ANNEX I

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>SIERRA LEONE - Electoral Assistance Project - Decision number FED/2010/022477</th>
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<tr>
<td>Total cost</td>
<td>EU contribution: EUR 8,000,000 A Envelope Joint co-financing</td>
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<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – joint management with UN/UNDP</td>
</tr>
<tr>
<td>DAC-code</td>
<td>15151</td>
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2. RATIONALE

2.1. Sector context

Sierra Leone has two constitutionally mandated Electoral Management Bodies (EMBs): the National Electoral Commission and the Political Parties Registration Commission (NEC & PPRC). NEC functions include: 1) Conduction of election and referenda; 2) registration of voters; 3) demarcation of constituency with Parliament approval; 4) making regulation for the efficient performance of its functions. Besides being in charge of the registration of new political parties, PPRC is predominantly engaged in mediation efforts to solve inter- and intra-party conflicts and reduce election related violence.


During the period 2005-2009 the donors’ community provided support to the EMBs. Progress has been made but there is still a substantial need in terms of capacity building. In December 2009 DFID agreed with the UNDP that the provisional remaining DFID balance of the basket fund will be used in order to provide targeted capacity building technical assistance for the period January/June 2010. The implementation of the project, which is in line with the EU/DFID Joint Country Strategy Paper, is planned to start in 2010 to avoid gaps in the current donors support and allow the timely preparation of the 2012 Presidential and Parliamentary and Local Elections.

2.2. Lessons learnt

Since 2005 the National Electoral Management Bodies have received substantial support through a multi-donors Basket Fund1 managed by UNDP which ended in December 2009. The NEC and PPRC have developed their infrastructure and professional expertise. However, there is still an obvious need in the NEC and PPRC for building permanent know-how. For example, district structures are not fully functioning due to insufficient provision of operational budgets from the GoSL, and also due to the absence of a clear strategy to create a reasonable transition phase between elections.

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1 EU, DFID, IrishAid, Norway, Denmark, Japan and UNDP
Public outreach and voter education tasks of the NEC did not function sufficiently well during the last elections. The EUEOM recommended to develop a voter and civic education strategy in collaboration with the National Commission for Democracy (NCD), the National Human Right Commission for Sierra Leone (NHRC) and Civil Society Organisations, as well as an integrated operational plan for continuous sensitization activities until 2012. The activities have to be monitored by the NEC, which should establish a robust monitoring and quality control system.

To build public and stakeholders’ trust in electoral process it is important that election related challenges and disputes are dealt with in a timely manner. The establishment of temporary Electoral Offences Courts (EOC) in 2007 and 2008 was therefore justified. The project will strengthen the legal framework and the capacities of the EOC.

In 2007 and 2008 the Office for National Security with the support of the donors and in close collaboration with NEC and PPRC developed and implemented a security action plan involving all security forces. This was an effective measure in preventing and handling election related violence. The security sector requires continuous support particularly considering that at the beginning of 2009 an increased incidence of political violence has been registered between the ruling party (APC) and the major opposition party (SLPP).

The partnership with the UNDP facilitated procurement procedures and the rapid mobilization of UN logistic support, whenever needed, particularly during the election days.

It was noted that the UNDP management should be refined in order to meet the donors reporting requirements, to ensure participatory recruitment procedures, timely communication with donors and to maximise the visibility of the donors' intervention. Donors held meetings with the UN/UNDP management to address the aforementioned shortcomings. Corrective measures have been agreed. Efforts made by UNDP to improve its own governance and management have been recognised by the donors, particularly by DFID and the EU.

2.3. Complementary actions

In line with the EUEOM recommendation to strengthen the role of the media in the election environment the EU is supporting the UN Peace Building intervention aimed at the creation of an independent Sierra Leone Broadcasting Corporation (SLBC). The EU intervention, funded under the Instrument for Stability, targets two main areas: i) supporting the efforts of the GoSL for the privatisation of the state radio by providing training to journalists, editors and technicians of the future SLBC, and ii) in the interim ensuring the continuation of Cotton Tree News broadcasts that provide an independent and professional coverage on subjects such as justice, human rights, electoral process, etc.

Outside the Basket Fund, DIFD intends to replicate the experience of the previous PIVOT project implemented in support of the 2007-2008 Elections. The purpose of the ‘PIVOT’ programme was to support free and fair elections by improving citizens’ ability to engage effectively in the electoral process through enhanced capacity of media and civil society. The replication of the same scheme in view of the 2012 Elections would greatly complement the support to the electoral process provided by donors through the Basket Fund.

2.4. Donor coordination

The proposed project implementation modalities are fully in line with the Paris Declaration. A multi-donor Basket Fund will be put in place to eliminate duplication of efforts and rationalise donor activities to make them as cost-effective as possible. Furthermore, local ownership and improvement of local institutional capacity represents the starting point of the proposed donors’ intervention. Past experience proved that the high visibility of a basket fund mechanism can also facilitate coordination with other donors operating outside the basket fund. Regular meetings and fora are organised to share information and enhance coordination among the different interventions to promote complementarity.
3. **Description**

3.1. **Objectives**

The overall objective of the intervention is to contribute to the consolidation of a national democratic system in Sierra Leone.

The specific objective/purpose is an increased EMBs’ ability to conduct their core activities in an impartial, transparent and sustainable manner.

3.2. **Expected results and main activities**

It is envisaged to achieve the following five major “Project Results”:

- **01.** The infrastructural, institutional and operational capacity of the National EMBs is enhanced and they are able to fully adhere to their mandate
- **02.** Increased local ownership in the planning, preparation and conduction of elections and national referenda.
- **03.** Civic/voter education and information is carried out in an efficient way.
- **04.** Election related violence is reduced and prevention measurements are in place
- **05.** Election related disputes and offences are fast tracked and settled

**Results 01 and 02** will be achieved by supporting the implementation of the Restructuring Plans of NEC and PPRC. A Technical Assistance component will be put in place tailored to the needs of the EMBs and with a focus on capacity building in order to enhance the local ownership. Following the recommendation of the 2007 EUEOM and the evaluation team, the project will promote decentralisation of the activities of the NEC and PPRC and consequent reinforcing of the decentralised offices.

Past experience has shown that Civic and Voter education/information needs to be strengthened alongside with activities promoting Human Rights in general, and in particular, the participation of women, minority groups, people with disability in the electoral process. **Result 03** will be attained by outsourcing the civic and voter education/information activities to relevant stakeholders. The National Commission for Democracy (NCD), the National Human Right Commission for Sierra Leone (NHRC) and Civil Society Organisations have been identified as eligible NEC partners for the conduction of civic and voter education and information activities before, during and after the election time.

The EU intervention will contribute to **results 04 and 05** by reinforcing existing structures such as the temporary Electoral Offences Court and by supporting the National Electoral Security Plan to be put in place to ensure free violence elections.

The activities related to the expected results are:

**Result 01:** The infrastructural, institutional and operational capacity of the National EMBs is enhanced and they are able to fully adhere to their mandate.

Activities:

1.1 Support to the implementation of the 7 step matrix NEC reform
1.2 Support to the restructuring of PPRC
1.3 Support to IT system development
1.4 Support to infrastructural, institutional and operational development
1.5 Training
1.6 Technical Assistance

**Result 02:** Planning, preparation and conduction of electoral events and national referenda timely carried out.

Activities:

2.1 Support to the preparation of operational plans and budget for electoral events and referenda
2.2 Review electoral laws and regulations
2.3 Create an improved voter registration system and updating procedures
2.4 Revisit boundary delimitation where necessary
2.5 Purchase of electoral/referenda materials.
2.6 Logistic support during elections/referenda
2.7 Support to local CSO in monitoring the electoral process

**Result 03: Civic/voter education and information is carried out in an efficient way.**

Activities:

- 3.1 Development of a gender sensitive civic and voter education/information strategy
- 3.2 Development of an integrated operational plan in cooperation with NCD, NHRCSSL and selected CSO for voter and civic education/information
- 3.3 Continuous implementation of defined voter and civic education/information activities
- 3.4 Implementation of activities encouraging and assisting female candidates
- 3.5 Design and implementation of a monitoring and quality control system

**Result 04: Election related violence is reduced and prevention measurements are in place**

Activities:

- 4.1 Support to the preparation and implementation of a National Security Plan for the elections
- 4.2 Conduct sensitization activities for political parties and candidates
- 4.3 Intensified mediation for solving inter and intra party disputes
- 4.4 Sensitization of police and security forces on electoral tolerance
- 4.5 Overseeing the legal compliance of existing political parties
- 4.6 Fostering the internal democracy and accountability of registered political parties

**Result 05: Election related disputes and offences are fast tracked and settled**

Activities:

- 5.1 Revision of the EOC legal framework
- 5.2 Development of (semi) permanent EOC structures
- 5.3 Development of a Capacity Building and training strategy and plan for EOC staff
- 5.4 Design and implementation of Communication and information structures

### 3.3. Risks and assumptions

The project builds on two main assumptions: a) EMBs independence from any political interference; b) strong commitment of the Government to strengthen democratisation process and rule of law. The last two elections in 2007 and 2008 proved that both conditions have been met. There is no reason to think about a drastic change in the conditions during the implementation of the proposed intervention.

