

Document of
The World Bank
The African Development Bank

FOR OFFICIAL USE ONLY

Report No. 52297-SL

**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
AND
AFRICAN DEVELOPMENT BANK**

**JOINT COUNTRY ASSISTANCE STRATEGY
FOR
THE REPUBLIC OF SIERRA LEONE**

FOR FY10–FY13

March 4, 2010

**World Bank
West Africa Department 1
IFC
Sub-Saharan Africa Department
African Development Bank
Regional Department West 2**

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

The last IDA Country Assistance Strategy (CAS) Report No. 31793-SL was discussed by the IDA Board on May 5, 2005, and the last IDA CAS Progress Report No. 45948-SL was dated November 5, 2008. The last AfDB CSP was discussed by the AfDB Board on 27 July 2005 while the Mid-Term Review was discussed on 21 January 2009.

Republic of Sierra Leone – Fiscal Year

January 1 - December 31

Currency Equivalents (December 16, 2009)

Currency Unit = Leone

US\$1.00 = Le 3,867

Weights and Measures

Metric System

ACRONYMS AND ABBREVIATIONS

AAA	Analytic and Advisory Activities	DPO	Development Policy Operation
ACC	Anti-Corruption Commission	DOTS	Directly Observed Treatment Short Course
ACGF	Africa Catalytic Growth Fund	DTIS	Diagnostic Trade Integration Study
AfDB	African Development Bank	ECOWAS	Economic Community of West African States
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism	EFA FTI	Education for All Fast Track Initiative
APC	All People's Congress	EGRP	Economic Governance Reform Program
APEIE	Africa Program for Education Impact Evaluation	EITI	Extractive Industries Transparency Initiative
ASREP	Agriculture Sector Rehabilitation Project	EMS	Education Management System
BB	Bank Budget	ENCISS	Enhancing Interaction and Interface between Civil Society and the State to Improve Poor People's Lives
BECE	Basic Education Certificate Examination	EPA	Economic Partnership Agreement
BHP	Bumbuna Hydroelectric Project	ESMAP	Energy Sector Management Assistance Program
BSL	Bank of Sierra Leone	ESW	Economic Sector Work
CAADP	Comprehensive Africa Agriculture Development Program	EU	European Union
CAR	Commitment at Risk	FDI	Foreign direct investment
CAS	Country Assistance Strategy	FIAS	Foreign Investment Advisory Services
CASA	Conflict-Affected States in Africa	FIRST	Financial Sector Reform and Strengthening
CASPR	Country Assistance Strategy Progress Report	FIU	Financial intelligence unit
CDTI	Community-Directed Ivermectin Distribution	FM	Financial management
CET	Common External Tariff	FMCG	Fast Moving Consumer Goods
CG	Consultative Group	FSAP	Financial Sector Assessment Program
CHYAO	Child and Youth in Africa Trust Fund	FSF	Fragile States Facility
CPAR	Country Procurement Assessment Review	FY	Fiscal Year
CPIA	Country Policy and Institutional Assessment	GDP	Gross domestic product
CPR	Country Portfolio Performance Review	GEF	Global Environment Facility
CSO	Civil Society Organization	GER	Gross enrollment ratio
CSP	Country Strategy Paper	GoSL	Government of Sierra Leone
CSR	Country Status Report	GRGC	Governance Reform and Growth Credit
CWIQ	Core Welfare Indicators Questionnaire	GRGG	Governance Reform and Growth Grant
DfID	Department for International Development		
DP	Development partner		

GTZ/KFW	German Agency for Development Cooperation/Kreditanstalt für Wiederaufbau	NSAP	National Social Action Project
		O&M	Operation and maintenance
GVWC	Guma Valley Water Company	PAD	Project Appraisal Document
HIPC	Heavily Indebted Poor Countries	PAF	Progress Assessment Framework
IBRD	International Bank for Reconstruction and Development	PAR	Portfolio at Risk
		PCR	Primary Completion Rate
ICA	Investment Climate Assessment	PEFA	Public Expenditure and Financial Accountability
ICAO	International Civil Aviation Organization	PEP Africa	Private Enterprise Partnership for Africa
IDA	International Development Association	PER	Public Expenditure Review
IDP	Infrastructure Development Project	PETS	Public Expenditure Tracking Study
IDF	Institutional Development Fund	PFM	Public financial management
IFC	International Finance Corporation	PHU	Public health unit
IFMIS	Integrated Financial Management Information System	PIU	Project implementation unit
IMF	International Monetary Fund	PPIAF	Public-Private Infrastructure Advisory Facility
IPFMRP	Integrated Public Financial Management Reform Project	PPP	Public/Private Partnership
IRCBP	Institutional Reform and Capacity Building Project	PRGF	Poverty Reduction and Growth Facility
ITN		PRSP	Poverty Reduction Strategy Paper
JAS	Joint Assistance Strategy	PSD	Private sector development
JICA	Japan International Cooperation Agency	RCHP	Reproductive and Child Health Project
JSANS	Joint Staff Advisory Notes	ROSC	Report on the Observance of Standards and Codes
JSS	Junior Secondary School	SHARP	Sierra Leone HIV/AIDS Response Project
JSDF	Japan Social Development Fund	SIL	Specific Investment Loan
LC	Local Council	SIP	Small Investment Program
		SL	Sierra Leone
LG	Local Government	SLIEPA	Sierra Leone Investment and Export Promotion Agency
LGA	Local Government Act	SLIHS	Sierra Leone Integrated Household Survey
M&E	Monitoring and Evaluation	SLPRSP	Sierra Leone Poverty Reduction Strategy Paper
MDAs	Ministries, departments and agencies	SLRA	Sierra Leone Roads Authority
MDBS	Multi-donor Budgetary Support	SMC	School Management Committee
MDG	Millennium Development Goal	SWAp	Sector-wide approach
MDRI	Multi-Debt Relief Initiative	TA	Technical assistance
MDTF	Multi-Donor Trust Fund	TB	Tuberculosis bacillus
MICS	Multiple Indicator Cluster Survey	TBC	To be continued
MIGA	Multilateral Investment Guarantee Agency	TBD	To be determined
MMR	Ministry of Mineral Resources	TEU	Twenty-foot Equivalent Unit
MOA	Memorandum of Agreement	TURFS	Territorial Use Rights Fisheries
MoFED	Ministry of Finance and Economic Development	UNMIL	United Nations Mission in Liberia
MOU	Memorandum of Understanding	WAPP	West African Power Pool
MT	Metric ton	UK	United Kingdom
MTEF	Medium-Term Expenditure Framework	UN	United Nations
NaCSA	National Commission for Social Action	UNDP	United Nations Development Program
NASSIT	National Social Security and Insurance Trust	UNFPA	United Nations Population Fund
NCP	National Commission for Privatization	UNHCR	United Nations High Commission for Refugees
NER	Net enrollment ratio	UNICEF	United Nations Children's Fund
NERICA	New Rice for Africa	UNIPSIL	United Nations Integrated Peacebuilding Office in Sierra Leone
NPA	National Power Authority	USAID	United States Agency for International Development
NPPA	National Public Procurement Authority	VSAT	Very Small Aperture Terminal
NPSE	National Primary School Examination	WAPP	West Africa Power Pool
NSA	Nonstate actor	WBI	World Bank Institute
NPV	Net present value	WFP	World Food Program
		WHO	World Health Organization

WORLD BANK

Vice President: Obiageli K. Ezekwesili

Country Director: Ishac Diwan

Country Manager: Engilbert Gudmundsson

Task Team Leader: Christopher Juan Costain
 Core JAS Team Sabine Hader, Sergiy Kulyk,
 Anders Jensen, Annika M. F.
 Ostman, Alema E. Siddiky,
 Vivek Srivastava, Douglas M.
 Addison, Motoky Hayakawa

AFRICAN DEVELOPMENT BANK

Vice President: Aloysius Ordu

Regional Director Franck Perrault

Resident Samuel Ofori Onwona

Representative Margaret Kilo

Fragile States Unit Manager Jamal Zayid

Country Economist Issa Koussoube, Samuel
 Task Team Members Onwona, Cecil Nartey,
 Sheikh Sesay, James
 Wahome, Rogers Lubunga,
 Ulrich Boysen, H. R.
 Heeroo, Manuel Benard, C.
 Mtegha, Edith Laszlo, Abdi
 Younis, Fabrice Sergent,
 Rex Situmbeko

**INTERNATIONAL
FINANCE
CORPORATION**

Vice President Thierry Tanoh

Country Director Yolande Duhem

Country Manager Imoni Akpofure

Task Team Leader Mary Agboli

Strategy Unit Frank Douamba

Core JAS Team Samuel Boateng

CONTENTS

I. COUNTRY CONTEXT AND RECENT DEVELOPMENTS.....	6
A. Political Economy and Developments	6
B. Recent Economic Developments	6
C. Macroeconomic Outlook and Debt Sustainability	9
D. Social Developments and Poverty Profile	10
II. COUNTRY DEVELOPMENT PROGRAM: “The Agenda for Change”.....	12
III. SIERRA LEONE’S MAIN DEVELOPMENT CHALLENGES AND OPPORTUNITIES	16
A. Human Development	16
B. Inclusive Growth.....	20
C. Good Governance and Capacity Building	24
D. Job Creation and Private Sector Development	29
IV. RESULTS AND LESSONS FROM PAST IDA/IFC/AfDB ASSISTANCE.....	31
A. World Bank Client Survey.....	31
B. IDA Portfolio Performance.....	33
C. Areas of Existing Intermediation by IFC.....	34
D. AfDB Country Strategy Paper 2005–09: Implementation Results	34
V. WORLD BANK GROUP AND AfDB GROUP ASSISTANCE STRATEGY TO SUPPORT THE AGENDA FOR CHANGE	36
A. Current and Planned Operations in Support of the PRSP.....	37
B. Program Delivery and Outcomes.....	42
C. Development Partner Coordination and Aid Effectiveness	50
D. Results Monitoring and Evaluation	51
VI. MANAGING RISKS	52
A. Weak Governance and Accountability Structures and Traditions.....	52
B. Limited Capacity to Deliver Services and Manage Public Resources.....	52
C. Youth Employment and Social Instability	53
D. Economic Shocks, Including Reduced External Support	53
E. Regional Volatility, Including International Drug Trafficking.....	53
F. Climate Change and Disaster Risk Management.....	54

Tables

Table 1: Selected economic indicators, 2007-12	8
Table 2: External debt sustainability indicators, 2007-28 ^a	10

Table 3: Likely trend in headcount index of poverty, 2003–07.....	11
Table 4: Key poverty and social indicators.....	18
Table 5: AfDB, IFC, and IDA current portfolio	38
Table 6: IDA proposed lending program	39
Table 7: AfDB preliminary project pipeline for the JAS period	40
Table 8: IDA will cooperate with trust funds and partners to supplement IDA funding.....	41
Table 9: Proposed analytical and advisory work	42
Table 10: OECD survey of progress under Paris Declaration benchmarks.....	51

Figures

Figure 1: Primary sources of GDP growth and economic sector composition 2002-08	7
Figure 2: Chiefdom-level poverty headcount, 2008	12
Figure 3: Sierra Leone has made mixed progress toward the MDGs	17
Figure 4: Cocoa has led the rebound in agricultural exports	21
Figure 5: Sierra Leone has abundant potential for agriculture	22
Figure 6: Governance indicators highlight opportunities and challenges.....	25

Boxes

Box 1: Key priorities in PRSP-II/Agenda for Change.....	13
Box 2: Regional integration.....	24
Box 3: Governance indicators and CPIA as guide for governance improvements.....	27
Box 4: Mining and youth employment	31
Box 5: Strengthening governance for better development outcomes	37
Box 6: Mainstreaming the gender dialogue	45
Box 7: The capacity challenge exemplified by the public financial management reform in Sierra Leone.....	46

Appendixes

Appendix 1: Human Development and Progress towards the Millennium Development Goals	54
Appendix 2: JAS Program Results Matrix.....	57
Appendix 3: Sierra Leone FY06-09 World Bank CAS Completion Report	65
Appendix 4a: World Bank Portfolio and Pipeline	92
Appendix 4b: AfDB ongoing portfolio.....	96
Appendix 5: Sierra Leone at a Glance - CAS Annex A2	97
Appendix 6: Social and Economic Indicators.....	99
Appendix 7: IFC and MIGA Programs for Sierra Leone	101

Appendix 8: IFC’s Committed and Outstanding Portfolio	102
Appendix 9: Operations Portfolio (IBRD/IDA and Grants)	103
Appendix 10: IFC’s Committed and Outstanding Portfolio	104
Appendix 11: Operations Portfolio (IBRD/IDA and Grants)	105
Appendix 12: Country Financing Parameters	106
Appendix 13: Consultations in Preparation for the Joint Assistance Strategy of the AfDB, WB, and IFC for Sierra Leone	108
Appendix 14: Findings of 2009 Client Survey	112
Appendix 15: Donor Coordination in Sierra Leone	116
Appendix 16: Country Map	117

EXECUTIVE SUMMARY: A COUNTRY AT THE CROSSROADS

1. This *Joint Assistance Strategy for Sierra Leone* (“JAS”), prepared by the African Development Bank Group (AfDB) the World Bank and the International Finance Corporation (“the JAS partners”), sets out planned lending and non-lending support, and possible investments, for the period FY2010 to 2013.

2. *Seven years out of brutal conflict, Sierra Leone is now peaceful and stable.* Sierra Leone has already had two full-fledged, peaceful, and credible elections for President, Parliament, and local councils. The 2007 elections saw a peaceful and orderly transition of power from the government to the opposition party. While the daily economic and social hardships experienced by large parts of the population make peace and stability quite fragile, flashes of violence and potential relapses of stability have been few. A recent Joint Communiqué that outlined a concord of political behavior among the political parties exemplifies the growing maturity of the national dialogue.

3. *Improved governance remains a sine-qua non for the preservation of social peace in the future.* Corruption and poor governance are major challenges in this fragile state, with its legacy of civil war preceded by decades of mismanagement, its culture of patronage politics, and its susceptibility to negative influences associated with the diamond wealth. Nevertheless, in recent years notable steps have been taken, including strengthening the Anti-Corruption Commission (ACC) by giving it prosecutorial powers. The president, ministers, members of Parliament, and senior officials now must declare their assets to the ACC. A Freedom of Information Act, drafted primarily by civil society organizations is being finalized for submission to Parliament. In a frank acknowledgment of weaknesses, and recognizing the potential to use international ratings as guide, Government has explicitly stated its intention to achieve improvements in the country’s Transparency International ratings, Doing Business ratings, and World Bank/AfDB Country Policy and Institutional Assessment ratings.

4. *Regional challenges and integration. Sierra Leone remains challenged politically and economically by the vulnerability of the sub-region (the Mano River Union countries).* Regional cooperation must be high on the national agenda, to take advantage of more effective regional infrastructure, reap economic benefits from trade and investment, and also to contain a history of instability in one country spilling over into its neighbors. Being on the shortest route between Latin America and Europe has positioned West Africa as a transit point for drug trafficking; this emerging threat requires regional cooperation. Sierra Leone is also active in the African Union, assuming a championship role for the common approach to agricultural development, and in the Economic Community of West African States (ECOWAS) for regional integration.

5. *Since the end of the civil war the economy has grown at nearly 10 percent a year on average, led by agriculture, construction, services, and mining.* The current global economic crisis has hit the economy, lowering remittances, and causing the price of diamonds, the main export item, to fall by close to 40 percent. Other minerals too have been hard hit. Nevertheless, economic growth seems likely to have settled at around 4 percent in 2009, with higher growth

predicted for 2010, led by a recovery of agriculture and robust performance in construction and services. Underpinning the recovery thus far has been fairly stable economic and fiscal management, implemented under the difficult circumstances of significant reconstruction needs.

6. ***As could be expected in the early years after conflict, foreign investment into Sierra Leone has been limited except for core mining operations.*** Encouragingly, signs of greater interest can be seen, in agriculture, mining, and tourism. Lack of infrastructure, a weak regulatory environment, and a weak financial sector have all contributed to the lack of investment. However, significant public investments in energy and roads are close to coming onstream, and substantive improvements in the regulatory framework have helped Sierra Leone climb in the Doing Business ratings. The banking sector has improved significantly, with more improvement expected under a new financial sector strategy. A recent Trade and Investment Conference in London indicated growing confidence in Sierra Leone as an investment destination, with significant agreements being discussed.

7. ***Youth unemployment (underemployment and employment without secure remuneration) is difficult to quantify but remains a social, economic, and security challenge.*** As a result of the civil war, a generation of young people received little if any schooling. Many were uprooted from rural areas and sought refuge in cities, notably Freetown. Creating jobs, primarily through private sector growth and skills improvement (especially vocational training) supplemented by works programs, will be a key challenge. Because much of the economic growth is expected to be in agriculture, job creation may depend upon young people's willingness to relocate from cities to villages and towns. As the 2012 elections draw nearer, youth unemployment may increasingly become an issue of peace and stability that needs to be managed.

8. ***Sierra Leone is still a country of very high poverty, with an absolute poverty headcount in 2007 of more than 60 percent.*** Even this figure represents a significant fall of between 6 and 8 percent since the end of the conflict. Given the current global crisis, there are risks that poverty rates may start rising again.

9. ***Despite the fall in poverty rates, Sierra Leone still remains close to the bottom of the UN Human Development Index.*** Health outcomes, notably the world's highest child and maternal mortality rates, are a significant explanation for this ranking. Since the war, the availability of services has improved significantly, in line with the decentralization and devolution of authority to local authorities. The proportion of population with access to a health clinic within 30 minutes has risen from 29 percent to 49 percent. And, through support from a variety of health initiatives, there may be early signs of a fall in mortality, particularly among children under five.¹ The government has announced plans to ensure free access to healthcare for mothers and children by 2010, and this has created a significant organizational and financial challenge. In education, enrollment rates have risen significantly. Sierra Leone will probably have poor human development indicators (HDI) for years to come, but a move out of the bottom positions is feasible in the relatively near future..

10. ***The very unsatisfactory human development outcomes underscore important gender issues.*** Women are particularly vulnerable, with higher poverty rates and lower secondary school

¹ The provisional results of the Sierra Leone 2008 Demographic and Health Survey (DHS) indicate that the infant and under-five child mortality rates have significantly improved to 89 and 140 per 1,000 live births, respectively.

enrolment rates, in addition to high maternal mortality rates. Women are more than half the nation's farmers, and with women's economic empowerment emerging as a priority, a gender strategy encompassing both social improvement and economic opportunity is required. ***Lack of capacity is a major constraint and a cause of governance weaknesses.*** To strengthen capacity calls for significant and concerted efforts by the government, supported by development partners, including efforts to mobilize latent capacity in civil society and the diaspora.

11. ***Encouraged by the progress made in the post-conflict years, the government is addressing the significant challenges in human development, youth employment, and infrastructure.*** A new national strategy—the second Poverty Reduction Strategy Paper (PRSP-II), under the name “Agenda for Change”—has been prepared to address these challenges. The strategy emphasizes broadly based, equitable growth and human development. Government will support the growth agenda through investment focused on three priority areas: (a) agriculture, (b) energy, and (c) transport infrastructure, all of which have significant potential to unleash growth. The human development agenda will focus on improved basic services in education, health, and water/sanitation, including an initiative to provide free healthcare for children and nursing mothers, starting in 2010. As underlying principles for these priorities, the strategy emphasizes private sector development, good governance, prudent management of natural resources, and macroeconomic stability. Key risk areas identified by the government include governance and corruption, youth employment, and illicit drugs (particularly transit activities).

12. ***Financing the Agenda for Change. Government revenues have remained at about 11 percent of GDP since 2003—a level too low to maintain even the basic public sector requirements of a low-income country.*** As such, the government continues to rely on development assistance for recurrent expenditures (which are equivalent to 14.5 percent of GDP). It has taken steps to increase the revenue, and more are underway, including the January 2010 introduction of a value added tax—the Goods and Services Tax—which replaces seven existing taxes. For much of the period since the civil war, the use of aid funds and the modalities for delivering these funds have been governed by the demands of early post-conflict recovery, which has meant that a significant part of the funding was used for security and peace-building activities, often through ad hoc delivery modalities. There is now a growing demand from government, accepted by the country's development partners, to adjust the profile of spending and the modalities of aid delivery to reflect the agreements of Paris and Accra. Sierra Leone already receives significant external aid per capita (approximately US\$65 per capita) and a recent Consultative Group meeting confirmed expectations of such a level being maintained, with possible increases from new partners.

13. ***A new aid policy has been prepared to guide partners' support for the Agenda for Change.*** The policy focuses on country ownership of the process, consolidation of programs, alignment with sector priorities, increased use of sectorwide approaches (SWAs), and a much higher percentage of programs staying “on budget.” Development partners have committed to working with the government on full implementation of the new Aid Policy, including through an Aid Effectiveness Forum in 2010.

14. ***Joint Assistance Strategy. The World Bank Group (IDA, IFC, MIGA) and African Development Bank Group operations, analytical work, and policy dialogue will support all the key elements of the Agenda for Change.*** The JAS complements other partners' strategies for assisting Sierra Leone, notably an existing DfID/EC strategy and a new joint UN family strategy

called the Joint Vision. The JAS partners consulted widely in preparing the JAS, through meetings in all parts of the country, and through consultations with government, development partners (notably Germany plus the budget support partners), civil society, and the private sector. The JAS is fully aligned with the Agenda for Change/PRSP.

15. ***Like the Agenda for Change, the JAS is organized around two pillars: growth and human development.*** The Growth pillar provides financing for investments in agriculture, fisheries, energy, transport, and the financial sector. The Human Development pillar focuses on investments to support decentralized delivery in health, education, and water supply, as well as dedicated support to primary education (EFA-FTI) and reproductive and child health, to address child and maternal mortality.

16. ***The JAS also features two cross-cutting themes: governance and private sector development.*** The JAS has a focus to help strengthen governance and address governance issues in operations, including proposals for a governance advisory group, a governance dialogue with the government, and guidance to JAS partner staff. Opportunities for private-sector-led growth are being sought in all sectors, including those dealing with human development. As *gender* disparities are a strong factor in Sierra Leone society, the JAS partners will address gender issues across their portfolio.

17. ***JAS resources. Jointly, over the three-year period, the JAS partners (AfDB, IDA, and IFC) expect to mobilize nearly US\$300 million in support to Sierra Leone's development agenda.*** As IDA's envelope for Sierra Leone is currently limited by the country's low CPIA ratings (averaging some US\$30 million a year), leveraging resources will play a significant role and will enable a broader engagement. It is expected that the resource envelope could more than double through operational leverage from regional IDA, trust funds, and vertical funds. The AfDB expects to have a resource envelope under African Development Fund (ADF)¹² of UA 70 million, which translates to \$35 million annually over the three-year funding cycle, including resources from the Fragile States Facility (FSF). Financing of private sector operations, such as the Addax Bio-energy Project that the AfDB intends to co-finance, would provide additional resources beyond this envelope.

18. ***At the end of the JAS period, the JAS partners expect to see specific results in improved delivery of basic services (health, education, and water).*** Other expected growth outcomes are increases in agricultural production, coverage of feeder roads, access to electricity, access to finance, and an improved business environment. Improvements in governance, with expected higher CPIA ratings as the proxy, are a central part of the results framework.

19. ***Coordination between the JAS partners is now well developed.*** During the JAS period AfDB will focus new resources on major investments in the road network and on investments in water and sanitation, while IDA will focus on human development improvements, notably through decentralized service delivery; on youth employment and skills; on public sector reform; and on energy sector investments. IFC will focus on financial intermediation, agriculture, and tourism as likely areas for investments. More broadly, the World Bank Group and the AfDB, DfID, and the EC cooperate closely not only as the providers of budget support to government but also as key partners in a policy dialogue not least related to governance and gender issues. In addition, IDA has developed close working relationships with the German Development Cooperation agency in the field of private and financial sector development and with the Japan

International Cooperation Agency in the energy sector. Both AfDB and the World Bank also work closely with the UN agencies, both individually and through coordinating the activities of the United Nations Integrated Peacebuilding Office in Sierra Leone (UNIPSIL). The World Bank and UNIPSIL jointly co-chair partner meetings, under government chairmanship.

20. ***Organization of the JAS.*** Section I below sets forth a preliminary assessment of the country context and prospects, including Sierra Leone’s major challenges and opportunities and the responses of the government and international community. Section II discusses the country’s development program and Section III examines challenges and opportunities. Section IV reviews the implementation of the last CAS (FY06–09) and the last AfDB country support program (2005–09). Section V discusses the proposed joint AfDB/IDA/IFC strategy and its constituent pillars. Finally, Section VI analyzes the risks to the successful implementation of the JAS and the approaches by which these risks will be managed and mitigated.

I. COUNTRY CONTEXT AND RECENT DEVELOPMENTS

A. Political Economy and Developments

1. *Following the 2002 end of a decade-long civil war, peace has been consolidated in Sierra Leone.* Among the countries designated as “post-conflict” by IDA and “fragile state” by AfDB, Sierra Leone is one of the few to have achieved a democratic transition of government. International observers broadly agreed that the 2007 elections—the second Presidential and Parliamentary elections to be held since the end of the civil war—were free, fair, and credible. Recent political events indicate that a sustainable pluralistic, democratic system is gradually being established. A peace and reconciliation process, including a special court, has largely completed the task of bringing closure to the atrocities of the conflict period. Nevertheless, a history of complicated political economy and clientelism, the corrosive long-standing influence of the alluvial diamond industry, pervasive youth unemployment, and regional instability all mean that the situation remains fragile, as demonstrated by occasional clashes in urban centers between supporters of the government and main opposition parties.

