, 000 for Firms and UA50,000 for individuals, the Borrower may limit advertisement of the procurement to national or regional newspapers. However, all eligible consultants, who wish to provide the required services, may express their interest to be short-listed.

**◆ Miscellaneous**

8.5 Other goods, such as IDEA Software, estimated to cost less than UA 50,000 per contract, will be procured through other procedures, as follows:

*[in millions of UA],*

Procedure	Works	Goods	Services	Maximum per Contract	Maximum in Aggregate
Shopping		IDEA Software		50,000	-

**◆ General Procurement Notice**

8.6 The text of a General Procurement Notice (GPN) will be agreed with the Ministry of Finance and Economic Development and it will be issued for publication in UN Development Business online and on the Bank’s web site, upon approval by the Board of Directors of the Grant) Proposal.

**◆ Review Procedures**

8.7 The following documents are subject to review for “No objection” by the Bank before promulgation: (i) General Procurement Notice, (ii) Specific Procurement Notices, (iii) Tender Documents or Requests for Proposals from Consultants, (iv) Tender Evaluation Reports, including recommendations for Contract Award (goods), or Reports on Evaluation of Consultants' Proposals, (v) Draft contracts (goods/works), if these have been amended and differ

from the drafts included in the tender documents, (vi) Reports on Evaluation of Consultants' Financial Proposals, including recommendations for Contract award, minutes of negotiations and duly initialed contracts documents.

**◆Post Review**

8.8 Contracts for goods and works valued up to UA 50,000 shall be approved by the Executing Agencies, and will be subject to post review by the Bank. Procurement documents, including solicitations of price quotations, evaluation sheets and contract awards will be kept by the EAs for periodic review by Bank supervision missions. The procurement post review audits to review the correctness of the procurement activities will be carried out during the first supervision mission after the procurement activities are completed. However, the Bank reserves the right to conduct its procurement audit at any time during the project implementation. This review will determine the need for modifications and improvement of the procurement arrangements. Information on procurement processing will be collected by the EAs quarterly and shall be included in detail in the Project Quarterly Progress Report to be submitted to the Bank.

**◆National Law and Regulations**

8.9 The national procurement Laws and Regulation governing public procurement in Sierra Leone were reviewed and t found to comply with the Bank procedures except for the deviations on NCB, Shopping and Sole Sourcing procedures which do not meet the Bank's standards. The Act does not mention conditions under which Parastatals would be allowed to bid and provision for advance contracting and retroactive financing. In addition, the Act permits margin of domestic preference under NCB but the provision does not elaborate how the margin shall be applied. The GoSL should revise and modify the deviations identified. In the interim, procurement under Bank financing will be in accordance with the Bank's rules and procedures.

**◆Executing Agency**

8.10 The Project Administration Unit of the Ministry of Finance and Economic Development will be responsible for the procurement of goods, consulting services and training services. The resources, capacity, expertise and experience of the Ministry of Finance and Economic Development have been reviewed and are determined to be adequate to carry out the procurement activities required for the project.

**◆Procurement Plan**

8.11 The Bank shall review the procurement arrangements proposed by the Borrower in the Procurement Plan for its conformity with the Loan Agreement and its Rules. The Procurement Plan shall cover an initial period of at least 18 months. The Borrower shall update the Procurement Plan on an annual basis or as needed always covering the next 18 months period of project implementation. Any revisions proposed to the Procurement Plan shall be furnished to the Bank for its prior approval.

