Poverty Reduction Framework Arrangement between

the Government of the United Kingdom of Great Britain and Northern Ireland

and

the Government of the Republic of Sierra Leone

1. Purpose

This document sets out understandings reached by the Government of the United Kingdom and the Government of Sierra Leone on the elements of a development partnership to support Sierra Leone’s poverty reduction strategy. This document outlines a poverty reduction framework arrangement for the ten years 2002-2012. Annexed annual benchmarks and indicators of progress will be jointly decided by both governments and will set out realistic, measurable targets for progress during each annual period.

2. Background

2.1 The legacy of mismanagement by successive governments in Sierra Leone and civil war has undermined much of the country’s social fabric, and prevented the development of its human resource base, institutional capacity and social and economic infrastructure. Sierra Leone is currently ranked bottom of the United Nations Index of Human Development, with very poor social indicators in health and educational status. Since the end of hostilities in 2001, and with the help of the international community, the Government and citizens of Sierra Leone have been working to rebuild their country, reconcile the people, deal with the problems of displaced communities and returning refugees, stabilise the economy and lay the basis for a future of sustainable development.

2.2 Significant progress has been made. The Government’s International Monetary Fund (IMF) and World Bank-supported poverty reduction and economic recovery programmes have remained on track, with government expenditure being kept under tight control. In 2001, following extensive consultation, the Government of Sierra Leone published an interim Poverty Reduction Strategy Paper (I-PRSP), focusing on underpinning the emerging peace, and re-launching the economy. Since then, Sierra Leone has qualified for interim relief on its $1.2bn international debt, under the Heavily Indebted Poor Countries initiative. Work is being taken forward on drawing up a full PRSP, setting out the government’s plans to tackle poverty over the next three to four years. This will shift the focus from crisis and emergency management to sustainable economic growth and poverty reduction in the immediate post-conflict period, with an emphasis on reforming the institutions responsible for the delivery nationally of government services, particularly in education and basic health. Rooting out the corruption that has crippled these institutions for very many years, and the failure to provide
services across the country will be central to the delivery of improved access to higher standards of healthcare and education.

2.3 Most recently, in May 2002, Presidential and Parliamentary elections were held, the results of which have been accepted by the opposition parties. This has given the government a fresh mandate to consolidate the peace, and work towards stimulating the economy, rebuilding agricultural capacity and improving the prospects for employment of Sierra Leone’s youth, particularly in areas outside the capital. Detailed preparations have been concluded for the holding of local Government elections, beginning with the Paramount Chieftaincy elections late in 2002.

3 Government of the United Kingdom Commitments

3.1 The Government of the United Kingdom recognises the efforts made and the progress achieved by the Government and people of Sierra Leone to secure post-conflict recovery. It believes that Sierra Leone should be treated as a special case for international assistance. It recognises that without substantial, continued and flexible support from the donor community it will not be possible for the Government of Sierra Leone to sustain the difficult transition from conflict to peace and stability, and to attain the long-term growth needed to reduce the extreme poverty suffered by the people of Sierra Leone. The Government of the United Kingdom is ready to make a long-term commitment to help Sierra Leone meet the Millennium Development Goals within an economic and social framework that facilitates peace, security, reconciliation, economic growth and inclusive government.

3.2 To this end, and so long as the Government of Sierra Leone remains on track in implementing its strategy to reduce the causes of conflict and poverty, and improve standards of governance, the UK Government will commit itself to maintaining a substantial direct development programme to Sierra Leone over the next ten years. This will be maintained at least at the level of current expenditure, thereby providing a total of at least £120 million of assistance over the next three years. A significant part of this will be in the form of direct budgetary support, giving the Government of Sierra Leone flexibility to allocate funds in line with its own set priorities (see section 5 below).

3.3 The Government of the United Kingdom will continue to build on the work it has already engaged on with the Office of the President, the Ministry of Finance, the Ministry of Justice, the Ministry of Development and Economic Planning, the Ministry of Defence and Republic of Sierra Leone Armed Forces (RSLAF), the Office of National Security, the Sierra Leone Police, the Anti-Corruption Commission, the National Commission for Disarmament, Demobilisation and Reintegration, the National Commission for Social Action and other Government Institutions. This assistance will be provided in support of the Government of Sierra Leone’s objectives of sustainable and inclusive economic growth, and to provide the fiscal opportunity to increase the proportion of resources targeting poverty reduction. Detailed arrangements for the disbursement of funds will be agreed by the two governments. The Government of the United Kingdom will also provide support to help strengthen the Sierra Leonean budgetary process and to deliver pro-poor policies.