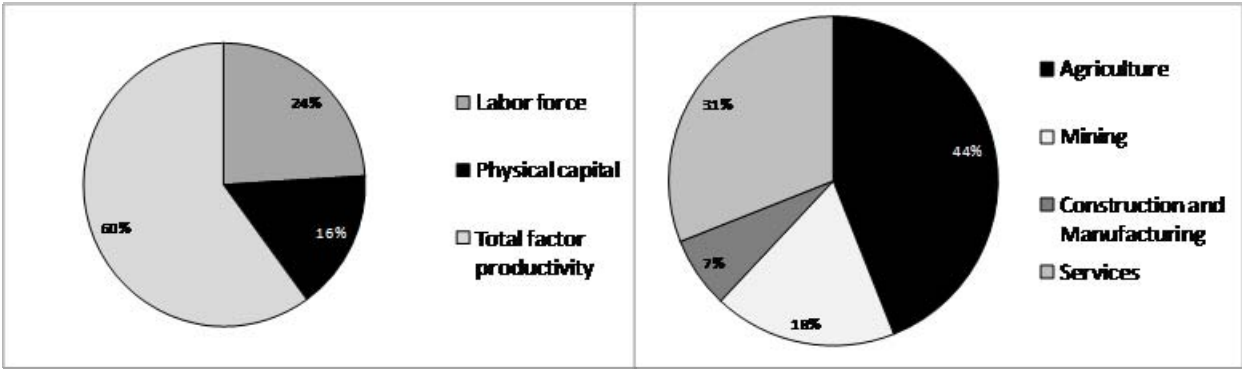
2. *Despite progress, particularly with economic growth and a fall in poverty, Sierra Leone’s economic recovery remains fragile, and the country continues to rank among the least advantaged countries on various measures.* Sierra Leone was ranked 180 of 182 countries in the 2008–09 UNDP Human Development Index rankings, despite its seven years of high economic growth. Much remains to be done to tackle high levels of unemployment; infant, child, and maternal death rates that are among the world’s worst; and a very high youth dependency ratio. Gender disparities and the high vulnerability of women are yet to be addressed. Weaknesses in infrastructure (energy, water, ports, and roads) and in access to quality finance (notably rural finance) hold back development across all sectors. Inequality remains a concern. Young people of both sexes are more likely to be socially excluded. Sierra Leone is also vulnerable to external shocks. Most recently, global economic volatility (sharp increases in food prices in 2008 followed by steep declines in commodity demand and prices in 2009) has exacerbated poverty, particularly among the young urban and peri-urban populations. Unless economic growth can be sustained and employment opportunities increased, accompanied by a sustained improvement in governance, there is a real risk that the progress made thus far will be undermined.

B. Recent Economic Developments

3. *Sierra Leone’s economic performance post-conflict was initially robust, but it has slowed recently as a result of global instability.* The growth rate slowed to 5.5 percent in 2008 and an estimated 4.0 percent in 2009 (see 1 below), as a result of the food and fuel price escalations of 2008 and of the global recession that followed and sharply reduced world demand for Sierra Leone’s mineral exports. These adverse developments have highlighted the need for Sierra Leone to reduce its dependence on imported food and fuel and to develop new engines of growth to diversify away from reliance on mineral exports. The economy is on the right track in this regard: exports have been gradually diversifying into cash crops, notably cocoa but also palm oil and other products, while the completion of the Bumbuna Hydroelectric Project in late 2009 will

have reduced the need for imported fuel (and save foreign exchange). There is also a need to maintain productivity growth, which has been high but constrained by lack of access to finance and by the informal nature of the economy, with formal sector activity confined primarily to large-scale mining, construction, retail services, tourism, and government employment.

Figure 1: Primary sources of GDP growth and economic sector composition 2002-08



4. *The global recession has challenged the economy.* The share of exports of goods and non-factor services in GDP fell from 20.8 percent in 2007 to 16.3 percent in 2008 and an estimated 15.7 percent in 2009 (see 1), as the result of the global slowdown and the collapse of operations in two mines.² Sierra Leone’s external current account balance (including official transfers) worsened to -11.2 percent of GDP in 2008 from -3.4 percent of GDP in 2007, on account of a rise in food and fuel prices during the first half of the year and lower diamond prices in the second half. The estimated balance for 2009 has improved slightly to - 9.4 percent of GDP, as the share of imports in GDP has fallen from 29.4 percent in 2008 to 28.5 percent in 2009. The current account balance has been financed mainly by concessional external assistance and debt relief. Official reserves in 2009 are estimated to have increased to US\$333 million (6.5 percent of imports), following a new SDR allocation made in response to the global crisis.

5. *The financial sector, still developing from a low base, has remained relatively immune from the global financial crisis.* The number of banks has continued to grow, from 13 in 2008 to 14 in 2009 while the branch network expanded from 57 in 2008 to 73 in 2009. Private sector credit increased by Le 172 billion (approximately 50 percent) in the 12 months to October 2009. The most direct exposure to upheaval in the overseas financial sector has been to Nigeria, where the central bank was required to step in to support several banks, a small number of which are represented in Sierra Leone. To address these issues a Memorandum of Understanding was signed with the Central Bank of Nigeria for sharing supervisory information and enhancing cooperation in banking supervision. In addition, a draft Credit Reference Bill, that will create an improvement in the banks’ credit portfolio was approved by Cabinet in 2009 and will soon be transmitted to Parliament. Banking supervision is being changed from compliance-based to risk-based supervision.

² The Koidu kimberlite diamond operation was halted due to structural problems in the main mine shaft. The planned expansion of rutile operations was halted when the second dredge capsized shortly after commissioning.

Table 1: Selected economic indicators, 2007-12

	2007	2008	2008	2009	2009	2010	2011	2012
	Actual	Prog.	Est.	Budget	Proj.	Proj.	Proj.	Proj.
Real GDP growth								
Aggregate ^a	6.8	5.5	5.5	5.5	4.0	4.7	5.5	6.0
Per-capita	4.7	3.4	3.4	3.4	1.9	2.6	3.4	3.9
GDP shares								
Exp. goods&non-factor serv. ^b	20.8	..	16.3	..	15.7	17.9	19.0	18.7
Imp. Goods&non-factor serv.	27.8	..	29.4	..	28.5	31.0	31.0	30.9
Current account balance ^c	-3.4	-7.1	-11.2	..	-9.4	-8.7	-7.5	-7.2
Revenue and grants	15.6	18.1	15.9	18.4	18.6	18.6	18.6	18.8
Revenues	10.8	11.8	11.4	12.1	11.2	11.6	12.0	12.3
Grants ^d	4.8	6.3	4.5	6.3	7.3	7.0	6.6	6.5
Expenditures	17.7	21.2	20.7	21.9	23.0	22.8	23.6	23.2
Recurrent	14.2	15.2	14.6	14.8	15.3	14.7	14.6	14.2
Development	3.5	6.0	6.2	7.1	7.7	8.1	9.0	9.0
Fiscal balance ^d	-2.0	-3.2	-4.8	-3.5	-4.4	-4.2	-5.0	-4.4
Fiscal balance, excluding grants ^e	-6.8	-9.4	-9.4	-9.8	-11.8	-11.2	-11.6	-10.9
Domestic primary fiscal balance	-1.9	-2.8	-2.4	-1.4	-3.8	-3.5	-3.3	-2.7
Other								
Broad money (% , eop)	25.9	20.9	26.4	..	12.9	14.4	12.1	10.4
Reserve money (% , eop)	26.0	18.2	10.2	11.6	7.8	12.7	10.4	8.8
Consumer price infl. (% , eop) ^f	13.8	15.7	12.2	..	9.5	8.0	7.0	6.0
Consumer price infl.(% p.a.) ^f	11.7	..	14.8	..	9.5	8.8	7.5	6.5
Treasury bill int. rate (% , eop)	21.3	..	9.1	15.0	..	..	..	..
Exchange rate (LE/US\$, p.a.)	2,985	..	2,982	..	..	..	..	..

Sources: International Monetary Fund and World Bank staff estimates and projections.

Notes:

- The GDP estimates are provisional and remain subject to review.
- Includes estimates of unrecorded diamond exports.
- Including current official grants. Excludes capital official grants.
- For compatibility with the GoSL's own format, the data omit credits for MDRI debt reduction.
- The domestic primary fiscal balance is defined as domestic revenues minus total expenditures and net lending, excluding interest payments and externally financed capital expenditures.
- Western Area only.

6. ***Inflation has slowed but exchange rate depreciation has accelerated.*** The sharp increases in the international prices of food and fuel in the first half of 2008 pushed up the rate of inflation to a period average of 14.8 percent in 2008, from 11.7 percent in 2007 (see Table 1). The recession-induced decline in many world prices that began in the second half of 2008 and continued into the first half of 2009 helped to slow inflation to an estimated 9.5 percent in 2009. But reductions in foreign exchange receipts from exports and remittances put substantial pressure on the exchange rate, which depreciated by almost 30 percent against the US dollar between January and December of 2009. The nominal end-of-period Treasury bill rate fell from 21 percent in 2007 to 9 percent in 2008, largely due to increased depth in the Sierra Leone's financial sector, but rose to around 15 percent in 2009.

7. ***After seven years of continuous improvement, the fiscal balance deteriorated modestly in 2008.*** The overall balance (after grants) had improved from -10.6 percent of GDP in 2001 to -

2.0 percent of GDP by 2007.³ But in 2008 it worsened to -4.8 percent of GDP (see Table 1). This was largely because grants fell substantially below the budgeted level and expenditures were not adjusted enough to compensate. The 2009 outcome was slightly better, with a deficit of 4.4 percent of GDP made possible mainly by stronger external grants. Domestic revenues have remained stuck at around 11 percent of GDP, necessitating a strong reliance on donor support.

C. Macroeconomic Outlook and Debt Sustainability

8. ***The global economic prospects for traded goods, and continued domestic investment, will allow Sierra Leone to regain a high rate of growth.*** Real GDP growth is forecast to gradually return to its pre-recession levels: projections are for 4.7 percent in 2010 and 6.0 percent by 2012. Exports are projected to rebound to 18 percent of GDP by 2010 and to 19 percent in 2011 and 2012. Imports of fuel should be substantially reduced by the low-cost hydroelectric power now available from Bumbuna. The current account deficit is expected to resume its original trend towards balance, improving to -8.7 percent of GDP in 2010 and -7.2 percent by 2012. Gross official reserves are expected to stabilize at 5.5 months of import cover by 2012.

9. ***Sierra Leone's fiscal policy in the medium term will be geared to raising investments while reducing the domestic primary fiscal deficit to -2.7 percent of GDP by 2012.*** This is expected to be achieved through increased revenue mobilization, because the government aims to maintain macroeconomic stability while also reducing the share of recurrent expenses in the budget. New and planned tax measures include the Goods and Services Tax, a value-added tax introduced in January 2010, and a major modernization plan that the National Revenue Authority is implementing with support from DfID and FIAS (customs; income tax; a Gold and Diamond Office; non-tax revenues; taxpayer identification number; and integrated revenue information system). Domestic credit made available by the central bank will be restricted to reduce domestic interest rates and provide scope for expanding credit to the private sector.

10. ***The scenario above carries some risks, the main risk being that the global recession will be longer than expected.*** A number of factors could mitigate this risk. Output growth should benefit from the improvement in the supply of electricity from the Bumbuna Hydroelectric Project, while demand for foreign exchange for fuel imports is reduced. This should help to spur job creation and, as a secondary effect, increase urban demand for rural products. In the medium term, the poverty reduction strategy is intended to help diversify exports, particularly with regard to agricultural products. Mining sector prospects could be facilitated through the new legal framework for the mining sector. Medium-term fiscal policies combined with prudent monetary policies should reduce the end-of-period inflation rate from 9.5 percent in 2009 to 8.0 percent in 2010 and 6.0 percent by 2012.

11. ***Offshore oil discoveries, while not yet confirmed to be commercially viable, and possibly larger than previously expected iron ore deposits may change the country's economic prospects and dialogue.*** The commercial viability of the oil reserve discovery will probably not

³ For compatibility with the government's own fiscal tables, the data omit credits for MDRI debt reduction. The fiscal balances are strongly positive in 2007 when MDRI credits are included.

be determined until 2011, and oil revenues will certainly not become a factor during the current JAS and PRSP. Nonetheless, the prospect of future revenue may change expectations and behavior. There are also indications that the availability of Iron Ore may be much larger than current proven reserves. Sierra Leone was a relative latecomer to EITI, but has recently engaged more fully. As it nears the completion of its first report to the Extractive Industries Transparency Initiative (EITI) Secretariat, followed by EITI validation, there will be international and domestic interest in seeing the oil prospects addressed within the context of the EITI from the outset, as resource management may be a key governance challenge in the JAS period.

Table 2: External debt sustainability indicators, 2007-28^a

	2009	2010	2011	2012	2019	2029
NPV of debt-to-GDP ratio (% , max. 30) ^b	15	16	16	17	18	19
NPV of debt-to-exports ratio (% , max. 100) ^b	98	89	85	88	77	60
Debt service to exports ratio (% , max. 15)	5	5	5	5	5	4
Debt service to revenues ratio	6	7	8	7	7	7

Source: International Monetary Fund and World Bank staff estimates.

Notes:

^a Public and publicly guaranteed debt after the Heavily Indebted Poor Countries Initiative (HIPC) Completion Point and the Multilateral Debt Relief Initiative (MDRI).

^b Net present value (NPV) figures are higher than in the previous debt sustainability assessment due to the use of a lower discount rate.

12. *A December 2009 debt sustainability analysis (DSA) concluded that Sierra Leone's risk of debt distress is moderate.* Debt sustainability will depend on sustained export growth and prudent debt management. Barring large unexpected shocks, external debt indicators will remain below the HIPC Initiative thresholds throughout the projection period (see Table 2). Public sector debt dynamics are projected to remain on a stable path under the baseline scenario. Full delivery of debt relief under the HIPC Initiative and the MDRI has significantly reduced Sierra Leone's external public debt. In net present value terms, the stock of debt was reduced from US\$1,197.6 million at end-2005 to US\$483.0 million at end-2006 after HIPC relief, and would be further reduced to US\$110.0 million after MDRI. This assistance is estimated at some US\$1.6 billion in nominal terms. In the event of large shocks to exports and shortfalls in grant financing, debt stock indicators are expected to move towards or breach some HIPC thresholds.

13. *The debt sustainability analysis highlights the continued need for growth-boosting and export-enhancing policies and programs, improved domestic revenue mobilization, and the containment of low-priority current expenditures.* Moreover, Sierra Leone should continue to contract new external financing only in the form of grants and highly concessional loans and to promote the development of a domestic debt market.

D. Social Developments and Poverty Profile

14. *Poverty remains high, at around 60 percent, though the poverty rate has fallen since the civil war.* The 2003–04 Sierra Leone Integrated Household Survey established the poverty profile for the first Poverty Reduction Strategy Paper. Based on the established poverty line thresholds, two out of three people were living below the absolute poverty line at that time (see

Table 3). Additional analysis showed that poverty was more a rural phenomenon, and that urban poverty was more prevalent outside Freetown.

Table 3: Likely trend in headcount index of poverty, 2003–07

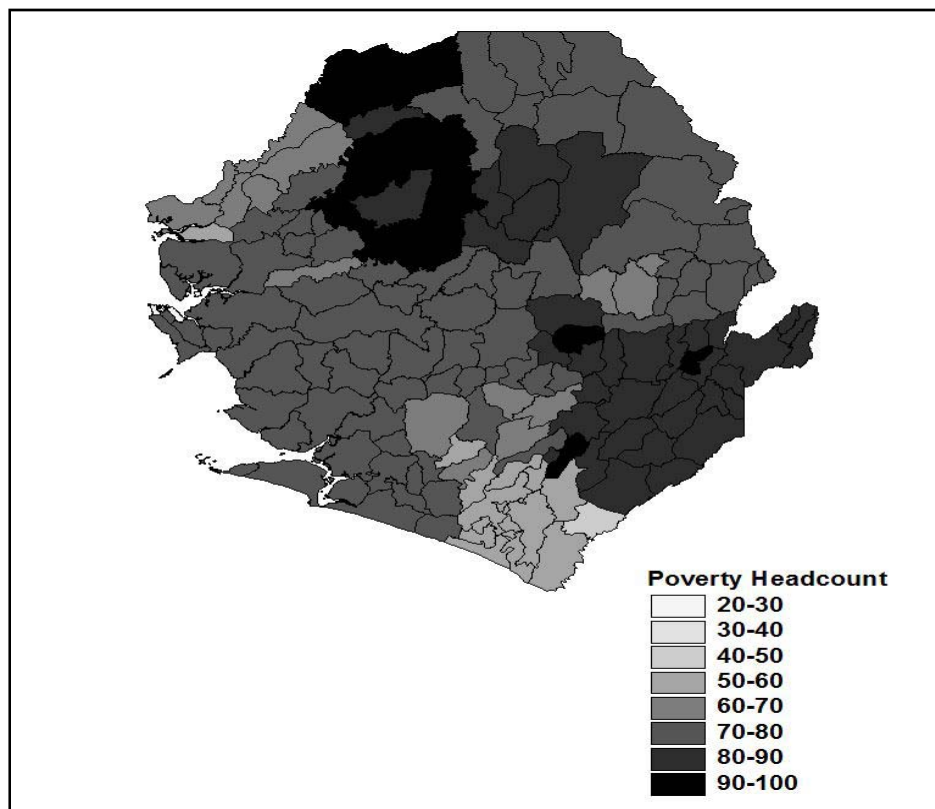
	Asset index			Consumption		
	2003	2007	Change	2003	2007 (<i>est.</i>)	Change
National	67.5	61.6	-5.9	66.4	56.6	-9.8
Rural	78.6	77.1	-1.5	78.6	69.9	-8.6
Urban	47.3	35.4	-11.9	47.0	35.4	-11.7

Source: An Agenda for Change: Second Poverty Reduction Strategy (PRSP-II) 2008–2012.

15. *More recent studies, based on the Core Welfare Indicators Questionnaire, suggest that the national asset-based headcount of poverty decreased from 67.5 percent in 2003 to 61.6 percent in 2007.* The decrease seems to have been much larger in urban than in rural areas, probably because post-conflict growth since 2003 has benefited urban areas most. The estimated impact of GDP per capita growth on poverty suggests a 9.8 percentage point decrease in poverty since 2003—a very large reduction in only four years. Nevertheless, the proportion of the population in poverty remains very high, particularly in rural areas (see Figure 2). While Freetown has a much lower incidence of poverty than the countryside, it also has pockets of severe deprivation, notably among unemployed people who fled the countryside in the war and now live in particularly bad slums. Freetown’s population is believed to have almost doubled in the past decade, and the urban infrastructure has not been upgraded in decades. The lack of economic opportunities for unemployed youth is a significant welfare issue, and also a threat to peace and stability.⁴

⁴ Politically motivated rioting in March 2009 in Freetown illustrates the risk that the large number of underemployed youth may be mobilized for political purposes.

Figure 2: Chiefdom-level poverty headcount, 2008



Source: Sierra Leone Census-Based Poverty Maps—Coulombe, Johnny, Woudon, 2008.

II. COUNTRY DEVELOPMENT PROGRAM: “THE AGENDA FOR CHANGE”

16. *The government has completed the second-generation Poverty Reduction Strategy Paper (PRSP-II), which covers 2008–12, under the title “Agenda for Change.”* As Government acknowledges, now that the early gains of the peace dividend are exhausted, future economic and social progress will depend largely on the quality of policy decisions and their implementation. The Agenda for Change focuses on reducing poverty through economic growth, with emphasis on the private sector (see **Error! Reference source not found.**).

17. *Members of Parliament took part in the consultative process and the Agenda for Change was itself approved by Parliament.* The Agenda for Change was launched in June 2009 and endorsed by the Boards of the World Bank and the International Monetary Fund (IMF) in October 2009. The strategy was also presented to a Consultative Group meeting held in London in November 2009. As a sign of the emphasis on private sector growth, a Trade and Investment Conference was held alongside the CG meeting. In addition to this JAS, the UN strategy, the Joint Vision, is already fully aligned with the Agenda for Change. Other partners have committed to follow suit. A Monitoring and Evaluation plan for the Agenda for Change exists in draft and is being further developed.

Box 1: Key priorities in PRSP-II/Agenda for Change

Human development through the delivery of Basic Services for All

- Improve access, use, and quality of services using government's decentralized institutional structures. Free access to primary health care for priority groups.
- Ensure that all local councils receive timely and adequate financial resources and capacity development support to implement programs that are aligned with national priorities in the basic service sectors such as education, health, water, and social protection.

Agriculture

- Self-sufficiency in rice production through improved technologies, extension, and organization of farmers. Meaningful increase in employment in agriculture; food security enhanced.
- Commercialization of agriculture taking off in cocoa, palm oil, sugar cane, and other crops in which Sierra Leone has competitive advantage. Agricultural exports to become significant.
- Sustainable utilization regime for fisheries put in place; government revenues to grow significantly; and formal export of higher value fish starting. Job creation in fisheries growing.

Energy

- Moving toward lower carbon energy, with Freetown, Bo, and Kenema able to fully utilize hydropower energy from Bumbuna and Dodo, through investments in distribution, transmission, reservoir capacity, dam safety, and improved operation and maintenance of facilities.
- Provision of grid-based electricity, primarily hydropower and low-carbon-based thermal generation, to provincial headquarter towns and key district towns. Embark on rural electrification.
- Improve operations and maintenance of the national utility to incorporate good practices in transmission and distribution system planning, new service initiation, demand forecasting, meter reading, billing and collection, and staffing.
- Improve sector efficiency through legal and regulatory changes, including long-term energy strategy to enable private participation in the sector. Establish link to the West Africa Power Pool.

Transport

- Over 2,000 km of feeder roads connecting agriculture to markets rehabilitated.
- All district headquarters towns connected to national network through class A or B roads.
- The international link from Guinea through Sierra Leone to Liberia fully reconstructed.

18. *The Agenda for Change is highly selective in its focus and represents the priorities for which the government wishes to be held accountable to the people of Sierra Leone.* The strategy puts forward a target of achieving 10 percent annual GDP growth and its primary emphasis is on those sectors—energy, agriculture and transport—that will be key to achieving this ambition. Recognizing the slow rate of progress in attaining the MDG indicators, the government also addresses the need for renewed emphasis on human development, in building the Agenda for Change around four key priorities:

- *Ensuring sustainable human development* through expanding access to the basic social services and improving coverage of the social protection needs of the poor and vulnerable.

- *Providing a reliable power supply* to the country, and transiting toward a low carbon energy economy through use of the country's significant hydropower potential.
- *Raising quantity and value-added productivity in agriculture and fisheries*, emphasizing the productive capacities of the poor and vulnerable.
- *Developing a national transport network* for goods and people, thereby facilitating increased investment and economic activity.

The Agenda for Change places emphasis on addressing gender issues as part of human development, including through extending women's access to health care, education, and economic opportunities, as well as enhancing women's voice in public affairs.

19. *The government has identified four preconditions for growth and development that will underpin the implementation of the Agenda for Change:*

- *Good governance, peace, and security* are explicitly acknowledged as necessary political underpinnings for development. Without good governance and the absence of corruption on one hand, and the consolidation of peace and security on the other, economic growth and human development will stay below potential.
- *Macroeconomic stability* is acknowledged as a prerequisite for economic growth and private sector development as well as for poverty reduction.
- *Private sector development—including the financial sector*—is seen as the engine for growth. Government will seek to encourage private investment in all the PRSP priority sectors.
- *Managing natural resources* is an important priority for a nation that has seen its natural resources depleted (forests, minerals, fish stocks) with limited benefit to the economy or the people. Further prospects in extractive industries (notably oil) enhance the importance of this precondition for sustainable growth.

20. *Government has also identified and communicated three major risks to a successful development process:*

- *Corruption*, which is pervasive and drags on Sierra Leone's development and causes poor external perceptions of the country.
- *Illicit drugs*, which are becoming a major threat to development and peace in most coastal states in West Africa.
- *Youth unemployment*, which is acknowledged as a major development challenge as well as possibly the most significant risk to peace and stability.

21. *The Agenda for Change also encompasses strategies for developing the business environment.* It focuses particularly on encouraging private sector development—through the removal of administrative barriers—and financial sector development—through a focus on access to finance and an enhanced regulatory framework. Initiatives for legal and regulatory reform include land reform, improvements in access to justice, and measures to attack corruption. The importance of capacity building is recognized in an ambitious public sector reform program that includes planned improvements in pay and incentives, training, and human resource management.

22. ***The Agenda for Change promotes decentralization as a means to make service delivery more effective.*** Local councils are to be empowered to manage human resources, and greater community participation will be sought, to foster transparency and accountability.

23. ***The importance of the rule of law is a theme that cuts across the Agenda for Change,*** covering business regulation, land reform, and property rights. Human rights issues are addressed by placing emphasis on gender parity across sectors as well as by focusing particularly on education for girls and on reproductive health.

24. ***The Agenda for Change identifies the need to strengthen domestic revenue collection and limit domestic public borrowing*** through strengthened fiscal policy and public financial management—especially in the areas of domestic revenue mobilization, with the planned implementation of a tax reform and the implementation of a set of fiscal measures geared to maximize compliance and the collection efficiency of existing taxes and to broaden the tax base.

25. ***The Joint IDA/IMF Joint Staff Advisory Note (JSAN) prepared in 2009 for the Boards of those two organizations endorsed the government's emphasis on good governance and macroeconomic stability as prerequisites for broadly based growth.*** The staffs of the two organizations commended the government's efforts in incorporating some of the lessons learnt in the implementation of the PRSP-I. Nonetheless they noted that the Agenda for Change, like PRSP-I, appears overly ambitious, and recommended that the government further prioritize interventions during implementation. The JSAN concurred that the sustained distribution of affordable electricity, reduction of post-harvest agricultural losses, and improved road maintenance will make significant contributions to growth and poverty reduction. It expressed support for the government's endeavors in human development, noting that the continued provision of health and education services on an increasingly decentralized basis will help improve outcomes through increased local access and accountability. The JSAN noted that quality in service delivery remains a challenge, notably in education where much effort is required to increase the number of qualified teachers, especially in deprived areas. This need for greater capacity was noted for other sectors also. Government's proposals for public sector reform and for gradually extending performance and merit-based promotions were seen as a positive step.

26. ***The JSAN expressed some caution about the need to maintain fiscal space to finance programs such as free health care for infants and lactating mothers.*** Regarding the critical need to improve domestic revenue collection to support the provision of services, the JSAN saw the implementation of the Goods and Services Tax as critical for improving domestic revenue collection. The JSAN expressed support for the adoption of the Integrated Public Financial Management Program to ensure the sustainability and consolidation of public financial management reforms. It highlighted the need for better results monitoring through planned improvement in statistical data collection and the development of the national M&E system.