**Sierra Leone: Public Financial Management and Business Enabling Support Project  
Procurement Plan**

Categories	2012			2013			2014			Amount (UA)	Contract No. / Procedure
	Approval of Bidding Docs/RFP/ Shortlist	Issues of Bidding Docs/RFP	Contract Signature	Approval of Bidding Docs/RFP/ Shortlist	Issues of Bidding Docs/RFP	Contract Signature	Approval of Bidding Docs/RFP/ Shortlist	Issues of Bidding Docs/RFP	Contract Signature		
<b>1. Goods</b>											
1.1 Computer hardware and Software	2/02/12	16/2/12	30/05/12							920,000	ICB
1.2 Furniture and Office Equipment	28/02/12	14/03/12	14/06/12							10,000	NCB
1.3 Vehicles	20/03/12	3/04/12	2/07/12							30,000	NCB
1.4 Motorcycle	20/03/12	3/04/12	2/07/12							40,000	NCB
1.5 Generator	30/03/12	13/04/12	10/08/12							270,000	NCB
1.6 IDEA Software Installation & Training	30/04/12	8/05/12	30/08/12							50,000	Shopping
<b>2. Services</b>											
2.1 TA for Local council in Budget reporting	30/05/12	14/06/12	30/10/12							40,000	QCBS
2.2 TA for Local council MTEF and Budget Manual and guideline				15/08/12	30/08/12	13/02/13				60,000	QCBS
2.3 TA for Local council PFM Expert (Long term local Consultant)	12/12/11	26/12/11	22/03/12							90,000	QCBS
2.4 TA for Local council Study on Cost of devolved function (Long term local Consultant)	12/12/11	26/12/11	22/03/12							60,000	QCBS
2.5 TA IT expert on system review and website design	12/12/11	26/12/11	22/03/12							10,000	Individual Consultant
2.6 TA expert on Monitoring evaluation	12/12/11	26/12/11	22/03/12							10,000	Individual Consultant
2.7 TA Short-term Consultancy for studies				11/09/12	24/09/12	20/02/13				150,000	QCBS
2.8 TA to SME Business Development service	11/04/12	24/04/12	21/11/12							30,000	QCBS
2.9 TA to Undertake EITI reconciliation/audit report for EITI Secretariat	7/12/11	21/12/11	30/3/12							130,000	QCBS

2.10 TA to EITI legislation (drafting, consultation and validation) for EITI Secretariat	12/06/12	26/06/12	20/12/12							20,000	QCBS
2.11 TA EITI reporting, and design mechanisms to improve transparency and revenue management of the EI sector for EITI Secretariat							17/08/13	4/09/13	29/03/14	10,000	Individual Consultant
2.12 TA EITI validator for EITI Secretariat	28/04/12	16/05/12	20/10/12							50,000	Individual Consultant
2.13 TA to License and contract monitoring for NACE	13/03/12	27/03	15/08/12							20,000	Individual Consultant
2.14 TA EI revenue and expenditure monitoring for NACE				15/7/12	30/7/12	10/01/13				20,000	Individual Consultant
2.15 TA Review contract agreements and concessions to ensure compliance with the law and fiscal benefit for the country for NACE	3/4/12	17/04/12	12/12/12							20,000	Individual Consultant
2.16 TA Civil society participation and capacity building for multi-stakeholder dialogue and partnership on EI for NACE				1/05/13	15/05/13	15/10/13				40,000	Individual Consultant
2.17. Project Audit	30/05/12	14/06/12	30/10/12							20,000	QCBS
2.18.Sensitization & Communication on doing business reform							17/07/13	4/08/13	29/01/14	130,000	QCBS
2.19. M & E on doing business reform				15/08/12	29/08/12	24/01/13				40,000	QCBS
2.20. Dissemination of EITI Report				15/08/12	29/08/12	24/01/13				100,000	QCBS
2.21. Local Trainings in 23 specialized training areas	28/02/12	14/03/12	14/06/12								QCBS
2.22. Three Year Distance training in ACCA Tuition	2/02/12	16/2/12	30/05/12							60,000	SSS
2.23.Regional Training of Five Geologist and One Geo Chemist				10/1/13	-	24/02/13				30,000	SSS
2.24. Regional Training of technicians				10/02/12		15/05/13				10,000	SSS

## Annex B7

### ENVIRONMENTAL AND SOCIAL ANALYSIS

**9.1 The PFMBESP is classified category III according to the Bank's procedure for the environmental and social impact assessment.** The operation therefore has no adverse impact on the environment and natural resources. It could however have indirect environmental impact since increased investments and activities in the mining sectors, due to efficiency gains and reform, will have implications for the environment, including climate change impact. In this regard, the Government is taking necessary actions to promote environmental sustainability. The Environmental Protection Authority of Sierra Leone makes it mandatory for all projects that fall within Environmental Impact Assessment (EIA) categories to obtain EIA's licence. The Agency routinely monitors and enforces compliance with EIAs and with community development action plans. Government has also undertaken an initial assessment of climate change impact in the country, and has prepared the first communication, containing vulnerability assessment and mitigation measures. The second communication is under preparation. The proposed project will provide support to strengthen national capacity to undertake environmental audit.

