

**The Sierra Leone Ebola Recovery Fund
(SLREF)
Terms of Reference**



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1. The rationale for the Sierra Leone Ebola Recovery Fund

Background:

Before the Ebola crisis hit Sierra Leone, the country was on its pathway to resilience.. Key indicators of the progress were:

- Four democratic, free and fair elections held since 1996;
- One of the fastest growing economies in the world (GDP growth 2011- 6%, 2012-15.2%, 2013-20.1%)
- Poverty decreased from 70% in 2003 to 52% in 2013;
- Installed energy capacity increased from less than 5MW in 2007 to more than 100 MW; and
- More than 1000km of roads paved.

The Ebola crisis has had a deep impact on the Sierra Leone economy and social welfare:

- 2015: GDP is projected to contract by over 20.0%;
- Revenue loss estimated at Le350 billion (USD70 million);
- 30% decline in agricultural output; 60% drop in manufacturing output;
- 50% job loss in the private sector;
- Reversal of gains in the health sector; and
- Increased Fiscal Deficits and Balance of Payments Financing Gap

Since the Ebola outbreak the Government of Sierra Leone has implemented an immediate response to address key priorities. As a result, 40 hospitals, 1,300 primary healthcare facilities and 8,000 schools and tertiary institutions reopened safely; 12,000 ultra-poor and EVD-affected households and 10,000 orphans and 2,000 EVD survivors were financially supported and 43,000 farmers were provided with seeds for the 2015 planting season.

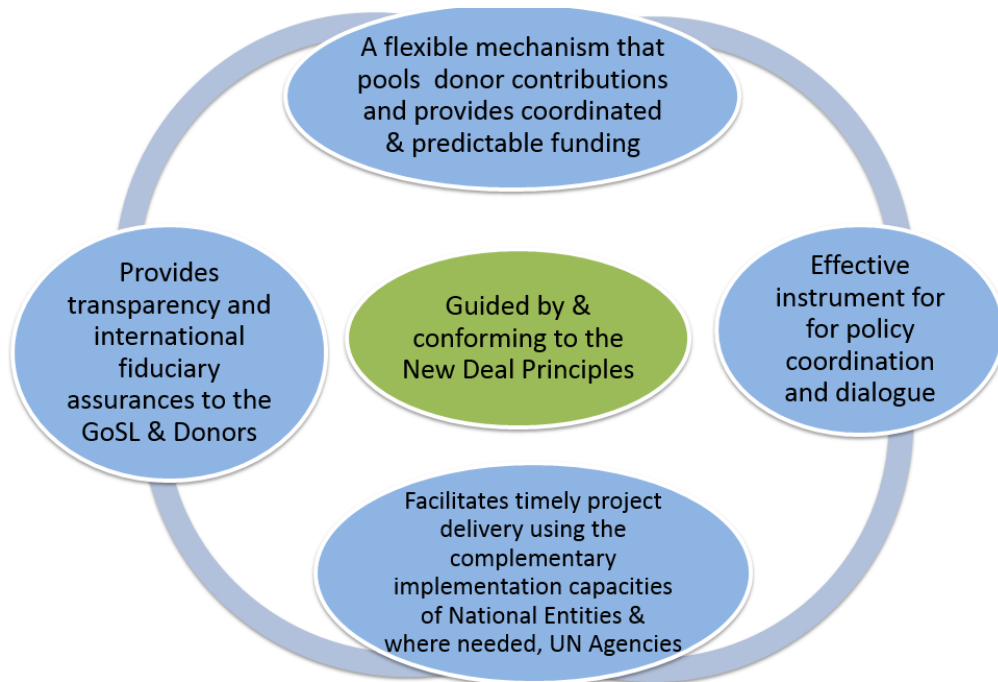
In addition, the Government has developed the “National Ebola Recovery Strategy (NERS)” with the objective of restoring Sierra Leone on its earlier path to its “Agenda for Prosperity”. The NERS addresses prioritized and targeted interventions.