III. SIERRA LEONE'S MAIN DEVELOPMENT CHALLENGES AND OPPORTUNITIES

27. The Agenda for Change puts priority on human development and three growth areas (agriculture, energy, and transport infrastructure), along with governance, capacity development, private sector growth, and management of natural resources as the key underpinnings. Each of these areas offers opportunities but also poses challenges, which need to be taken into account if the Agenda is to be successfully implemented.

A. Human Development

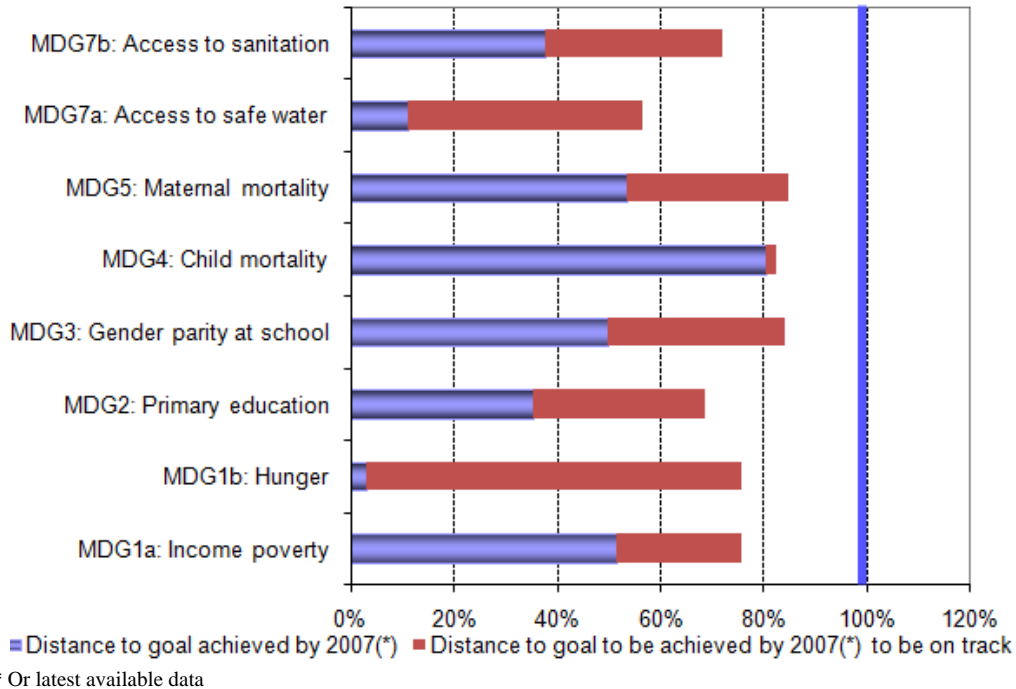
28. *Since the civil war, Sierra Leone has made rapid progress in human development, especially in education and more recently in health.* Support from civil society organizations, as well as from the donor community, has played an important role in achieving these gains.

29. *But despite recent improvements, Sierra Leone is falling significantly short of all the MDGs* (see Figure 3). This only partly reflects the effects of ten years of civil war—the country's ratings already fell at the bottom of the HDI at the start of the war.⁵ Though Sierra Leone made efforts to protect and increase its pro-poor spending in 2001-08, primarily on health, education, social assistance, and safe water supply, constraints common across basic service sectors remain, including (a) inadequate (and undertrained) staff, equipment, and materials at the local service delivery points; (b) inadequate supervision of services and weak monitoring and evaluation of programs; and (c) low capacity to plan, budget, and respond effectively to local needs. The health services are particularly weak with notable governance issues in areas such as drug delivery.⁶

⁵ As far back as 1988, life expectancy at birth was 42 years, the lowest rate recorded in the *World Development Report*.

⁶ The Anti-Corruption Commission (ACC) has recently produced a critical report on the Ministry of Health (leading to the criminal prosecution of the Minister of Health) and a somewhat less critical report on the Ministry of Education. Partners are paying close attention to these reports to guide their support.

Figure 3: Sierra Leone has made mixed progress toward the MDGs



30. **Health.** Sierra Leone has long had the highest child and maternal mortality rates in the world. While there are indications that these rates are falling significantly (see Table 4), they remain unacceptably high. Lack of facilities within reasonable distance, lack of trained staff, and lack of medicines and equipment are cited as key reasons, as well as lack of affordability; patients are frequently charged for access to service even when the law provides for free access. As part of its new National Health Sector Strategic Plan the government has announced a program to ensure free access to health care for pregnant and lactating mothers and children under five. The Plan focuses on the delivery of a basic package of health services within reasonable distance for the whole population. Fulfilling this program, which finances drugs and medical consumables including insecticide-treated bed nets, medical equipment, civil works, and outreach campaigns, will be an administrative and financial challenge. It calls for significant resources as well as changes in staff incentives.

Table 4: Key poverty and social indicators

	1990	2000	2007
Poverty (percent below poverty line)	82.8	68	61.6
GDP per capita in 2000 US \$	248	150	255
Adult literacy rate (%)	71 ^a	20	38.1
Gross primary enrollment (%)	57.6	65.4	101
Net primary enrollment (%)			65
Under-five mortality (per 1,000)	290	274	140
Maternal mortality (per 100,000) ^b		1300	857
Life expectancy at birth (years)	38	43	47.3
Human Development Index ranking (of 160, 174 &182)	160	174	180

^a1985

^b2005 and 2008 data.

31. ***Malnutrition is frequent and has not declined in recent years, despite an increase in food production.*** According to the 2005 MICS-III household survey, 31 percent of Sierra Leone's children less than five years old are underweight, 40 percent are stunted, and 9 percent are wasted. Nutrition remains an area where very little progress has been made. Similarly, access to clean water and acceptable sanitation remains critically low, with only 22 percent of the population having access to safe water supply, in spite of Sierra Leone's favorable climate and high rainfall. A Water and Sanitation Policy has been developed to improve the provision of water supply and sanitation.

32. ***Education.*** Rebuilding an education system after ten years of civil war has been a major task, including achieving the re-entry into education of a substantial part of a generation that lost out on schooling during the war. Government has made important strides in rebuilding its school system, while the backlog of students has resulted in gross enrollment rates of more than 100 percent. Good progress has been made in raising both enrollment and completion rates at the primary level, with completion rates now exceeding 80 percent. The quality of education remains a problem, however, with limited teacher skills and frequent absenteeism, calling for efforts in training, capacity building, and incentives for teachers, particularly in remote areas.

33. ***The number of teachers has risen significantly at all levels, with total teacher numbers reaching 40,262 in 2007, almost double the 2001 figure of 20,715.*** Primary school teacher numbers have not kept pace with the increase in enrollment, so the pupil/teacher ratio in primary schools has risen from 27 in 2001 to 44 in 2007. This rise in the ratio has been accompanied by a marked fall in the percentage of primary teachers who are qualified: from 79 percent to 49 percent.⁷ Restoring the ratio of primary pupils to qualified teachers to its 2001 level would require training around 14,000 teachers, basically doubling the number already trained.

34. ***Gender.*** To make meaningful progress towards the human development MDGs, special attention needs to be given to addressing the gender dimension of development, given the very real disparities between the sexes in health outcomes, access to education and economic

⁷ The figures for secondary school teachers are much better, with pupil to teacher ratios falling from 27 to 24 while the percentage of qualified teachers has held up (82 percent in 2007).

opportunities, and empowerment. Progress has been made in increasing girls' education, with girls making up 47 percent of pupils enrolled in primary school.⁸

35. ***Decentralized service delivery.*** An ambitious decentralization strategy has enhanced the delivery of basic services in health, education, and provision of clean water and sanitation, and remains the best means to improve on human development. Government has enacted key legislation to support the gradual devolution to district councils of responsibility for delivering basic services. The reformed intergovernmental fiscal transfer arrangements constitute an established system of equitable distribution of sectoral, administrative, and development grants allocated through transparent and objective formulas. Increasingly, the district councils directly influence development planning and the delivery of services, and they are continuing to broaden the engagement of their communities in planning and monitoring.

36. ***Development outcomes have improved with decentralization,*** according to interviews and data findings from national household surveys conducted in 2005 and 2007, along with the annual health facility surveys conducted in connection with the IDA Institutional Reform and Capacity Building decentralization project. Access to, and citizens' satisfaction with, primary education and health services improved between 2005 and 2007, significantly in some cases, and gender disparities in access to education have started to decrease, as noted above. The greatest improvements generally have been in the areas farthest from major towns and having the highest poverty ratios. The annual health facility surveys show a steady improvement in quality of services across health, education, and rural infrastructure. The household surveys show that access to schools, clinics, shared storage space, drying floors, drivable roads, market, and water sources has improved. Only access to agricultural extension workers has declined. Public satisfaction with health clinics and primary schools has also improved. In addition, studies suggest that areas with initially low levels of service have caught up in some sectors.

37. ***More needs to be done.*** While the Local Government Act specifies that central government transfers for devolved functions are to be sufficient to enable service delivery at an acceptable standard, in practice the transfers have often fallen short of the budgeted amounts and have been late and insufficient. The roles of various levels of administration are not well defined. Some ministries and agencies, most notably those responsible for education and roads, have not devolved functions as and when required. Strengthening the capacity of the local councils to plan, manage, and deliver services will be crucial for improving human development outcomes.

38. ***Capacity constraints are found in all aspects of Sierra Leone's public sector management and service delivery.*** The health sector suffers from a shortage of personnel and a lack of sufficient qualifications and motivation among staff. Similarly, lack of qualifications and absenteeism are recurrent problems in education. Key accountability institutions such as Parliament and the Anti-Corruption Commission lack enough resources and qualified staff to do their jobs well. The civil service lacks qualified staff in technical mid-level positions, while being burdened by under-qualified staff in large numbers. Levels of compensation are low at all levels. A Public Sector Reform Program for 2009-13 has been published. This provides for a recalibration of the civil service, measures to hire and retain qualified personnel in health and education, a pay reform, and a retrenchment in certain functions. Development partners, which have relied heavily on their own mechanisms for delivery of support, including nongovernmental

⁸ At the secondary level, girls account for 41 percent of the students enrolled.

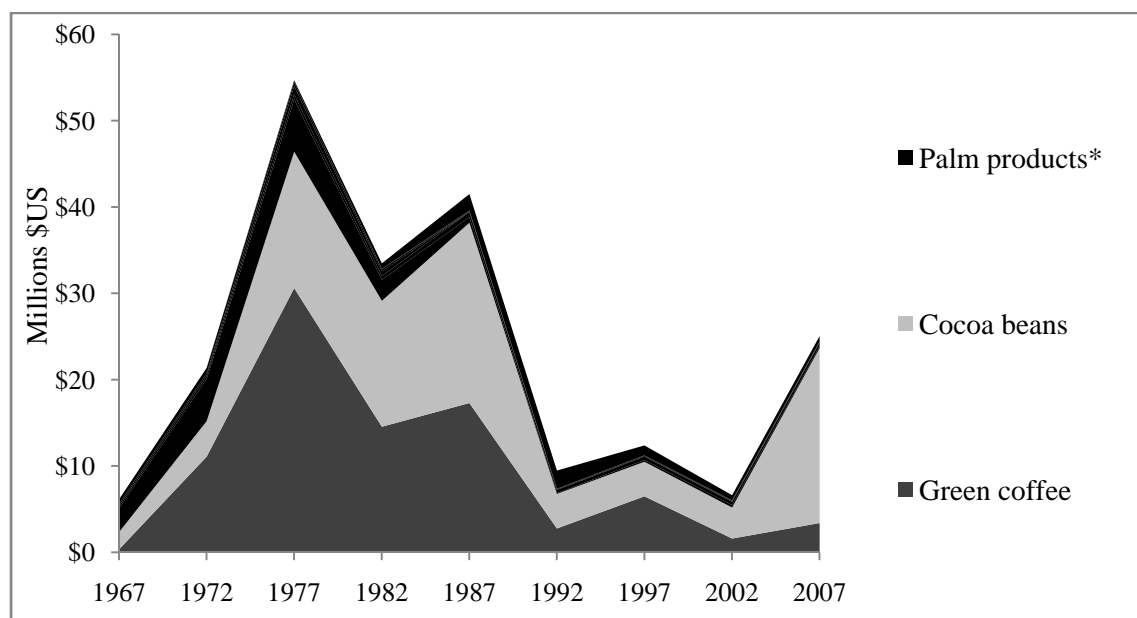
organizations and project implementation units, need to take bold steps toward strengthening the country's own ability to deliver.

B. Inclusive Growth

39. *The robust growth since the end of the civil war partly reflects the resumption of peacetime conditions as normal economic activity was reinitiated and displaced persons returned.* As these catch-up gains have been consolidated, the pace of growth, while still robust, has started to taper off. To reach the 10 percent annual growth rates that are envisaged in the Agenda for Change, with the associated fall in poverty rates, major investments are needed in agriculture, roads, and energy in particular. Realizing new investment opportunities in the mining sector (iron, bauxite, rutile) and possibilities for establishing growth poles around those investments, is also key, as is improving the working conditions in the fishing industry. Private-sector working conditions must continue to build on the gains that Sierra Leone has recently made in the Doing Business ratings, moving up more than 20 places in three years. In particular, governance—including public sector effectiveness and battling corruption—must significantly improve and be seen to improve. In that light, Sierra Leone's recent improved ratings in the Mo Ibrahim Index of African Governance and the Transparency International Index of Corruption Perceptions are encouraging.

40. *Agriculture and fisheries.* Sierra Leone has very strong comparative advantage in its vast natural resources and favorable climate (see Figure 5). The ecosystem comprises forests, savanna woodlands, freshwater and wetlands, and marine resources. Agriculture (including fishing, livestock, processing, and logistical support) accounts for about 55 percent of GDP and employs two-thirds of the population. Sierra Leone has substantial potential for sustainable production of cash crops (natural rubber, oil palm, cocoa), food crops (cassava, rice, grains), and fishing. Cassava and rice constitute the main crops. Agriculture supplies a rising share of total export revenues, mainly from cocoa (Figure 4).

Figure 4: Cocoa has led the rebound in agricultural exports



* Includes tobacco, spices, and other minor crops.

41. *Most of Sierra Leone's agriculture is at the subsistence level.* Opportunities in commercial agriculture have not been fully realized, due to multiple constraints: low levels of investment; land access issues; the inefficient small size of land holdings; regional and seasonal labor shortages; lack of effective institutional arrangements for agricultural credit; inadequate support for research, technology generation, and extension services; the poor transport network and facilities; inadequate agroprocessing capacity and high post-harvest losses; and uncontrolled fishing and logging. The capacity of ministries, departments, and agencies responsible for developing supportive policies and programs is weak.

42. *To attain objectives in food security calls for a multi-faceted approach.* Interventions are needed to promote greater private sector participation in the provision of agricultural inputs, equipment, and extension services; transformation of the land tenure system; support for tree crops and diversification of food sources outside of rice; and a stronger role for rural credit and micro-credit programs in improving agricultural productivity. Sierra Leone has been active in the Africa Union Comprehensive Africa Agriculture Development Plan (CAADP) approach, and its own National Sustainable Agriculture Development Plan is fully aligned with the CAADP. Government has committed to fulfill the Maputo Pledge of allocating at least 10 percent of the budget to the agricultural sector and to seek to achieve an annual growth rate of 6 percent in agriculture, from the 2 to 3 percent of recent years. It is hoped that agriculture may play a significant role in helping solve the youth unemployment problem. Efforts are being piloted to help relocate young families from Freetown and other cities and from mining back to villages and agriculture. Significant training, financial help, and guidance will be needed to make these efforts work.

Figure 5: Sierra Leone has abundant potential for agriculture

43. *The fisheries sector provides significant food for the nation and a livelihood for up to 500,000 people.* It has significant potential as an export industry, given the good ocean resources of high value species. Removing barriers for fish exports to Europe, through improved quality measures and ability to certify origin, remains key. To realize this potential on a sustainable basis, major investments are needed in processing facilities, quality control, and resource management, including better surveillance and sustainable, transparent, allocation of access.

44. *Energy. A fundamental constraint on job creation and poverty reduction in Sierra Leone is the country's limited supply of electric power.* Production by the National Power Authority (NPA) declined from 14 MW in 2002 to 3.7 MW in 2006 and collapsed completely in 2007, before a return to 15 MW was achieved through an expensive emergency program. Deep-rooted problems at NPA include inadequate maintenance, technical and nontechnical losses⁹, under-investment, vandalism, overstaffing, and a tariff structure that does not automatically adjust for changes in fuel costs. In late 2009 power from the Bumbuna Hydroelectric Plant became available. The 50MW of hydroelectric power together with new and existing heavy fuel oil generation capacity will bring Sierra Leone's total generation capacity to 74MW in early 2010. Distribution capacity will remain below the generation capacity at first, but investments already under way will increase availability in Freetown and some towns along the Bumbuna transmission route.

45. *Government has launched a new energy sector strategy based on public and private investments, regional integration, and policy reforms.* Based mainly on hydropower, including mini-hydro, a significant increase in electricity access both urban and rural is planned.

⁹ As much as 40 percent of the energy generated in recent years was not paid for.

Institutional and policy reforms will include a systemic effort to strengthen the financial viability of the NPA through reducing its operational costs, adjusting tariffs, and unbundling the sector so as to separate generation, transmission, and distribution. In the longer term, the government plans to further develop hydroelectric generation, which together with an augmentation of capacity at Bumbuna could contribute more than 200MW of power. It also plans to join the West African Power Pool (WAPP) (see Box 2). Government estimates that Sierra Leone's current demand is 400MW. Only a small proportion of this is connected to the current distribution system. The scale of the government's investment plans calls for very significant financial resources¹⁰, most of which may need to come from private investors for whom the link to the WAPP and/or secure sales to major customers, such as mining companies, may be a prerequisite.

46. ***A good transport network is critical for growth in key sectors of the economy and for meeting the MDGs.*** Maintenance of the existing network of roads, air, and sea transport has been essentially neglected since the war. Poorly maintained rural and feeder roads connecting villages and farm areas to market centers, and the lack of regular transport services, pose serious challenges to the country's development. The rehabilitation of approximately 160 km of roads in the major provincial towns and 2,055 km of feeder roads, as well as the construction of highways between the urban centers, is a priority of government, particularly to develop agribusiness. The core network of more than 4,000 km (which includes A and B roads) is being rehabilitated with support from donors. Procurement issues and poor contract management in civil works have slowed the rehabilitation of the road sector. Road maintenance will be undertaken by government through the Road Maintenance Fund, an institution that has been until recently plagued by governance problems which are now expected to improve after Government recently approved enhancements in its independence. . Steps are being initiated to provide greater opportunities for small local firms to participate in maintenance contracts, so as to increase the labor intensity of this work and provide job opportunities.

47. ***Beyond the road sector, improvements are needed in the facilities at the international airport*** and, notably, the connection between the airport and Freetown, calling for road construction and much improved marine connections. Governance issues also affect airport and seaport agencies, where gaps in senior management persist. Opportunities for private participation in transport will likely be limited to areas with defined demand, such as the airport transfer and key roads.

¹⁰ Approximately US\$ 1 billion would be required to complete the connections to the WAPP, build the proposed Bumbuna II hydroelectric facility, and carry out programmed improvements in distribution and thermal generation.

Box 2: Regional integration

Sierra Leone is located in the volatile Mano River Union region (Cote d'Ivoire, Guinea, Liberia, and Sierra Leone). Regional stability is an important challenge for Sierra Leone, as unrest has frequently spilled across borders in the sub-region.

Underpinning growth in agriculture, energy, and transport. Sierra Leone is a member of the African Union and of ECOWAS (Economic Community of West African States), which was established in 1975 and is an increasingly important forum for discussion of common sub-regional issues. However, sub-regional cooperation has not developed to its full potential. Member states of the ECOWAS commission including Sierra Leone are working to strengthen macroeconomic surveillance and harmonize the statistical and reporting systems in the sub-region as well as to adopt the same currency.

Potential benefits from regional integrations are seen to include:

Market size and access. Regional economic integration may help overcome the constraints associated with the small size of the domestic market, in particular for the export of agricultural products.

Competitive infrastructure services: Sierra Leone has potential for significant hydroelectric generation (estimated at 1.2GW). Through joining the West Africa Power Pool, Sierra Leone may be both an importer and exporter of electricity to smooth the development of its national capacity and compensate for seasonal variations in hydroelectric generation. At present Sierra Leone's sole broadband connection is to the SAT-3 fiber-optic cable via a microwave link to Guinea. It is anticipated that additional regional broadband connections may soon become available.

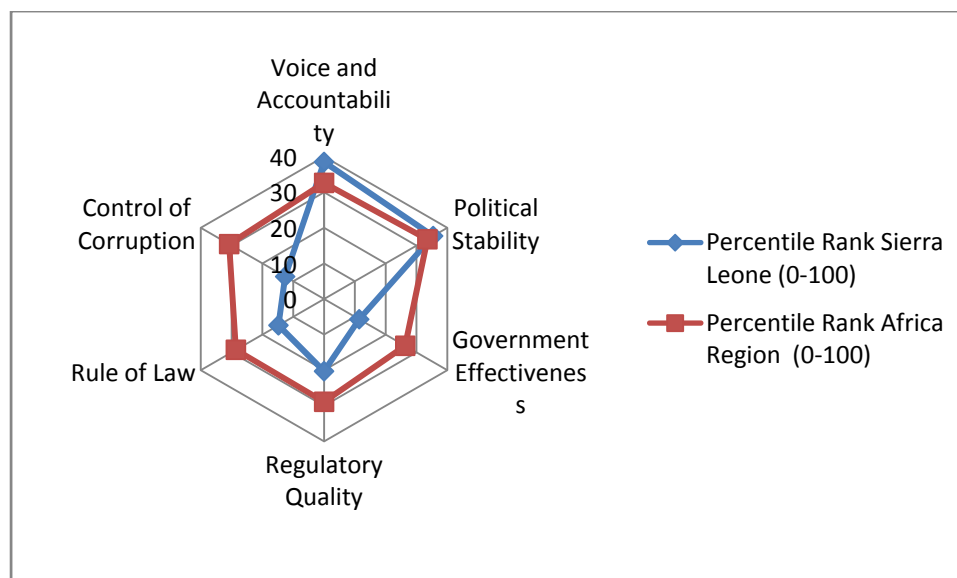
Provision of public goods. Collaboration with neighboring countries in managing regional commons can unlock growth opportunities (shared resources such as the Mano River, fisheries, mining, knowledge sharing and dissemination of best practice for agriculture and vocational training and industry platforms) and reduce vulnerability (diseases such as malaria and HIV/AIDS and common challenges from climate change).

The JAS will support Sierra Leone's participation in regional initiatives that can leverage its national efforts to tackle sectoral constraints on economic growth. In so doing, special attention will be paid to the alignment between regional interventions and national actions.

C. Good Governance and Capacity Building

48. ***The quality of governance—both real and perceived—remains a key challenge for Sierra Leone.*** Given the country's political history of clientelism and patronage, governance improvements including effective anti-corruption measures are essential for achieving the better services and economic growth that are envisaged in the Agenda for Change and for preserving social peace. Comparison of Sierra Leone's governance indicators with those of other African countries reveals a mixed picture (see Figure 6). Sierra Leone does well on political stability and on voice and accountability, in itself a major achievement for a post-conflict country. But it lags well behind on other indicators, and most of all on government effectiveness and on control of corruption. This mixture of attributes suggests that the government is right to emphasize private sector development and decentralization as pillars for development, making good use of the political stability and strong demand for accountability while limiting the demands on limited government capacity.

Figure 6: Governance indicators highlight opportunities and challenges



49. *The low government effectiveness ratings reflect a civil service that suffers from weak administrative and technical capacity, with a missing professional middle and large numbers of unskilled workers.* The low ratings also reflect a legacy of politicization, which links effectiveness to control of corruption. Improvements have taken place in recent years, notably in public financial management, with the introduction of financial management systems and the rollout of procurement legislation and procedures; these are recognized by public expenditure and financial accountability (PEFA) and public expenditure review (PER) assessments that show Sierra Leone leapfrogging many countries. But weaknesses are pervasive and improvements in government effectiveness will depend on significant capacity building, public sector reform including re-calibration of the civil service, and stronger measures to control corruption.

50. *Government has embarked energetically on initiatives to address governance, including strengthening the Anti-Corruption Commission (ACC) in law and staff.* The ACC has already made some notable decisions, including indictments of ministers for corruption, and has published critical governance reviews of key ministries. The President, ministers, members of Parliament, and senior civil servants are now required to declare their assets to the ACC. The audited public accounts are now up to date and have been made public. The government has endorsed a bill to increase the independence of the road maintenance fund, which should result in more transparency and checks and balances in road sector spending. And a Freedom of Information bill has been tabled in Parliament, to significantly improve access to information and to remove limitations on freedom of expression, notably in the press. Reflecting this progress, the 2009 Transparency International tables on corruption perception placed Sierra Leone 146th of 180 countries surveyed—an improvement of twelve places over 2008. As noted above, the broader Mo Ibrahim Index shows a similar improvement. There is still a need for deeper reforms to sustain and improve on these gains (see Box 3).

51. *An opportunity exists to build upon Sierra Leone's political openness and stability to make better use of Parliamentary oversight for greater transparency in governance.* The recent

trend, reflected in the country's 1991 Constitution, is for increased concentration of power and resources within the executive branch of government. And Parliament's ability to contribute actively to the legislative process is further impaired by parliamentarians' shortages of resources and training. But even within the existing constitutional framework, there may be an opportunity to increase Parliament's effectiveness by providing resources for research and for committees, as well as training programs for members. Development partners have begun a series of workshops to inform parliamentarians about reform initiatives that are at early stages of preparation, and this has proved effective in raising awareness and understanding of proposed legislation.

52. *Sierra Leone's articulate civil society has been active in drafting the Freedom of Information Bill and is vocal in publicizing identified abuses of office.* To build upon this strong demand for good governance and service delivery, it is expected that all development projects will be subject to the publication of all information consistent with the Freedom of Information Bill, along with oversight by civil society/non-state actors. This was the process followed in the new Integrated Public Financial Management Reform Project and the Decentralized Service Delivery Project, and also in the development of a network of community paralegals as part of the Justice for the Poor program (supported with World Bank-funded technical assistance). As noted earlier, Sierra Leone is a candidate for validation under the Extractive Industries Transparency Initiative (EITI), which will support greater transparency in natural resource management, including civil society participation. More efforts are needed to support civil society in its efforts to develop accountability mechanisms in other spheres of economic activity.