The possible overruling of the democratic order by unconstitutional actions remains a risk in a fragile State like Sierra Leone. This risk is mitigated by a "security component" in the project which aims to support the national security apparatus and build its capacity. This specific project intervention will align with the consistent support already provided to the national security system by DFID and PBF. Political violence is a risk but the Government is firmly committed to maintain the stability in the country with the support of the international partners. The established inter-party dialogues represent an important mitigating measure.

Corruption may endanger the electoral process but mechanism to prevent and handle such cases have been put in place by NEC since 2007 and proved to be effective even though they require to be further strengthened through the project support.

The GoSL will ensure the payment of salaries of permanent EMBs staff. Additional GoSL financial commitment is however at high risk because of the serious budget constraints aggravated by the consequences of the global crisis. It is therefore important that international support is provided in a timely manner to avoid disruption in the activities of the EMBs. UN/UNDP and Donors will work in strict collaboration to ensure timely disbursement and implementation.

The sustainability of the action relies on the high level of ownership of the two main EMBs (NEC and PPRC) which are widely considered as impartial and independent by the political parties and Civil Society. Local ownership will be further strengthened by the project whose activities are mainly meant to capacitate the national institutions.
3.4. Crosscutting Issues

In line with the EUEOM recommendations, the proposed project aims to strengthen the coordination between the NEC, PPRC and the National Commission for Democracy, National Human Rights Commission for Sierra Leone, and CSOs in promoting democracy, human rights and rule of law in the elections and intra-election time. Women participation in the elections as voters and as candidates is promoted by this project.

3.5. Stakeholders

NEC is the only institution with the constitutional mandate to conduct Presidential, Parliamentary and Local Government Elections in Sierra Leone. NEC is widely considered as impartial and independent by the political parties and Civil Society. The degree of ownership is high despite the fact that the government is not able to fund elections because of the very difficult overall financial situation of the country.

The PPRC was established as an independent commission in 2005. The core activities of PPRC are not limited to the registration of Political Parties but include also the following tasks: mediation in inter and intra party disputes, sensitisation of political parties and candidates on political tolerance, promotion of the role of women in politics, sensitisation of the police and security forces on electoral tolerance, overseeing the legal compliance of political parties and finally fostering the internal democracy and accountability of political parties. The PPRC enjoys a high reputation among the political parties, CSOs and security forces. It is perceived as an impartial and efficient mediator. However, it lacks sufficient funding to properly carry out its mandate.

The project aims to strengthen coordination between the NEC, PPRC, National Commission for Democracy (NCD), the National Human Rights Commission of Sierra Leone (NHRCSL) and CSOs in promoting democracy, human rights and rule of law in the elections and intra-election time by better structuring previous collaboration and building on acquired local expertise in civic/voter education and information that may be partially delegated or outsourced to other relevant institutions and local CSOs.

In 2007 and 2008 temporary Electoral Offences Courts were established to fast track the resolution of legal disputes related to alleged electoral offences. According to the 2007 EUEOM, the establishment of the EOCs, provided an opportunity for a consistent framework for dealing with election complaints and appeals. However a revision of the legal framework and restructuring of the EOCs is very much needed to enhance their operational capacity.

To ensure violence free elections it is also important that a security plan be operative for the security forces in order to respond without delays to any need of intervention in case of political violence, clashes, intimidations, etc.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

A Financing Agreement will be signed between the European Union and the NAO of Sierra Leone. With the signature of the Financing Agreement, the NAO gives full mandate for its execution to the European Commission. The project will be implemented by the European Commission, through its delegation in the beneficiary country under joint management through the signature of a Contribution Agreement (CA) with UN/UNDP, a Multi-donor Trust Fund for Sierra Leone is under preparation. UNDP shall administer the CA in accordance with the provisions of the “Financial and Administrative Agreement – FAFA” signed between the EC and UN and the implementation will benefit from the “EC-UNDP Operational Guidelines for the Implementation of Electoral Assistance Projects” signed on 24 April 2006 by AIDCO General Director and UNDP Associate Administrator.

Since 2005, UNDP is managing an electoral Basket Fund for electoral support to which the EU has been contributing from 2007. In line with the Paris Declaration the major donors - EU, DFID – agreed to maintain a multi-donor Basket Fund in place to eliminate duplication of efforts and rationalize donor activities in order to make them as cost-effective as possible. Mirroring the previous set up of
the UNDP Basket Fund, a steering committee shall be set up to oversee and validate the overall direction and policy of the project. Furthermore, a Technical Committee will be in place and Stakeholder Meetings regularly organised.

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the 10th EDF Financial Regulation.

All contracts implementing the activities covered by the Contribution Agreement are awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

4.3. Budget and calendar

The total project cost is estimated at USD 23,000,000 or approximately EUR 17,700,000, of which EUR 8,000,000 shall be financed from the NIP in the framework of the revised EU-ACP Cotonou Partnership Agreement. Figures on the contributions from other donors and Government are not known at this stage. DFID will support the Basket Fund through a substantial contribution but actual figures will be available only at a later stage.

(in EUR)

<table>
<thead>
<tr>
<th>Categories</th>
<th>EU contribution</th>
<th>Government contribution</th>
<th>Own resources</th>
<th>Total</th>
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<td>Technical Assistance</td>
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<td>External Evaluation</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>17,700,000</strong></td>
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Exchange rate according to the Info euro rate for May 2010: 1 USD = 1.3 EUR

The foreseen operational duration is of 60 months as from the signature of the Financing Agreement. The duration is intended to cover needed post-election activities even in case of postponement of the 2012 election and a possible constitutional referendum to be organised by NEC after the 2012 elections.

4.4. Performance monitoring

Project monitoring will be conducted at three levels, the first level being activity monitoring that reports on implementation progress of the project; the second will report an assessment of project performance in achieving expected outcomes (outcome monitoring), and the third will be the assessment of project contribution toward the achievement of its overall goal (impact evaluation). These will be conducted by the project management unit and form part of their routine reporting requirements in a format to be developed. Beneficiaries of the fund should conduct monitoring according to performance indicators (both baseline values and expected targets) and report on findings.
in regular progress reports submitted to the PMU. The overall monitoring responsibility is with the Steering Committee. The project will be monitored in line with the Objectively Verifiable Indicators as identified in the project log frame. Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external monitoring ROM system.

4.5. **Evaluation and audit**

Provision is made within the financing agreement for an evaluation of the programme to be undertaken by an external evaluation team contracted by the European Commission. The external evaluators will be contracted in accordance with procedures applicable to the 10th EDF and in accordance with the general conditions of the Contribution Agreement.

Independent consultants recruited directly by the Commission on terms of reference established in consultation with UN/UNDP will carry out external evaluations, as follows:

- a mid-term evaluation mission;
- a final evaluation, at the beginning of the closing phase;
- possibly, an ex-post evaluation.

UN/UNDP and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The reports of the other evaluation and monitoring missions will be given to UN/UNDP, in order to take into account any recommendations that may result from such missions. The Commission shall inform UN/UNDP at least one month in advance of the dates foreseen for the external missions. UN/UNDP shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

4.6. **Communication and visibility**

During the past years, the EUD delegation sensitised the project beneficiaries on the need to be proactive in ensuring the maximum visibility of the EU intervention in support of the electoral process. Both NEC and PPRC acknowledged their commitment in promoting the visibility of the EU support.

Furthermore, UN/UNDP agreed that specific measures and initiatives shall be undertaken to ensure participation and adequate perception of the EU efforts among all the stakeholders of the electoral process. These shall be further discussed and agreed upon by the Delegation and UN/UNDP. In this context, the Delegation would be allowed to take a more proactive role in promoting the EU-funded activities implemented through UN/UNDP.

UN/UNDP will implement the concept of visibility matrix related to the electoral assistance targeting the three groups that need to receive the EU’s message: the beneficiary population, the professional population (Parliament, Council, and International Donors) and the European Tax payers.

Lesson learnt from the past showed that the inputs from a dedicated Communication/Visibility expert are essential for an effective communication/visibility strategy. Therefore, a dedicated expert will be budgeted for in the Basket fund and recruited in the UN/UNDP PMU. The expert will primarily prepare the visibility plan in agreement with the partners and ensure its implementation.

As general measure, information given to the press, the beneficiaries of funds, and all related publicity material, official notices, reports and publications, equipment, vehicles and major supplies shall acknowledge the European Union as co-financier and display in an appropriate way the European logo, when possible and appropriate.

