

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC263

Date ISDS Prepared/Updated: 17-Jan-2012

I. BASIC INFORMATION

A. Basic Project Data

Country:	Sierra Leone	Project ID:	P128208
Project Name:	SL Public Sector Pay & Performance (P128208)		
Task Team Leader:	Vivek Srivastava		
Estimated Appraisal Date:	26-Mar-2012	Estimated Board Date:	31-May-2012
Managing Unit:	AFTPR	Lending Instrument:	Specific Investment Loan
Sector:	Central government administration (90%), Sub-national government administration (10%)		
Theme:	Administrative and civil service reform (100%)		
Financing (In USD Million)			
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			17.00
Financing Gap			0.00
Total			17.00
Environmental Category:	C - Not Required		
Is this a Repeater project?	No		

B. Project Objectives

A. Government Proposed Development Objective(s) (to be finalized)

42. The overall goal of the Public Sector Reform Programme is to improve public sector productivity and public service delivery to levels that are consistent with the developmental priorities articulated in the Government of Sierra Leone's Agenda for Change.

B. Program Development Objectives

43. To support the government to establish of an appropriately remunerated, performance oriented, competent and adequately staffed civil service.

C. New GoSL Program

Public Service Pay Reform

44. The objectives of public service pay reform are to attract and retain critical skills, to motivate all civil servants to perform their jobs satisfactorily, and to maintain an affordable and sustainable wage bill. As set out in the Results section below, this will require pay rates for professional jobs to be brought closer to those prevailing in the private sector, whilst simultaneously establishing "felt fair" internal pay relativities based on the relative worth of every job. Strengthened payroll integrity will help to expand the fiscal space to enable these results to be achieved. The reform path will involve benchmarking market pay levels and carrying out a job evaluation exercise. The information from these tasks will be used to develop a revised pay structure, which will consolidate allowances and "top ups" with base pay. MOFED will provide the fiscal space to enable the new pay structure to be introduced, and in the absence of sufficient resource to address the pay anomalies in a single year, the pay structure will be implemented in stages for different job groups (e.g. professionals). GoSL also wishes to ensure that the pay relativities inherent in any new structure can be protected and sustained by establishing an independent and impartial Pay Commission whose role will be to contain the practice of "leapfrogging" through which powerful unions and professional associations are able to extract preferential pay increases directly from the Executive.

Performance management

45. The objectives of performance management are to: (a) motivate MDAs and individual civil servants to perform by providing direction through targets; (b) strengthen accountability through the use of rewards and sanctions; (c) enhance transparency by communicating government performance and service standards to citizens; (d) increase trust and confidence in government. This component will achieve these objectives by extending the current performance contracting system and by introducing a new individual performance appraisal process. The plan is currently under development. The present intention is to cascade the performance contracting system to PS's, professional heads and Directors in MDAs. External mechanisms will therefore be established at the centre to monitor the performance of PS's and professional heads. In turn, processes will be created within MDAs which allow PS's and professional heads to conduct effective quarterly and annual reviews of their Directors, thereby enabling them to report to the centre performance against targets to the centre. Efforts will be made to match budgets with targets and to release funds in a timely fashion throughout the year, in order for performance management to be fair. The new individual performance appraisal process defined in the new Civil Service Regulations will require all civil servants (including PS's) to agree on work plans (including targets) at the start of the year and to participate in an appraisal discussion mid-year and at year's end with their respective superiors. The outcome of the appraisal discussion will be a rating of individual performance and the identification of the training required to improve the individual's performance in future.

Recruitment and Staffing

46. The objective of this component is to establish a competent civil service of the right size and job composition to deliver its core functions assigned by government. A prior review of establishments will be required to ensure that declared vacancies reflect the real requirements of

MDAs, that obsolete posts are removed and, where necessary, redundant staffs retrenched. The “shadow” civil service will be mainstreamed as part of this review. The continuing result of this component will be to fill vacancies each year according to the annual plan which will reflect the priorities established in an agreed staffing strategy to be developed. Vacancies will be filled on the basis of competency through recruitment or internal promotion (as appropriate) following a transparent and competitive process managed by the PSC. Processes will be established to develop civil servants with potential to fill positions of higher responsibility in future. This will help to ensure that vacancies can be filled where there are no qualified candidates available in the labor market. Capacity will be developed in both HRMO and PSC to manage and oversee these recruitment, selection and development processes.