3.4 In addition, the Government of the United Kingdom commits itself to the following actions:
• to play our full part in international actions, such as contributing to debt reduction exercises under the HIPC initiative, to the work of the Special Court and Truth and Reconciliation Commission, and in contributions to international peace-keeping operations.
• to provide support in discussions in international fora such as the World Bank, IMF, African Development Bank, and the EC for continued and generous international support.
• in the EC, to argue the case for increased access to European markets for goods from the poorest developing countries, including Sierra Leone.
• to continue to support Sierra Leone politically in fora such as the UN and the EC. We will work bilaterally and through our membership of international organizations to reduce regional tensions that continue to threaten Sierra Leone’s stability.
• to continue to take the lead within the International Military Advisory and Training Team (IMATT), which is helping to restructure and train the Republic of Sierra Leone Armed Forces and develop the capacity of the MOD.

4 Government of Sierra Leone Commitments

4.1 The Government of Sierra Leone’s interim poverty reduction strategy paper sets out the challenges facing it over the immediate post-conflict period, and gives details of how these will be tackled. The immediate challenges are ensuring continued peace and national reconciliation; improving standards of governance; dealing with the economic and social legacy of a long-running civil war; continuing with plans for poverty reduction, the preconditions for which have already been established; ensuring sustainable macro-economic stability; and developing human resources through better access to education and training, and creating employment opportunities. The Government of the UK is prepared to join in partnership with the Government of Sierra Leone to help address these aims. Actions in the following six areas would be appropriate indicators of the Government of Sierra Leone’s continuing commitment to, and progress towards, this agenda, and are in line with Government of Sierra Leone stated aims over the medium term. Particular targets for each annual period will be jointly decided at annual discussions. The Government of Sierra Leone is also in the process of finalising the ‘Sierra Leone Vision 2025’ draft document, a framework for addressing longer-term development challenges.

I. Resolving Conflict
Both governments recognise the clear linkages between poverty, corruption and conflict. The Government of Sierra Leone will work to ensure progress is made towards reducing poverty, and adopt policies which will lead to the achievement of the Millennium Development Goals by 2015.

• The Government of Sierra Leone will play its part in facilitating the work of the Special Court and Truth and Reconciliation Commission, ensuring that those responsible for the most heinous war-related crimes are dealt with in accordance with international law, and a line is drawn under past events.
• The Government of Sierra Leone will continue to work constructively with neighbouring countries and regional organisations to reduce regional tensions that threaten the country’s stability.
II. Improving Standards of Governance and Combating Corruption

- The Government of Sierra Leone will work towards making progress on broad-based inclusive political agenda, grass root democracy and popular participation in decision making.
- Work will be taken forward on re-establishing provincial and local government, so that people outside Freetown are better placed to hold to account those taking decisions on their behalf. In this regard, the Government will source funds for building local government capacity and for fully implementing reforms.
- The Government remains committed to promoting free and independent media, and will move to create an independent Sierra Leone Broadcasting Service.
- The Government will continue to take firm action to eradicate corruption at all levels of government. A national anti-corruption strategy will be drawn up and published along the lines spelt out in the Anti-Corruption Act 2000 and in consultation with all stakeholders. These will include establishing clear roles and responsibilities for the Police, the Judiciary, the Attorney-General’s Office and related institutions. The Government will also strengthen these institutions especially through the appointment of a prosecutor and a judge to deal solely with the prosecution and trial of corruption-related cases so as to ensure that such cases are disposed of expeditiously and without political interference. The existing Anti-Corruption Commission Advisory Board will be restructured and empowered to perform the functions of an anti-corruption task force. The results of the National Corruption Survey will be published.
- The Government will continue to strengthen their financial management systems and in particular to develop and implement a comprehensive financial management plan, with coordinated donor support.
- The Government will take forward work to put the management of the country’s diamond and other mineral resources on a firm footing, so contributing to the generation of national wealth for the benefit for the people of Sierra Leone.