The Sierra Leone Ebola Recovery Fund (SLERF)

Implementing the National Ebola Recovery Strategy requires the mobilization and alignment of considerable resources from multiple sources. To better coordinate the multiplicity of financing streams pledged at the July Ebola Conference, the government has proposed to establish a financing mechanism to finance the strategy that provides coherence, speed and flexibility.

The Sierra Leone Ebola Recovery Fund (SLERF) is established based on the guiding principles: and key features shown in the Following graph:

Figure 1: Guiding Principles and Key Features



A Multi-Partner Trust Fund would bring together contributions from governments, intergovernmental or non-governmental organizations, private-sector organizations, foundations and other sources to support an integrated and effective implementation of the NERS. The Fund would complement and build on existing funding sources. Channeling a critical mass of resources would enable the fund to act as a center of gravity to align international assistance with the strategic goals and develop synergies across sectors and sources of funds. Notably, the common funding mechanism would have the functions listed on the table below:

Figure 2: Functions of SLERF

COHERENCE	<ul style="list-style-type: none"> - Supports policy coherence - Plays as both funding facility and key Policy Coordination & Operational Performance mechanism - Enhances coordination of multiple players
COORDINATION & HARMONIZATION OF DIVERSE FUNDING SOURCES	<ul style="list-style-type: none"> - Reduces fragmentation - Blends different sources of finance to drive transformational change through a single entry point - Plays a catalytic role of using limited financing to leverage other investments
TRANSPARENCY	<ul style="list-style-type: none"> - Adherence to established international standards in fiduciary and governance, social safeguards
INNOVATION	<ul style="list-style-type: none"> - Innovates and tests new flagship initiatives - Utilizes the Fund as a pilot case to test commitments to the New Deal principles

2. Objectives and scope of the SLERF

Post-crisis settings are characterized by a multiplicity of funding sources and instruments which are difficult to coordinate. In Sierra Leone the Ebola Crisis has led to the emergence of several funding streams to support the country recovery efforts. In order to consolidate the fund flows, the Government of Sierra Leone is seeking to establish a comprehensive National Multi-Partner Trust Fund mechanism.

SLERF will be one of the funding mechanisms for the Ebola Recovery Strategy that will provide targeted and time bound support for **selected interventions in** following six sectors within a 24 months period:

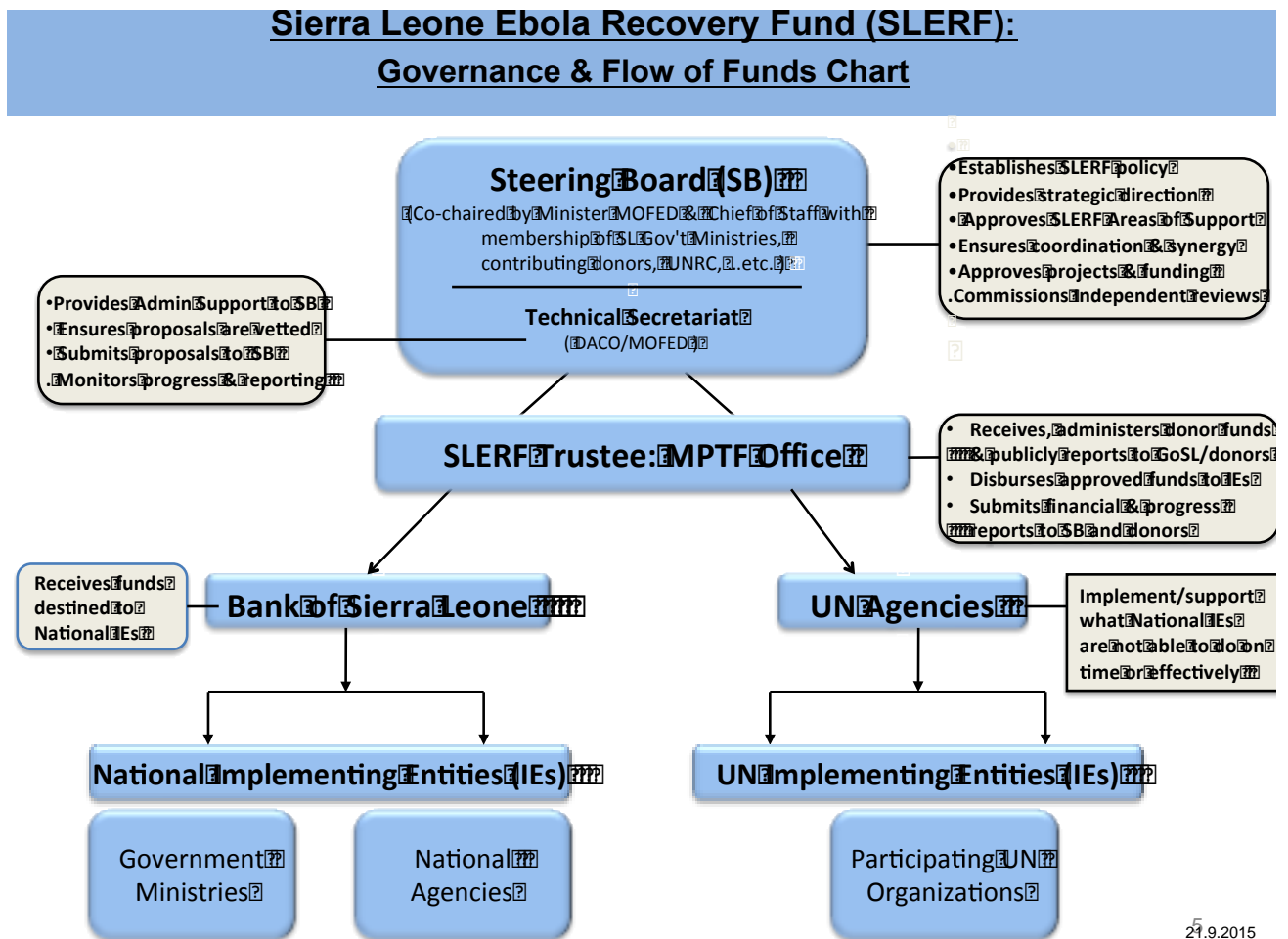
- Education,
- Health,
- Energy,
- Water,
- Social Protection and
- Private Sector

3. The SLERF Governance Structure

The SLERF and its governance structure would include three key components:

- **A Decision Making Body** (Steering Board), supported by a Technical Secretariat. The Board sets SLERF's policy, operational procedures, decides on project funding & oversees the overall Fund operation;
- **A Trustee** that receives, administers and transfers to Implementing Entities, SB approved funds and submits consolidated annual financial and progress reports;
- **Implementing Entities (IEs)** that manage, execute and report to Board on the implementation of approved projects.

Figure 3: Governance Structure of SLERF



29.9.2015

3.1 Decision-making Body

The Fund would be governed by a **Steering Board**. The SLERF Steering Board will be co-chaired by the Minister of the Ministry of Finance and Economic Development (MOFED) and the Chief of Staff of the President and includes selected representatives of Government Ministries and Contributing Donors, the UN Resident Coordinator, the Trustee (as ex-Officio) and other members approved by the Steering Board. Consideration is being given to include a non-government/Civil Society eminent person that is nationally recognized for his/her integrity.

Responsibilities of SLERF Steering Board will include:

- Provide overall leadership and set the strategic direction and oversight of the Fund;
- Ensure SLERF's oversight and accountability;
- Review and approve the SLERF Strategic Plan, which shall include the proposed budget framework and programme priorities;
- Approve the SLERF Operational Manual;
- Review and make fund allocation decisions on SLERF activities;

- Authorize the Administrative Agent to release funds to MOFED, National Entities and Participating UN Organizations;
- Oversee/lead resource mobilization strategy of SLERF;
- Maintain oversight of financial management of the SLERF, including through requesting third party financial audits of the National Entities, as required, in accordance with the Sierra Leone Audit Act of 2014;
- Review the broad findings of the periodic external audits of the National Entities to guide its resource allocation decisions
- Oversee effective monitoring and evaluation of all SLERF activities to ensure fund-wide success and transparency, including receiving and approving the Annual Monitoring and Evaluation Report from the Secretariat, including commissioning independent performance evaluations and “lessons learned” exercises;
- Review and approve Annual/Final Consolidated Reports that will be submitted by the Administrative Agent, for further submission to Contributors and public dissemination. Among other information, the Annual/Final Consolidated Reports shall include the annual consolidated narrative and financial reports of the SLERF projects, as implemented by the National Entities, compiled and submitted to the Administrative Agent by the Government Coordinating Entity, and by Participating UN Organizations;
- Ensure the implementation of an effective communication strategy.