The EU Delegation will take care to ensure a correct media coverage of the *Electoral Assistance Project*. 
ANNEX II

1. **IDENTIFICATION**

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<tr>
<th>Title/Number</th>
<th>SIERRA LEONE - Decentralised Service Delivery Project – 2010/022-211</th>
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<td>Total cost</td>
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<td></td>
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<td>(DFID Contribution to be determined later)</td>
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<td>Project approach – Joint management</td>
</tr>
<tr>
<td>DAC-code</td>
<td>15112 Sector Decentralisation</td>
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2. **RATIONALE**

2.1. **Sector context**

The Government of Sierra Leone (GoSL), with the financial support of the World Bank (11.9 million EUR), launched a decentralisation programme in 2004 with a view to defuse political tensions, improve the governance environment, and establish an equitable and transparent resource transfer system from the centre to local levels to reduce the resource gaps and income inequalities among regions. Decentralisation in Sierra Leone is underpinned in legislation by the Local Government Act (LGA) and related Statutory Instrument of 2004 which provides for a phased transfer of service delivery functions from 17 Ministries, Departments and Agencies (MDAs) to the 19 newly-established Councils during a transition period that extended to 2008. The programme attracted support from development partners, the European Union (10 million EUR) and Department of Foreign and International Development - DFID (15.7 million EUR) by co-funding the Trust Fund called "Institutional Reform and Capacity Building Project (IRCBP)". The IRCBP will end by 2011 and will be followed up by a new project called "Decentralised Service Delivery Programme" (DSDP).

The rationale for the Decentralised Service Delivery Project (DSDP) is founded on the identified need for an increasingly integrated approach to the provision of basic services by Local Councils (LCs). It takes into account the gaps in existing instruments and interventions (sector programs, budget support) in support of progress towards the MDGs.

The DSDP is consistent with the GoSL’s main developmental policy and strategy, the Sierra Leone Poverty Reduction Strategy Paper (2008-2012) – “The Agenda for Change”. The DSDP is line with Pillar (IV): ensuring sustainable human development through the provision of improved social services and Pre-condition 1 – Peace, Security and Good Governance. During the Poverty Reduction Strategy (PRS) implementation period, the Government has committed to continue the implementation of its local governance reform and decentralisation programme, aiming to improve service delivery and support development in Sierra Leone. The GoSL, as part of its PRS, intends to ensure full devolution of service functions and requisite financial and human resources to Local Councils. The draft national policy on decentralization stipulates that this should be concluded by the end of 2012.

2.2. **Lessons learnt**

Since the inception of the decentralisation project through the Local Government Act (LGA) in 2004, 19 LCs have been established and progress has been made in the devolution of functions and transfer of grants to LC service delivery. This has been accompanied by improvements in the capacities of the LCs.
LCs, councillors and council staff. The lessons learned, as validated by the EC ROM exercises conducted in 2006 and 2009, and by the World Bank Missions can be highlighted as follows:

- LCs have acquired significant capacity to perform certain functions but there is room for improvement.
- Unpredictability and of GoSL/Budget Support fund flows to councils has made the LCs less effective.
- Parallel structures like Project Coordination Unit (PCU) and Local Government Finance Department (LGFD) in the Ministry of Finance and Economic Development (MoFED) and Decentralisation Secretariat (DecSec) has made decision making difficult
- The Rapid Results Initiative of the current IRCBP has proved to be effective and generated concrete results at community level as well as the institutional and human resources of the LCs.
- Absorptive capacity of DecSec is low primarily because of the late preparation and approval of annual action plans.
- The capacity of the LCs in the preparation and implementation of District Plans is weak and will be strengthened in the new DSDP. The mapping and integration of all internal and external support at District level (including EU support through the EDF and Budget Lines) will add to the effectiveness of aid in Sierra Leone.

The above lessons have been considered in the design of the DSDP with its major focus on grants to LCs to enhance the capacity of the LCs in basic service delivery.

2.3. Complementary actions

The DSDP when implemented will be complementary to the following EU supported and foreseen projects:

1. The on-going 9th EDF decentralisation project - IRCBP that supported the establishment of 19 local Councils and helped to develop their institutional capacities and also those of MDAs involved in Decentralisation;
2. The on-going 10th EDF General Budget Support, and the Non State Actors (NSA) and Local Authority (LA) Budget Line that is supporting both NSAs and LCs to implement good governance, accountability and basic service delivery;
3. The Integrated Public Financial Management Project (IPFMRP), a multi donor supported project (World Bank, EU, DfID) which targets activities inter alia in the areas of budget management and re-enforcing the control system for improved service delivery.
4. The DFID, Irish Aid, African Development Bank and WB supported Reproductive and Child Health Project that is implemented nationwide;
5. The foreseen EU 10th EDF Agriculture for Development Programme with the Decentralisation Component for Agriculture;
6. The planned EU 10th EDF programme on Civil Service Reform that will support structural reform and improvements in the functioning of the civil service; and
7. The foreseen 10th EDF EU Civil Society Capacity Building and Local Accountability Mechanisms Project.

Other bilateral donors active in the area of local government support include JICA, with a programme of local planning for rural development in 2 Northern Province District Councils and GTZ which has a youth resettlement and reintegration programme in two Districts in Eastern Province. A joint donor/government coordination mechanism has recently been established to foster complementarity with all such interventions.
An increased capacity and effectiveness of the District Local Authorities in planning and implementing services will enhance the expected outcomes of all projects benefiting from external support at District level. The predictability of grants to the LCs and the continued institutional and human capacity building of the Councils will strengthen their revenue generation, as well as improving governance and effective service delivery, contributing to the sustainability of the project.

2.4. **Donor coordination**

The EU is jointly managing the Institutional Reform and Capacity Building Project on Decentralisation Trust Fund with the World Bank and DFID in support of Decentralisation in Sierra Leone. The Joint EU/DFID programming exercise covering years 2008-2013 is an important step forward in terms of donors’ coordination in Sierra Leone. Interventions have been mapped between EC/DFID to ensure complementarity and consistency. This project will follow the same principles.

The Health Development Partners forum is another example of good coordination between all Donor Partners and the UN family.

3. **DESCRIPTION**

3.1. **Objectives**

*Overall objectives and purpose (specific objective) of the EU support.*

The overall objective of the programme is to support decentralized delivery of basic services in Sierra Leone.

The DSDP has three specific objectives that are considered as components and implemented in phases. In addition to providing Councils with substantially more funding for basic service delivery, Specific Objective 1 (SO 1) or Phase I of the programme will focus on strengthening Government institutional and organizational capacity at the central and local level to enable LCs to fulfil their core devolved functions. The focus will be on strengthening key processes in the service delivery value chain that will reinforce efficient use of resources namely: development planning; budgeting; expenditure monitoring; monitoring of service delivery results; and strengthening citizen involvement in the service delivery cycle.

In Specific Objective 2 or Phase II, the programme will focus more explicitly on translating that institutional and organizational capacity into better service outcomes with continued focus on refining the grants system and cross-cutting constraints.

In Phase III (SO 3), the programme will be expected to focus on addressing sector-specific gaps in service delivery.

The EU contribution will support only the grant component, the Programme Management and TA components being taken care of by the WB. The programme might attract other donors in due course, but that is yet to be determined.

3.2. **Expected results and main activities**

The "Decentralised Service Delivery Programme" (World Bank Trust Fund) is designed to be a three component project.

Component 1 will be grants to Local Councils;

Component 2, Capacity Development (CD) and Technical Assistance (TA) and

Component 3, Programme Management.

Since capacity building and project management components have been consistently addressed by the IRCBP with concrete results, the DSDP is designed to reinforce capacity and project management and address remaining gaps on the expiry of the IRCBP.

Component 1 of the DSDP is focussed on giving grants to the LCs, the two main expected results are: the timely and predictable transfer of grants to the LCs; and an effective service delivery in four key sectors: Health, Education, Water and Solid Waste Management.
Component 2 of the project is aimed at augmenting capacity building efforts to date under IRCBP and will have a particular focus on integrated, cross-sectoral planning and budgeting, monitoring and evaluation and social accountability initiatives. Target groups will at local level include core and sectoral staff, council committee members and ward committees and - at the centre - staff of MDAs concerned with national standard setting and M&E. Interventions will be organised both around generic CB training events and on the basis of access to demand-driven financing allocations (subject to bids) that will accommodate training and small scale equipment and TA requests. Currently, the Government mandates that LCs operate separate accounts for each devolved function (health, education, water, etc), allowing the Government to deposit its grants directly into the relevant accounts. The DSDP will adhere to this system, and provide LCs with quarterly transfers in the form of four sector-specific block grants, deposited into the corresponding LC accounts. This use of sector-specific block grants is notable because it represents an advance on current practice. At present, Councils receive multiple tied grants in the health and sanitation, agriculture, and education sectors. Thus, the shift to block grants is in keeping with the general policy push toward greater spending autonomy at the Council level.

All spending must relate to items appearing in LCs’ annually-approved budgets, which should also be reflected in their local development plans, and consistent with national sector strategies. Funds transferred to LCs will finance activities in the four targeted sectors that are in line with the criteria for eligibility defined. IDA-funds will be sector-specific but not function-specific; Councils will therefore have the flexibility to meet their own priorities in spending funds for any function related to the relevant sector.