III. Reforming the Security Sector

The Government of Sierra Leone will continue to participate in the security sector reform programme currently underway to bring about a well-trained, appropriately-sized and affordable RSLAF, as well as sustainable institutional and legal frameworks, enshrining the principles of civilian control, accountability and transparency, for the country’s Defence and National Security. To this end, the Government will ensure that:

- The RSLAF are accountable to Parliament, the government and people of Sierra Leone through the Ministry of Defence. They should operate with other branches of Government in the context of a National Security Policy defined and implemented by the National Security Council supported by the Office of National Security (ONS) and an effective intelligence gathering system.
- The necessary national security and defence legislative framework is in place (and gazetted), and support the development of the Defence White Paper, including consultation with the people of Sierra Leone on the content of the paper.
- It respects the non-political nature of the RSLAF, ONS and Central Intelligence and Security Unit (CISU).
- Its commitments in terms of recruitment and operational funding to bring the ONS and CISU up to strength are met.
Following the successful Disarmament, Demobilization and Reintegration process, which saw about 45,000 Civil Defence Force (CDF) members disarmed and demobilised, the CDF command structures will be dismantled.

The police force will be strengthened in terms of number and capability to enable it to maintain internal security.

IV. Reducing Poverty
The Government of Sierra Leone will develop and implement a Poverty Reduction Strategy in a participatory manner and with a view to making significant progress on the Millennium Development Goals, which are:

a. Eradication of extreme poverty and hunger
b. Achievement of universal primary education
c. Promotion of gender equality and empowerment of women
d. Reduced child mortality
e. Improved maternal health
f. Combating HIV/AIDS, malaria and other diseases
g. Ensuring environmental sustainability
h. A global partnership for development

V. Ensuring Macro-Economic Stability
Macro-economic stability is a key element for increasing financial confidence and attracting investment, both domestic and foreign.

- The Government of Sierra Leone will remain on track with the IMF’s Poverty Reduction and Growth Facility, and work with the World Bank, IMF and other multilateral and bilateral institutions to ensure that the economic targets covered in the Poverty Reduction and Growth Facility are met. These include targets relating to growth, the progressive reduction of the budget deficit, inflation and maintaining an adequate reserve balance.
- The Government will continue with the development of the Medium-Term Expenditure Framework (MTEF), which was implemented in fiscal year 2002 - in consultation with their development partners.
- The Government will progressively reduce military expenditure consistent with improved security in the region, and lowered external threats.

VI. Developing Human Resources
- The Government of Sierra Leone will set targets for social sector spending in line with the results of the social sector expenditure reviews being carried out as part of the development of the PRSP.
- Priority social sector spending in education, health, water and basic infrastructure will be ring-fenced to ensure adequate resources are allocated to these sectors.
- The Government will ensure that the relative balance between the different levels of education (primary, secondary, tertiary) reflect the social and economic needs of the country. Universal access to good quality primary education will continue to be a priority.

5. Monitoring and Review
5.1 At intervals to be agreed between the two governments, an agreed third party will carry out an assessment of the impact of this Poverty Reduction Framework Arrangement.

5.2 The governments will additionally hold quarterly meetings for the purpose of reviewing progress on the agreed benchmarks and indicators of progress. These meetings will provide an opportunity for each Government to review progress on their commitments. Issues to be discussed at these meetings will include:

- the timing and size of the Government of the United Kingdom’s transfers of funds for budgetary support, in the light of progress on the agreed benchmarks and indicators of progress;
- the extent of support to other areas of the UK assistance programme, in the light of progress on the benchmarks and indicators of progress;
- the possibility of provision of technical assistance to the Government of Sierra Leone to help address obstacles to reform in agreed sectors;
- the support being provided by the international community to Sierra Leone, and any issues arising;
- the benchmarks and indicators of progress for the year ahead. These will be agreed by October of the preceding year.

6. Operation and Amendment

This Arrangement will come into operation on signature and will continue, in accordance with the terms of the Arrangement, until terminated by either Government on giving six months notice. This Poverty Reduction Framework Arrangement may be amended at any time with the mutual written consent of both Governments.