Box 3: Governance indicators and CPIA as guide for governance improvements

Sierra Leone's governance weaknesses seriously influence the implementation of government services and investment projects, and the country's ability to attract sorely needed external and domestic investments. While progress on a broad front in recent years is beginning to be reflected in various international ratings, including the Transparency International Corruption Perceptions Index, the Index of African Governance, and the World Bank Doing Business ratings, governance and corruption perceptions ratings remain low.

The low governance ratings also have a big impact on the level of ADF and IDA funding. The country has leveled off in CPIA ratings at just above 3 against a maximum of 6 and slightly below the average for IDA countries in Sub-Saharan Africa. The governance ratings make up the lowest part of these ratings. Given the high weight of governance in the allocation formulas, Sierra Leone's low governance score translates into low ADF and IDA allocations.

GoSL has acknowledged the importance of improving its CPIA ratings and has engaged the World Bank to help achieve this, based on the assumption that these ratings are a good proxy for key improvements in policy. Four notably weak areas depress the overall ratings: (1) policies and institutions for environmental sustainability; (2) property rights and rule-based governance; (3) efficiency of revenue mobilization; and (4) transparency, accountability, and corruption in the public sector. Areas that need improvement and certain activities that, if implemented, would lead to better policies and public sector management, and subsequently to higher CPIA ratings, have been identified. Government has taken steps to improve performance in each of these areas. The relatively good ratings in other areas such as macroeconomic management, fiscal policy, debt policy, and trade show the levels attainable even under the current capacity constraints. While the ratings are still moderate, recent improvements in the business regulatory environment show that progress can be achieved in a relatively short period.

53. ***Increasing effectiveness.*** Key elements of a program for improved government effectiveness and good governance include (a) public service reform aimed at achieving better service delivery through improving personnel management and remuneration; (b) decentralization of services delivery; (c) improvements in public financial management; (d) strengthening the anti-corruption agenda; (e) civil society monitoring and accountability mobilization; (f) an enhanced capacity for Parliament for the consideration of legislation; and (g) better statistics for monitoring outcomes. In making governance an overarching theme for all of the JAS, the JAS partners are encouraging staff and development partners to carry out analyses of vulnerability in all sectors as well as in all projects. Among the focus areas for improved governance and effectiveness are:

- ***Decentralization.*** Although devolution is still in its early stages, with the spending autonomy of local councils still very constrained by central government and with government staff largely on the central government payroll, there are already clear indications that services are improving and that the public is happier with a local delivery mode. For example, the 2008 Decentralization Survey points to better development results in districts where services have been decentralized. Devolution of power and influence to the local level, including local councils and chiefdoms, is one way to counteract a history of alienation and patronage that is widely seen to have contributed to the conditions that led to the civil war. Wherever possible, programs should make resources available to local councils in a way that strengthens and supports the existing grant system and the capacity of local councils to deliver services.

- ***Public sector reform.*** Salary reform is a necessary further step in improving the efficiency of the civil service, which is skewed toward unskilled staff, who provide little value added, and very short on technical staff. Salary levels are too low to attract people with other options and they contribute to lack of efficiency and unwanted behavior among civil servants. A census of staff in certain positions has also helped provide better control of costs. The government's recently published Public Sector Reform Program 2009-13 aims to change the composition of the civil service, link pay to performance, attract qualified persons to key positions, and increase transparency and accountability.
- ***Public financial management.*** Limited budget credibility and predictability, weaknesses in expenditure control (including payroll), and low levels of transparency have undermined the reform process in Sierra Leone. Government has begun a comprehensive program for public financial management reform. Modern budgeting and accounting systems have been introduced and new and better budgeting legislation and regulations are in place. Most ministries and agencies now prepare annual procurement plans. Government has adopted a new Chart of Accounts and requires donors to use it for regular reporting. Other program initiatives include auditable verification of payroll management, resulting in a validated personnel record for all teachers; reconciliation of bank balances against payments and transfers to and from ministries, departments, and agencies (MDAs); introduction of procurement plans for public entities; and an increased portion of procurements to be allocated through open competition. Government is to seek to ensure that the composition of spending becomes more stable and that the financial flows to key sectors such as local councils become more predictable. Government will also ensure that the number of internal audit units in MDAs is increased.
- ***Capacity building.*** To deliver on the Agenda for Change, the government and partners will pursue a comprehensive and sustained approach to building capacity, through a national capacity building program. This will need to address salary structures and results links, return programs for the diaspora, training and skills enhancement, and incentives for work in rural areas. JAS partners are already engaged through public financial management support and, recently, through initiatives to phase out their reliance on project implementation units (PIUs) and to integrate staff hired on special terms into the civil service. Their ongoing development policy lending has played a key role in advancing policy reforms in this area. During the JAS period specific capacity building programs, offered by WBI and others, will also be called on.
- ***The importance of donor harmonization.*** Development partners have made extensive use of PIUs and provided capacity building support only in piecemeal fashion. Recent agreements reached between the government and development partners, confirmed at the recent CG meeting, commit the partners to significantly scale up their capacity building efforts and to harmonize the delivery of their assistance, in line with the Paris and Accra commitments.
- ***Effective management of natural resources and the environment.*** Sierra Leone has significant natural resources both renewable and nonrenewable, many of which are attractive to private sector utilization. The nonrenewable are mainly minerals, of which diamonds are the best known. Mining has already created significant environmental and

social challenges. The prospect of oil offshore creates optimism but also fears of economic, environmental, and social risks. Sierra Leone's forest cover has been largely lost, but a few key areas remain. The Gola Forest near the Liberian border is a high-quality rain forest being preserved as a national park. Similarly, with IDA/GEF support, a new national park, Loma Mountains, is being created, with West Africa's highest mountain, Bintumani, and the country's largest chimpanzee population. Fish resources are significant but under threat. While Government has taken positive steps, including embarking upon the process for EITI validation and establishing a secretariat, formally assigning responsibility for environmental governance to the Sierra Leone Environmental Protection Agencies and, more recently, establishing an Office of Fisheries Management at the Ministry of Fisheries and Marine Resources, staffing and empowering these bodies will be a prerequisite for effectiveness.

D. Job Creation and Private Sector Development

54. ***Youth unemployment is a daunting challenge, which ultimately must be solved mainly through private sector growth, supported by a number of public activities.*** Young people in Sierra Leone face numerous difficulties in finding remunerative work.¹¹ Up to 800,000 people between 15 and 35 are unemployed, employed without secure wages, or seriously underemployed. The overall skill level of young people is low. Thirty-five percent of 15-to-24-year olds and 63 percent of 25-to-35-year olds have never attended school. Among both age groups, only 20 percent have finished primary school. Inactivity rates in the labor market are high, especially in urban areas. Many young people are not in school, not working, and not looking for employment. (See Box 4.)

55. ***To address these challenges, the government has created a Youth Commission reporting to the Office of the President.*** Four areas of focus have been identified. The most important of these is to promote private sector growth to create demand for labor; the emphasis on private sector growth in the Agenda for Change reflects this priority. The second focus is on skills development, not least through vocational training activities and various forms of apprenticeship. The third is to provide relief through public works programs. The final one is to encourage and support the voluntary relocation of youth from urban to rural areas and their reintroduction to agriculture. The JAS partners, in cooperation with UNDP and Germany, are preparing a program and will be seeking support from other partners. In doing so, measures to encourage job creation by the private sector will be key. ***Indeed, the Agenda for Change reflects the government's recognition that economic transformation requires vibrant private sector enterprise.*** Foreign investment will be required, to bring in the technologies and market connections that will be needed to realize the potential of Sierra Leone's natural endowment. In a major Trade and Investment Conference held in London in November 2009, the government presented its private sector program and reached out to prospective international investors, notably in agriculture, fisheries, energy, tourism, and mineral resources.

56. ***In recent years Sierra Leone has substantially reformed its policies affecting the private sector, as evidenced by significant improvements in the international "Doing Business"***

¹¹ P. Peeters, W. Cunningham, and G. Acharya, *Youth Employment in Sierra Leone: Sustainable Livelihood Opportunities in a Post-Conflict Setting* (Washington, DC: World Bank), 2009, based on data from the Sierra Leone Integrated Household Survey 2003 and the Statistics Sierra Leone Census 2004.

ratings. It has implemented a number of policy measures, largely guided by the “Doing Business” program, to provide a conducive business environment, including coordination of trade policy formulation and implementation, legislation to simplify business procedures, a restructuring and strengthening of the export development and investment promotion agency, and the development of a privatization strategy by the National Commission for Privatization (NCP). The government has also commissioned a Diagnostic Trade Integration Study (DTIS), now under way; an Administrative Barriers to Trade and Investments Study, also ongoing, to address all administrative impediments to investment in Sierra Leone; and a Financial Sector Assessment Program, which shaped the Financial Sector Development Plan that the Cabinet endorsed in June 2009.

57. *Formalization of the local private sector must be a focus to grow the economy and increase government revenues from taxes.* Most of the country’s locally owned businesses are in the informal sector. Efforts to strengthen them still face particular challenges in the area of land rights; without formal rights to land it is difficult to use land property as collateral to raise funds, or for the commercialization of agriculture and manufacturing industries. In the Agenda for Change, Government has indicated its intention to enact a Law on Commercial Use of Land, carry out cadastral mapping, strengthen titling systems, and foster formalizing property rights.

58. *Various recent studies¹² have identified access to finance as the binding constraint on growth in Sierra Leone.* The financial sector remains nascent and dominated by the banking sector, with 13 banks. Private sector credit at 5.5 percent of GDP is well below the Sub-Saharan average of 17 percent. The system has been growing rapidly, reflecting the entry of new participants but also reduced competition from treasury bills. During 2008, loans and advances grew by 62 percent and deposits by 37 percent. Access to finance remains the largest challenge, with fewer than 5 percent of the population having a bank account and far fewer having loans.

¹² “2007 Growth Diagnostic: What is holding back growth in Sierra Leone?” Harvard University, 2006; FIAS Informality Survey; and 2008 Ministry of Trade and Industry PSD Diagnostic Report.

Box 4: Mining and youth employment

Youth employment is particularly vulnerable to current declines in commodity prices. Despite these recent declines, mining remains Sierra Leone's second most important sector in employment, after agriculture, providing low skills employment, mostly for young men. Mining also is the largest source of export income, although the historic dominance of diamonds is being partly supplanted by rutile, bauxite and, prospectively, iron ore and gold. While the number is difficult to assess, mining and quarrying may employ as much as 14 percent of the total labor force, directly or indirectly.

With the drop in mining activity and drop in diamond prices due to the global crisis, the associated downward pressure on youth employment has become more apparent. The resulting increase in poverty in mining areas and the subsequent risks of unrest are of significant concern to GoSL. IDA is engaged in mitigating these risks through the cash for work and community-driven development aspects of the National Social Action Project, which include investments in turning old diamond pits into agricultural land again, and through the matching grants scheme under the Rural Private Sector Development Project, which helps small investors to leverage savings toward investments through the agricultural value chain.

Public revenues from mining remain modest at approximately US\$10.5 million a year and are comprised primarily of license fees. It is estimated that, with comprehensive reforms, mining exports could rise to US\$1.2 billion by 2020. If the extraction of the oil discoveries that were confirmed in late 2009 turns out to be feasible, natural resource incomes may get an additional boost, if reasonably handled. Government has applied for validation under the Extractive Industries Transparency Initiative (EITI) which seeks to promote good practices in the management of mining revenues. Once this is achieved, Government wishes to extend this engagement to EITI++ which also covers the allocation of mining licenses and the utilization of mining royalty revenue.

Despite the abundant resources, without new investment Sierra Leone's revenues from mining may decline by up to 70 percent within ten years. Problems in the mining sector include (a) weak mineral development agreements that do not yield revenues commensurate with potential; (b) poor regulatory enforcement impeding sector growth; (c) very limited impact of mining activities on economic development in the country, (d) inadequate environmental protection, and (e) inadequate arrangements to ensure that mining operations are accountable to local communities. IDA is providing technical assistance to help improve the governance of the mining sector. This includes a major Strategic Environmental and Social Assessment of the mining sector and mining communities and a new TA project—Mining Sector Technical Assistance—to improve capacity in the Mining Directorate and legal and regulatory reform.

IV. RESULTS AND LESSONS FROM PAST IDA/IFC/AFDB ASSISTANCE

A. World Bank Client Survey

59. *The 2009 national client survey¹³ conducted by the World Bank in Sierra Leone indicates that governance and government effectiveness are identified by a huge plurality as the top development priority.* This marks a shift in views since the previous such survey was conducted in FY05 when stakeholders focused on infrastructure, agriculture, and education as their key priorities.; A plurality of stakeholders believes now that the Bank's emphasis should be in governance and government effectiveness, followed by agriculture and only 10 percent said the World Bank should emphasize infrastructure—approximately the same percentage who said that it should emphasize foreign direct investment. This shift is noteworthy, particularly in an environment in which governance is a top focus of the World Bank. *Implementation Lessons from World Bank Group CAS and CSP, 2005-09*

¹³ A questionnaire was sent to 700 individuals, of whom 365 responded. See Appendix 15.

60. *During the implementation of the World Bank Group's last country assistance strategy (FY06–09)) and the country strategy paper (2005–09), Sierra Leone made substantial achievements in decentralization, capacity building, and improving public financial management that provided a foundation for improving service delivery.* The country made moderate progress in improving the regulatory framework to improve the business environment and enable growth in the private sector. IDA support to basic services in health, education, and HIV/AIDs achieved moderate results, including universal access to education and rehabilitation of health facilities. In addition, IDA support helped achieve good progress in integrating vulnerable populations through community development initiatives and income-generating activities. On the other hand, progress was slow in (a) improving infrastructure services, particularly access to electricity and usability of road networks; (b) improving agricultural capacity; and (c) managing the mining sector.

61. *The last CAS provides the following key lessons learned for the implementation of the JAS:*

What worked well:

- The World Bank's support to the public financial management system has been effective. The support provided a solid platform in the system that supports fiscal discipline, effective allocation of money, and improved predictability.
- The World Bank's contribution improved decentralization and capacity building within local governments and provided a foundation for service delivery. Decentralization stimulated reforms in public financial management.
- Community-based approaches to integrate vulnerable populations into income-generating activities have been effective.

What worked less well:

- Less progress was made in improving governance issues in infrastructure, particularly in energy, transport, and water. Lack of progress remains a key impediment to a better investment climate and to delivery of basic social services. Entrenched vested interests made governance reforms in these sectors complicated.
- The election period and change of government during the CAS period delayed CAS implementation more than had been envisaged.
- Complex, unrealistic project designs and low institutional capacity led to poor performance and delays in implementation. Sierra Leone's state setting is still limited and fragile and this needs to be taken into account.

B. IDA Portfolio Performance

62. *The quality of the IDA portfolio has been mixed.* During the CAS period, Sierra Leone's IDA portfolio grew and matured. However, its quality deteriorated, and the proportion of projects at risk includes four of the eleven IDA projects. The four projects rated as problem projects are the Bumbuna Hydroelectric Environmental and Social Management Specific Investment Loan (SIL), the Infrastructure Development Project, the Power and Water SIL, and the Rural and Private Sector Development SIL. Problems include lack of counterpart funding, weak monitoring and evaluation (M&E) systems, procurement issues, and slow disbursement. The Bumbuna Hydroelectric Environmental and Social Management SIL and the Power and Water SIL both suffered from weak capacity within the designated ministries and agencies. This lack of capacity resulted in a lack of coordination in implementation of project components. The Rural Private Sector Development SIL only became effective more than one year after its approval, and has now been restructured. Overall, nearly 55% of the portfolio has been disbursed and over the past three years, disbursement ratios in Sierra Leone have ranged between 20 and 26 percent, slightly above regional averages.

63. *Based on consultation with the World Bank task team and government, a review of Sierra Leone's Country Portfolio Performance Review (CPPR) for FY08 identified six factors that affected implementation and results:* (a) ambitious and complex project design, (b) lack of leadership and ownership within the implementing agencies, (c) low institutional capacity in PIUs and line ministries, (d) inadequate monitoring and evaluation, (e) lack of timely availability of counterpart funds, and (f) excessive use of highly paid international consultants. Although various projects appear to be well designed and their resources well aligned to areas of need, their sustainability remains questionable given the country's shortages of human and capital resources. Implementation constraints (mainly in financial management, with delays in procurement and submission of withdrawal applications) have created substantial delays in disbursement. The World Bank actively addressed the key CPPR findings with Sierra Leone's new government and administration staff in 2008.

64. *QAG assessments of the portfolio during FY06–09.* The World Bank's Quality Assurance Group (QAG) assessed two projects for quality at entry; one of these was rated satisfactory and the other marginally satisfactory. One project was reviewed in a quality of supervision assessment and found to be highly satisfactory, while of two projects assessed for the quality of the lending portfolio, the Power and Water Project was rated moderately unsatisfactory. Where QAG found the projects less than fully satisfactory, the identified shortcomings were largely that the projects were too complex or that insufficient staffing had been provided for a post-conflict environment.

65. *IEG evaluations of ICRs.* During the CAS period, four IDA projects were closed. Implementation completion reports (ICRs) were prepared for all four and were reviewed by the World Bank's Independent Evaluation Group (IEG). Appendix 3 presents the results of the completed ICRs and the IEG ratings. Overall, the project ratings were mixed, with one satisfactory, two moderately satisfactory, and one moderately unsatisfactory rating. IEG indicated that (a) project design needs to be tailored to country context, and (b) when a project is restructured in a post-conflict country, the project objectives need to be redefined to reflect what

can be achieved. Moreover, a realistic timetable to implement sector reforms needs to be developed, taking into account the current country situation and local capacity constraints.

66. The measures IDA has adopted to address the identified shortcomings include:

- Restructuring projects (the Rural PSD, the Power and Water, and the Bumbuna Hydroelectric projects have all been identified for restructuring).
- Designing new projects to be less complex and simpler to implement.
- Increasingly decentralizing IDA's project staff to Freetown (or sometimes to Accra).
- Financing 100 percent of project expenditures.
- Taking steps to enhance the project dialogue with Government to ensure greater understanding and ownership.
- Providing training programs in procurement and financial management.
- Taking steps to integrate project implementation units in government agencies.

C. Areas of Existing Intermediation by IFC

67. *IFC's support has centered on providing advisory services to strengthen the enabling environment and business promotion.* The advice supports the removal of administrative barriers to investment, in partnership with DfID, and specific reforms of the business-enabling environment. The latter include reforms to facilitate starting new businesses and registering property, as well as capacity building for exporters through the Sierra Leone Investment and Export Promotion Agency (SLIEPA) program.

68. *IFC has supported the broadening of access to microfinance through a committed equity investment in ProCredit Sierra Leone, and initial steps to develop a leasing framework along with financial institutions to implement it.* Agriculture players of all sizes would benefit from access to leasing. IFC has provided trade credit lines to three banks (Sierra Leone Commercial Bank, Rokel Commercial Bank, and Guaranty Trust Bank). The credit lines are being used, in part, to import goods and equipment for agribusiness. IFC is looking to expand and diversify its trade finance lines.

D. AfDB Country Strategy Paper 2005–09: Implementation Results

69. *The overriding objective of AfDB's 2005-09 Country Strategy Paper (CSP) was to assist Government to maintain sound macroeconomic stability and implement the governance measures.* The AfDB strategy has been relevant and consistent with the country's objectives and post-conflict agenda. Overall, progress and achievements have been realized since the Bank established its field office in Sierra Leone in 2007. The mid-term review completed in 2008 cited

moderate progress under both pillar 1 and pillar 2 of the strategy, pillar 1 being to enhance economic growth through improved governance and pillar 2 being to develop human resources.

70. ***Some aspects of AfDB's support succeeded better than others.*** Support to public financial management through the Economic Rehabilitation and Recovery Program III was relatively effective, as it provided a good framework for fiscal discipline and effective budget execution. Support for strengthening district health services succeeded relatively well, as did the regional Mano River HIV/AIDS Project I. Progress in governance arrangements in the energy sector (Bumbuna) has been slow, however, and efforts to help the government boost agricultural productivity have not succeeded.

71. ***At the end of the third quarter of 2009 there were eleven ongoing projects in the AfDB portfolio.*** These are at different stages of implementation with a total approved amount of UA 95.78 million. Out of the approved amount, a total of UA 43.568 million has been disbursed. The social sector accounts for UA 45.0m, Agriculture UA 24.85m, Infrastructure UA 13.14m, and Multi-sector UA 12.79m. Within the social sector, Health accounts for 37.7 percent, Education 35.5 percent, and Community Social Services Support 26.7 percent. Within Infrastructure, the Power sub-sector contributes a significant amount of 78.4 percent, followed by Transport with 15.1 percent, and Water and Sanitation with 6.5 percent.

72. ***The average size of projects in the AfDB portfolio is UA 8.58m.*** This compares with IDA's average project size of UA 16.9 million, on average, in 2007, up from about UA 15 million in 2006.

73. ***Portfolio performance.*** Portfolio implementation has been affected by long time lags between project design and implementation, the bureaucratic processing procedures of line ministries, the limited capacity and skills of PIU staff, lack of implementation oversight and project monitoring by government, delays in releasing government counterpart funding, delays in conducting project audits and submission of progress reports, long delays in granting "No Objections," inadequate project supervision, and turnover of task managers.

74. ***The low disbursement rate of only 45.5 percent is a serious impediment to project effectiveness and is indicative of poor portfolio performance.***¹⁴ Overall, 54 percent of AfDB's Sierra Leone portfolio is at risk.¹⁵ This is a high proportion, but it represents an improvement over 2007 and 2008 (with 83.3 percent and 75 percent respectively at risk). The 54 percent of projects at risk as of 1st October 2009 was composed 18 percent of problem projects and 36 percent of potential problematic projects, not including regional projects.

75. ***The establishment of the AfDB office in Sierra Leone has helped to improve the overall management of the portfolio, as well as the visibility of AfDB, by facilitating workshops, consultations, dialogue, monitoring and follow-up of activities and programs.*** Access to the enhanced resources of the Fragile States Facility, and the flexibility embodied in this facility, have helped in addressing some of the delays in project implementation mentioned earlier. Another lesson is the importance of enhancing government monitoring and evaluation

¹⁴ The 45.5 percent disbursement for AfDB projects represents cumulative disbursement while the 20 to 26 percent disbursement cited above for IDA projects represents the annual disbursement.

¹⁵ PAR is measured as the ratio of the number of projects at risk to the total number of rated operations.

mechanisms to ensure effective and efficient use of resources. It is only through recent dialogue that the government has put in place mechanisms for project monitoring and evaluation.

76. *Based on some lessons learnt, AfDB is taking measures to further improve portfolio performance.* These include:

- Facilitating project coordination activities with the government/PIUs on a regular quarterly basis.
- Providing technical and management support to PIUs in dealing with implementation challenges.
- Developing a detailed country portfolio improvement plan with Government to form an action plan.
- Working through the targeted support of the Fragile States Facility to address capacity constraints in Sierra Leone, and continuing the dialogue with Government and other development partners to support capacity building.
- Improving projects' design and quality at entry.

V. WORLD BANK GROUP AND AFDB GROUP ASSISTANCE STRATEGY TO SUPPORT THE AGENDA FOR CHANGE

77. *The implementation of the Agenda for Change will determine whether Sierra Leone can achieve a high-returns trajectory of economic and social investments.* Peace, stability, prudent economic management, and natural potential in key sectors such as agriculture, mining, and tourism, provide reasons for optimism, while weaknesses in governance, lack of capacity, low human development indicators, and risks of regional turmoil exemplify hurdles to be overcome. The JAS aims to support progress in achieving the priorities of the Agenda for Change, help reinforce its underlying principles, and actively work to mitigate the risks.

Box 5: Strengthening governance for better development outcomes

The JAS partners will support the strengthening of country systems and help build the demand for good governance. A framework and principles of engagement will emerge from an ongoing governance and political economy analysis that will inform the design of new interventions and the implementation of ongoing ones where relevant. A country management-led oversight and advisory group will guide the process.

Strengthening country systems. The JAS partners will provide support for improving public sector management and fiduciary systems through ongoing and new operations. In addition, all operations will, where possible and relevant, help to build the demand for good governance by promoting transparency, participation, and accountability and supporting capacity development of civil society and the media. This approach will also seek to build national systems for good governance through support to the Anti-Corruption Commission, through stakeholder consultation as to the practical consequences of corruption, and developing the demand for good governance through a focus on improved service delivery as a consequence of improved governance.

Framework and principles. A Governance Framework to be agreed with Government will guide the JAS partners in addressing governance-related issues across their portfolios in Sierra Leone. The framework—based on principles of accountability, transparency, equity, community consultation and participation, sustainable capacity development, and decentralized service delivery—will be applied across all projects and aspects of the project cycle as relevant, to provide the information needed to build a mitigation plan for projects in implementation. Project implementation during the JAS period will be informed by continuing analytical work on governance constraints and opportunities for improvement and complemented by project-level diagnostics to analyze key governance issues and risks surrounding a project and propose a mitigation action plan. Adjustments to the framework and principles will be made in consultation with Government.

Development Partners' Governance Advisory Group. To better address issues of governance in operations, the JAS partners will establish an advisory group on governance within the country management teams. The advisory group will guide and oversee the integration of agreed principles into the operations and consistency with the framework; lead the analytical work and dialogue on governance; and advise project teams during implementation. The advisory group will be chaired by the partners' country managers and coordinated by a country-based governance specialist who will also serve as a focal point for development partners and the government.

78. **JAS instruments.** In line with Sierra Leone's consistent performance in macroeconomic management, AfDB and IDA will continue their program of development-policy-based lending in support of Sierra Leone's transition from post-conflict recovery to sustainable development. The policy-based lending operations support reform measures consistent with the PRSP. They will closely complement the investment lending program by supporting the policy reforms needed to create enabling environments for effective implementation of the JAS through: (a) preserving the fiscal space needed for poverty reduction; (b) promoting efficiency, transparency, and accountability in the use of public resources through enhanced public financial management and governance (see Box 6); and (c) improving the investment climate by ensuring the provision of infrastructure services in a fiscally sustainable manner.

A. Current and Planned Operations in Support of the PRSP

79. **AfDB/IDA/IFC activities.** Much of the partners' support to the Agenda for Change will stem from the implementation of already agreed projects and programs. The project portfolio of the JAS partners at the start of the JAS period is shown in Table 5.