### 3.3. Risks and assumptions

<table>
<thead>
<tr>
<th>Category of Risk</th>
<th>Nature of Risk</th>
<th>Level of risk</th>
<th>Risk Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Level</td>
<td>GoSL decreases its support an commitment to an effective decentralisation</td>
<td>Low</td>
<td>Policies and strategies are updated and action plans approved and executed at HQ level without delays</td>
</tr>
<tr>
<td></td>
<td>Weaknesses in legislative scrutiny and the banking sector, as well as low human capacity. Declining Revenue, Energy challenges, are impacting on timely and adequate intergovernmental fiscal transfers</td>
<td>Medium</td>
<td>The recently approved Integrated Public Financial Management Reform Project (IPFMRP) should help GoSL to address institutional capacity weaknesses in the public service in the medium term. Efforts are being made to help GoSL substantially resolve the Energy demands and enhance revenue management framework in the medium term.</td>
</tr>
<tr>
<td>Entity level</td>
<td>Political Term of Office of Councillors may undermine the development planning and service delivery at the Councils</td>
<td>Medium</td>
<td>The PCU and DecSec are ready to back stop at the time when Councils are busy with politics</td>
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<tr>
<td></td>
<td>Weak FM capacity at Local Council level.</td>
<td>Medium</td>
<td>Use of the Local Government Finance Department (LGFD) and decentralization Secretariat with experience in previous Bank Interventions and with the administration of LC grants transferred from the national budget</td>
</tr>
<tr>
<td></td>
<td>On-going capacity development training and coaching for LC staffs started under IRCBP will be complemented under the IPFMRP and DSDP</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.4. Crosscutting Issues

Crosscutting issues like HIV/AIDS, gender and environment will be taken into account mainly in component 1 – Grants to LCs, the basic service delivery component. All LCs sector-specific block grants will ensure that gender and environmental concerns are considered and activities incorporated to mitigate and existing or emerging gender and environmental matters during project design and implementation.

3.5. Stakeholders

The World Bank will provide an Adaptable Programme Loan of $20m to GoSL and manages the Trust Fund for the implementation of the DSDP. The MoFED will be responsible for the DSDP as a whole; in particular, an Integrated Project Administration Unit (IPAU) which will administer a number of programs housed in the MoFED and will have overall responsibility for the administration, coordination, monitoring, and evaluation of project activities. The Local Government Finance Department (LGFD) will be responsible for fiscal transfers of LC grants.

Through its Decentralization Secretariat (DecSec), the Ministry of Internal Affairs, Local Government and Rural Development (MoIALGRD) will be the executing agency of Component 2 of the DSDP. DecSec was established to implement the IRCBP and has accumulated significant experience in the area of capacity building of Local Councils.

The Key Ministries, Departments and Agencies (MDAs) provide adequate policy guidance and service delivery oversight. The LCs and ward Committees as the key actors, would plan, design and implement projects at Council level. Councils and their staff (including those linked to MDAs) will benefit from constant support for general management, development planning, budgeting, and budget implementation.

Communities and people of Sierra Leone in general are the final beneficiaries of the project. A satisfactory implementation of the project will alleviate and improve their livelihoods and foster community development.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

A Financing Agreement will be signed between the European Union and the NAO of Sierra Leone. With the signature of the Financing Agreement, the NAO gives full mandate for its execution to the European Commission. The project will be implemented by the European Commission, through its delegation in the beneficiary country under joint management through the signature of an Administrative Agreement with the World Bank. The World Bank shall administer the Administrative Agreement in accordance with the provisions of the “Financial and Administrative Agreement – FAFA” signed between the EU and the World Bank.

The World Bank is presently managing the Trust Fund for the Institutional Reform and Capacity Building Project on Decentralisation, a project that the DSDP will complement as it ends in 2011.

Though the project is supported through a Trust Fund, the DSDP will maximize the use of existing or proposed Government structures, particularly the existing Inter-governmental Fiscal Transfer System (IFTS) and the implementation arrangements set up by the IRCBP to support capacity development of Local Councils. Contrary to being a parallel fund to the GoSL National budget, the Trust Fund will be an administration of supplementary grants to LCs in addition to LC grants from the Government's consolidated fund.
4.2. **Procurement and grant award procedures**

Except for external Evaluation and Audit which are centrally managed by Commission, all contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down in the Operational Manual adopted by the World Bank.

External Evaluation and Audit contracts which are centrally managed by the Commission, are awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

4.3. **Budget and calendar**

The total EU Contribution of EUR 5,000,000 would be used to support Phases 1 and 2 of Component 1 of the DSDP. The World Bank support of 20 million USD to the DSDP is a long term soft loan called an Adaptable Programme Loan (ADL) to GoSL. Confirmation is yet to be made of the DFID suggested support to the DSDP. The total project amount that goes into the Administrative Agreement managed by the World Bank is EUR 4,860,000 that includes EUR 4,650,000 for Grants to the LCs and EUR 210,000 for Communication/Visibility. The Evaluation and Audit budget line will be managed by the Commission and contracted through framework contracts.

<table>
<thead>
<tr>
<th>Categories</th>
<th>EC contribution EUR</th>
<th>Government contribution EUR</th>
<th>World Bank EUR</th>
<th>Total EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Agreement (AA) with World Bank for Grants to LCs</td>
<td>4,650,000</td>
<td>.......................</td>
<td>................</td>
<td>4,650,000</td>
</tr>
<tr>
<td>Additional part of the Administrative Agreement with World Bank - Communication/Visibility</td>
<td>210,000</td>
<td>........................</td>
<td>................</td>
<td>210,000</td>
</tr>
<tr>
<td>Monitoring, External Evaluation and Audit</td>
<td>140,000</td>
<td>........................</td>
<td>................</td>
<td>140,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>5,000,000</td>
<td>........................</td>
<td>14,826,896</td>
<td>19,826,896</td>
</tr>
</tbody>
</table>

Exchange rate according to the Info euro rate: USD to EUR is 1.3 for May 2010

The operational duration of the DSDP is 36 months.

4.4. **Performance monitoring**

MoFED will have overall responsibility for programme monitoring and evaluation. For the most part, this will not require the Ministry to undertake any new activities, as the majority of program monitoring and reporting will rely on existing systems and processes. As the programme involves the administration of grants to LCs in addition to GoSL grants, M&E arrangements will take all Local Council spending into account (rather than focusing exclusively on a donor-financed sub-set of activities). This approach emphasizes the development of strong country systems that include comprehensive monitoring at the local level linked with improved supervision from the centre, and achievement of results. The financial monitoring system is well-established and sufficient to meet the requirements of the program. However, arrangements for the monitoring of LC service delivery activities are relatively weak, and not well coordinated between sector MDA staff, the LC core staff, and the MoJALGRD. An external institution (e.g., a University or a research institute) will therefore be contracted to provide technical assistance in strengthening M&E arrangements for the local level.
In addition to the above mentioned project monitoring methods, the EU supported DSDP component will be subjected to the EU supported External Result Oriented Monitoring Mission.

4.5. Evaluation and audit

Provision is made within the financing agreement for an evaluation of the programme to be undertaken by an external evaluation team contracted by the European Commission. The external evaluators will be contracted in accordance with procedures applicable to the 10th EDF and in accordance with the general conditions of the Administrative Agreement.

4.6. Communication and visibility

The project will ensure that EU Visibility guidelines are followed and applied whenever relevant. As the EU support is focussed on grants to LCs, the Project Management will distribute copies of the EC Communication and Visibility Manual and will encourage the Councils to incorporate visibility activities in their annual work plans for which the specific budget line in the proposal will be used. The budget line for Communication/Visibility will be allocated to the 19 LCs and the IPAU. These Councils and the IPAU will have to present their Communication/Visibility plans with cost as part of their overall proposals for disbursement. Since there are 19 LCs, each Council will be entitled to propose activities for a maximum of €10,000 for Communication/Visibility over the project implementation period while the IPAU will propose activities for a maximum of €20,000. In their progress reports, the beneficiary LCs should report on their previous Communication/Visibility activities before further funding is approved for them. In this way, the budget line on the Visibility will serve as an incentive package for the LCs and PCU to plan and implement Communication/Visibility activities. The Project Management will distribute to the LCs and the relevant stakeholders the EC Communication and Visibility manual.
ANNEX III

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>SIERRA LEONE - Priority Infrastructure Works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision number</td>
<td>021-357</td>
</tr>
<tr>
<td>Total cost</td>
<td>EUR 23,500,000 as EU contribution</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – partially decentralised management</td>
</tr>
<tr>
<td>DAC-code</td>
<td>21020 Sector Road transport</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

**Road sector**

The economy of Sierra Leone is highly dependent on the transport of people and commodities by road, since the phasing out of the railway in 1970. However, the condition of the national network is poor and its extent limited. Compared to other African countries the network is relatively dense and fairly interconnected, with sufficient connections between main nodes and a current density assessed at 2.8 km/100 inhabitants. This network analysis masks the fact that there remain a few important and agriculturally fertile rural areas previously served by the long-defunct railway, which still need to be connected. The public road network totals about 11,700 km of which about 8,000 km is classified in the National Road Systems and the remaining 3,000 km is made up of local networks and unclassified roads and tracks. The identified core road network is presently (2008) 4,403 km. The main part of the network is not in a maintainable condition. In 2008, the maintainable road network (roads where specifications can be kept with routine maintenance) was 1860 km, which corresponds to about 40% of the core network and less than 15% of the total network. Asphalted (tarmac) roads represent less than 10% of the total network. Therefore, to rehabilitate/reconstruct the core national road network is the main sector priority.