The Steering Board will be supported by the **Fund Secretariat** embedded in MOFED, that will provide administrative, technical and management support. It will include expertise in Strategic Planning & Programme Design, Procurement and Monitoring & Evaluation, who may be directly financed by SLERF or contributed by Development Partners.

The Fund Secretariat’s responsibilities will include:

- Administrative support to Steering Board and following up SB decisions;
- Capacity assessment of National IEs in accordance with the “National Regulatory Framework”, provided the laws, regulations and procedures under such frameworks do not contravene the principles set out in UNDP’s regulations and rules, policies and procedures, as will be further described in the Operational Manual;
- Review of project proposals to ensure SLERF requirements are met;
- Review and forwarding to Trustee of annual financial and progress reports of National IEs;
- Monitoring the Public Procurement Act is followed by National IEs; and
- Fund level Monitoring and Evaluation.

The Auditor General will select the third party auditors in consultation with the Technical Secretariat, as will be further described in the Operational Manual and described in the project proposal.

The Secretariat will assess and recommend to the Steering Board the selection of the third party evaluators, as will be further described in the Operational Manual.

To strengthen national capacity, the internationally recruited Fund Secretariat staff will be twined with national staff that will work together with a view of eventually taking over the Secretariat responsibility

3.2 A Trustee

The UNDP Multi-Partner Trust Fund Office (MPTF Office) would serve as a **Trustee**. Trustee’s responsibilities will include:

- Support SLERF establishment;
- Receipt & administration of contributions;
- Disburse funds following Steering Committee instructions;
- Consolidate Annual statements and reports, based on submissions;
- Provide final reporting & notification of operational closure; and
- Establish and maintains SLERF website, allowing the government partners, donors and the general public to track contributions and allocations in real time and annual expenditures of the Fund, as well as access the Fund's progress reports and key documents

In accordance with established policy, the Fund trustee fee is established at 1% of donor contributions received.

3.3 MOFED as a Government Coordinating Organization

The Government of Sierra Leone will nominate a Government Coordinating Organization, which shall be responsible and accountable for the effective development and implementation of the SLERF portfolio implemented by National Entities. Among other tasks, the Government Coordinating Organization shall:

- Promote Government-wide participation, coordination and coherence in SLERF;
- Conclude MOA with SLERF Trustee detailing its responsibilities including assuming accountability for funds transferred to National IEs;
- Ensure National IEs meet internationally accepted financial management and procurement systems, including adhering to the Sierra Leone Public Procurement Act, 2004;
- Conclude agreement with National IEs that details their responsibilities and accountabilities as SLERF IEs; and
- Ensure National IEs submit annual financial & narrative reports to the SB Technical Secretariat for review and forwarding to the Trustee.

3.4 Implementing Entities

3.4.1 National Implementing Entities

Implementation will include two implementing modalities which allow implementation by National Implementing Entities and, where required, by UN Implementing Entities. This flexible implementation architecture enables different implementing entities to operate under the common strategic governance structure yet in accordance with the distinct policies and procedures.

National Implementing Entities (IEs) will be Ministries, Departments and Agencies (MDA), proposed by GoSL based on assessments, meeting internationally accepted financial management and procurement systems, including adhering to 2004 Sierra Leone Public Procurement Act.

The National Implementing Entities shall assume the following responsibilities:

- Conclude agreements with MOFED, as the GCO;
- Develop and submit project concept notes and project proposals to SLERF Board through SLERF Secretariat;
- Implement activities approved by the SLERF Board;
- Monitor and evaluate approved projects; and
- Submit annual financial and narrative reports to SLERF Secretariat.