Table 5: AfDB, IFC, and IDA current portfolio

Institution	Lending	Amount (USD millions)	
AfDB	Agriculture Sector Rehabilitation Project (ASREP)	19.3	
	NERICA Rice Dissemination Project	4.6	
	Bumbuna Hydroelectric Project Add Fin [approved 2008]	16.6	
	Support to Basic Education	25.8	
	Strengthening of District Health Services	27.4	
	Social Action Support Project	19.3	
	Institutional Support Project (PFM and Energy)	4.5	
	Subtotal	117.5	
Institution	Lending	Amount (USD millions)	
IDA	Institutional Reform and Capacity Building Plus DfID & EU trust funding	25 25	
	Infrastructure Development Project	55	
	Integrated Public Financial Management Reform Plus DfID & EU trust funding	4 17	
	Rural Private Sector Development Project	30	
	Bumbuna Environmental and Social Protection Plus partial risk guaranty restructuring	12.5 9.5	
	Education for All	15	
	National Social Action project Plus Global Food Price Crisis Response Facility	35 4	
	Power and Water Project Plus DfID Emergency Water Trust Fund	35 9	
		Subtotal	276
	IFC	Credit lines to commercial banks	10
	Total	403.5	

Note: AfDB estimated in USD at exchange rate of November 30, 2009. USD1.61018 = UA 1.

80. A lending program fully utilizing the expected IDA and ADF allocations is planned (see Table 6 and Table 7). IFC will actively look for investment and advisory services opportunities.

Table 6: IDA proposed lending program

FY	Lending	Amt (USDm)
FY10 (Jul 09 – Jun 10) IDA 15	GRG3 Development policy lending *	10
	Decentralized Service Delivery Program I*	20
	Mining TA*	4
	Financial Sector TA: Capacity Building and Regulatory Reform	2
	Youth Employment and Skills (including IDA Crisis Response Window)	20
	GRG3 supplemental financing (IDA Crisis Response Window)	4
		5
	<u>Regional</u> ^a	
	▪ Fisheries*	
	*Delivered	
Sub-total FY10		65
FY11 (Jul 10 – Jun 11) IDA 15	DPO1 Development policy operation	7
	Infrastructure I (energy/transport)	15
Sub-total FY 11		22
FY12 (Jul 11 – Jun 12) IDA 16	DPO2 Development policy operation	7
	Decentralized Service Delivery Program II	13
	<u>Regional</u>	
	▪ Regional Mining Sector TA Initiative (incl. EITI++)	2
	▪ Regional Agriculture	4
Sub-total FY12		26
FY13 (Jul 12 – Jun 13) IDA 16	DPO3 Development policy operation	7
	Infrastructure II (TBD)	15
Sub-total FY13		22
TOTAL IDA:		135

Notes:

^a Amounts refer to the proportion of country IDA allocations for regional project financing only.

Only the FY10 allocation is firm. Estimates for FY11-13 are indicative only and may change. Actual allocations in these years will depend on: (a) total IDA resources available; (b) the country's performance rating; (c) the performance and assistance terms of other IDA borrowers; (d) the terms of IDA's assistance to [country] (grants or credits); and (e) the number of IDA-eligible countries. The FY12 and FY13 indicative allocations assume a similar level of replenishment in IDA16 as in IDA15. IDA allocations are made in SDRs based on performance, and the US dollar equivalent is dependent upon the prevailing exchange rate. Finally, the terms of the assistance (i.e. grants, credits, or a mix of the two) will depend on Sierra Leone's debt sustainability position in the corresponding year. In addition to the IDA allocations, resources will be mobilized from other sources to augment the resources available (cf. Table 8)

Table 7: AfDB preliminary project pipeline for the JAS period

FY	Lending	Amount (USD millions)
FY09 (Jan – Dec 09) ADF 11	Bumbuna Second Supplementary Loan	1.6
	Economic Governance Reform Program -Budget Support	16.1
	Lungi to Port Loko Road	41.9
<i>Sub-total FY09</i>		59.6
FY10 (Jan – Dec 10) ADF 11	Water Supply and Sanitation	40.3
	Freetown Ring Road Study	tbd
	Addax Bio-energy	37.0
<i>Sub-total FY 10</i>		77.3
FY11 (Jan – Dec 11) ADF 12	Rural Water Supply and Sanitation	40.3
	Economic Governance Reform Program II -Budget Support	32.2
<i>Sub-total FY11</i>		72.5
FY12 (Jan – Dec 12) ADF 12	Mototoka to Sefadu Road	40.3
	Mano River HIV/AIDS II (Multinational)	tbd
<i>Sub-total FY12</i>		40.3
TOTAL AfDB:		249.6
AfDB will make available UA 2 million from the FSF Pillar III targeted support, which is earmarked for capacity building activities to be determined by the government. The estimated total resource envelope under ADF 12 including FSF is UA 70 million.		

Note: AfDB estimated in USD at exchange rate of November 30, 2009. USD1.61018 = UA 1.

81. *Trust funds and special funds such as the Food Crisis Response Facility have played a significant role in the World Bank's operations and are anticipated to do so in the JAS period* (see examples in Table 6 and Table 8). During the 2005-09 CAS period, Sierra Leone received US\$ 117 million from IDA resources, and it graduated from the exceptional post-conflict allocation window in FY07. In recent years the total portfolio has been roughly doubled through the utilization of trust and special funds. During the JAS period it is envisaged that trust funds, including a proposed MDTF for Growth, will play an equally important role. Similarly, Sierra Leone is expected to access additional resources from the regional IDA allocations (fisheries, agriculture, mining etc.) and from a temporary IDA Crisis Response Window approved by the IDA Board in December 2009).

82. *Leveraging resources.* Given the limited economic circumstances of much of the population, the limited infrastructure, poor health facilities, and often basic living conditions, Sierra Leone remains vulnerable to humanitarian crises as a consequence of pandemics, economic shocks, and natural disasters. To respond to these prospective challenges, and to help maintain social stability throughout the JAS period, including the sensitive 2012 election year, the JAS partners will continue to work with bilateral donors and, increasingly, with important private foundations, to seek to mobilize resources to improve human development indicators and

address the consequences of all types of shocks. Private investment is another means for mobilizing resources; it lends itself to clusters of activity (for example in tourism) that increase government revenues, which in turn can facilitate greater investment in infrastructure and skills development. To leverage this opportunity for transformative investments, the JAS seeks to facilitate private investment as a core component of the development strategy. AfDB's participation in the Addax Bio-energy Project, the largest greenfield investment in Sierra Leone since the war, is one example of the catalytic role the JAS partners can play. The World Bank Group is also considering participating in this transaction and others of a similar nature in sectors such as tourism and agriculture where Sierra Leone has a clear competitive advantage.

Table 8: IDA will cooperate with trust funds and partners to supplement IDA funding

Activity	Financing Source	Co-financing Amount (US\$ Million)
Fisheries Project	Regional IDA/ GEF	15
Mano River Union Agriculture	Regional IDA	10
Infrastructure	DfID/EC/ Others	40
Reproductive Health 2	Africa Catalytic Fund	25
Financial Sector Reform	GTZ/KfW	13
Cash for work program	Global crisis response facility	4
Biodiversity project	GEF	5
Youth employment	Tentative – Possible GTZ lead	5
Institutional Capacity Building for Combating Corruption	IDF	0.5
	Total	118

83. **Knowledge agenda and advisory services.** The JAS partners' program of analytical and advisory services will concentrate on thematic areas that are consistent with the JAS objectives, in particular: (a) macro/fiscal stability; (b) private sector development; (c) better service delivery for the poor; (d) reducing vulnerabilities; and (e) governance (see Table 9). In advisory services, IFC is active in investment climate work; during the JAS period, already approved programs will provide more than US\$2 million of donor trust funds toward the removal of administrative barriers, the development of the tourist sector, and the promotion of Sierra Leone as an investment destination. IDA's knowledge agenda will focus on addressing root causes of Sierra Leone's weak development outcomes. A comprehensive study of the political economy of governance will lay the basis for a full Institutional and Governance report, including analysis of governance in the decentralization process and in the transport and energy sectors, will inform the design and implementation of development projects and the governance framework to be agreed with government and development partners. A public expenditure review and country procurement assessment review will complement these activities and help to ensure that the outcomes of analytical studies are appropriately grounded in operations. AfDB will join with IDA in the public expenditure review as well as in a gender profile, which will be coordinated with a gender diagnostic and audit to be carried out by IDA and other development partners. The

AfDB non-lending program will also include an agriculture sector review and studies in the energy sector, especially renewable energy. Just in time knowledge events will be organized by WBI, on operational best practice of relevance to civil society and Government officials.

84. *A country economic memorandum will identify the key development issues facing Sierra Leone.* , Together with a recently completed Poverty Assessment, these studies will deepen understanding of the underlying causes of poverty in Sierra Leone and serve to identify priorities in addressing immediate needs. The sector analyses conducted for the country economic memorandum will help the JAS partners better assist the government in addressing the bottlenecks to reaching a higher level of economic development as well as determining opportunities for private sector investment for growth and employment creation.

Table 9: Proposed analytical and advisory work

FY	IDA/IFC	AfDB
FY10 (Jul 09 – Jun 10)	Public Expenditure Review; Political Economy analysis; Country Gender Assessment/Profile; PPP Framework; Support for EITI implementation; “Cash for work” Impact Evaluation; Doing Business Reform (IFC); Tax Simplification (IFC)	Country Gender Assessment/Profile Agriculture Sector Review Public Expenditure Review
FY11 (Jul 10 –Jun 11)	Institutional and Governance Report Country Procurement Assessment Review Country Portfolio Review Doing Business Reform (IFC)	Private Sector Profile Renewable Energy Study
FY12 (Jul 11 – Jun 12)	Country Economic Memorandum Doing Business Reform (IFC) EITI++ Scoping Health sector review	Country Portfolio Review Country Financial Accountability Assessment
FY13 (Jul 12 – Jun 13)	Service Delivery and Accountability	

B. Program Delivery and Outcomes

85. *The structure of the JAS follows the approach of the Agenda for Change.* The Agenda for Change establishes four strategic priorities—human development, energy, transport, and agriculture—whose attainment is seen to require four core preconditions: good governance, macroeconomic stability, private sector development, and sustainable natural resource management. The JAS concentrates its activities on two pillars, Human Development (encompassing the activities in health, education, water supply and sanitation, and social protection) and Inclusive Growth (which captures the government’s focus on infrastructure and

agriculture). The need for good governance and capacity building, and the core role that it is hoped the private sector will play in achieving sustainable growth, underscore the need to approach these themes at the national and project level in every sector, rather than as stand-alone activities.

JAS Pillar 1: Human Development

<p><i>PRSP Goal</i></p> <p><i>Ensure sustainable human development through the provision of improved social services</i></p>
<p><i>Results Area and Outcomes</i></p> <p><i>Improved access and quality of basic social services</i></p> <p>Outcome 1: Improved capacity to effectively and efficiently deliver education Outcome 2: Improved access to basic health services Outcome 3: Increased household access to safe drinking water and sanitation Outcome 4: Improved capacity to manage social risks Outcome 5: Improved predictability, expenditure controls, and transparency in public resource management and decentralization</p>

Outcome 1: Improved capacity to effectively and efficiently deliver education

86. ***The Government of Sierra Leone has taken steps to ensure access to primary education for all children, and these have yielded primary gross enrollment rates in excess of 100 percent.*** However, important challenges remain, including low human resource capacity, shortages of teaching and learning material, high pupil ratios in schools, poor accountability, low primary school completion rates, and high repetition and drop-out rates. AfDB and IDA both provide ongoing support for education. AfDB is assisting through its ongoing Education III Project, of Support to Basic Education and Rehabilitation of Basic and Non-formal Education and Vocational Training, while IDA is assisting through the new multi-donor trust funded Education for All Fast Track Initiative (EFA-FTI) and the recent Rehabilitation of Basic Education Project (closed in December 2009). IFC’s interventions in the education sector will focus on private sector opportunities and will initially focus on advisory services through the Africa Schools Facility.¹⁶

Outcome 2: Improved access to basic health services

87. ***Government has prioritized interventions focusing on the reduction of child and maternal mortality rates, with focus on community participation and coordination to ensure sustainability and uptake, and on preventative services such as insecticide-treated nets and intermittent preventative treatment.*** The JAS partners are assisting through AfDB’s Strengthening of District Health Services Project and IDA’s ongoing Health Sector

¹⁶ The IFC Africa Schools Facility has begun a scoping study into opportunities for private education.

Reconstruction Project and Reproductive and Child Health Project.¹⁷ IFC's interventions in the health sector will focus on exploring private sector investment opportunities via IFC's Health in Africa initiative. AfDB is now considering a request from the Mano River Secretariat for a second phase of its Mano River HIV/AIDs project.

Outcome 3: Increased household access to safe drinking water and sanitation

88. ***In February 2009 Cabinet approved a National Water and Sanitation Policy whose overarching aim is to make available potable water, preferably piped water, to as many people as possible.*** The policy targets high population density areas, including large villages. The Towns Water Supply and Sanitation Project planned by AfDB for 2010 will improve access to drinking water for urban populations while the Rural Water Supply and Sanitation Project planned for 2011 will improve rural access to water supply and sanitation services. IDA will support these AfDB initiatives through the ongoing Power and Water Project and through the new Decentralized Service Delivery project. In addition, a new Freetown Water Supply and Rehabilitation project, funded by DfID and administered by the World Bank, is helping the upgrade and repair of key water supply transmission lines.

Outcome 4: Improved capacity to manage social risks

89. ***Sierra Leone sits close to the bottom of the UN HDI. Extreme poverty is driven by high unemployment and underemployment, particularly among the young, with related high economic and social vulnerability and risk to peace.*** The AfDB Social Action Support Project seeks to restore social infrastructure in war-affected communities. In support of the government's new Youth Strategy, being developed under the new Youth Commission in the office of the President, IDA is providing support to reduce vulnerabilities and promote employment through the National Social Action Project. Within this project, additional financing has recently been targeted to cash-for-work programs that augment the project's original community-driven approaches. The planned Youth Employment and Skills project (prepared in cooperation with UNDP and GTZ) will take a more comprehensive approach, for example, agricultural employment, smallholder activities and reforestation in rural areas; waste management, road maintenance, vocational training and apprenticeships in urban areas; as well as basic skills enhancement and youth empowerment. It will enhance the sustainability aspects, changing the focus from an immediate safety-net-related works program to skills enhancement and job creation. Smaller trust-funded activities such as Promoting Sustainable Youth Employment (through the Youth Entrepreneurship Trust Fund) will push in the same direction, seeking to improve the skills of young people out of school and to enhance their job opportunities. Given the particularly vulnerable position of women among the marginalized, these interventions will include specific efforts to support the economic empowerment of women (see Box 6).

¹⁷ Financed through the Africa Catalytic Growth Fund (ACGF) and led by IDA. This will be supplemented by a follow-on project (RCHP2) during the JAS period.

Box 6: Mainstreaming the gender dialogue

While the 2009 Client Survey carried out by the World Bank would suggest that gender disparities are not considered a development priority in Sierra Leone, the country consultations indicated this interpretation may be simplistic. Rather it is suggested that economic empowerment for women is seen as being the key to addressing gender issues at the current stage, perhaps reflecting the low levels of trust in a society where self reliance is the norm and financial means are a prerequisite for protection under the law and in society.

Recognizing this preference, the JAS partners have sought to mainstream gender considerations into their projects:

- Cash for works and CDD projects require that 40 percent of those employed are women;
- The Reproductive and Child Health Project focuses largely on women's health issues;
- The education projects have targets for girls' enrollment and have shown good results in this respect.

AfDB and IDA are planning, with key partners DfID and the EC, to conduct a Country Gender Assessment and Gender Profile to include a gender audit of their operations and approaches. AfDB is planning a gender profile for 2010.

Outcome 5: Improved Governance, Capacity and Transparency

90. ***Capacity building stands out as a key challenge in all reforms.*** Though Sierra Leone has made significant progress in rebuilding state institutions and safeguarding public resource management, enhancement in capacity at all levels is required to enable government to convert policies into actionable administrative processes. IDA is helping to address this need across its portfolio. In addition to two public sector capacity building projects, (IPFMP) and the Institutional Reform and Capacity Building Project (IRCBP), two new projects for the Education and Health sectors both include training and education components for sector staff. The Rural and Private Sector Development project includes capacity building for agricultural staff and for SLIEPA. The Mining TA project will strengthen capacity in the Ministry of Minerals. The planned Financial Sector Development Project will strengthen capacity in the central bank and in the banking sector. A grant for the Anti Corruption Commission will help augment the Commission's capacity.

91. ***Capacity building for central government.*** IDA's Integrated Public Financial Management Project (IPFMP), focuses on building capacity in central government, and the IRCBP t addresses needs of both central government and local authorities. These two projects provide support for the rollout of the Integrated Financial Management Information System to remaining ministries, departments, and agencies; the verification of government payroll; the extension and deepening of internal audit; strengthening local government financial management; and legal and regulatory reform. The IRCBP also includes specific capacity support to Parliament and support to non-state actors, including enhanced capacity to provide accountability checks on government operations and service delivery. The AfDB and support for the public sector reform program is channeled through policy lending, which supports better budget execution, public/civil service reform, procurement reform, and decentralization

92. ***At the local council level, the JAS partners are helping the government to build capacity and devolve service delivery functions*** through the IDA Decentralized Service Delivery Project,

which supports delivery of basic health, education, and clean water services, with a follow-on project later in the JAS period. The planned Reproductive Health Project (from the Africa Growth Catalytic Fund), the existing Education for All project and the Global Fund for AIDS, TB, and Malaria will all provide capacity building to enhance the provision of basic services to the poor.

93. *IDA projects include activities to strengthen transparency and accountability, notably through engaging civil society in providing pressures for oversight and accountability.* The IDA programs for basic service delivery all make use of civil society engagement to enhance transparency and accountability. To support good governance in decentralization, a Justice for the Poor team will provide expertise on local-level dynamics of justice and communities' capacity to hold local councils accountable. IDA and AfDB will provide support for finalizing a Freedom of Information Bill, which is now in preparation and scheduled for Parliamentary approval in 2010; the new law is expected to strengthen accountability and transparency in the delivery of public services. AfDB's ongoing Institutional Support Project will help the government develop efficiency, transparency, and accountability in the use of public resources. Dedicated programs on key capacity issues will be offered by WBI and the African Capacity Building Foundation, through a variety of delivery approaches.

Box 7: The capacity challenge exemplified by the public financial management reform in Sierra Leone

The government has made steady progress in strengthening its public financial management framework and systems, and has implemented most of the recommendations made in the Country Financial Accountability Assessment conducted in 2002. This process has been supported by IDA through IRCBP and technical assistance from AfDB along with DfID and the EC. Major achievements include establishment of the legal and regulatory framework for budgeting, accountability, and procurement; implementation of a financial management information system (FMIS); removal of the backlog of annual financial statements; and establishment of basic budgeting, procurement, and accounting procedures in the local councils.

As a result, the Public Expenditure and Financial Accountability (PEFA) assessment for Sierra Leone carried out in early 2007 found Sierra Leone's performance to be similar to the average for other countries in the region. Since then, the timeliness of financial statements and audit reports has improved further. Analyses such as the June 2008 IMF red cover report *Sierra Leone: Implementing Public Financial Management Reforms* indicate that areas of major weakness remain. The analyses identify lack of budget credibility and predictability, fiscal management challenges, weaknesses in expenditure control (including payroll), and low levels of transparency; and note that much remains to be done to move the system from one that is functioning at a rudimentary level to one that is able to direct resources to priority areas and support high quality expenditure outcomes.

To build on the progress to date and to tackle these challenges, the government has prepared a comprehensive program of PFM reforms. IDA along with DfID and the EC are supporting this through the US \$ 20.9 million *Integrated Public Financial Management Reform Project* which will support the government in sustainably improving the credibility, control, and transparency of fiscal and budget management through a pooled financing arrangement.

JAS Pillar 2: Promoting Inclusive Growth

PRSP Goal

Achieve an annual growth rate of 10 percent or more through investment in infrastructure, public sector service delivery, and private sector development

Results Area and Outcomes

Outcome 6: Enhanced productivity in agriculture and fisheries

Outcome 7: Build and sustain a better investment climate

Outcome 8: Broaden electricity supply throughout the country

Outcome 9: Maintain and extend key transport infrastructure

Outcome 6: Enhanced productivity in agriculture and fisheries

94. ***The JAS partners' support to agriculture focuses on empowering private producers through improvements in infrastructure and access to technology and credit.*** IDA will concentrate on the development of the agricultural value chain of input supply, production, agroprocessing, and exports through the Rural Private Sector Development project and in coordination with the enhanced integrated framework provided by the Diagnostic Trade Integration Study. The rural feeder roads projects of both banks are seen as crucial to link farms to markets. AfDB is also assisting through the NERICA Rice Dissemination Project. IFC will explore supporting agribusiness through two approaches. First, to promote flows of finance into agriculture, the Corporation will explore the development of innovative financing strategies through local commercial banks to increase their capabilities to invest in agriculture and to finance trade. Second, IFC's new SME Ventures Fund will seek to provide direct financing and advisory services to small and medium enterprises. AfDB's private sector operations will seek to provide long-term capital for the Addax Bio-energy Project, which will produce ethanol for export and electricity as a byproduct. IFC will also seek prospective investments in commercial agribusiness, and will explore opportunities for value chain development in sub-sectors where Sierra Leone may have a comparative advantage versus regional and global competitors.¹⁸ IFC advisory services will target improving the business environment for agriculture; they will explore opportunities to support the development of innovative structures and frameworks that increase land utilization for commercial agriculture and the development of small-holder and out-grower schemes, as well as to support improvements in processes and institutions for cross-border trade. Since women make up 52 percent of the country's farmers, the JAS partners' programs in agriculture constitute a mechanism for the economic empowerment of women.

95. ***A new IDA regional fisheries project will help Sierra Leone, along with neighboring countries, to govern and manage targeted fisheries, reduce illegal fishing, and increase local value added to fish products.*** It will: (a) build up the capacity for sustained management of this resource and (b) strengthen the national fishing industry, which employs, directly and indirectly, 400,000–500,000 people.

¹⁸ Sub-sectors could include tree crops with an active outgrower component (oil palm, rubber, cocoa); fishing; grains and staples (cassava, rice, corn); processing (vegetable oils); milling (flour and animal feed); and some beverages.

Outcome 7: Job creation and a better investment climate

96. ***AfDB and IDA will develop investment projects and technical assistance for job creation.*** IDA will build upon its ongoing “Cash for Work” program with a new Youth Employment and Skills project for skills and capacity development (with particular attention to employability in agriculture and agroprocessing, where the lack of a skilled workforce is proving to be a bottleneck to commercialization). IDA will also support commercial agriculture and improvements in related processes and institutions through the Rural Private Sector Development Project and through growth poles built around major investments. Assistance to the Sierra Leone Investment and Export Promotion Agency (SLIEPA) will improve the Agency’s ability to attract private sector investment, including supporting the development of appropriate laws and regulations. IDA’s engagement in the mining sector—through technical assistance to the government as well as through trust-funded activities in support of EITI—seeks to enhance governance in this sector. The AfDB is exploring the possibility of supporting key components of the EITI. The AfDB private sector arm will support equity funds for Cellcom in the area of ICT infrastructure and for Ecobank in financial services. Together with IFC, the AfDB private sector arm is considering joint activities under the Conflict Affected States in Africa (CASA) Initiative.

97. ***Advisory services, led by IFC, will target improvements in the investment climate, and emphasize privatization and public-private partnerships for infrastructure, in line with the government’s Agenda for Change.*** IFC will support advisory and investment services in Sierra Leone and will continue to benchmark Sierra Leone’s overall investment climate through the Doing Business indicators. Outcomes supported will include indicators of the time and cost of establishing a business and trading across borders. In addition, IFC is currently supporting the government’s efforts to streamline the tax administration. These include the introduction of a tax regime for small and medium enterprises that will reduce the cost to them of tax compliance. IFC is also supporting the National Social Security and Insurance Trust to identify an international investor/operator to renovate and operate the Cape Sierra Hotel; this should lead to the creation of the first business hotel in Sierra Leone. IFC’s support to the Sierra Leone Business Forum includes enhancing the private sector’s capacity to advocate for the implementation of reforms to the business environment.

98. ***Since limited access to finance holds back economic development, the Agenda for Change places strong emphasis on the need for a well functioning financial system.*** To assist in this endeavor, IDA, along with German Development Cooperation, has helped the government to prepare a Financial Sector Development Plan. The Plan outlines a series of actions and reform measures intended to strengthen the commercial banking system and improve its competitiveness, enhance rural financial access, and strengthen the regulatory and policy framework. Accompanied by appropriate legislative changes, these reforms should result in deeper financial intermediation, the creation of new instruments to facilitate investment, and the establishment of new financial institutions to increase outreach. IFC will focus on investment and advisory services to establish the legal framework for leasing and will continue to support commercial banks through trade finance facilities, including capacity building for effective use of letters of credit. IFC will also explore opportunities to develop innovative financing strategies with local commercial banks, so as to increase their ability to provide credit to different sectors

of the economy (agriculture, SMEs, etc). Also, as noted above, IFC will deploy its new SME Ventures Fund in Sierra Leone.

Outcome 8: Broaden electricity supply throughout the country

99. ***Both AfDB and IDA continue to work closely with the government in connection with the Bumbuna hydroelectric facility.*** The facility formally commenced operations in November 2009, but support from IDA for environmental and social safeguards, for distribution of power within Freetown, and for enhanced financial management at NPA is ongoing. Both banks will support the government in its plans to extend access to electricity. IDA, together with DfID, will focus on extending electrification into the provinces and on the development of the energy sector, including through public-private partnership. AfDB will seek to support initiatives in renewable power generation, notably a private proposal to develop bio-energy (the Addax project). The World Bank Group will also explore the possibility of providing support to this proposal, most likely through MIGA. IDA will support the government in its plans to extend hydroelectric generation. Sierra Leone may be able to benefit from a West African Power Pool program to connect Cote d'Ivoire, Liberia, Sierra Leone, and Guinea and rehabilitate and upgrade hydropower plants in the region (possibly including support for expanding Bumbuna's generation capacity by 160 MW or more).