Management of all public roads in Sierra Leone has been the responsibility of Sierra Leone Roads Authority (SLRA) since its creation by an Act of Parliament in 1992. The Act makes provision for SLRA to delegate its responsibilities for certain roads to local government bodies. The sector study prepared by the World Bank in 2004 highlighted the need for the Roads Authority to undergo a restructuring process. The Government's Letter of Sector Policy of October 2005 recognizes that the existing institutional framework and capacities are not adequate to sustain the road network. The Government, with the support of the donors, is committed to pursue the restructuring and reform of the road sector, including a future separation of the Road Fund from SLRA. The legislation to amend SLRA Act was approved by the Cabinet in late 2009 and approved by the Parliament in the first quarter of 2010.

Current road investment from donors is focused on rehabilitation (41%) and reconstruction (22%). The ongoing projects have a total cost of more 180 MUSD, from which around 70% are committed EDF funds. The funding gap to rehabilitate/reconstruct the whole network is estimated at 600 MUSD. The EU will contribute to fill this gap with a minimum of additional 70 MUSD in the next 3 years. It is expected that roads will be rehabilitated at a rate of about...
120 km per year, thus bringing the total maintainable network to 2340 km in 2012. The corresponding funding need from the Road Fund would then go from 9.34 MUSD in 2007 to 11.67 MUSD in 2012. The financial statements for 2008 shows that road user charges levied on fuel and funds from vehicle registration and licenses to the Road Fund amounted to 15.7 MUSD (47 billion SLL), an increase from 2007 with 27%. The administrative expenses (which include the Roads Authorities operational costs) was down from 6.6 MUSD (53% of RF income) in 2007 to 5.5 MUSD (35% of RF income) in 2008. The 2009 Road Fund budget includes an allocation of 0.3 MUSD for the Councils to use in procuring maintenance for their feeder and urban roads.

Urban development
Since the launch of the decentralisation process in 2004, resources have been transferred to local councils to undertake service delivery at the local level. The Freetown City Council (FCC) has been supported by the Decentralisation Unit (Ministry of Finance) and the Decentralisation Secretariat in the framework of the Institutional Reform and Capacity Building Project (IRCBP) set up in 2004 by the World Bank and DFID, with EU support since 2006. The aim of that project is to re-establish local councils as administrative structures that can ensure basic services. However, capacity of Freetown City Council staff to manage infrastructure projects is still weak, partly because of the reduced financial resources, low institutional capacity and reluctance of line ministries to devolve some functions. During the years of civil conflict the population of Freetown grew at a very rapid rate as people sought refuge in the relative safety there. This large influx of population into the city over a relatively short period upon already poor infrastructure resulted in overcrowded housing conditions, river contamination, deforestation, infrastructure collapse leading to general environmental deterioration. The homeless resorted to self–build solutions, on marginal sites, often reclaiming land. These grew into urban sprawl and the proliferation of slums. In 2006, the FCC identified 26 slum areas in Freetown.

Urban roads represent 25% of the total road network. However, less than 3% of donor funds are presently allocated to these roads. Most of urban roads are located in Freetown where street condition is in very poor, without drainage, sidewalks or even pavement. Only 5% of the existing urban road network is covered by side drains. Furthermore, only 10 % of the streets in the non-CBD roads and 40% of the CBD roads are provided with sidewalks.

2.2. Lessons learnt
Lessons learnt from several decades of EU support to road sector in Sierra Leone, and the conclusions of the road sector Public Expenditure Review 2009, indicate that lack of funding for road reconstruction/rehabilitation contributes to a vicious circle in the use of the Road Fund, by diverting funds from maintenance to emergency reconstruction or rehabilitation. This misuse of funds deepens the scarcity of funds for maintenance and increases the number of roads without proper maintenance and, consequently, increases the number of roads that will have to be reconstructed or rehabilitated in the future. This projects aims to allocate funds for priority actions at an early stage, before the road deteriorate further and a significant larger investment would be needed in the near future.

The 2005 sector policy was a response to the conditions agreed with the World Bank in order to approve the financing of the "Infrastructure Development Project", which includes the reform of the sector (the Road Fund to be separated by legislation from the Roads Authority). The legislation to set up an Independent Road Fund was approved by the Cabinet in late 2009 and approved by the Parliament in the first quarter of 2010. The bill is expected to be published and thereby becoming law before the mid of 2010.

The Road Maintenance Management Unit (RMMU) in the SLRA is not fully operational and has difficulties to carry out an adequate road condition survey. SLRA’s Maintenance Department continues to prepare contract documentation, supervision and monitoring of on-
going contracts. This proves that the team is dedicated to other activities and not the core activity, which is developing a comprehensive data base comprising inventory, road condition, traffic etc. Since 2005, the EU is providing funding for installation, training and operation of the RMMU. It appears that SLRA has not given priority to the process by identifying and assigning a dedicated team to work in this unit. The effective installation and full operation of the RMMU are critical for the efficient and sustainable maintenance of the road network. One of the main objectives of the project 10 ACP SL 04 for Institutional Support to Sierra Leone Roads Authority is to support SLRA to produce a schedule with clear benchmarks that will lead to full installation and operations of the RMMU.

2.3. Complementary actions
The EU is supporting, and will continue to support, the rehabilitation/reconstruction of the road network in order to increase the number of maintainable sections. This is presently done through the following projects:

- 8 ACP SL 18 and 9 ACP SL 21, Freetown-Conakry Highway (39.8 Million EUR).
- 9 ACP SL 05 and 10 ACP SL 09, Road Infrastructure Programme (45.4 Million EUR).
- 9 ACP SL 16, Rehabilitation of 650 km of Rural Roads in Four Districts (9.5 Million EUR).

The special conditions and accompanying measures stipulated in the above-mentioned financing agreements impel the Government to continue working in the definition and implementation of a sector policy and to complete the reforms in order to increase the efficiency and sustainability of the sector. Although this process has been delayed and the scope of the reforms is being reviewed, there is still a large leeway to improve the sector governance within the existing legislative framework and strategic documents. In this regard, taking into account that the priority in the next years is to rehabilitate/reconstruct works amounting more than 700 MUSD, the poor capacity at central and local level to manage road contracts (procurement, payments, claims...) is the fundamental bottleneck and it is where the EU's sector institutional strengthening support will be focused on. In addition, the EU will finance SLRA's capacity building in the following areas: (i) the road management monitoring system (RMMS), (ii) the financial management and accounting procedures, and (iii) the redefinition of the Roads Sector Policy for the future national transport strategy. There is now a transition between the 9th and the 10th EDF institutional support projects:

- 9 ACP SL 05, Road Infrastructure Programme (2.4 Million EUR). Period 2005-2009
- 10 APC SL 04, Institutional Support to SLRA (3 Million EUR). Period 2009-2012

In pace with the donor funded road rehabilitations, the Road Fund has to increase its income in order to achieve the target to maintain the maintainable part of the core network through increased fuel levy and/or donor funding. In the preparation of the country strategy paper for Sierra Leone this was taken into consideration and a funding of 8 M€ was included as direct support to the Road Fund for road maintenance. The intention is to give an incentive to continue the restructuring process of the Road Fund. The additional EDF funds would cover part of the deficit until 2013 when the operational costs of the Roads Authority should be phased out and only administrative costs directly linked to road maintenance covered by the Road Fund.

There is presently no facility for vehicle weight control. The ongoing EDF funded phase 2 of the Freetown-Conakry road rehabilitation includes a weigh bridge to be placed at the common border post with Guinea. The ADB is funding a study to prepare a Vehicle Overload Control Policy and Action Plan.

This project will contribute to progressively improve the capacity of the Freetown City Council to manage larger projects. Complementarily, the preparatory components and studies of the Freetown Development Plan financed under the Technical Cooperation Facility (AAP-2008) will provide assistance in terms of urban planning tools and training. With regard to the
risk mitigation project in slum areas, the actions intend to be one of the first experiences of the Freetown City Council intervening in informal settlements, and will complement the infrastructure component of the Cities Alliance's Slums Initiative managed by the World Bank.

2.4. Donor coordination
The EU is the main donor in the road sector together with the WB. The African Development Bank, Kuwait Fund, OPEC Fund, Saudi Fund and Islamic Development Bank are also making investments in this field. However, the main challenge in donor coordination is that most donors contributing to the road sector have no sector staff or no representation, in Sierra Leone. SLRA attempts to organise multi-donor meetings keeping all relevant actors informed of other donors’ activities. As the meetings have recently been rare, the EU as the lead donor has taken an increasingly active role in donor coordination.

The achievements in the sector are reviewed in the bi-weekly tripartite meetings NAO, EU and Sierra Leone Roads Authority. These meetings will in the future be extended to include the other donors in the sector (WB, AfDB...) and representatives from the relevant Ministries and the National Commission for Privatization. These extended joint coordination meetings will be held about four times per year and in connection with missions from the WB and AfDB. In parallel, the Roads Authority, assisted by the NAO and the EU, organises on a regular basis bilateral meetings with the different stakeholders for the EDF funded projects.