**9.2 The operation will have a positive impact on gender equity, which remains a major concern in Sierra Leone.** The Bank's Gender Profile for Sierra Leone shows that women constitute 51.3% of the population but are generally less empowered than men and are underrepresented in the public and political life as well as in formal sector employment. The proportion of women holding seats in parliament is 13.7%, women cabinet ministers is 10%, women deputy ministers is 13.1%, while women local government councillors is 25%. There are however efforts to improve gender equality. At the international level, Sierra Leone has ratified the Convention on the Elimination of Discrimination Against Women (CEDAW) and is a signatory to the Solemn Declaration on Gender Equality in Africa and the Beijing Platform for Action. At the national level, Sierra Leone has adopted two key gender policies namely, the Gender Mainstreaming Policy and the National Policy on the Advancement of Women. Both aim to create an enabling environment to improve women's status and participation in the development process. The President has also promised to institute a gender quota in the 2012-17 electoral cycle and abide by women demand for a 30% quota in Parliament and other significant areas of governance. At the operational level, gender budgeting has been initiated to facilitate a gendered analysis in the formulation of government budgets and allocation of resources. To this end, a gender budgeting committee, made up of 15 stakeholders drawn from MDAs, has been instituted. The project will support government effort and plan to enhance gender equality, gender budgeting, and gender mainstreaming into development programs, through training in gender budgeting.

## Annex B8

### PROJECT PREPARATION, SUPERVISION AND MONITORING

10.1 Stakeholder consultation was carried out during the project identification, preparation and appraisal stages. A consulting firm, financed by the Bank conducted the local council PEFA assessment in October 2010. The draft report was circulated for review and comments, and a multi-stakeholder validation workshop was organized in March 2011 in which progress, weaknesses, priorities and prospects for future reform were discussed. The Bank's preparation mission participated in the Local Council PEFA workshop. The PEFA findings and conclusions of this validation workshop informed the design of the project. In addition, during the preparation and appraisal, several government ministries and agencies, private sector support institutions, civil society organizations as well as development partners including the World Bank, EC, DFID and GIZ were consulted.

10.2 MOFED will be responsible for the overall monitoring and evaluation activities in collaboration with the project component managers and/or beneficiary institutions. MOFED through IPAU shall be responsible for reporting on the progress made on the implementation of the project and shall submit quarterly progress reports on all aspects of project execution. The reports will cover aspects related to project implementation, including project status, disbursements, work program, monitoring of performance indicators, analysis of slippages in implementation, potential problems and proposed solutions. The report will also include an overview of activities planned for the forthcoming quarter. Particular attention would be devoted to outputs as set out in the project logical framework. The Project Coordination Committee will be established to coordinate and monitor project implementation. Its membership comprises component managers and representatives from key beneficiary Ministries and Departments. The Bank will also monitor project implementation through supervision missions and mid-term review. A project completion report will be undertaken to evaluate progress against outputs and outcomes and draw lessons for possible follow-up operation. The following table presents project implementation schedule.