Each National Implementing Entity shall establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent, through MOFED. This separate ledger account shall be administered by each National Entity in accordance with the National Regulatory Framework, including those relating to interest. This separate ledger account shall be subject exclusively to the internal and external auditing procedures set forth in the National Regulatory Framework and in accordance with the Memorandum of Agreement (MOA) signed between the Government and UNDP, in its capacity as the Administrative Agent of the SLERF.

Each National Implementing Entity shall carry out its activities reflected in the approved project in accordance with the National Regulatory Framework (national regulations, rules, directives and procedures), using its standard implementation modalities, and the provisions of the MOA.

3.4.2 Participating UN Organizations

The UN and other International Organizations would provide direct implementing services, using their Financial Rules and Regulations approved by their inter-governmental Executive Boards/ Governing Councils of those organizations. The Participating UN Organizations shall have the following responsibilities:

- Conclude the Memorandum of Understanding with SLERF Trustee;
- Develop and submit project concept notes and project proposals;
- Assume programmatic and financial accountability for funds received;
- Implement activities approved by the SLERF Board;
- Monitor and evaluate approved projects; and
- Submit annual financial and narrative reports to Trustee.

The Participating UN Organizations could in accordance with their own financial regulations, rules and policies and charge the corresponding indirect costs (7%).

4. Contributions to SLERF

Contributions to SLERF may be accepted from governments, intergovernmental or non-governmental organizations, private-sector organizations and the public at large. Contributions to SLERF will be made as unearmarked contributions, utilization of which will subsequently be approved by the Steering Board on the basis of a transparent fund allocation criterion that will be agreed to by the Steering Board. While unearmarked contributions are strongly encouraged so as to permit the Steering Board to allocate funds to the highest prioritized recovery projects on the basis of a transparent fund allocation criterion, earmark contributions by SLERF priority sectors are also welcome.

Contributions to SLERF may be accepted in United States dollars or in any other currency that can be readily utilized. Such contributions shall be deposited into the bank account established by the UNDP MDTF Office. Funds received from donors will be received on account of the Government of Sierra Leone, and not as UNDP resources.

The value of a contribution payment, if made in or other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Gains or losses on currency exchanges shall be recorded in the SLERF Account established by the Administrative Agent.

Resources from the SLERF will be utilized for the purpose of meeting the direct costs of projects managed by the SLERF Implementing Entities. Details of such projects, including respective budgets and implementation partners (national entities, NGOs/civil society organizations, intergovernmental organizations) will be set out in the relevant project documents that will be reviewed by the SLERF Secretariat and subsequently approved by the Steering Board.

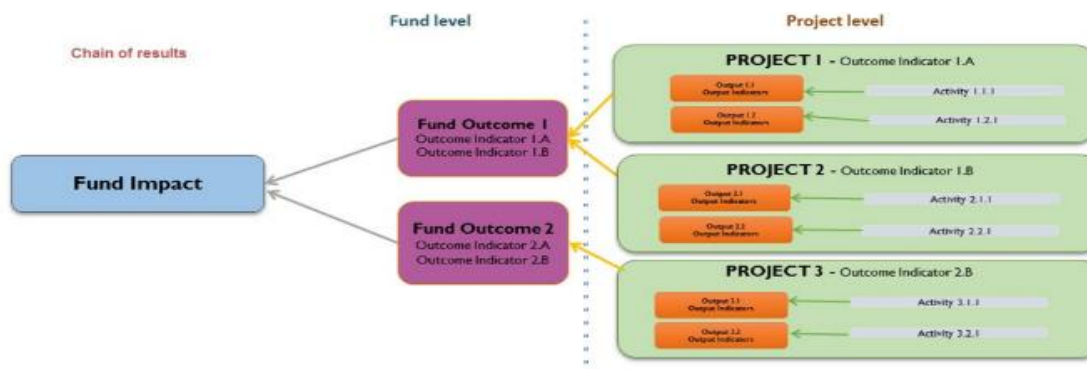
The Government Coordinating Organization shall assume full programmatic and financial accountability for the funds disbursed to National Implementing Entities by the UNDP MDTF Office upon the instruction of the Steering Board. Such funds shall be administered by each Implementing Entity in accordance with Sierra Leone’s national Regulatory Framework (national regulations, rules, directives and procedures).