3. DESCRIPTION

3.1. Objectives

The overall objective to which the project contributes is to enhance socially and economically sustainable development of the population by the elimination of constraints to road transport and consequent reduction in costs.

The project purpose is to enhance the maintenance system of public infrastructure by providing support to the rehabilitation and upgrading process.

3.2. Expected results and main activities

The expected results and the indicative main activities related to each result are:

Component 1. Protective road works
1. Sections in critical situation of the core road network have been repaired or protected from further deterioration.
2. Minor/medium bridges of the core road network have been widened, rehabilitated or replaced.
Component 1 will include works on two high priority class-A roads (the Bo-Bandajuma highway of 46km, and the Makeni-Kabala highway of 122km) and the widening/rehabilitation works of 7-8 minor/medium bridges in the Masiaka-Bo and Songo-Moyamba-Moyamba Junction roads.

Component 2. Freetown urban infrastructure
3. Urban roads in Freetown have been rehabilitated.
4. Risk mitigation infrastructure has been constructed in areas of Freetown exposed to hydrogeological and health risks.
Component 2 will include rehabilitation works in trunk and feeder roads in Freetown and small-size works in slum areas for protection against flooding and landslides and for the improvement of pedestrian' accessibility and the waste collection services. The respective works are selected from agreed priority lists established by the formulation studies. This
component will also include programme estimates to increase the capacity of the concerned institutions to implement the activities.

3.3. **Risks and assumptions**

During the ongoing process, an initial list of external factors that have the potential to influence the success of the project has been drawn up.

Assumptions related to the achievement of the results, once the activities are implemented, are: (a) Procurement process identifies properly qualified contractors; (b) Beneficiary or affected communities are involved at all stages of the project cycle and there is a general acceptance of the new infrastructure, in particular with regard to land tenure issues (c) Price fluctuation risk is minimized by considering base prices from previous peak periods.

Assumptions related to the accomplishment of the project purpose, once the results are achieved, are: (a) Domestic contractors increase in number and in capability to perform; and (b) Government commitment to pursue decentralisation continues. Achievements and/or delays in the decentralisation process and possible impacts on the devolution of feeder and urban roads and other municipal infrastructure will be monitored in close cooperation with the Decentralisation Secretariat.

Assumptions related to the contribution to the overall objective, once the project purpose is accomplished, are: (a) A stability-oriented macro-economic policy is under implementation; (b) A credible and relevant programme to improve Public Financial Management is under implementation; (c) Political stability continues; (d) World oil prices stabilize; (e) Global economy remains stable.

Assumptions related to the capacity of the contractors will be carefully monitored during the implementation of the project. A 9th EDF project for rehabilitation of feeder roads using local contractors started at the end 2008 (9-ACP SL-16) and some lessons have already arisen. At the procurement stage, the EU Delegation will actively assist the Sierra Leone Roads Authority in identifying potential not performing contractors or consulting firms.

The Government of Sierra Leone is committed to accomplish the road sector reform in line with the "Letter of Sector Policy" from 2005. Following recent progress in the reform process the Government issued in March 2010 an updated letter of road sector reform commitments. The main commitments are:

(a) Reform SLRA and reduce operational costs of SLRA to 15% of the Road Fund's income by mid 2011.

(b) Separate the Road Fund from SLRA and establish an independent Board by the end of 2010.

(c) Strengthen the National Road Maintenance Monitoring System until it is fully operational by the end of 2010.

(d) Increase the sources of funding of the Road Fund and progressively increase the fuel levy rate from the present (March 2010) equivalent of $0.10 per litre with $0.02 per litre per year as to reach a rate of $0.16 per litre by the end of 2012.

(e) Pursue the ongoing decentralization process and progressively increase the support from the Road Fund to Local Councils from 0.3M$ in 2010 to at least 1M$ in 2011.

3.4. **Crosscutting Issues**

Although there are no immediate major socio-cultural or gender issues presently identified on the sustainability of the road works parts of the project, activities include specific training on environmental and social monitoring to ensure that anticipated social and environmental
benefits are being achieved and that appropriate mitigations are in place to avoid negative environmental or social impact, especially on vulnerable groups as women traders, schoolchildren and disabled/old people.

With regard to the risk mitigation project in slum areas in Freetown, an extensive study has been carried out\(^2\). The study has an especial focus on environmental issues and on vulnerable groups as women traders, schoolchildren and disabled/old people. The accompanying measures implemented through an NGO and the expected collaboration with ENCISS-Sierra Leone and the Slums Initiative of the Cities Alliance programme will significantly increase the success and social and environmental sustainability of the action.

Labour-intensive methods should be supported and used whenever possible.

### 3.5. Stakeholders

At institutional level, the two key stakeholders, and beneficiaries of the project, are the Sierra Leone Roads Authority and the Freetown City Council.

According to the Sierra Leone Roads Act of 1992, the Roads Authority is responsible for the administrative control, planning, development, and maintenance of all roads and related structures in Sierra Leone. The Roads Authority is currently under restructuring, with support form the World Bank since 2005, and from the EU under the 10\(^{th}\) EDF project mentioned above. The Roads Authority has down sized its staff since 1993 and it has now only about 50\% of the staff level it had by then. Some services are being commercialised and privatised. Administrative costs and salaries are paid from the Road Fund which constitutes an anomaly and considerably reduces available funds for maintenance.

The Freetown City Council was established by the Local Government Act 2004. The Council came into being by an electoral process in May 2004 and was inaugurated in June 2004. There is a civil engineering section in the Freetown City Council dealing with small scale building constructions activity (fences, school extensions, maintenance works). It is oversized due to the extremely high number of mere labour-force workers with only two engineers. Capacity to handle road maintenance is still very weak. The Urban Planning department does not exist.

The Freetown City Council Procurement Office was established in 2004 and it consists of two municipal officers. It makes contracts for services, supplies and works for the municipality. Due to increasingly larger procurements in combination with the weak internal organization it is a high risk area for corruption.

Beyond the targeted institutions, there are other stakeholders that have been analysed with regard to the road component: road users, motor drivers unions, private transport operators, contractors and engineering consultants.

### 4. IMPLEMENTATION ISSUES

#### 4.1. Method of implementation

The implementation will be done as partly decentralised management through the signature of a financing agreement with the Government of Sierra Leone.

The Commission controls ex ante all the procurement procedures except in cases where programmes estimates are applied, under which the Commission applies ex ante control for procurement contracts > 50,000 EUR and may apply ex post for procurement contracts ≤ 50,000 EUR. The Commission controls ex ante the contracting procedures for all grant contracts.

\(^2\) CORSTEN N. (2008), *Waste Land. The urban slums of Freetown, Sierra Leone*, is an annex of the Report No 2 "Preliminary Assessment" of the Freetown Development Plan: Pre-identification Study, financed by the European Commission
Payments are executed by the Commission except in cases where programme estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

<table>
<thead>
<tr>
<th></th>
<th>Works</th>
<th>Supplies</th>
<th>Services</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 300,000 EUR</td>
<td>&lt; 150,000 EUR</td>
<td>&lt; 200,000 EUR</td>
<td>≤ 100,000 EUR</td>
<td></td>
</tr>
</tbody>
</table>

4.2. **Procurement and grant award procedures / programme estimates**

1) **Contracts**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the 10th EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 20 of Annex IV of the Cotonou Agreement.

2) **Specific rules of grants**

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10th European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 60%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities and in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

3) **Specific rules on programme estimates:**
All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

4.3. **Budget and calendar**

The foreseen operational duration of the project is 60 months, plus a closure period of 24 months. The total contribution from EU is 23,500,000 EUR from the 10th EDF NIP. The indicated costs for Component 1 and Component 2 in the table below are maximum allocations. Additional funds will only be possible through the use of the contingencies. The overall cost is broken down as follows:

<table>
<thead>
<tr>
<th>Component 1. Protective road works</th>
<th>10.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A) Works</td>
<td>9.0</td>
</tr>
<tr>
<td>1B) Supervision</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Component 2. Freetown urban infrastructure</strong></td>
<td><strong>11.0</strong></td>
</tr>
<tr>
<td>2A) Works</td>
<td>9.0</td>
</tr>
<tr>
<td>2B) Supervision</td>
<td>1.0</td>
</tr>
<tr>
<td>2C) Accompanying measures:</td>
<td></td>
</tr>
<tr>
<td>- Grant 0.5 M€ (NGO)</td>
<td></td>
</tr>
<tr>
<td>- Programme estimates 0.5 M€ (FCC and MoLCPE)</td>
<td></td>
</tr>
<tr>
<td>Evaluation</td>
<td>0.1</td>
</tr>
<tr>
<td>Audit</td>
<td>0.3</td>
</tr>
<tr>
<td>Visibility (incl. in works contracts, grant and programme estimates)</td>
<td>0.0</td>
</tr>
<tr>
<td>Contingencies</td>
<td>2.1 M€</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>23.5 M€</strong></td>
</tr>
</tbody>
</table>
There will be two supervision service contracts, one for each component. The supervision will be financed from the present project as indicated in the above budget table under items 1B and 2B. As the companies that carried out the formulation study and the detailed design are not retained, the new companies that will carry out the supervision of the works will be given time before the beginning of the works to review the design and endorse it.