Project Implementation Schedule

<b>Task</b>	<b>Responsible Party</b>	<b>Start Date</b>
Project Preparation	ADF	March 2011
Appraisal	ADF	May 2011
Grant Approval	ADF	September 2011
Grant Effectiveness	ADF/GoSL	January 2012
Procurement of goods and services	GoSL	March 2012 – June 2014
Training program for PFM and Non-PFM experts	GoSL	June 2012 – June 2014
Training program for SMEs	GoSL	June 2012 – June 2014
Technical assistances	GoSL	June 2012 – June 2014
Submission of Annual Audit Report	GoSL	June 2013, 2014, and 2015
Supervision Mission	ADF	June and December 2012, 2013 and 2014
Mid-term Review	ADF	June 2013
Project Completion Report	ADF/GoSL	June 2015

## **Annex C1 Terms of reference**

### **C1.1 External Audit: Terms of Reference for Civil Works and Environmental Audit Consultant**

#### **Objectives**

The primary objective is to provide independent information, assurance and opinion about economy, efficiency and effectiveness (in effect, value for money) in major fields of Government revenue, expenditure and the management of resources. It is also necessary to ensure compliance with various regulations relating to operations in these areas in Government. The Audit Service Sierra Leone would like assistance in identifying ways of improving systems and controls in these audit areas within Government.

#### **Scope of work**

The consultant will work with an officer who will be a counterpart with whom he / she will be expected to undergo the following tasks in respect of operational and management of a civil works and environmental audit unit in the office.

- To adapt the AFROSAI manual for Civil Works and Environmental Auditing for ASSL.
- Prepare regular summary of risk areas for which there is a need for Civil Works and Environmental audits.
- Conduct a detailed assessment of significant allocations to ministries/departments and institutions for which the level of performance should be assessed.
- Conduct regular general training on Civil Works and Environmental auditing for staff members.
- Working closely with staff as a mentor to give on the job training.
- Submit detailed periodic report on progress in the review and assessment of monies allocated to institutions, ministries department and agencies.
- Obtain copies of agreements and authority on which such funds have been allocated.
- Any other duties as may be assigned by the Auditor General to whom he/she will be directly responsible.
- Must be prepared to travel extensively within Sierra Leone.

The consultant should be able to take an integrated approach by combining regularity audit, performance, Civil Works, and Environmental auditing through a standardized training approach. The consultant should transfer knowledge and skills across the line from Senior Management through middle management down to the Junior Level. The consultant must exhibit and transfer knowledge to staff members on the major risk and control areas involved in carrying out Civil Works and Environmental audits.

#### **Required expertise**

The required competencies of the consultant shall be (but not limited) as follows:

- A professional qualification in Auditing or any related qualification.
- At least 6 years post qualification experience in Public Sector Auditing with Professional Qualification and wide experience in Regularity Auditing.
- Practical experience in civil works and /or environmental audit. Extensive practical experience in operations and management of performance auditing will be an advantage.

## C1.2

### **Terms of Reference Local Councils Financial Management Specialists (2)**

#### **Objective**

The Financial Management Specialists – Local Councils, within PFMRU provides technical support to the Director, PFM Reforms and Deputy on the planning and implementation of all PFM reforms within local councils.

#### **Scope of work**

The continuing responsibilities of the Financial Management Specialists will be to:

- Liaise with stakeholders and other implementing agencies including Internal Audit Department, Audit Service Sierra Leone and Parliament in the implementation of related PFM reforms in Local Councils
- Facilitate the implementation of agreed reforms outlined in the Government’s Reform strategy for Local Councils, Internal Audit, External Audit and Oversight Review and make necessary recommendations to the Deputy Director, PFM Reform for onward transmission to the Director.
- Responsible for the full implementation of the roll-out of the Petra Financial Package in all local councils and facilitate regular training sessions for all users of the Petra package
- Coordinate the training of all Petra Financial Management users across Local Councils in accordance with the uniform chart of accounts across Government
- Provide on-call financial management support for all Petra users within the Local Councils;
- Organize financial management training for local councils finance staff and other staff engaged in financial management including Mayors/Chairpersons and Chief Administrators.
- Under the supervision of the Director, PFM Reform, liaise with key Institutions engaged in the decentralization process including the Local Government Finance Department, Internal Audit Department and Decentralization Secretariat, MLGRD, on financial management issues impacting on decentralization
- Ensure that financial management provisions of the prevailing Local Government Act and related regulations are fully complied with
- Facilitate the production of quarterly financial management status update in respect of local councils
- **Frequently** visit Local Councils to review their financial management systems and evaluate progress made based on agreed indicators;
- Review vouchers and supporting document for correctness
- Reviewing filing systems in place
- Verify compliance with regards to the financial provisions of the Local Government Act.
- support Local Council Finance Staff in the updating financial records for reporting purposes where necessary;
- support local council finance staff in the preparation of bank reconciliation statements;