Outcome 9: Maintain and extend key transport infrastructure

100. ***Working in close coordination with other development partners, both AfDB and IDA will support the government in the expansion, rehabilitation, and maintenance of the road network.*** During the JAS period both banks will assist in rehabilitating the main trunk road system covering some 300km. AfDB will also finance the construction of the approved Lungi-Port Loko Road and the planned Mototoka to Sefadu Road. IDA will support the government in ensuring that the airport remains within International Civil Aviation Organization (ICAO) standards, as well as in improving the ferry service to the airport and rehabilitating the Freetown port (and developing a public-private partnership framework for a landlord port). Through the ongoing Rural Private Sector Development project as well as the Infrastructure Development Project, IDA will support the rehabilitation of some 900km of rural feeder roads, with an additional 500km of feeder roads to be financed by AfDB under three projects. To more effectively allocate resources and limit demands on the government's capacity, AfDB will take the lead in the trunk road sector, while IDA will lead for feeder roads.

101. ***Through the implementation of the sector strategies for the transport, water, and energy sectors and the development of a public-private partnership framework, IDA will help the government create an environment conducive to a greater role for the private sector in financing and operating infrastructure projects and services.*** IFC's financing and advisory services will be based on establishing appropriate PPP strategies particularly in the energy and port sectors. Where appropriate, IFC will explore opportunities to provide long-term financing to investors, particularly for infrastructure serving the country's strategic sectors, namely agriculture and mining.

C. Development Partner Coordination and Aid Effectiveness

102. *AfDB, IDA, and IFC will pursue development policy lending, joint investments, joint missions, and shared analytical work.* Their engagement and dialogue with stakeholders will continue. AfDB and IDA will coordinate along the basis of existing programs and dialogue with Government. Most sectors require engagement by both banks, and cooperation takes the form of a joint approach and division of labor (as for example in Bumbuna, where AfDB financed the completion of construction and IDA addressed the environmental and social aspects). IFC and IDA will coordinate their contributions on the basis of respective comparative advantage. For advisory services, IFC will focus on issues related to the business-enabling environment and privatization, with emphasis on public-private dialogue and reducing administrative barriers. IDA will focus on policy advice, including on regulation. IFC investment activities will respond to the opportunities and circumstances to be anticipated in a fragile state. Access to finance will continue to be an important area for IFC investment, particularly for the small and medium enterprise sector. MIGA will continue its program of support to foreign direct investment, with agribusiness and trade infrastructure important areas of engagement.

103. *The JAS partners consulted closely with development partners including DfID, the EC, German Development Cooperation, and the United Nations agencies, in the preparation of the JAS, and work closely with these organizations and others such as the Government of Italy, Irish Aid, and JICA, to implement development assistance.* DfID and the EC have a joint strategy while the various United Nations agencies have a Joint Vision which sets out a framework for coordination around a multi-donor trust fund arrangement.¹⁹ While DfID and the EC are the largest providers of assistance to Sierra Leone, other countries and institutions that provide assistance include China, Germany, India, Iran, Ireland, Japan, Kuwait, Libya, and the United States of America as well as the Islamic Development Bank, the OPEC Fund for International Development, and various development funds, notably from the Middle East.

104. *Sierra Leone is a signatory to the Paris Declaration and its new Aid Policy provides the framework for aid alignment and harmonization.* Under a Multi-Donor Budget Support (MDBS) Framework involving the AfDB, IDA, EU, and DfID, coordination among members and with Government has improved. Harmonization allowed the number of triggers used by the partners to be reduced successively from 42 in 2006 to 29 in 2007, 27 in 2008, and 14 in 2009. An integrated program in public financial management is being implemented by the four MDBS partners. Government and development partners have signaled an interest in establishing a multi-donor trust fund for infrastructure, which will be administered by the World Bank. However, much remains to be done to coordinate donors effectively around coherent sector plans in health, education, and agriculture.

105. *Overall, Sierra Leone is making progress on the Paris Declaration benchmarks. The 2008 OECD Survey monitoring the Paris Declaration shows moderate results on ownership, alignment, and harmonization but weak results on managing for results and mutual accountability.* The reliability of Sierra Leone's procurement systems was assessed for the first time in 2008, using the methodology for self-assessment developed by the Joint Venture on

¹⁹ The DfID and EC joint strategy and the UN Joint Vision are described in more detail in Appendix 16.

Procurement; Sierra Leone received a rating of B. In aggregate, 54 percent of the aid disbursed by donors to the government sector was accurately estimated in the government's budget. A summary of the indicators for the 2007 survey, and targets for 2010, are shown in Table 10.

Table 10: OECD survey of progress under Paris Declaration benchmarks

	Indicators	2007	2010 Target
1	Operational development strategies	C	B or A
2a	Reliable public financial management (PFM) systems	3.5	4.0
2b	Reliable procurement systems	B	A
3	Aid flows are aligned on national priorities (%)	54	77
4	Strengthen capacity by coordinated support (%)	22	50
5a	Use of country PFM systems (%)	20	35
5b	Use of country procurement systems (%)	38	51
6	Strengthen capacity by avoiding Parallel PIUs	2	0
7	Aid is more predictable (%)	30	51
8	Aid is untied (%)	92	>68
9	Use of common arrangements or procedures (%)	27	66
10a	Joint missions (%)	31	40
10b	Joint country analytic work (%)	56	66
11	Results-oriented frameworks	D	B or A
12	Mutual accountability	No	Yes

D. Results Monitoring and Evaluation

106. *The JAS will be guided by results and outcomes, and monitoring and evaluation by AfDB, IDA, and IFC will be harmonized, including in areas such as development policy lending.*²⁰ The Results Matrix in Appendix 2 summarizes the PRSP-II objectives that the JAS seeks to support, the results that the JAS partners hope to achieve during the JAS period through their interventions, and the instruments that all three institutions will use to implement the program. Should changes occur during JAS implementation, either in resource availability or due to performance issues, activities and investments and advisory services will be adjusted. Annual country program reviews, undertaken jointly with the government, will assess the progress of the portfolio and the alignment of the banks' assistance with JAS and PRSP objectives. These reviews will serve as inputs to the JAS progress report, which will assess whether the intended outcomes are actually being achieved. A completion report will be prepared at the end of the four-year JAS cycle to assess the overall progress in achieving the objectives of the JAS.

107. *Monitoring of JAS and portfolio outcomes will be coordinated with the M&E framework that the government is developing for the PRSP.* IDA has been providing technical assistance for capacity building at Statistics Sierra Leone, funded by the Japan Social Development Fund. The JAS partners continue to work closely with Statistics Sierra Leone and the Development Aid Coordination Office of MoFED in the design and implementation of the monitoring and evaluation system.

²⁰ For AfDB and IDA.

VI. MANAGING RISKS

108. *As the government moves to implement its Agenda for Change, supported by the JAS partners and other donors, a series of significant risk have been identified.* Through the Joint Assistance Strategy agreed with Government, the JAS partners have identified a series of interventions which will help to mitigate these risks.

A. Weak Governance and Accountability Structures and Traditions

109. *Poor governance and corruption are far from being eliminated in Sierra Leone.* Despite Sierra Leone's recently improved ratings in the Transparency International Corruption Perceptions Index and the Mo Ibrahim Index of African Governance, much remains to be done. Promoting good governance has been adopted as an overarching theme for the JAS, together with measures to operationalize good governance through a coordinated initiative among development partners to apply a governance and accountability framework to the development operations they support. The JAS partners will seek to establish a forum for dialogue with Government to preempt prospective governance hotspots from developing. All projects will be required to include a governance strategy and to specify monitorable outcomes that improve governance in the relevant sector. The JAS partners will continue to provide support to the Anti-Corruption Commission and will support other initiatives to promote the demand for good governance, including the Freedom of Information Act. They will place special emphasis on ensuring that the initiatives for good governance focus on improvements in service delivery that can be provided through greater probity and accountability

B. Limited Capacity to Deliver Services and Manage Public Resources

110. *Limited capacity in the civil service has been a major impediment to development in Sierra Leone for some time.* The civil service has only a limited capacity to convert government policies into actionable administrative processes. Policy implementation is driven by a constellation of parallel arrangements, from project implementation units to special units and positions heavily subsidized by donors. The short-term solutions of using local and international consultants and various mechanisms for increasing the compensation of senior officials have militated against the longer-term goal of growing a competent public service through training and internal promotion. Sharp salary disparities between mainstream civil servants and those in parallel arrangements corrode morale and motivation. Furthermore, past elections have exacerbated the challenge of weak institutional capacity through prompting a turnover in civil servant and parastatal appointments in the immediate post-election period.

111. *The JAS seeks to mitigate these risks through developing a professional civil service cadre, supporting government's decentralization strategy, and mainstreaming capacity building.* The experience of 2007—in which the consultants appointed for development projects were among the first to be changed by the new administration—highlights the importance of mainstreaming project implementation into the government system. Going forward, project implementation through government systems will be the norm and deviations from this practice will require specific justification. Also, the JAS initiatives for decentralizing basic service delivery should help to ensure more predictable government spending, regardless of the election cycle, because they provide for transfers to local councils to be based on predetermined formulae

that allow limited discretion. The JAS partners' promotion of the use of the medium-term expenditure framework for budget planning, and robust systems of public financial management, should also serve to insulate the fiscal from the election cycle.

C. Youth Employment and Social Instability

112. *Given the issues of youth unemployment and the vestiges of clientelism that are still present in Sierra Leone, the risks of serious disruption to economic development and public order remain.* The JAS period will encompass the election year of 2012. The 2007 election was closely contested and it is likely that the 2012 election will put pressure on the government to show results, particularly in community development, employment creation, and infrastructure. To address the important issue of youth unemployment, the JAS partners, together with other development partners such as GTZ and UNDP, will join together in support of the government's new Youth Strategy. While programs such as Cash for Work have enjoyed short-term success in avoiding the food riots seen in neighboring countries, through the new Youth Employment and Skills Project, IDA proposes to supplement this type of public works scheme with longer-term employment generation, supported with skills training guided by ESW for needs assessment. It is envisaged that the creation of meaningful employment for the young will help to reduce both the cause and the opportunity for social unrest.

D. Economic Shocks, Including Reduced External Support

Macroeconomic stability in Sierra Leone may be vulnerable to a worsening global economic situation. Deteriorating global economic prospects, along with the country's graduation from post-conflict status, may cause some donors of post-conflict-related assistance to reduce their levels of support. To date, however, the amounts provided through development assistance have held up well, and donors at the November 2009 CG meeting committed to maintain external support at least at current levels. Though the country has managed to weather the storm of volatile prices in fuel and food, with the support of development partners, it has limited preparedness to deal with further such shocks. Under the JAS, AfDB and the World Bank will work closely with other partners, including the United Nations Peace Building Fund and the IMF, to promote safety nets and to mobilize the resources needed to help Sierra Leone limit adverse consequences for the most vulnerable people *The focus on agricultural development* under the Comprehensive Africa Agricultural Development Program will help Sierra Leone to move toward self sufficiency in food staples and to develop export capacity in cash crops, so that it is better placed to benefit from higher agricultural prices.

E. Regional Volatility, Including International Drug Trafficking

The regional interconnectedness among Sierra Leone, Guinea, Liberia, and Cote d'Ivoire is strong. The UN, ECOWAS, and the Mano River Union *are making strong efforts to promote stable development and regional integration, but major sub-regional security concerns remain. Progress in Liberia, accompanied by the extension of the mandate of the United Nations Military in Liberia (UNMIL), has helped to maintain a stable post-conflict* environment in Sierra Leone. The constantly evolving situation in Guinea will continue to be a major concern; Sierra Leone has close ethnic links and an extended border with Guinea, and a tradition of cross-border involvement in times of political upheaval, compounded by an ongoing low-level border dispute around the town of Yenga. *The JAS intends to address the root causes*

of conflict in Sierra Leone, but further developmental engagement at a sub-regional level is seen to be needed for conflict prevention. The World Bank, AfDB, and other development partners are seeking to establish regional solutions for sectors such as fisheries, mining, and payment systems. Sierra Leone is perceived to be vulnerable to becoming a conduit for money laundering, drug trafficking, and financing terrorism. Together with the IMF, the World Bank is seeking to establish a Financial Intelligence Unit at the Bank of Sierra Leone to expose malfeasance in the financial system, particularly potential activity related to money laundering and financing terrorism or drug trafficking.

F. Climate Change and Disaster Risk Management

113. *Natural risks and disasters are not new to Sierra Leone, but might be exacerbated by effects of climate change in the country, including more frequent severe weather events such as heavy rain and associated effects such as flooding and landslides in areas denuded by poor land management.* It is estimated that 13 percent of the country's land area and as much as 35.7 percent of its population are at risk from two or more natural hazards.²¹ Between 1996 and 2007, an estimated 220,000 people were affected by three major floods.²² In line with the IDA Africa Region's strategy of Making Development Climate Resilient, the JAS will seek to initiate efforts in favor of climate change adaptation and mitigation. The JAS partners will seek to ensure that large planned infrastructure such as bridges and culverts, as well as maintenance schemes for feeder roads, apply the best available know-how. As climate scenario analyses improve for Sierra Leone during the JAS period, the JAS partners envisage further in-depth work in this area. They will help the government to access current and future financing mechanisms as these become available. Subject to future donor funding, such mechanisms may include financing for climate change adaptation; reduction of emissions from deforestation and degradation; and disaster management through the Global Facility for Disaster Reduction and Recovery. The JAS partners will work with others towards a harmonized and strategic approach to natural disaster management and climate change.

Appendix 1: Human Development and Progress towards the Millennium Development Goals

The Millennium Development Goals (MDGs) provide an important reference point for achieving Sierra Leone's objectives with regard to human development outcomes. Halfway through the 2015 target of achieving the MDGs, limited progress has been achieved in attaining some goals, notably in primary education, combating AIDS and in some aspects of gender equality. However, Sierra Leone continues to fall short in achieving goals in the key areas of health, education, and water and sanitation. Maternal and child health indicators rank close to the bottom in the world. As to be anticipated in a country emerging from conflict, the accuracy and reliability of statistics has presented a material challenge in terms of determining progress, and support for capacity building in data collection and analysis will be an important tool.

Data on trends in human development available from the Multiple Indicator Cluster Survey (MICS) conducted in 2000 and 2005 suggested limited improvements over the period which still

²¹ *Natural Disaster Hotspots: A Global Risk Analysis*, 2005.

²² EM-DAT 2009.

includes several years of the conflict. The under-five mortality rate was estimated at 286 deaths per 1,000 live births, which is far above the average for West and Central Africa. The methodology used to calculate this indicator implies that the estimates are retrospective (the 2000 MICS2 is based on data for 1997 and the 2005 MICS3 estimate applies to 2002, which was the year when the conflict ended). The infant mortality rate is also very high and has not decreased between the 2000 and 2005 surveys.²³ Malnutrition affects a little under one third of children, recovery figure which has remained little changed in recent years.²⁴

There are clear signs of progress in terms of immunization rates. While vaccination rates are now better in Sierra Leone than in West and Central Africa, they remain short of the UNICEF goal of 90 percent or the Millennium Development Goal for measles vaccination of 100 percent. Access to improved water sources do not appear to have increased much, but school enrolment has dramatically increased, and the gap between vulnerable children such as orphans and other children has been reduced. Progress has also been achieved in terms of knowledge about HIV/AIDS. On the other hand, a comparison of selected indicators from the 2003 SLIHS and the 2007 CWIQ suggests progress for both school enrolment and health status. There are large differences between net and gross enrolment rates due to the fact that many older children have returned to school since the end of the conflict. This also explains why at the primary level, between 2003 and 2007, net enrolment rates have increased while gross rates have not. But overall, both at the primary and secondary levels, there have been substantial gains in enrolment between 2003 and 2007. Also, there seems to have been an important reduction in the share of individuals suffering from an illness or an injury between 2003 and 2007, as well as an increase in the share of injured or sick individuals seeking care. While part of the gain may represent measurement error, the data still points to an improvement in the health status of the population, or at least into the subjective perceptions of health status and the demand for, or ability to seek, care.

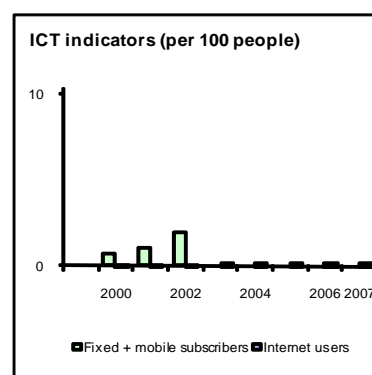
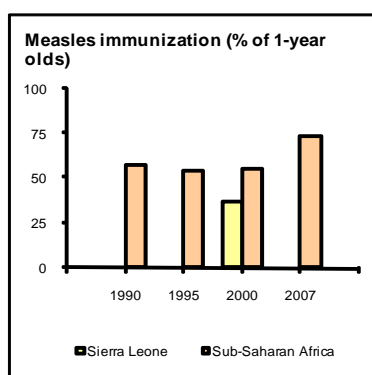
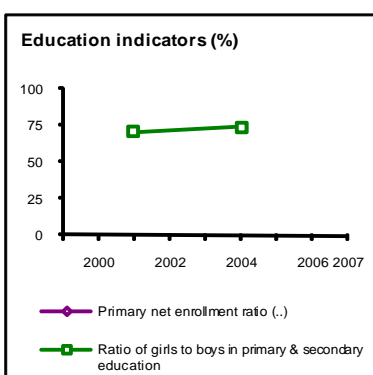
²³ The provisional results of the 2008 Demographic and Health Survey (DHS) indicate that the infant and under-five child mortality rates have significantly improved to 89 and 140 per 1000 live-births, respectively.

²⁴ The 2009 World Hunger Index shows under-five malnutrition rising slightly to 28.3 percent.

With selected targets to achieve between 1990 and 2015

(estimate closest to date shown, +/- 2 years)

Sierra Leone				
	1995	2000	2007	
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$ 125 a day (PPP, % of population)	62.8	..	..	53.4
Poverty headcount ratio at national poverty line (% of population)	82.8	..	..	70.2
Share of income or consumption to the poorest quintile (%)	1.1	..	..	..
Prevalence of malnutrition (% of children under 5)	28.7	..	27.2	..
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	43	..	..	..
Primary completion rate (% of relevant age group)	..	..	..	81
Secondary school enrollment (gross, %)	18	..	26	32
Youth literacy rate (% of people ages 15-24)	..	..	..	..
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	67	..	71	74
Women employed in the nonagricultural sector (% of nonagricultural employment)	21	..	..	..
Proportion of seats held by women in national parliament (%)	..	6	9	15
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	302	293	286	286
Infant mortality rate (per 1,000 live births)	175	171	170	170
Measles immunization (proportion of one-year olds immunized, %)	..	..	37	76
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	2,000	1,077
Births attended by skilled health staff (% of total)	..	..	42	..
Contraceptive prevalence (% of women ages 15-49)	..	..	4	..
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.2	1.0	1.2	1.7
Incidence of tuberculosis (per 100,000 people)	224	..	..	443
Tuberculosis cases detected under DOTS (%)	..	28	34	36
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	..	..	..	47
Access to improved sanitation facilities (% of population)	..	..	..	30
Forest area (% of total land area)	42.5	..	39.8	38.5
Nationally protected areas (% of total land area)	..	..	..	2.1
CO2 emissions (metric tons per capita)	0.1	0.1	0.1	0.2
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	..	..	..	..
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	0.3	0.4	0.4	..
Mobile phone subscribers (per 100 people)	0.0	0.0	0.3	13.3
Internet users (per 100 people)	0.0	0.0	0.1	0.2
Personal computers (per 100 people)	..	..	..	..



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

10/18/09

Appendix 2: JAS Program Results Matrix

JAS Objective 1: Human Development

Selected PRSP II objectives & indicators ²⁵	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
<p>1. Increased access to and completion of primary schooling especially for girls and out of school children</p>	<p>Lack of sufficient and adequate inputs at school level; poor internal efficiency of the system and weak management of information and delivery systems.</p> <p>Low human resource capacity at all levels, shortage of teaching and learning material, high pupil ratios in schools, poor accountability, low primary school completion rates and high repetition and drop-out rates.</p>	<p>1. Improved capacity to effectively and efficiently deliver education</p> <p>1.1 Primary gross enrollment rate increased from 104 % in 2007 to 106 % in 2013. (WB)</p> <p>1.2 Pupil/teacher ratio in primary education reduced from 55:1 in 2006 to 30:1 by 2013 (AfDB)</p> <p>1.3 NPSE examination pass score increased from 46% in 2008 to 50% in 2013. (WB)</p> <p><u>Governance/Gender</u></p> <p>1.4 Enrollment for girls at JSS increased from 40.9% in 2008 to 43.9% in 2013. (WB)</p> <p>1.5 Spot checks for teacher attendance twice a term for each school in all districts by 2013 (WB)</p>	<p>Construction of 318 classrooms in primary and secondary schools by 2011. (WB)</p> <p>9,600 Primary school teachers to be trained by 2010 (AfDB)</p> <p>850,000 sets of learning materials distributed to primary schools by 2011. (WB)</p> <p>Fee free campaigns conducted by all LCs by 2011. (WB)</p> <p>Teacher payroll and salary verification exercise completed and maintained by 2011. (WB)</p>	<p>On-going Projects/TFs:</p> <p>FY09 EFA-FTI Catalytic Fund. (TF) (WB)</p> <p>FY02 Rehabilitation of basic and non-formal education and vocational training project (education III) (AfDB)</p> <p>AAA: Public Expenditure Review (WB)</p> <p>Partners: AfDB, DfID, EU, UNDP, UNICEF, Irish Aid</p>
<p>2. Improve the health status of population and quality of health services</p>	<p>Limited financial and geographical access to health facilities.</p> <p>Inadequate access to free health care for vulnerable population, limited availability of high impact</p>	<p>2. Improved access to basic health services</p> <p>2.1 Children receiving Penta-3 vaccination before 12 months of age increased from 54.8 % in 2008 to 85 % in 2013. (WB)</p> <p>2.2 Children under 5 who slept the</p>	<p>Clinics having all essential drugs available (10 drugs) increase from 32 % to 90 % in 2011. (WB)</p>	<p>Ongoing Projects/TFs:</p> <p>FY06 Strengthening District Health Services (AfDB)</p> <p>FY 08 Reproductive and Child Health TF (IDA)</p>

²⁵ Indicators from PRSP II Results Matrix.

Selected PRSP II objectives & indicators ²⁵	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
	<p>interventions and shortage of drugs, equipment and supplies</p> <p>Shortage of critical health professionals, inadequate support/ supervision at all levels and weak personnel management</p> <p>Weak coordination among programs and donors</p>	<p>previous night under an insecticide treated net increased from 26% in 2008 to 80% by 2013. (WB)</p> <p>2.3 Reduce communicable diseases prevalence from 5% in 2005 to 2.5% by 2013 (AfDB)</p> <p><u>Governance/Gender</u></p> <p>2.4 Deliveries conducted in health facility increased from 42% in 2008 to 70% in 2013. (AfDB/WB)</p> <p>2.5 Enforcement of law for free access to health care for lactating mothers and children by 2013. (WB/AfDB)</p>	<p>Number of trained health staff increased from 20% in 2005 to 80% in 2010 (AfDB)</p> <p>Number of health facilities providing basic emergency obstetric care increase from 0 to 45 in 2011. (WB)</p> <p>Information campaign on free access to health care by 2011. (WB/AfDB)</p>	<p>Pipeline Projects:</p> <p>FY 10 Phase II of Reproductive and Child Health TF (WB)</p> <p>Support to Manu River HIV/Aids Project (regional) (AfDB)</p> <p>AAA:</p> <p>Health Sector Review, Public Expenditure Review (WB)</p> <p>Partners:</p> <p>DfID, EU, Irish Aid, UNFPA, UNICEF, USAID, WHO</p>
<p>3. Developed framework for management and supply of safe water and sanitation</p>	<p>Lack of water policy as well as organized legal, regulatory & institutional frameworks</p> <p>Deficiency in both urban and rural water supply</p> <p>Limited functional water supply infrastructure.</p>	<p>3. Increased household access to safe drinking water and sanitation</p> <p>3.1 People with access to water increased from 64,000 in 2009 to 115,000 in 2013 in targeted areas. (AfDB/WB)</p> <p>3.2 People with access to improved sanitation increased from 25,000 in 2009 to 35,000 by 2013. (AfDB/WB)</p> <p><u>Governance/Gender</u></p> <p>3.3 Commercial and technical losses reduced from 60% in 2007 to 38% in 2013 (Freetown). (WB)</p>	<p>Volume of water supplied to Freetown, increased from 95,340 m³/day to 120,000 m³/day by 2011. (WB)</p> <p>630 improved community water points constructed or rehabilitated by 2011. (WB)</p> <p>House connections with metering in Freetown and Guma Valley by increase from 4,800 in 2007 to 11,100 in 2011. (WB)</p>	<p>Ongoing Projects/TFs:</p> <p>FY07 Freetown water supply rehab. (TF) (WB)</p> <p>FY10 Water Supply and Sanitation (AfDB)</p> <p>Pipeline Projects:</p> <p>FY11 Rural Water Supply and Sanitation (AfDB)</p> <p>AAA:</p> <p>Public Expenditure Review (WB)</p> <p>Partners: China, DfID, UNICEF</p>

Selected PRSP II objectives & indicators ²⁵	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
<p>4. To reduce the incidence and consequences of extreme poverty</p>	<p>High unemployment and underemployment, particularly among the young.</p> <p>Acute skill deficiency among the “lost generation” who grew up without education during the war.</p>	<p>4. Improved capacity to manage social risks</p> <p>4.1 Cash for work programs create 2.5 million person days of employment in target areas by 2013 with increased sustainability (of which 1 million women) from 0 in 2008 (AfDB/WB)</p> <p><u>Governance/Gender</u></p> <p>4.2 Number of women days employment created through cash for work program increased from 0 in 2008 to 250,000 in 2013 in target areas. (WB)</p>	<p>NaCSA to conduct sensitization program in targeted areas to ensure 75 percent of households are aware of program by 2011. (AfDB/WB)</p> <p>NaCSA to establish program to monitor participation of women in cash for work scheme by 2011. (WB)</p>	<p>Ongoing projects/TFs:</p> <p>FY03 National Social Action Project. (WB)²⁶</p> <p>Pipeline:</p> <p>Youth Employment and Skills (with CRW)</p> <p>AAA:</p> <p>PER; cash for work evaluation; gender assessment (WB)</p> <p>Partners:</p> <p>UNICEF, WFP</p>
<p>5. Ensure sustainable human development through the decentralized provision of improved social services. Improve and expand sound public financial management</p>	<p>Local Councils empowered with responsibilities, revenue authority and financial support and encouraged to become transparent, accountable and capable institutions demonstrating inclusive leadership at the local level.</p> <p>Budget resources are now concentrated in central government agencies and allocated to localities on an ad-hoc basis not reflecting relative service needs with widespread social exclusion at the community level.</p> <p>Resources must be allocated</p>	<p>5. Improve predictability, expenditure control and transparency in decentralization and public resource management</p> <p>5.1 Number of councils with integrated development plans and budgets increased from 0 in 2009 to 19 by 2013. (WB)</p> <p>5.2 Number of councils receiving timely transfers from crisis response facility increased from 0 in 2009 to 19 by 2013.</p> <p>6.1 Variance in expenditure for the 20 largest budget heads declines from 13.5% in 2008 to <7% in 2013. (WB)</p>	<p>Training to all LC s and relevant MDAs in core functions by 2011</p> <p>Domestic revenues transferred to local councils annually increased from 22% in 2008 to 25% in 2011.(WB)</p> <p>Percentage of budgeted expenditures executed online through IFMS rolled out ministries increased from 62% in 2008 to 80% in 2011. (WB)</p>	<p>On-going Projects/TFs:</p> <p>FY03 National Social Action Project Additional Financing (WB)</p> <p>FY04 Social Action Support Project (AfDB)</p> <p>FY09 Integrated Public Financial Management Project. (WB, co-financed by DfID, EC))</p> <p>FY11 Economic Governance Reform Program (EGRP I) (AfDB)</p> <p>FY07 Institutional Support Project (AfDB)</p>

²⁶ FY10 Second and Third Additional Financing for Cash for Work Program.