There will be one works contract for component 1, protective road works, and two works contracts for component 2, respectively for urban roads and risk mitigation infrastructure.

The concerned institutions, FCC and MoLCPE, will receive support to implement the actions in component 2, in particular the risk mitigation part. The support will be in the form of short term inputs included in programme estimates financed under accompanying measures' budget line.

The intended beneficiary of the grant contract that will implement the accompanying measures is a local or international non-profit organisation or consortium with relevant experience in urban community participation in Sierra Leone.

Sierra Leone's own input in kind to the project will be primarily in human resources for procurement, contract administration, co-ordination and follow-up, in addition to funds for compensations, land acquisition and rent of office facilities. Funds for compensations are expected to be reduced (no alignment changes) and are already earmarked in order to make sure there is no risk of delays.

Communication and visibility activities are included as pay items in the works contracts and the supervision consultant will be responsible to monitor that the measures are implemented as described in the technical specifications.

### 4.4. Performance monitoring

The leading forum to implement the action will be the bi-weekly meetings NAO, EU and Sierra Leone Roads Authority, which currently are already held, and where the Freetown City Council will participate once per month. These meetings will analyse the achievements of the project according to the monitoring performance indicators and propose consequent action. The weekly meetings will also monitor other rehabilitation/reconstruction projects and the road sector institutional support funded under the EDF. A set of indicators has been pre-identified:

- a) % of km of repaired or protected roads in relation to the initial plan;
- b) number of completed bridges in relation to the initial plan;
- c) % of km of rehabilitated urban roads in relation to the initial plan;
- d) number and size of infrastructures constructed in slum areas;
- e) level of acceptance/satisfaction by beneficiaries in slum areas according to social surveys;
- f) existence of community associations for infrastructure development and maintenance of risk mitigation infrastructure included in Component 2, i.e. pedestrian bridges and foot-paths, stabilization of slopes in slum areas etc.).

### 4.5. Evaluation and audit

Independent mid-term and final evaluations will be carried out.

An Audit provision is foreseen in the budget for an independent audit of expenditure under the project.

An external technical audit will be carried out.
4.6. **Communication and visibility**

The supervision consultants for the works in addition to the study team for the Freetown Development Plan funded under project FED/2008/020999 will be monitoring the implementation of the visibility guidelines by the contractors. The grant and the programme estimates will also include visibility provisions which activities will be reported on.

Vehicles and equipment purchased under the project will be marked with appropriate labels. Project sign boards will be located at the different sites where works are executed.
ANNEX IV

1. Identification

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>SIERRA LEONE - Agriculture for Development (A4D) project – FED 021-456</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EUR 16,000,000 from the A envelope of the EU 10th EDF</td>
</tr>
<tr>
<td>Aid/ method / Method of implementation</td>
<td>Project approach – partially decentralised management</td>
</tr>
<tr>
<td>DAC-code</td>
<td>311</td>
</tr>
<tr>
<td></td>
<td>Sector Agriculture</td>
</tr>
</tbody>
</table>

2. Rationale

2.1 Sector context

Following two decades of neglect partly due to the civil war the cash crop sector, in particular cocoa and coffee, experienced a sharp decline in production, quality of produce and exports. The sector has not recovered since the end of the conflict in 2002, due to a combination of constraints across the value chain. These include lack of means of smallholders, lack of rewards for quality production, inadequate post-harvest processing and a general lack of coordination within the sector. As a result, extended areas were neglected, leading to bush encroachment and decreasing production and quality.

The Government of Sierra Leone (GoSL) is keen to reinvigorate the cash crop sector, in particular cocoa, coffee and cashew, bring abandoned areas back into production and expand the total cultivated area. The 2nd Poverty Reduction Strategy Paper (PRSP II) 2008-2012 – Agenda for Change - puts agriculture as the top priority. The Government has also signed up to the Comprehensive Africa Agriculture Development Programme (CAADP), as a further demonstration of the importance it attaches to the agriculture sector. As a result of the CAADP Compact process, the President launched the National Sustainable Agriculture for Development Plan (NSADP) in 09/2009. This was followed by a renewed request of the Minister of Agriculture, Forestry & Food Security (MAFFS) to the EU for technical assistance in tree crop development in Sierra Leone.

2.2 Lessons Learnt

In 2006, an evaluation of the previous ten years of EU cooperation with Sierra Leone found that too little attention had been paid to pro-poor growth. This aspect is now a pillar of the Agenda for Change and the focus of the A4D project. At the same time, the decentralisation process in the agriculture sector warrants support to complement the work in the cash crop sector.

The main lessons learnt derive from the EU funded 8th EDF Use of STABEX Transfer Project (USTP), particularly from its cocoa/coffee component, which confirmed the possibility to bring abandoned areas back to production and provided useful indications of the way to restore the value chain. The project successfully supported smallholder cocoa producers and cooperatives to increase production and quality and obtain organic certification. A study conducted in 2009 under USTP looked at the entire value chain of potential cash crops. Based on the study and on the recommendations of the Feasibility Study of the A4D project, conducted during the 1st semester 2009, the focus of the A4D project will lie on cocoa and coffee in Eastern Province and cashew in Northern Province.

2.3 Complementary Actions

The following summarizes the links of the A4D project with other complementary actions:

The EU funded Gola Forest project and Transboundary Peace Park project operates in areas contiguous with the A4D project and in the heart of the coffee/cocoa agro ecological zone, having a number of synergies with the A4D project. One project under the Food Security Thematic Programme (FSTP) also addresses related aspects in the vicinity of the Gola Forest. The establishment of Agri-Business Centres (ABC), financed by the EU Food Facility, will lay a good foundation for a kick-start of the A4D project. Further synergies can be expected with the foreseen 10th EDF Feeder Road Rehabilitation project, successively improving market access as well as with EU funded projects with the Ministry of Trade & Industry (MTI) and in relation to
the Economic Partnership Agreement (EPA) with ECOWAS.

In addition a close cooperation is envisaged with World Bank's Rural and Private Sector Development Project (RPSDP). Interventions financed by IFAD such as the 10 Mio USD Rural Finance and Community Improvement Programme (RFCIP) are complementary to the A4D.

2.4 Donor coordination

In 12/2008, the President of Sierra Leone established the Presidential Task Force on Agriculture (PTFAg), which reflects the importance of the sector in the new PRSP. As an effort to improve sector coordination, the MAFFS set up a hierarchical coordination system, comprising of an Agricultural Advisory Group (AAG), which is supported by Agricultural Technical Teams (ATT). The EU is an Alternate Chair to the AAG and a member of the PTFAg.

The EU/DfID Joint Country Strategy assigns agriculture under the portfolio of the Commission.

3. Description

3.1 Objectives

The overall objective of the proposed project is: The reduction of poverty in Sierra Leone through increased agricultural productivity and quality of produce.

The specific objective or project purpose is: increased production and improved quality of selected cash crops for export therefore contributing to improve food and livelihood security.

3.2 Expected Results and Main Activities

The project aims to achieve the following results and related activities:

<table>
<thead>
<tr>
<th>Result 1</th>
<th>Efficient and effective value chains for targeted crops developed, with specific focus on increased quality production, processing, marketing and trading.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Rehabilitate abandoned areas and extend cultivation to adjacent cultivable areas.</td>
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<tr>
<td>• Upgrade post-harvest processing facilities to a greater scale at village level.</td>
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<tr>
<td>• Promote horizontal and vertical integration between producers, traders and exporters.</td>
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</tr>
<tr>
<td>Result 2</td>
<td>District Councils and District Agriculture Offices effectively plan, design, implement, monitor and evaluate agriculture, food security and natural resources management programmes.</td>
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</tr>
<tr>
<td>• Strengthen the capacity of decentralised government bodies especially district agricultural offices and district councils to implement programmes.</td>
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<tr>
<td>• Support strengthening of PEMSD to monitor and evaluate programmes.</td>
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<tr>
<td>• Introduce and implement quality assurance systems.</td>
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<tr>
<td>Result 3</td>
<td>Organisation of the Civil Society and Private Sector as effective and economically viable actors of the targeted value chains significantly enhanced.</td>
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<td>---</td>
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</tr>
<tr>
<td>• Support forming representation bodies of new actors in the sector (including youth, women and other deprived groups).</td>
<td></td>
</tr>
<tr>
<td>• Support Farmer Based Organisations (FBOs) and facilitate links with the Agri-Business Centres (ABCs).</td>
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<tr>
<td>• Support establishment of private commodity organizations for the targeted crops.</td>
<td></td>
</tr>
<tr>
<td>Result 4</td>
<td>Selected training and research institutions strengthened to effectively support the development of the targeted value chains.</td>
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<td>---</td>
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</tr>
<tr>
<td>• Strengthen selected research institutions in their ability to implement on-farm and off-site applied research and devise training packages.</td>
<td></td>
</tr>
<tr>
<td>• Provide training and education to the stakeholders at all stages of the value chain.</td>
<td></td>
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<tr>
<td>• Promote improved genetic material suitable to local conditions.</td>
<td></td>
</tr>
<tr>
<td>Result 5</td>
<td>Effective and efficient management systems, policies and legislations as an enabling environment for the development of the value chains established and adopted.</td>
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<tr>
<td>• Review and update existing policies legislation and regulations with the aim of supporting quality and removing disincentives to investment.</td>
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</tr>
<tr>
<td>• Assist the MAFFS in the coordination management and supervision of the project.</td>
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</tr>
</tbody>
</table>
The achievement of these results will be measured through qualitative and quantitative Objectively Verifiable Indicators (OVI), as outlined in the logical framework.