C. Project Description

Over the years during and after the civil war the public sector in Sierra Leone has suffered progressive depletion of skilled manpower and the middle level cadre of professional and technical staff. In addition to the low numbers which are largely a consequence of uncompetitive pay, there are two other problems with the functioning of the civil service. Motivation (esprit de corps) is weak because of inequitable pay and no demand for performance (weak accountability). Low levels of competence, especially in senior positions, because of appointments based on a combination of patronage and seniority. The Government of Sierra Leone’s public sector reform program – “Improving Productivity through Management and Pay Reforms” - addresses these problems by focusing on Pay Reform, Performance Management and Recruitment and Staffing. The project will support the GoSL Program through the combination of a Program for Results (PforR) or Program-based Investment Lending (PBIL) instrument and a Technical Assistance (TA) component. The PforR/PBIL component will disburse against the achievement of Disbursement Linked Indicators (DLIs) which will be a combination of results and key steps on defined reform paths in each of the three Program Areas. The TA component will support specific inputs for which close technical support and supervision by the Bank is justified and has been requested by the GoSL.

This operation aims to support the government’s efforts as reflected in the GoSL Program document. In particular, it will establish fair and, where appropriate, competitive pay across the public service to enable competent staff to be recruited and retained. This will at the same time legitimize government’s attempts to demand better performance from both its MDAs and the civil servants who staff them. Sierra Leone’s poor service delivery performance can be attributed to a multiplicity of causal factors including leadership, coordination, skills, rewards, and management structures and processes. This operation does not attempt to address all of these problems, many of which will require tailored interventions for individual MDAs. Instead, it is proposed to address the key systemic problems (as identified in the GoSL Program document) afflicting the civil service which, if tackled together, have the potential to unlock performance across all MDAs. These binding problems are: (a) an inability to attract and retain a critical mass of professionals capable of serving the government of the day; (b) the persistent neglect of the merit principle in appointments, which has led to a progressive erosion of competence; (c) a failure to tackle the perceived inequities in pay, which has depressed employee motivation and morale; and (d) a chronic failure by both governments and senior officials to hold civil servants accountable for their performance.

The project will reward the achievement/completion of key steps/milestones along an identified path for achieving the objectives of each of the three reform areas by making disbursements when agreed steps are achieved/completed with some scope for flexibility in the outer year milestones. It is expected that the achievement of the objectives of each of the reform elements will contribute to addressing the functional problems. The approach will allow for a locally owned and, therefore, more feasible reform program with flexibility in the implementation approach and it will also help in addressing the collective action and coordination problems that have stood in the way of past reform efforts.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Location: Freetown, Sierra Leone

E. Borrowers Institutional Capacity for Safeguard Policies

1. Project Information - Borrowers Institutional Capacity for Safeguard Policies:

The project supports the government’s reform program in the areas of pay, performance and staffing and does not involve any civil works or other activities which could impact the environment.

No safeguard policies are triggered.

Potential social issue:

The European Union (EU) project “Support to the Civil Service Reform Programme in Sierra Leone” which forms part of the government’s Program has one component entitled “Right-sizing the Civil Service”. This component supports the removal of dysfunctional positions by financing severance/pension packages and the retraining of eligible redundant workers to prepare them for employment in the private sector. The rightsizing includes five elements, to be implemented in consultation with the National Social Security and Insurance Trust (NASSIT), the Ministry of Employment, Labour and Social Security and the MDAs: (i) Retire all low-skilled personnel in minor grades who are currently aged 55 and above on full pension basis, plus any applicable retirement benefits; (ii) Abolish obsolete posts and take appropriate redundancy action, including expeditious settlement of all payment obligations; (iii) Determine optimal staffing requirements by sector, occupational category and level of staff, having sustainability and affordability in view; (iv) Design Strategy for filling skills gaps through the appropriate approaches of recruitment, or skills development by training, coaching and mentoring, or combinations of these; (v) Mainstream key professional posts currently filled through contracts for services into the public service.

The EU project aims to offset the potential opposition to these measures by, prior to the rollout of rightsizing, conducting a sensitization campaign of the various stakeholders, including the potential target employees, the relevant trade unions, and the general public and by retraining of eligible redundant workers to prepare them for employment in the private sector. The EU is providing Euro 4.45 million (US \$5.99 million) for these measures, while the GoSL has committed Euro 0.1 million (US \$1.134 million) for the sensitization campaign.

The current operation does not specifically support the GoSL’s retrenchment activities. However, these activities (financed by the aforementioned EU project) are included as in the larger GoSL Program.. Therefore, the Bank’s Operational Policy Memorandum on Financing Severance Pay in Public Sector Reform Operation s (2002) may need to be addressed. The task team during preparation will therefore inquire as to the social safeguards measures of the EU support and satisfy Bank requirements to consider:

- (i) sustainability of proposed reforms;
- (ii) countering the moral hazard of retrenchment pay financing;
- (iii) avoiding adverse selection, (mitigating the risk of overpayment);
- (iv) avoiding adverse publicity; and
- (v) monitoring and financial reporting.

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 08-Feb-2012

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

None necessary.

IV. APPROVALS

Task Team Leader:	Name: Vivek Srivastava	
Approved By:		
Regional Safeguards Coordinator:	Name: Alexandra C. Bezeredi (RSA)	Date: 17-Jan-2012
Sector Manager:	Name: Anand Rajaram (SM)	Date: 03-Feb-2012

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.