The foregoing Arrangement represents the understandings reached between the Governments of the United Kingdom of Great Britain and Northern Ireland and the Government of Sierra Leone upon the matters referred to therein.

Signed in duplicate on ...................

by

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President Alhaji Ahmad Tejan Kabbah on behalf of the Government of Sierra Leone

The Rt Hon Clare Short MP Secretary of State for International Development on behalf of the Government of the United Kingdom
Poverty Reduction Framework Arrangement between
the Government of the United Kingdom of Great Britain and Northern Ireland
and
the Government of the Republic of Sierra Leone

<table>
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<tr>
<th>Benchmarks and indicators of progress for the Government of the United Kingdom to end-December 2003</th>
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**Resources**

DFID element of HMG commitment will be £120 million over the first three years of this agreement. This will include allocations of budgetary support. The baseline for budgetary support allocations in 2003 will be £10 million; the level of funds transferred will be determined by progress on the benchmarks in this annex.

**Support in International Fora**

Ensure GoSL’s position is represented in international organisations, including the EC, IFIs and UN, in support of post-conflict reconstruction, conflict reduction and the reduction of poverty, in the light of the GoSL’s performance against the benchmarks in this annex.

GoSL engages constructively with regional, sub-regional and international agencies to reduce regional tensions and reduce poverty.

**Improving Governance**

- Reach a decision on a second phase of support to the ACC by March 2003.

- Anti-corruption strategy in place and implemented

- Reach a decision on a programme of support to the strengthening of financial management systems, jointly with other donors, by April 2003.

- Reach a decision on a programme of support to the Office of the Auditor-General by February 2003.

- Design a programme of support to the work of the Task Force on decentralisation and local government and initiate the work programme by March 2003.

- 25% of cases lodged with the Attorney General by ACC either brought to prosecution or rejected by July 2003; 50% by end 2003.

**Financial management systems strengthened**


- Progress in implementation of the action plan resulting from the Limited Scope CFAA achieved by March 2003.

- A procurement assessment undertaken by March 2003 and resulting action plan implemented by end 2003.

**Provincial and local government re-established**

- Task force appointed by January, work plan initiated by March and draft legal framework produced by December 2003

**Diamond Industry strengthened**
- Reach a decision on a second phase of support for a programme to assist Chiefdoms by May 2003.

- Provide support to a management plan for regulation of diamond extraction by end 2003.

- Reach a decision on a programme of further support to the Governance Reform Secretariat by March 2003.

- Prepare for discussion a programme of support to civil society by June 2003.


Free and independent media introduced

- Independent Sierra Leone Broadcasting Corporation created by end 2003.
### Reforming the Security Sector

- Reach a decision on a comprehensive programme of support to the justice sector by July 2003. This to include the police, judiciary, Ministry of Justice, prisons, and related civil society.

- Reach a decision on a further phase of the Sierra Leone Security Sector Reform Project by May 2003.

- Continue to provide support to IMATT, for restructuring the RSLAF.

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<tr>
<th>Sierra Leone Police Service operating effectively</th>
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<td>- SLP Development Plan fully operational by end 2003.</td>
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<th>National security systems operating effectively</th>
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<tr>
<td>- ONS and CISU fully staffed, trained and operational in line with legislation by June 2003.</td>
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<th>RSLAF operating effectively</th>
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<tr>
<td>- RSLAF legislation in place by June 2003.</td>
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<td>- Detailed plan for right-sizing the RSLAF in place by end 2003.</td>
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<th>Accountable and affordable defence system in place</th>
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<td>- Defence White Paper published by end 2002</td>
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<th>Civil Defence Forces disbanded</th>
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<td>- Disbandment completed by January 2003.</td>
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<td><strong>Reducing Poverty</strong></td>
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<td>- Reach a decision on additional support to facilitate completion of a fully-participatory PRSP by end-2003.</td>
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<th><strong>Ensuring Stability</strong></th>
<th><strong>Developing Human Resources</strong></th>
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<tr>
<td>- PRGF benchmarks achieved.</td>
<td>- Public Expenditure Tracking Surveys for 2002 shows improvement in the delivery of government services over 2001 results.</td>
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<tr>
<td>- Economic Rehabilitation and Recovery Credit II (ERRC II) conditionalities met on schedule</td>
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