3.3 Risks and assumptions

• Political support at national and local levels is assumed to be adequate, as agricultural development is at the very heart of the Agenda for Change and as the MAFFS requested EU support in the tree-crop sector. Other main risks and assumptions include: (i) Political stability continues country-wide, (ii) The decentralization process continues to remain high in the Government political agenda, (iii) world commodity markets / prices remain robust, (iv) improved transport infrastructure developed, (v) improved port handling and warehousing enabled, (vi) producers and exporters respond to price/grade incentives, (vii) endemic corruption reduced.

• The effective and constructive work of the sector coordination mechanism, established under the leadership of the President and the Minister, will be crucial for the mitigation and management of the above risks and assumptions.

3.4 Cross-cutting Issues

Climate Change - The project is to promote low-carbon and sustainable agro-forestry systems of multi-storey crop cultivation with diversified under-story cropping, thus limiting emissions from shifting cultivation.

Environmental sustainability – the project will promote an integrated approach supporting the establishment of buffer zones around protected areas, such as the EU supported Gola Forest Reserves. As such, the A4D project will follow the principles of the watershed management approach.

Gender – The project will build on the commitments of the GoSL on Gender as described in the National Sustainable Agriculture for Development Plan and in the PRSP. It will contribute to build the capacity of civil servants to address the needs of rural women. Women will realise new opportunities for work and independence across the value chain.

Good governance - Supporting decentralization of the agriculture sector, principles of community-based natural resources management and participatory land-use planning will be followed.

Human rights - The right to food will be addressed by enabling farmers to obtain good market prices so as to escape the poverty trap that many farmers find themselves in today.

As such, the A4D project will make major contributions toward the achievement of MDG 1: End Poverty and Hunger and MDG 7: Environmental Sustainability.

3.5 Stakeholders

• There are many stakeholders across the value chain in the cash crop sector from the private and the public sector. The private sector is losing out on potential profits due to the weak value chain. Institutional capacity in the public sector is low at national and district levels and will be targeted.

From the private sector, the main stakeholders across the value chain include a) smallholder farmers, both, men and women, b) co-operatives and farmer-based organizations (FBO), c) young people, currently unemployed, d) buyers and local traders, e) exporters and international traders and f) investors and banks.

At the centre is the role of central and local government in providing a conducive enabling environment for the sector to prosper. However, the institutional framework is currently weak, especially regarding agricultural extension services in support of decentralisation and concerning the provision of a suitable enabling environment for private enterprises to operate. In light of this, the main stakeholders from the public sector will include a) the MAFFS, taking the lead in overseeing crop production, processing, quality assurance and marketing, as well as strategic planning, policy and regulations framework, M&E and reporting and b) the District Councils, responsible for development at decentralized local level and as such being major stakeholders and beneficiaries of the project. Further stakeholders from the public sector include c) Njala Agricultural University and the National Agricultural Training Centre (NATC), d) the
Sierra Leone Agricultural Research Institute (SLARI), e) the Ministry of Trade and Industry (MTI), f) the National Revenue Authority (NRA) under the Ministry of Finance and Economic Development (MoFED), g) the Port Authority and h) the Sierra Leone Road Authority (SLRA).

4. Implementation Issues

4.1 Method of Implementation

Partial decentralised management through the signature of a financing agreement with the National Authorizing Officer (NAO) of Sierra Leone.

The Commission controls ex ante all the procurement procedures except in cases where programmes estimates are applied, under which the Commission applies ex ante control for procurement contracts > 50,000 EUR and may apply ex post for procurement contracts ≤ 50,000 EUR. The Commission controls ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

<table>
<thead>
<tr>
<th>Works</th>
<th>Supplies</th>
<th>Services</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 300,000 EUR</td>
<td>&lt; 150,000 EUR</td>
<td>&lt; 200,000 EUR</td>
<td>≤ 100,000 EUR</td>
</tr>
</tbody>
</table>

The Contracting Authority for this project will be the National Authorizing Officer of the 10th EDF within the Ministry of Finance and Economic Development (MoFED).

The Programme Supervisor shall be the MAFFS and the overall management of the A4D project will be the responsibility of a Project Coordination Unit (PCU), which will be located within the MAFFS in Freetown. The PCU will be headed by a full-time staff of the MAFFS with support from a Technical Assistance (TA) team to be procured through a service contract.

There shall be a Project Steering Committee (PSC) to be chaired by the NAO, the alternate chair is the Minister of Agriculture, Forestry & Food Security (MAFFS). The PSC is made up of senior representatives of the MAFFS, the Ministry of Finance & Economic Development (MoFED), the Ministry of Trade & Industry (MTI), the Ministry of Internal Affairs, Local Government and Rural Development, the Ministry of Lands, Country Planning & the Environment (MLCPE), the Sierra Leone Environmental Protection Agency (SLEPA) and of the NAO office as well as District Chairmen of the target Districts. The HoD of the EU, the TA team Leader and Project Managers of the implementing NGOs will be observers. The PSC shall oversee and validate the overall direction and policy of the project, while supervising the monitoring of project implementation. It will work on the basis of quarterly/annual progress reports produced by the PCU and shall meet at least once every six months (calendar basis) in Freetown and/or one of the Districts covered by the project.

District Coordination Committees (DCC) will be formed for coordination and supervision of the implementation of the project at District level. The DCC will be placed under the responsibility of the District Councils as part of their role and mandate fixed by the Decentralisation Act. They will monitor the progress of project activities at decentralized levels and coordinate project interventions with other donors and extension services at this level. The operation of the DCC will be supported by the PCU (e.g. inclusion of operating costs in annual Programme-Estimates).

Two project satellite offices, one in Northern Province and one in the Eastern Province, will be established as a necessary link between the final beneficiaries, the DCC, the PCU and concerned institutions of the GoSL at district and national level.

4.2 Procurement and Grant Award Procedures

3 non-exhaustive list
1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the 10th European Development Fund. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 20 of Annex IV of the Cotonou Agreement.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VII ‘Grants’ of the Financial Regulation applicable to the 10th European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 90%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No. 2342/2002 of 23 December 2002, laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities and in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th European Development Fund.

3) Specific rules on programme estimates – direct decentralised operations

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

4.3 Budget and calendar

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Contract type</th>
<th>Budget – EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Technical Assistance</td>
<td>Service contract with consulting firm from an EU member states or ACP countries</td>
<td>• 2.7</td>
</tr>
<tr>
<td>2 Rehabilitation/expansion of crops – processing - quality improvement</td>
<td>Grant contracts with International / National NGOs</td>
<td>• 8.5</td>
</tr>
<tr>
<td>3 Support to applied research</td>
<td>PEs</td>
<td>• 1.5</td>
</tr>
<tr>
<td>4 Support Decentralization, civil society, policy update</td>
<td>PEs</td>
<td>• 1.5</td>
</tr>
<tr>
<td>5 Communication visibility</td>
<td>Service contract(s) (part of 1.)</td>
<td>• 0.2</td>
</tr>
<tr>
<td>6 Audit</td>
<td>FWCs</td>
<td>• 0.3</td>
</tr>
<tr>
<td>7 Evaluation</td>
<td>FWCs</td>
<td>• 0.25</td>
</tr>
<tr>
<td>8 Contingencies</td>
<td></td>
<td>• 1.05</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>• 16.0</td>
</tr>
</tbody>
</table>

Ministries and district offices will provide support in kind by providing human resources and office space. The procurement should start during the 2nd semester 2010 and the operational
duration of the A4D project will be 84 months, consisting of an implementation phase of 60 months and a closure phase of 24 months.

4.4 Performance monitoring

The PCU will set up monitoring procedures and indicators for each result and activity reflected in the logical framework. The Planning, Evaluation, Monitoring and Statistics Division (PEMSD) of the MAFFS and District Councils will be strengthened to monitor the project implementation, using the Objectively Verifiable Indicators (OVI), as outlined in the logical framework.

4.5 Evaluation and audit

There will be one external mid-term evaluation of the project during the 3rd year of implementation and one ex-post evaluation during the closure phase.

Apart from internal audit exercises, the EU will conduct external audits of the PEs prior to the closure. Other external audits of the contracts and grants might be conducted if need arises during project implementation.

4.6 Communication and visibility

Communication and visibility plans will be derived from the “Communication and visibility guidelines for EU external actions” (http://ec.europa.eu/europeaid/work/visibility_en.htm). Contractors, under the leadership of the PCU, will prepare a visibility plan during the 1st semester of project implementation.