- provide guidance to council staff on areas that needs clarifications on financial operations of council;
- give quarterly management report highlighting areas needing improvement to local councils at the end of the visits;
  - review monthly financial statements prepared by local councils
  - review annual financial statement prepared by councils prior to submission to the Auditor General;
  - Ensure the timely submission of local councils' financial statements to the Auditor General;
  - liaise with the Auditor General on audit of local councils;
- Continuously organise training and review of records management in local councils ensuring that all financial records are properly maintained for audit purposes;
- Support MDAs in the financial management of devolved functions within Local Councils by undertaking continuous training of all devolved function finance staffs assigned to local councils;
- Coordinate the financial management development of key Local Councils Officials;
- Support the Director, PFM Reforms in facilitating joint GoSL/DP review missions;
- Carry out other duties assigned by the Director, PFM Reforms.

#### **Post profile**

- Must be a Chartered Accountant with a professional qualification obtained through ACCA or any other related professional body.
- Minimum of 5 years of experience in financial management in public or private organisations, enterprises or projects.
- Sound knowledge and previous proven experience in the execution of PFM reform projects in developing countries
- Knowledge of PFM reforms in Sierra Leone is highly desirable
- Experience in Local Councils operations in Sierra Leone
- Experience in implementing a financial management system and providing financial management support within Local Councils would be an added advantage
- Proven experience in organizing and facilitating financial management training
- Excellent English language skills – both verbal and written.

### **C1.3**

#### **Terms of Reference for costing devolved functions to Local Councils**

##### **Background**

The Local Government Finance Department (LGFED), of the Ministry of Finance and Economic Development (MOFED), will use a grant from the African Development Bank (AfDB) and intends to use part of this grant to carry out costing of devolved functions to local council.

The Sierra Leone's decentralization process that started in 2004, when the Local Government Act (Act No. 1 of 2004) was enacted, has made remarkable progress and is now at the heart of the country's Poverty Reduction Strategy that sets out the path through which the Government of Sierra Leone aims to minimize absolute poverty. Despite the overall progress made in the decentralization process, the effective costing of the functions devolved and hence realistic estimation of the vertical pool is yet a key challenge. It is against this background that the Government of Sierra Leone seeks to engage the services of an external consultant with relevant developing country experience to assist the Local Government Finance Department develop full costing of the devolution. This TOR provides the basis for the assignment and presents in broad terms the duties and responsibilities of the consultant.

##### **Objectives**

The main objective of the consultancy contract is to assist the Government of Sierra Leone's decentralization process by establishing the full cost of devolution – with specific focus on costing service delivery in all devolved sectors, including the cost of personnel and infrastructural facilities. Specific objectives include:

- Establishing the full service delivery cost of the devolution;
- Establishing the required personnel strength to deliver the devolved functions; and
- Establishing the required level of infrastructural facilities to fully deliver the devolved services.

##### **Scope of services**

More specifically, the consultant shall provide the following principal services:

- Provide the cost of devolved functions in the key sectors i.e. health, education, agriculture, and rural water services
- Work with each devolved sector to establish the scope of devolved functions
- Obtain all relevant data, including sector indicators and personnel requirement, from the devolved sectors
- Work with the Ministry of Local Government and Rural Development (MLGRD) and the Ministry of Finance and Economic Development (MoFED) to understand the scope of the devolution process

- Perform any other task not specifically mentioned above, but which are necessary and essential to successfully undertake the assignment.