In the case of Participating UN Organizations, they will utilize funds disbursed to them d in accordance with their own applicable regulations, rules, directives and procedures and the proposal approved by the Steering Board.

5. Result based management system

Based on the SLERF Strategy, which would be linked to the broader Recovery strategy and Agenda for Prosperity, the Trust Fund would develop a Results Based Management system where both programmatic and financial performance indicators are monitored at the Outcome and Output level (Fund- and project-level). The Outcome and Output indicators will be monitored through the regular cycle of programme reporting.

Figure 4: Illustration of the Result Based Management System



6. Reporting

Reporting, Transparency and Accountability

For each project approved for funding from SLERF, each National Implementing Entity through MOFED and each Participating UN Organization shall provide the Administrative Agent with the following statements and reports prepared in accordance with the reporting procedures of the SLERF:

- (a) Annual narrative progress reports, to be provided no later than three months (31 March) after the end of the calendar year;

- (b) Annual financial statements and reports as of 31 December with respect to the funds disbursed to it from the SLERF Account, to be provided no later than four months (30 April) after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than four months (30 April) of the year following the operational closing of the Fund. The final report will give a summary of results and achievements compared to the goals and objectives of the SLERF;
- (d) Biannual progress updates that will allow the Government and the Steering Board to assess the progress of project implementations on an on-going basis;
- (e) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document and including the final year of the activities in the approved programmatic document, to be provided no later than six months (30 June) of the year following the financial closing of the Fund.

The Trustee will prepare consolidated narrative progress and financial reports, based on the reports referred above, and will provide those consolidated reports to each donor that has contributed to the SLERF Account, as well as the Steering Board, in accordance with the timetable established in the Standard Administrative Arrangement.

The Trustee shall also provide to the donors and the Steering Board an annual certified financial statement on its activities as Administrative Agent ('Report on Sources and Use of Funds') no later than five months (31 May) after the end of the calendar year, as well as a certified financial statement no later than seven months (31 July) of the year following the financial closing of the Fund.

Public Disclosure

The Steering Board, Government Coordinating Organization and Administrative Agent shall collaborate to ensure full transparency and accountability of the SLERF operations. The Government and Administrative Agent will ensure that operations of the SLERF are publicly disclosed on the website of the Administrative Agent's website (<http://mptf.undp.org>). Website postings will include a record of decisions of the Steering Board, summary sheets of pipeline and approved projects, project and fund level financial and progress reports, and external evaluation reports, including relevant information on the SLERF operations.

Each Implementing Entity as well as each Participating UN Organization shall take appropriate measures to publicize the SLERF Fund so as to give due credit to the Government. Information given to the press and to the beneficiaries of the assistance provided through the SLERF, all related publicity material, official notices, reports and publications shall acknowledge the leading role of the Government. In particular, the Administrative Agent will ensure that full recognition is given to the role of the Government and national partners in all external communications relating to the SLERF.

7. Risk Management

The governance structure, which brings together the Government, UN, and donors, offers an opportunity to develop a common understanding of the risk context and mitigation measures. An assessment of risk and the use of joint mechanisms to reduce and better manage risks can result in more informed strategic choices. The Fund Risk Management Strategy would accelerate delivery and increase fund impact, ensure that fund operations ‘do no harm’, verify that funds are used for their intended purpose, and build risk management capacity of national institutions. A fund’s risk management strategy would be reflected in its allocation criteria, including thematic priorities and project partner selection criteria.

The risk ranking matrix would capture the hierarchy of risk at different levels, allowing an assessment of the most appropriate responses to the identified risks, particularly to those risks most likely to impede success (very high and high).

Figure 5: Risk ranking matrix

Likelihood	Consequences				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Very Likely (5)	Medium (5)	High (10)	High (15)	Very High (20)	Very High (25)
Likely (4)	Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)
Possible (3)	Low (3)	Medium (6)	High (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare (1)	Low (1)	Low (2)	Medium (3)	Medium (4)	High (5)