Selected PRSP II objectives & indicators ²⁵	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
	<p>consistent with PRSP priorities, with fiscal discipline and probity in the use of public resources. This requires:</p> <ul style="list-style-type: none"> • A robust MTEF/MEFF and better revenue forecasting for a credible budget; • Improved and effective expenditure controls; • Suitable amendment to the legal and regulatory framework; 	<p>6.2 Percentage of procurement contract in compliance with GoSL procurement legislation and regulations increased from 49% in 2008 to 95% in 2013. (AfDB/WB)</p> <p><u>Governance/Gender</u></p> <p>5.3 Number of councils meeting at least 75% of the service output targets specified in local council policy MOUs by 2013 (WB)</p> <p>6.3 Process for the public oversight of PFM to be in place by 2013. (WB)</p>	<p>85% of MDAs have dedicated procurement officers by 2011. (AfDB/WB)</p> <p>Decentralization Secretariat and MDAs to perform spot-checks on LCs meeting service-output targets for all LC by 2011. (WB)</p> <p>Forum for oversight of PFM by civil society to be established by 2011. (WB)</p> <p>All 6 documents required under PEFA 10 published through the SL Gazette and on the MoFED website by 2011. (AfDB/WB)</p>	<p>Pipeline Projects: FY10 Decentralized Services Delivery I and II (WB)</p> <p>FY10, FY11 & FY12 Development policy lending (WB)</p> <p>Economic Governance Reform Program (EGRP II) (AfDB)</p> <p>AAA: FY10 Public Expenditure Review (WB)</p> <p>FY11 Country Procurement Assessment Review (WB)</p> <p>Partners: DfID, EU, IMF, UNDP, UNHCR</p>

JAS Objective 2: Promoting Inclusive Growth

Selected PRSP II objectives & indicators ²⁷	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
<p>6. Enhanced productivity in agriculture and fisheries</p> <ul style="list-style-type: none"> • increase in self sufficiency in rice from 70 % in 2007 to 90% by 2013 • increase in export sales of cocoa, coffee and ginger from US\$7.2.mil in 2008 to US\$9.5 mil in 2013 	<p>Inadequate rural financial services, limited irrigation facilities, weak rural infrastructure, weak extension services, and heavy reliance on rain-fed agriculture.</p>	<p>6. Improved efficiency and transparency of agriculture and fisheries.</p> <p><i>Agriculture:</i></p> <p>6.1 50% of target beneficiaries for selected value chains (list) increase production by 20% (AfDB/WB)</p> <p>6.2 Annual income increase of \$235.80/ha for 241,000 farm families by 2013 (AfDB)</p> <p><u>Governance/Gender</u></p> <p>6.3 FBOs registered with the Ministry of Agriculture established in all districts by 2013. (WB)</p> <p>6.4 1,320 farmer groups of which 1,056 are for women involved in complementary research by 2013 (AfDB)</p>	<p>10% increase cultivated land for cassava, palm oil, rice, cocoa & maize value chains by 2013 (WB)</p> <p>8,000 ha of abandoned smallholder oil palm, cocoa and coffee lots to be rehabilitated by 2011 (AfDB)</p> <p>Development of seed, fertilizer and pesticide laws, and regulations by 2011. (WB)</p> <p>Additional 600,000mt of NERICA rice production by 2011 (AfDB)</p> <p>Harmonization of policies and regulations governing formulation and regularization of farmer based groups by 2011. (WB)</p> <p>Sensitization program for target groups to be completed by 2011 (AfDB)</p>	<p>On-going Projects/TFs:</p> <p>FY07 Rural & Priv. Sector Dev. Project (WB)</p> <p>FY05 Agriculture Sector Rehabilitation Project (AfDB)</p> <p>FY05 NERICA Rice Dissemination Project (AfDB)</p> <p>Pipeline Projects:</p> <p>FY10 GEF Biodiversity Conservation Project (IDA)</p> <p>FY 12 Regional Agriculture Project (IDA)</p> <p>AAA:</p> <p>Country Economic Memorandum</p> <p>Partners:</p> <p>EU, FAO, GTZ, IFAD, JICA, KfW, WFP</p>
<p>Framework established for maintaining sustainable fish stocks.</p>	<p>Inadequate surveillance system in fisheries to ensure revenue generation and lack of land-based fisheries infrastructure</p>	<p><i>Fisheries:</i></p> <p>6.5 Territorial Use Rights Fisheries (TURFS) legally established for coastal fisheries increased from none in 2008 to 4 by 2013. (WB)</p> <p>6.6 Increase artisanal marine</p>	<p>Small scale fishing vessels that are registered increase from 0% in 2009 to 50% in 2011. (WB)</p> <p>Four fish receiving & handling stations constructed and in use by</p>	<p>Ongoing Projects/TFs:</p> <p>FY01 Artisanal Fisheries Development Project (AfDB)</p> <p>FY10 Regional Fisheries Project</p>

²⁷ Indicators from PRSP II Results Matrix

Selected PRSP II objectives & indicators ²⁷	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
		<p>fisheries catch by 9,638mt by 2013 (AfDB)</p> <p>6.7 Meet EU phyto-sanitary standard for fish exports by 2013 (AfDB/WB)</p> <p>Governance</p> <p>6.8 Fishing vessels observed committing a serious infraction reduced from 88% in 2009 to 66% by 2013. (WB)</p>	<p>2011 (AfDB)</p> <p>A satellite-based fishing vessel monitoring system is in place and functioning by 2011. (WB)</p>	<p>Partners: USAID DfID EU AfDB UNDP FAO</p>
<p>7. Improve Standing of Sierra Leone as Investment Destination + job creation</p>	<p>High cost of bank credit, limited rural financial intermediation, underdeveloped capital market, and constraints in investment climate</p> <p>Limited capacity of private sector to provide employment facilities for youth, especially in urban areas</p>	<p>7. Improved investment climate</p> <p>7.1 Reduction in time taken to register a business from 26 days in 2007 to 10 days by 2013. (IFC/WB)</p> <p>7.2 Reduction in time of export transactions from 31 days in 2007 to 22 days by 2013. (IFC/WB)</p> <p>7.3 Number of bank accounts increased to 300,000 in 2013 from 160,000 in 2005 (WB)</p> <p>7.4 Volume and market penetration of leasing equipment financed increased from US\$6.8 mil in 2009 to US\$35 million in 2013. (IFC)</p> <p>Governance/Gender</p> <p>7.5 Achieve EITI validation standards by 2013. (AfDB/WB)</p> <p>7.6 AML/CFT regime strengthened by amendment of AML law and</p>	<p>Establish one-stop shop for business registration by 2011. (IFC/WB)</p> <p>Implement automated system for customs data by 2011. (IFC/WB)</p> <p>Credit Reference Bureau Legislation presented to Parliament by 2011. (WB)</p> <p>GoSL to develop leasing regulation by 2011 (IFC, WB)</p> <p>Government of Sierra Leone introduces a revised SME tax regime based on a review of taxation policy. (WB/IFC)</p> <p>Reconciliation conducted & first EITI report published by 2011 (AfDB/WB).</p> <p>Draft AML/CFT law to be prepared by 2011. (WB)</p>	<p>On-going Projects/TFs:</p> <p>FY09 Removing the Administrative Barriers to Investment (Phase 2) TF (WB)</p> <p>FY09 TA to identify investor/operator for Cape Sierra Hotel. (IFC)</p> <p>FY10 Financial Sector TA (WB)</p> <p>FY10 Youth Employment and Skills (WB)</p> <p>FY09 Support to EITI Implementation. (TF) (WB)</p> <p>FY10 Mining Sector TA Project. (WB)</p> <p>FY12 Regional Mining Governance (EITI++) (WB)</p> <p>FY11 Capacity building for the Bank of Sierra Leone on monitoring compliance of</p>

Selected PRSP II objectives & indicators ²⁷	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
		establishment of FIU at BSL by 2013. (WB)		trade finance facility (IFC) AAA: EITI++ scoping Partners: GTZ DfID UNDP UNCDF
<p>8. Broaden electricity supply throughout the country</p> <ul style="list-style-type: none"> Increase generation and distribution capacity from 21MW in 2008 to 56 MW in 2013 	<p>Low energy supplies</p> <p>Low capacity of transmission and distribution of electricity infrastructure</p> <p>High cost of power generation relative to available budgetary resources</p>	<p>8. Improved access to sustainable electricity infrastructure services</p> <p><i>Energy:</i></p> <p>8.1 Households in Freetown with access to electricity increased from 20,000 in 2009 to 40,000 by 2013. (AfDB/WB)</p> <p>8.2 Average annual interruption frequency in Freetown from 1,200 in 2009 to 600 in 2013. (WB)</p> <p>8.3 Number of towns with reliable electricity supply increased from 0 to 12 by 2013 (AfDB)</p> <p><u>Governance/Gender</u></p> <p>8.4 Regulatory framework for independent power production established by 2013</p>	<p>Emergency Power Generation at 10.8 GW/h per month until Bumbuna hydropower comes on line by 2011. (WB)</p> <p>Electricity collection rate increased from 50% in 2009 to 85% by 2011. (WB)</p> <p>Installed generating and transmission capacity increased by 50MW by 2010 (AfDB).</p> <p>Draft laws for Public Private Partnership and regulators presented to Parliament by 2011. (WB)</p>	<p>On-going Projects/TFs:</p> <p>FY05 Power and Water Project (WB)</p> <p>FY05 Bumbuna Hydroelectric Project (WB)</p> <p>FY08 Bumbuna Hydroelectric Project Add Fin (AfDB)</p> <p>FY09 Bumbuna Supplementary Loan (AfDB)</p> <p>FY07 Institutional Support Project (AfDB)</p> <p>Pipeline:</p> <p>FY10 Addax bio-energy project (AfDB)</p> <p>FY11 Infrastructure (Energy) (WB/MDTF)</p> <p>AAA:</p> <p>FY10 Public Private Partnership Framework for energy and other sectors</p> <p>FY10 Political Economy Study with focus on Transport and Energy. (WB)</p>

Selected PRSP II objectives & indicators ²⁷	Key Issues from PRSP	JAS Outcomes & Indicators	JAS Milestones	World Bank Group/AfDB Instruments
				FY12 Country Economic Memorandum. (WB) Partners: China, DfID, EU, JICA
9. Develop the national transportation network <ul style="list-style-type: none"> • Rehabilitate 2000km of feeder roads by 2013 • Develop the Freetown ports and airport 	Development of road network. Inadequate and poorly maintained rural and feeder roads Inefficient port and airport	9. Maintain and extend key transport infrastructure <p>9.1 All weather trunk roads in good and fair condition increased from 50% in 2009 to 60 % in 2013. (AfDB/WB)</p> <p>9.2 Vehicle Operating Cost (including time & safety) reduced from \$61/km in 2008 to \$37 by 2013 (AfDB)</p> <p>9.3 1,400km of feeder roads rehabilitated by 2013 (AfDB/WB)</p> <p>9.4 Port container handling performance is improved from 8 TEUs/hr in 2007 to 12 TEUs/hr by 2013. (WB)</p> <p>9.5 Lungi Airport to remain as international airport according to ICAO safety regulations (WB)</p> <p><u>Governance/Gender</u></p> <p>9.6 Independent road fund established by 2013. (WB)</p>	Contracts entered into by 2011 for rehabilitation of 100km (WB) + 200 km (AfDB) of all weather trunk roads. 900 ²⁸ km (WB) & 500km (AfDB) of rural roads rehabilitated by 2011. Freetown port rehabilitated and container stacking area extended by 2011. (WB) Resurface of runway and installation of new navigation facilities completed at Lungi Airport by 2011. (WB) Independent road fund bill passed to Parliament by 2011. (WB)	On-going Projects/TFs: FY06 IDP Transport Project (WB) FY07 Rural & Private Sector Development Project Pipeline: FY12 Mototoka-Sefadu Road (AfDB) FY10 Lungi-Port Loko Upgrading (AfDB) AAA: FY10 Political Economy Study with focus on Transport and Energy. (WB) FY10 Freetown Ring Road Study (AfDB) FY12 Country Economic Memorandum. (WB) Partners: EU, GTZ, Islamic Development Bank, Kuwait Fund

²⁸ 400 km from IDP & 500 km from Rural PSD projects

Appendix 3: Sierra Leone FY06-09 World Bank CAS Completion Report

Country: Sierra Leone

Date of CAS: May 5, 2005

Date of CAS Progress Report: November 5, 2008

Period Covered by the CAS Completion Report: FY06-09

CAS Completion Report Prepared by: Alema Siddiky (Consultant, AFCGH)

I. Introduction

1. **This report presents an assessment of the Country Assistance Strategy (CAS) for the Republic of Sierra Leone for FY06-09.** The CAS Completion Report (CAS CR) is a self-assessment. Its objective is to assess the World Bank's contribution to key development results in Sierra Leone. In addition, the CAS CR will evaluate the Bank's portfolio performance, provide lessons learned, and highlight the issues that will be addressed by the next CAS. The report evaluates the Bank's strategy against the modified CAS outcomes established in the CAS Progress Report (CAS PR) of November 2008. Furthermore, the report draws from the Independent Evaluation Group (IEG)'s and the Quality Assurance Group (QAG)'s evaluations of the Bank's performance as well as feedback from clients, stakeholders, and partners. The report is based on various reference documents²⁹ and discussions with the Country team.

2. **Overall progress during the CAS period (FY06-09) is rated as moderately satisfactory.** This rating is based on the sub-ratings for each CAS pillar (section III):

- Pillar 1: Governance Decentralization and Public Financial Management (*Moderately satisfactory*)
- Pillar 2: Sustainable Growth, Food Security, and Job Creation (*Moderately unsatisfactory*)
- Pillar 3: Human Development (*Moderately satisfactory*).

II. Government's Strategic Goals and CAS Objective

3. **Sierra Leone's first Poverty Reduction Strategy Paper (SLPRSP) was published in February 2005.** SLPRSP focuses on three strategic objectives: (1) good governance, security, and peace; (2) pro-poor sustainable economic growth for food security and jobs creation; and (3) human development. These objectives were based on several factors such as the emergence of the country from civil strife, improving good governance, and the need to reinvest in the productive sector to promote growth to support the overarching commitment to reduce the high level of poverty in the country. The document had strong ownership within the government and was the subject of extensive frank and open discussions throughout the country with key stakeholders. The participatory methodologies included the Strategic Planning and Action Process, focus group discussion, and Participatory Poverty Assessment. In June 2009, the government launched its second PRSP: "An Agenda for Change" for 2008–12. PRSP II focuses on four key strategic priority areas: (1) energy; (2) infrastructure (transport); (3) agriculture; and (4) human development, including cross-cutting themes such as good governance, macroeconomic stability, private sector development, and natural resource management. The four strategic priorities will be underpinned by these cross-cutting themes to achieve sustained growth.

4. **The PRS Annual Progress Reports (PRS-APRs) were prepared by the government in November 2006 and June 2008.** The PRS-APRs provided an assessment of SL-PRS implementation

²⁹ Project Appraisal Document, Implementation Status and Results Report, Supervision Report (Aide Mémoire, Back to Office Report), ESW.

from June 2005 through December 2007, and, particularly, progress made in macroeconomic stability, protection of poverty reducing expenditures, public financial management (PFM) reforms, decentralization of public services, revitalization of key infrastructure services, and improvement in social indicators. The Joint Staff Advisory Notes (JSANs) prepared by the Bank and IMF staff commended the government on its overall progress in implementing the strategies and rated the achievements as satisfactory.

5. **The FY06-09 CAS was aligned with the three strategic pillars of SLPRSP** (see paragraph 3). It focused on governance, decentralization, and public financial management; sustainable growth, food security and job creation; and human development. To facilitate effective partnership with the government, the Bank aligned its strategy with other development partners and concentrated on the overriding challenge of extreme poverty, accentuated by high unemployment, food insecurity, and poor social indicators. The CAS also drew on the government’s “Sierra Leone Vision 2025: Strategies for National Transformation.”

6. **The CAS was results based.** Lack of clarity in the CAS monitoring framework has hampered the objective assessment of progress. The CAS strategy was developed approximately 26 outcomes with a large number of indicators and milestones established to measure these. It is now apparent that the CAS results framework was too complex, and contains some inconsistencies in the results terminology as well as a number of indicators that are not easily measurable. In addition, Sierra Leone was still a post-conflict country with limited or no baseline available to define concrete results. Therefore, the results framework of the CAS was too complex and overly ambitious. The CAS PR revised the results matrix, and it reduced the number of CAS outcomes from 26 to 9. It was agreed that the overall progress and results of the FY06–09 CAS will be evaluated based on the revised results matrix, which was discussed by the Board on December 2, 2008.

III. CAS Progress and Outcomes

7. **The following section evaluates outcomes achieved under each pillar during the review period and the Bank’s contribution to these outcomes.** The criteria used to assess results of the CAS were (1) relevance of CAS objectives in the context of Sierra Leone’s development agenda, (2) development outcomes supported by the Bank’s program and to what extent these outcomes and milestones have been achieved, (3) impact of Bank instruments (lending and analytical), and (4) overall Bank’s performance.

Pillar 1: Governance, Decentralization, and Public Financial Management

8. During the CAS period, the Bank’s support for this pillar focused on government reforms in two key areas: (1) fiscal decentralization and empowering local government and (2) improving transparency, promoting accountability, and effective public financial management by the central government.

9. **Progress under the first pillar is rated as moderately satisfactory.** Substantial achievements made in the area of decentralization and capacity building and improving public financial management provide a foundation for improving service delivery. The Bank’s contribution to Pillar 1 was primarily through the Institutional Reform and Capacity Building (IRCBP) project and policy dialogue through two development policy operations (GRGG-1 and GRGC-2).³⁰ Despite Sierra Leone’s weak institutional capacity, the reform planned under the CAS period has been largely implemented. In particular, the Bank-supported operations helped to improve budget planning and execution and strengthened the PFM system. The devolution of key public services to the local councils was generally effective in bringing services closer to the people. However, despite this progress, administrative capacity within the local councils is

³⁰ Governance Reform and Growth Grant/Credit, respectively.

still weak. The central government requires additional support to provide adequate assistance and training to local councils, especially concerning PFM. The preparatory process for budget planning needs to be strengthened, and IFMIS needs to be installed and operationalized in all ministries, departments, and agencies (MDAs).

Outcome 1: Local governments able to effectively leverage and manage resources to deliver key basic services.

10. This outcome focused on the empowerment of local governments and communities to identify local development priorities, leverage resources, and undertake their own development initiatives.

11. **Satisfactory progress has been made in implementing decentralization agenda.** The Bank played an instrumental role in implementing the decentralization and capacity building program, further developing legal and regulatory instruments and supporting several statutory bodies to perform their policy roles.³¹ Through the Institutional Reform and Capacity Building Project (IRCBP), the Bank provided intensive training, technical assistance, and investment to help local councils build basic management capacity and a transparent and accountable governance culture. Since the election of local councils in 2004, local government systems have been implemented and administrative capacity developed in basic budgeting, procurement, and accounting procedures. Local councils have delivered a number of devolved basic services functions. Since 2005, the following services have been devolved: fire prevention, education, youth and sports, solid waste management, health care, social welfare, gender and children affairs, agriculture and food security, and fisheries and marine resources. All 19 local councils are functioning and have three-year rolling development plans. Councils have established various committees and have annual work plans.

12. **The Bank's support through capacity building has helped local councils learn how to manage public resources responsibly with increased citizens' participation and to deliver improved services.** Through participatory planning and implementation, local councils identified local development priorities and prepared three-year rolling development plans. Financial management capacity at the local council level developed quickly. All 19 LCs prepared FY08 budgets that complied with the content requirements of section 67 of Local Government Act of 2004. The National Public Survey (NPS) shows that, on average, across the country, access and customer satisfaction regarding primary health and education improved between 2005 and 2007, and so did access to markets, roads, and water and sanitation.

Outcome 2: Improved transparency and accountability of public resource management at central government

13. This outcome focused on strengthening the central government's PFM system through transparent budget formulation, execution, and reporting; establishing a transparent and efficient procurement system; and supporting human resource management.

14. **The public financial management framework and systems have been strengthened as part of a general effort to improve transparency and accountability.** The Bank made an effort to strengthen the capacity of the Ministry of Finance Economic Development (MoFED) to manage the budget and lead the PFM reform. The legal framework for financial management was upgraded through the Budgeting and Accountability Act (2005) and the accompanying Financial Management Regulations (2007). The old Financial Management and Accounting Systems in the Accountant General's Department were replaced with the new Integrated Financial Management System (IFMIS) in 2005.

³¹ Local Government Service Commission, Local Government Finance Committee, and Inter-ministerial Committee on Decentralization.

15. The IFMIS had been expected to facilitate better expenditure control and accounting, including donor financing. While a significant number of projects are captured in the development budget, not all of them are recorded in the IFMIS and included in financial reports. By 2008, in addition to MoF, the IFMIS had been installed in 6 key MDAs responsible for education, health, agriculture, public works, external audit, and policing. The Public Expenditure Tracking Surveys (PETS) have been instrumental in reducing budgetary leakages and improving the management of resources in the health and education sectors.³² For example, the distribution of drugs to hospitals and health centers and the payment of school fees subsidies to primary schools have improved in recent years. In addition, FM capacity at the local council level developed quickly where 14 out of 19 LC's are preparing monthly and annual accounts of budgets and 15 have displayed development plan on the LC and ward notice boards.

16. **Progress has been made in strengthening the Accountant General's Department by recruiting a qualified Accountant General and two deputies.** These hires have cleared the backlogged public accounts for 2002–06, and have prepared and submitted the 2007 public accounts to the Auditor General. Internal audit capacities in 13 key MDAs have been established, but at the moment only 7 of them are fully staffed and functional.

17. **Budget process and planning has improved.** Through the IRCBP, the Bank provided technical support to prepare 3-year medium-term expenditure frameworks (MTEF) covering 2006–08 with monitorable indicators for the key ministries. This achievement has strengthened the budget process. As a result, all MDAs now prepare strategic plans that are aligned with the PRSP objectives. However, these plans would benefit from more TA in their preparation.

18. **Slow progress in implementing the procurement reform agenda.** IRCBP supported reforms to strengthen the public procurement system through passing new procurement regulations, establishing the National Public Procurement Authority (NPPA), and developing procurement plans at the central and local government levels. Consistent with the 2004 Procurement Act, NPPA published procurement regulations in 2006. These reforms are expected to reduce waste and fraud and will help inform the budget process. Nine MDAs prepared procurement plans in 2006, 18 MDAs in 2007, and 23 MDAs in 2008 for MoFED approval. However, implementation of a number of procurement reform areas has been slower than expected. These include inadequate career development and capacity building of procurement specialists, inadequate functioning of the NPAA website, absence of procurement audits, and continued delay in undertaking the Annual Procurement Forum. While all the LCs now have procurement officers with basic procurement training, the councils still are understaffed, ill-equipped, and lack adequate skills. NPPA is collaborating with the Institute of Public Administration (IPAM) to train 150 graduates to manage procurement in various MDAs.

19. **The Bank prepared a range of timely and relevant analytic work that supported several key reforms under the development policy lending (GRGC 1 and 2) and IRCBP.** The 2006 Report on the Observance of Standards and Codes for Accounting and Auditing (ROSC) identified a strong need for training in accounting skills in both the private and public sectors. A procurement audit completed in June 2007 concluded that the initial impact of procurement reform had been positive despite its early stage and noted that lessons learned are being applied by the National Public Procurement Authority and MoFED. A Public Expenditure and Financial Accountability Progress Report (PEFA-PR) also was completed in 2007, on which Sierra Leone scored similarly to the average of other countries of the region despite its low starting point at the end of the civil war. In addition, the IRCBP benefited from the TA, advice, and recommendations provided through the World Bank study Decentralization, Democracy, and Development: Recent Experience from Sierra Leone.”

³² PETS have been supported by the Bank's IRCBP, DfID, and UNDP.

Pillar 2: Sustainable Growth, Food Security, and Jobs Creation

20. Bank support under this pillar concentrated on improving the climate for private sector development, investing in supportive infrastructure services, and promoting food security and job creation through growth in agriculture and mining. Therefore, four key outcomes have been identified through a combination of investment lending, development policy lending operations, and policy dialogue through analytical work.

