Sierra Leone TSS: Public Information Notice

World Bank Board Discusses Sierra Leone TSS

On March 26, 2002 the World Bank's Board of Executive Directors discussed the Bank's Transitional Support Strategy (TSS) for Sierra Leone covering the period 2002-2003.

Country Context

Despite its abundant natural resource endowment, well-educated people and freedom from marked religious and ethnic strife, post-independence Sierra Leone has suffered from poor governance, economic mismanagement and war. During 1971-89, a period of poor governance, GDP per capita dropped by over a third and by 1990, over 80% of the population lived below the poverty line. After a decade of devastating civil war in the 1990s, Sierra Leone’s GDP had fallen further, to one-third of its 1970 peak.

In the past year, Sierra Leone has made remarkable strides in reestablishing peace, while experiencing an incipient economic recovery with low inflation. The Bank’s Board of Executive Directors approved the HIPC Decision Point on March 19, 2002. Demobilization of combatants was completed in January 2002. Government is reestablishing its authority nationwide, many refugees have returned, and presidential and parliamentary elections are scheduled for May 2002. Nonetheless, the domestic security, political and economic situations remain potentially volatile, particularly in view of the continued possibility of sub-regional spillovers.

In its Interim Poverty Reduction Strategy (I-PRSP), discussed by the Bank’s Board of Executive Directors on September 13, 2001, Government adopted a two-phased approach to combating poverty. In the transitional phase, extending through 2002, the focus is on consolidating peace, resettlement and reconstruction, improving governance, and maintaining a macroeconomic framework conducive to recovery. In the medium term, Government will increasingly shift to addressing longer-term development issues, to be elaborated in the full PRSP. Key priorities include expanding access of the poor to health, education and markets, accelerating the economic recovery and growth, resurrecting agriculture, developing mining resources, improving financial intermediation, modernizing infrastructure, and deepening governance improvements, not least through the restoration of decentralized government and service delivery.

Bank Strategy and Priorities for Bank Assistance

The TSS for 2002-03, built on the framework of the Government’s I-PRSP, is designed to support Sierra Leone’s transition from post-conflict reconstruction to sustainable poverty reduction. Its objectives are to help mitigate the risk of renewed conflict and lay the foundation for sustained poverty reduction and improvements in nutrition, health and education, targeting the rural population, women and children.

The Bank’s assistance for 2002-03 will focus on:

- consolidating peace and security, encompassing work on property rights;
- resettlement, rehabilitation and reintegration, emphasizing the rebuilding of social capital;
- governance, targeting institutional reform and capacity building down to the district level, with a heavy emphasis on enhancing participation and community-driven development activities;
- accelerating economic growth, through economic reforms, infrastructure rehabilitation and construction, and emphasis on the mining sector; and
- expanding access of the poor to social services, infrastructure, markets and
assets, and combating HIV/AIDS.

To help meet Sierra Leone’s exceptional financing needs during this transitional period, IDA assistance to Sierra Leone is expected to average US$70 million per year between 2002 and 2003. The Bank Group expects to lend to provide support for economic recovery and for projects to support rehabilitation of basic education, the health sector, and delivery of basic social services. There will also be substantial non-lending services. MIGA is not yet active in Sierra Leone.

Partnerships

This TSS is a unified strategy of the World Bank Group, IDA, and IFC; all will collaborate to implement it. Many donors are active in Sierra Leone, and the Bank coordinates its assistance closely with theirs. To improve macroeconomic management, the Bank works closely with the IMF.