### **Methodology**

- Desk reviews of Sierra Leone's fiscal decentralization process- determination of the intergovernmental fiscal transfer
- Hold consultative sessions with key devolved sectors: Health, Education, Agriculture, and Water Resources
- Hold consultative sessions with key stakeholders: Ministers; Line Ministries, Departments and Agencies (MDAs) including Budget Bureau; Local Councils (LCs); Local Government Finance Committee (LGFC); Association of LCs etc.
- Hold seminar to present final report

### **Duration of contract**

The consultancy is expected to take a maximum of twenty one days: approximately two weeks of desk and field work (including travel) and approximately one week for report writing.

## **C1.4**

### **Terms of reference**

#### **Developing a medium term expenditure framework (MTEF) for Local Councils**

##### **Background**

The Local Government Finance Department (LGFED), of the Ministry of Finance and Economic Development (MOFED), will use a grant from the African Development Bank (AfDB) and intends to use part of this grant to carry out the development of a medium term expenditure framework (MTEF) for local council.

Local councils in Sierra Leone have made remarkable progress in service delivery since the inception of the decentralization process in 2004. The improvements in service delivery are hugely associated with the ongoing public financial management reforms practices adopted by the Ministry of Finance and Economic Development (MOFED).

A recent Public Expenditure Financial Accountability (PEFA) assessment indicated satisfactory performance of local councils and the report provided MOFED with relevant information about actions required for strengthening local council financial systems. Key amongst the required actions is the development of a local council MTEF to strengthen the credibility, comprehensiveness and transparency of local council budget process with key emphasis on policy-based budgeting.

It is against this background that the Government of Sierra Leone seeks to engage the services of consultant(s) with relevant experience in the ongoing central government MTEF process.

##### **Objectives**

The main objective of the consultancy contract is to:

- Formulate a medium-term expenditure framework (MTEF) that will provide guidance to local councils to engage in participatory policy-based budgeting, monitoring and evaluation of expenditure management.
- Roll out the developed MTEF concepts to local councils

##### **Scope of services**

The specific tasks will include the following:

- Undertake an assessment of the fiscal planning, budgeting, and expenditure allocation processes, identifying major challenges and opportunities related to the current fiscal planning and expenditure framework at the local council level.
- Design MTEF which will include the following guidelines:

- Statement of fiscal policy objectives and a set of integrated medium-term economic and fiscal targets and projections.
- frameworks for estimating revenues and costing expenditures of key Activities and priority sectors;
- clear linkages between policy priorities and actual resource allocation decisions;
- clear linkages between expenditure funding allocations and resource availability; and
- Mechanism to support decisions on prioritization and sequencing of budgetary expenditures in the context of the rolling MTEF (3 years).
- Mechanism to service debts within the MTEF context
- managing the impact of changes in expenditures such as savings from reductions for the budget year and two subsequent years;

### **Methodology**

- Desk reviews of Sierra Leone's MTEF process
- Hold consultative sessions with key stakeholders: Ministers; Line Ministries, Departments and Agencies (MDAs) including Budget Bureau; Local Councils (LCs)
- Work extensively with the Budget Bureau to understand Government of Sierra Leone's MTEF process and focus
- Develop the local council MTEF based on Government's focus
- Hold seminar to present final report

### **Duration of contract**

The consultancy is expected to take a maximum of 120 days.

### **Reporting requirements**

The consultant(s) will produce inception, progress, and final reports. The inception report will be submitted within 3 weeks of the start of services and will contain a time-bound work plan of activities and deliverables. The progress reports will be submitted at the completion of all field visits, and the draft final report submitted at least 2 weeks before completion of the contract. The final report, incorporating comments of the MOFED should be submitted upon completion of the services

## **RÉSULTATS DES NÉGOCIATIONS**

1. Les négociations entre les délégations de la République de Sierra Leone et de la Banque africaine de développement, qui se sont achevées le 21 juillet 2011, ont été couronnées de succès.
2. Les parties ont convenu des objectifs, des composantes et du plan de financement du projet, ainsi que des conditions de décaissement connexes et des conditions du don au titre de la FEF, tel que stipulé dans le Rapport d'évaluation du projet (REP), le Projet de protocole d'accord et la Lettre de décaissement pour l'EGRP II.