21. **The performance under this CAS pillar is rated as moderately unsatisfactory.** Most of the outcomes have not been accomplished, which reflects weak institutional capacity and dependence on coordinated policy formulation and implementation. Moderate progress has been made in improving the regulatory framework for enabling the business environment and growth in the private sector. Some of the important outcomes related to improving financial sustainability and transparency in the utility sector—particularly in the power sector—have been disappointing. It may be useful to note that more might have been achieved had the Bank and DfID, its development partner, been better coordinated to support the National Commission for Privatization, which has oversight over the public utilities. The Bank’s assistance was relevant in transitioning from post-conflict status to a mainstream development program for social stabilization and economic growth. However, change of leadership within the government, uneven commitment, and weak capacity also contributed to not achieving these outcomes. While there is tremendous need for power sector development, future assistance in this sector depends on the success of governance reforms and capacity building within the power utility. Progress in the road sector also has been slow. Access to safe water and sanitation improved in both urban and rural areas, and achievements have been made in the road network in ensuring connectivity of feeder roads to main roads. The Bank’s policy dialogue through analytical work did not make much progress in the agriculture sector, and only limited progress was made toward mining sector reforms.

Outcome 3: Improved investment climate and access to long-term finance

22. This outcome concentrated on simplifying and reducing the cost of investment procedures and regulations, and strengthening the financial sector to make it more efficient.

23. **The business registration process has been streamlined, but implementation has been slow.** The Bank supported this reform through the Governance Reform and Growth Credit (GRGG1 and GRGC-2) in collaboration with FIAS and DfID. The government made progress in simplifying administrative procedures and reducing the cost of doing business through initiating various legislative reforms. In 2007 two laws, the General Act on Business Start-ups and the Business Registration Act, have been enacted. This simplified process led to a reduction in time and financial cost of establishing businesses. This will help to increase private investment and encourage firms to join the formal sector. It also increased work permit validity from 1 year to 5 years. In November 2006, with assistance from FIAS, the government also completed a study of marginal effective rates of taxation to determine the optimal approach to reform business taxation. While the government has done much to accomplish legislative reform, its accomplishments have yet to be fully implemented or appreciated by the business community.

24. **Modest improvement in the Doing Business indicators.** In the 2009 *Doing Business Survey*, Sierra Leone ranked 156 of 178 countries surveyed—a modest improvement over its 2008 rank of 163 that places Sierra Leone ahead of neighboring countries.³³ For 2 of the indicators “starting a business” and “registering property,” Sierra Leone ranked 53 and 163, respectively, of 178 countries—a slight improvement over 2008. Sierra Leone performed poorly in labor laws, closing a business, protecting investors, and enforcing contracts. When faced with these obstacles, firms often chose to remain in the

³³ Cote d’Ivoire, Guinea, and Liberia.

informal sector. In addition, the private sector has emphasized the need to ensure property rights and streamline the taxation of small business. The government has set up a Law Reform Commission, which is reviewing the scope of important laws critical for furthering the reform agenda and proposing amendments based on good practices. In particular, to encourage private investment, the government is working on the development of a new Companies Act, Bankruptcy Act, Securities Act, and Payment System Act. Work to date has benefitted from Bank input as well as consultancies from The Financial Sector Reform and Strengthening (FIRST) Initiative and United Nations Industrial Development Organization (UNIDO).

25. **In addition, private sector credit as a share of GDP increased slightly from 4.5 percent in 2005 to 6.0 percent in 2008.** This strong demand for credit from the private sector came primarily from the construction, import trade, and communication sectors. The government has taken steps to recapitalize the Bank of Sierra Leone and to create instruments for open market operations. The number of bank accounts also increased from 160,000 in 2005 to 200,000³⁴ during the CAS period. To operate a modern efficient payment system, the government drafted a Payment System Act, which was approved by the Cabinet in February 20, 2008, thus satisfying conditionality for GRGC-2.

26. **The government has launched a program to draft a Financial Sector Development Plan (FSDP)** and is adopting recommendations from the joint Bank-Fund supported “Financial Sector Assessment Program (FSAP) study.” This will further strengthen financial sector legislation. However, privatization of state-controlled financial institutions has stalled during the CAS period. It had been expected that at least 1 of the 2 major government-owned commercial banks could be privatized within the CAS period. The result of the divestiture schedule is yet to materialize. Lack of funding and staff initially hampered following up on FSAP recommendations. However, the last years of CAS period support from the FIRST Initiative enabled the Bank to assist government in the development of the Financial Sector Strategy. The latter was a structural performance criterion for the Poverty Reduction and Growth Facility (PRGF). The Financial Sector Strategy, a roadmap for the FSDP, was approved by Cabinet in June 2008; and a series of analytical studies was carried out covering access to finance, commercial banking, insurance and capital markets, AML/CFT, and the development of a credit reference bureau. The FSDP was completed by government with assistance from the Bank and German Development Corporation in June 2009 and is to be implemented in FY2010.

27. **Two important pieces of AAA work were initiated during the CAS period.** To facilitate the government’s private sector development plan, the Bank prepared a Diagnostic Trade Integrated Study (DTIS) in June 2006. An Action Matrix was developed to implement the recommendations that had emerged from the study. The Action Matrix was approved by the government in 2006. Its recommendations included promoting exports, especially for cocoa, fisheries, and marine products. In addition, a major World Bank study “Youth and Employment” proposed labor market reform to improve job creation for youth and the unemployed.

Outcome 4: Improved access to key infrastructure services

28. The Bank’s support in this outcome focused on improving the efficiency of energy and water services and rehabilitating road and transport network.

29. **The production of power by the Sierra Leone National Power Authority (NPA) declined to 3.7 megawatts.³⁵ Furthermore, access to electricity supply was limited during the first part of the CAS period to less than 1 percent of the population until November 2007, when the Bank was instrumental in supporting the rental of emergency power generators for 12 months.** The emergency power project provided 15 MW of continuous power through diesel generation in 2008. The project was

³⁴ Estimate as of 2008.

³⁵ Compare to already very low 14 megawatts in 2002.

intended to bridge the delayed arrival of continuous power from the Bumbuna hydroelectric dam, which was expected in January 2009. However, Bumbuna power has been further delayed.³⁶

30. Throughout this period, the Bank's timely responses covered (1) facilitating funding from the UN Peace Building Fund, mobilized with IDA advocacy; (2) financing capacity and energy charges for the rental generators through a reallocation of credit proceeds of the Power and Water Project; and (3) through TA, improving the financial performance of the NPA as a result of the revenue inflow from emergency power sales. As a result, the sector registered an historic doubling of energy sales. In addition, reductions in technical losses and improvements in collections have doubled energy sales, which, combined with increased tariffs, trebled revenues for NPA on the same power generation.

31. Commissioning of Bumbuna Hydropower is scheduled for mid-October 2009, using an interim operator arrangement initially funded by AfDB. The Bank's contribution to the power sector came from the Power and Water Project, the Bumbuna Hydropower Safeguard Project (BHP), and conditionalities in two Development Policy Lending Development Policy Operations (DPOs) (GRGG1 and GRGC2). IDA's Board approved a partial risk guarantee (PRG) of US\$38 million to mobilize commercial funding to complete civil works, as well as a grant of US\$12.5 million to assist with safeguards compliance.³⁷ However, the PRG was never used and is now proposed to be restructured. IDA's funding of Bumbuna to June 2009 consisted solely of the Safeguards grant of \$12.5 million. However, by ensuring that the BHP is environmentally and socially sustainable, the Bank has leveraged additional funding from AfDB and DfID to support additional environmental and social activities. In addition, the quality of RAP implementation, including ongoing livelihood restoration and food support, community development, and benefit sharing was rated highly satisfactory by the Environment and Social Advisory Panel (ESAP) in June 2008 and February 2009.

32. **The power component of the Bank's Power and Water Project was meant to upgrade the distribution network to allow consumer access to power from Bumbuna and restore financial viability to the National Power Authority (NPA).**³⁸ Despite the provision of IDA support and motivating conditionalities, much of the intended work was never started or not completed. NPA power generation deteriorated further during 2006 and collapsed in 2007, largely due to governance issues. IDA and other donor partners were unable to follow the cash inflows and outflows of NPA. At the request of the new government, the Bank responded quickly by restructuring the power component of the Power and Water Project to facilitate the procurement of 12 months of emergency thermal power (15 MW) in Freetown in 2007, in anticipation of Bumbuna Power arrival in early 2009. The cost of fuel for the rented power was the single largest expenditure in government's 2008 budget. NPA has increased its tariff by 50 percent (to an average of 42 cents/kwh) and has introduced a system of meters and additional measures to reduce technical losses and increase collections. Figures provided by NPA suggest that these actions have trebled revenues since the emergency power program commenced. Nevertheless, these actions have not been sufficient to reach profitability, and depreciation of the Leone will exacerbate the challenge.³⁹

33. **Additional delays in completion of the BHP and its transmission line have necessitated a costly extension of rented power.** To help finance the extension, the government requested a further restructuring of the Power and Water Project. After extensive internal and external consultations, the Bank determined that this would be possible only if key operational and governance issues were addressed. These included making effective the IDA-funded contract to upgrade the distribution network;

³⁶ Government has extended the emergency power program for a further 9 months, initially assisted with funding from the UN Peace Building Fund, and more recently with own resources.

³⁷ OPEC Fund for International Development (OFID) provided \$10 million for rehabilitation of high voltage transmission line from Bumbuna to Freetown. AfDB also provided funding for institutional capacity.

³⁸ The project objectives associated with NPA revenues and operating costs were backed by conditionalities through *GRGC 1 and 2*.

³⁹ The tariff was set in Leones and is now equivalent to approximately US\$0.35/kwh

strengthening the management of NPA; and ensuring that appropriate institutional arrangements were made for Bumbuna's relationship to NPA. Despite the Bank's intensive dialogue with the government, none of these actions was completed within a timeframe that would have enabled IDA to proceed (although the actions were completed later). As a result, the distribution network now accommodates only around 20 MW. However, given the delays in bringing on Bumbuna, this amount matched the generation capacity during the CAS period. The contract to rehabilitate the distribution network in Freetown was finally made effective in mid-March 2009 and has a very compressed timetable for completion before the project closing date in March 2010. At the end of the CAS period, a number of safeguards compliance issues on resettlement were being addressed before the contract could fully start up.

34. **The Bank's approach to the power sector may have been flawed.** Several governance problems were not well addressed in the original design of the Power and Water Project. Administration of the BHP also was opaque with large but unproven claims made by the main contractor. These issues should have been explicitly addressed or, failing that, the power component could have been dropped. Support for the Bumbuna Hydroelectric Project was pledged (just prior to the CAS period) without adequate financing, leading to a failed attempt to use a partial risk guarantee to leverage additional donor financing. In the end, the Bank settled on limiting BHP support to safeguards work. Support for the BHP and the rehabilitation of the distribution network of the NPA was treated as separate projects despite a high degree of interdependency. Finally, periodic administrative problems were created by combining power sector objectives with water sector objectives. Implementation capacity within the government was extremely weak. In addition, some experienced project staff in the project implementation unit (PIU) were discharged by Government. Their loss further slowed project implementation and led to the rating of unsatisfactory for the power component of the Power and Water Project implementation progress rating.

35. **Despite substantial TA, the operational performance of the urban water supply remains weak.** The water component of the Power and Water Project provided support to improve the financial management and business practices. The performance of the Guma Valley Water Company (GVWC) continues to face technical difficulties (aging and poorly maintained network, high water losses due to leakage) and commercial losses (low billing and collection ratios). These deficiencies are exacerbated by pervasive illegal connections and inadequate water tariffs. The Bank emphasized the need for strong and urgent government measures to address these challenges. In addition, a new Freetown Water Supply and Rehabilitation Project, funded by DfID and administered by the Bank, is helping to upgrade and repair key water supply transmission lines and the emergency pipe repair and replacement program.

36. **Access to water supply and sanitation in rural and urban areas has improved recently although there has been some delay.** Bank support made tangible progress in the rural water and sanitation last year, even though it was almost three years after the implementation of the project. As of May 2009, 100 water supply systems have been completed, which provided access to clean drinking water to 64,000 rural residents, additional facilities recently completed are expected to increase the total provided access to drinking water to 110,000 people. However, implementation of sanitation facilities has been slow, with 1,800 household latrines having been completed providing approximately 25,000 rural residents access to adequate rural sanitation facilities. The access to improved essential urban water supply in Freetown has been provided through the Bank-executed Trust Fund Freetown Water Supply Rehabilitation Project. There have been some improvements in water supply in Freetown: the number of registered customers increased from 11,000 in 2007 to 14,500 in 2009 and water metered customers from 2,400 to 4,200 during the same period. In February 2009, the Cabinet approved a National Water and Sanitation Policy, which provides an overall strategy to address the challenges facing the sector and strives to achieve the MDGs. The Bank has been an active partner through policy dialogue and expects to share "best practice" in the sector drawing on operational experience from the region.

37. **Limited progress was made in improving the road network.** Progress in connecting feeder roads to main roads in select districts supported by the Bank-financed Infrastructure Development Project

(IDP) has been slow.⁴⁰ (The prioritization process for reconstruction conducted by the district and local communities in Kailahun, Kono, Koinadugu, and Bonthe were finalized only toward the end of the CAS period.) In parallel, through the National Social Action Project (NSAP), 164 km of community roads have been rehabilitated. They will provide rural people with access to passable roads, markets, and other basic services. In addition, the Bank's policy dialogue on institutional reform through the IDP supported the government from preparation to implementation of a detailed Road Maintenance Action Plan for restructuring the Sierra Leone Road Authority (SLRA), separation of Road Maintenance Fund, and privatization of the Mechanical Services Unit. However, progress in the implementation of institutional reform action plans has been slow due to lack of capacity and leadership at SLRA. SLRA also needs to consult with district councils and other stakeholders on the reform agenda.

Outcome 5: Increased agriculture production in targeted areas

38. **The Bank's contribution to increase agriculture production was very limited.** During the CAS period, three key pieces of analytical work were produced. (1) Revitalizing Rural Development and Agriculture emphasized the development of agriculture markets, a dynamic agribusiness sector, and support for infrastructure. (2) The Diagnostic Trade Integration Study (DTIS) also identified constraints and opportunities in agriculture and other sectors. (3) Finally, the Youth Employment Study also identified opportunities for support to the rural economy. However, the Ministry of Agriculture initially was little guided by the Bank's report on agriculture or the DTIS. However, this situation improved in the final years of the CAS, and the DTIS was used as the guiding reference for the preparation of the Rural and Private Sector Development Project.⁴¹ Nevertheless, this project was delayed in implementation at least in part due to inadequate coordination between the Ministry of Agriculture and the Ministry of Trade and Industry. As such, the Bank's direct contribution to increased agriculture production has been limited. The Rural Private Sector Development Project (RPSD) was restructured recently. It intends to scale up the rehabilitation of feeder roads to open the rural areas to markets and will provide more scope for value addition and private investment in agriculture.

Outcome 6: Improved management of the mining sector

39. The Bank's contribution toward this outcome came primarily from the GRGG 1 and GRGC 2 and through collaboration with DfID and UNDP. Although the CAS included a focused Technical Assistance Project for the mining sector, it was not achieved during the CAS period.

40. Limited progress was made to improve the efficiency and transparency of the mining sector management. The Bank focused on improving the legal and regulatory framework in the mining sector. In fact, a computerized cadastre-based system to administer mining rights was designed and introduced in 2006, largely through unplanned assistance from the UNDP. The system was piloted in the main diamond-producing district of Kono and has expanded slowly. However, the full capacity of the system is not being used, particularly with regard to large mining firms and revenue transparency. The underuse could be due to limited ownership of the cadastral system at the Ministry of Mining and Mineral Resources (MMR). No progress was made during the CAS period in improving the legal and regulatory framework in the mining sector. Mining laws were last revised in 2005. Equally limited progress was made in improving

⁴⁰ Additional financing of US\$5.9 mil was approved by the Board in May, 2008 which would enable the project to meet its initial Development Objective to rehabilitate selected priority roads, port and airport facilities and support the regulatory and institutional reform.

⁴¹ The Rural and Private Sector Development project intends to raise rural incomes through improved agricultural exports and farm revenues.

the quality and geographic coverage of mining extension services. The cadastral system has expanded but not as much as expected. It is possible that the mining sector objectives might have been advanced further if the planned Mining Sector TA had not been delayed until FY10^{42,43}

Pillar 3: Human Development

41. The Bank's strategy focused on promoting human development. HD includes expanding quality basic education and training, increasing access to health and nutrition services, preventing HIV/AIDS, and improving the quality of life of the vulnerable.

42. **Progress under this pillar is rated as moderately satisfactory.** In education, significant progress has been made toward the CAS outcome of improved universal access to education services. However, quality remains a challenge, and improvements in this area will require more time. In the future, the focus should be education quality. Capacity at the higher institutions of learning needs to be strengthened so that the standard of education will not continue to drop. The education system at the primary level needs to be aligned with future labor skill requirements, and a long-term policy to professionalize teaching should be developed. Issues of provision of adequate education for those with special needs also should be addressed.

43. In the health sector, Bank support rehabilitated health facilities (12 primary health units, or PHUs, and 4 hospitals); provided equipment to 50 PHUs; and strengthened technical programs such as malaria, TB, leprosy, and onchocerciasis. Key health indicators improved but remain among the worst in the world. The Bank needs to continue to work to improve these key health indicators to achieve the health MDGs and support the government in sustaining and expanding affordable health care facilities. Access to both health care and education facilities has improved through a massive effort to build or rehabilitate infrastructure using community-driven development (CDD) methodologies.

44. The Bank's intervention on HIV/AIDS prevention and treatment was in time given the post-conflict capacity with no proper facilities. The 2008 DHS survey indicates a slight decrease in HIV/AIDS prevalence from 1.8 to 1.5 percent of the sexually active population.

45. In addition, the Bank made good progress integrating vulnerable populations through community development initiatives and income-generating activities. Future strategy need to focus on continuing to engage communities in the local development process and institutionalizing community participation in planning, implementation, and monitoring local development interventions.

Outcome 7: Re-establish education services and improve quality and equity in targeted areas

46. **Access to basic education improved significantly, but quality remains an issue.** The Bank's support through Rehabilitation of Basic Education helped to reestablish education services in Sierra Leone and thus facilitated considerable improvement in recent years. Notable achievement has been made in two key indicators: primary school enrollment and primary completion rate. The primary gross enrollment ratio (GER) increased from 64 percent in 2004 to 154 percent in 2007, and junior secondary to 44 percent. The percentage of girls' enrollment slightly exceeds targets at 47 percent in primary and 41 percent in junior secondary schools. These successes are attributed primarily to the abolition of school fees, school feeding programs in selected areas, and improvements in educational infrastructure. The Bank has helped rehabilitate and/or construct 100 of 221 planned schools. Quality is supported by distributing textbooks and training teachers. Over 490,000 sets of textbooks (of the target of 500,000) have been distributed to primary schools, and over 45,000 sets (of the target of 50,000) have been

⁴² The TA was delayed at the request of government.

⁴³ At the end of the CAS period, it was not determined whether the Mining TA would continue as a national project or be folded into a regional mining governance project. It has since been decided to pursue both approaches.

distributed to junior secondary schools. A total of 4,010 primary teachers have been trained. The Education Management System (EMS) is now functional. In addition, 314 School Management Committees (SMCs) have been trained, and an estimated 203 are functioning to ensure the continued improvement of education quality. Despite these efforts, educational quality and results remain unsatisfactory. The 2007 National Primary School Examination pass rate was 69 percent (target was 75 percent), a 3-point drop from the 2004 result. The pupil/textbook ratio remains far below the 1:1 target for core textbooks at the basic level. A number of factors such as inadequate school supervision by local councils, lack of strategic planning and M&E capacity at central and local levels, inefficient teacher deployment, and a large number of unqualified teachers as part of the cadre contributed to the poor quality of education in the country.

47. **The Bank completed a Poverty Diagnostic Report. Based on the 2007 Core Welfare Indicators Questionnaire (CWIQ) results, the report provided a basic diagnostic of the education sector from the household perspective.** Findings from the report show that lack of books and supplies, high fees, and poor facilities are among the main reasons for potential students' never entering school or stopping their education. The report provides recommendations and priorities for future policy in the education sector.

48. **The Bank prepared a Country Status Report for Education (CSR), which assessed the education system in Sierra Leone.** The report was used as a guide to prepare a sector-wide strategy to provide a framework for development partners' support. The study also served government and development partners as a useful tool to prepare Sierra Leone's vision for the education sector and to implement government policies. Education Sector Development Partners (DPs) recently finalized the implementation plan, funding modality, and monitoring indicators for the Education for All Fast Track Initiative Grant.⁴⁴

Outcome 8: Improved access to basic health services in four districts

49. The Bank's contribution to this outcome was to improve access to and quality of health care facilities and to strengthen implementation of key public health programs for malaria, TB, and onchocerciasis.

50. **Healthcare coverage increased in the targeted areas, resulting in positive effects on overall outcomes during the CAS period.** The Bank supported the health sector through the Health Sector Reconstruction and Development Project (HRSDP)⁴⁵ and phase 1 of the Reproductive and Child Health Project (RCHP) to restore the most essential functions of the health sector delivery system. National panel data from 2005 and 2007 provide evidence of improvements in access to health care services and overall satisfaction with these services. The following results were achieved during the CAS period: (1) access to primary health care unit (PHU) in 4 priority districts increased from 41 percent to 67 percent; (2) rehabilitation of 1 of the 4 hospitals and 8 of the 12 PHUs has been completed; (3) full immunization of children aged from 12–23 months increased to 79 percent (with an end target of 75 percent); (4) geographic coverage of community-directed Ivermectin distribution (CDTI) increased from 0 percent in 2005 to 98.5 percent in 2007; (5) 63 percent of pregnant women sleep regularly under insecticide-treated bed nets; (6) 67 percent of children under 5 years of age sleep regularly under insecticide-treated bed nets; (7) 1 of the 4 hospitals under rehabilitation or construction has been completed, and 8 of 12 primary health facilities have been completed and (8) the percentage of TB-smear-positive cases successfully treated under the direct observed treatment strategy has increased from 76.5 to 81 percent.

51. **The first phase of the trust-fund-supported RCHP helped to lay the foundation to implement of the Government's Reproductive and Child Health Strategic Plan.** Although there were

⁴⁴ The Bank is preparing a grant agreement at the request of the MOFED.

⁴⁵ The project received an additional US\$8 million to help construct additional facilities and to support onchocerciasis and avian flu prevention activities.

delays in disbursements and procurement of goods, 9 of the 13 indicators districts met their targets for a variety of indicators such as immunization coverage, timely return of reporting reforms, and regular supervision. Phase 1 was crucial for indentifying and resolving institutional constraints prior to the implementation of Phase 2.

52. **Prevalence of HIV/AIDs has stabilized.** The 2008 Demographic and Health Survey (DHS) showed that HIV/AIDs prevalence among 15–49 year olds declined from 1.8 percent to 1.5 percent over the CAS period. Through the HIV/AIDS Response Project, IDA provided prevention, care, and treatment services for HIV/AIDS. The Bank responded in a timely fashion to organize a multisectoral response to the HIV/AIDS crisis in Sierra Leone after a long civil war. In particular, the Bank’s program was successful in mitigating the impact of HIV/AIDS by protecting the general population through proper blood screening. This was not available prior to the project and has reached 100 percent of its target. These outcomes are considerable given the post-conflict limited capacity setting. The project also helped to mitigate the impact of HIV/AIDS on children and pregnant women by scaling up Prevention of Mother to Child Transmission (PMTCT) services.

Outcome 9: Improved capacity to manage social risks

53. The Bank’s strategy under this outcome emphasized the need to strengthen social protection and safety nets for vulnerable groups.

54. **The social protection strategy was not developed during the review period, although progress was made in strengthening and empowering vulnerable groups and their communities.** A working group has been established to work on a social protection strategy and policy. At this time, the National Commission for Social Action (NaCSA) in collaboration with the Ministry of Labor and Employment has prepared only a concept paper, which has been circulated to the Cabinet for discussion. The Bank provided support to this initiative through the National Social Action Project (NSAP). The Bank’s help came due to weak technical capacity within the Ministry of Social Welfare and limited priority given by the government. However, progress has been made in building and restoring infrastructure and services in communities. A 2006 beneficiary assessment showed that implementation of the NSAP projects enhanced social cohesion at the community level. As of June 2009, (1) 600 community- based subprojects had been generated (target 600), with 574 completed and 26 near completion; (2) 908 housing units had been built (with a target of 1,200) and (3) nearly 161 km of feeder roads had been rehabilitated (with a target of 100km). In addition, 145, 000 person-days of employment were created in the rural roads component of the public works program. The Bank has strengthened and empowered communities and local governments through community development initiatives and income-generating activities. In light of the post-conflict environment, a community-based approach to address the shortages of access to social infrastructure and services to strengthen community capacity has been the right choice. This approach has provided a platform to implement future safety net interventions such as the “Cash for Work” program, which became effective in September 2008, and the Decentralized Basic Service Delivery Program recently been approved by the IDA Board in September, 2009. .

55. **In response to the 2008 food price crisis, the Bank provided additional financing to the NSAP to implement a “cash for work” program to support household food access and minimize the nutritional impact of the crisis through incremental income support.** The program consists of small labor-intensive public works projects in rural, peri-urban, and urban areas. Participating workers receive weekly cash payments for their labor. Communities and local councils were involved in the decision-making. It is expected that the “cash for work” program will benefit close to 100,000 direct and indirect beneficiaries including unemployed youth, female-headed households, and vulnerable rural and urban households. The program employed approximately 16,000 beneficiaries over 9–12 months. In addition, a standalone DPO of US\$3 million was designed and disbursed within 2 months to ensure that key government programs could maintain their food-related expenditures despite higher international prices. As part of the program, to date, over 42,000 person-days of employment for more than 5,300

disadvantaged people has been created, resulting in 260 km of roads rehabilitated and 85 acres of arable swamps and woodlands developed.

IV. Bank Performance

Quality of Products and Services

56. **The overall lending program in Sierra Leone has been consistent with the CAS objectives.** During the CAS period, the level of financing was lower than originally envisioned, and the portfolio was adjusted to reflect the availability of IDA resources and the need for additional financing. These adjustments led to the postponement of some projects and the reevaluation of others. In addition, higher global fuel and food prices as well as project cost overruns made it necessary to provide additional financing for two operations. The Health Sector Reconstruction Project received an additional \$8 million, and the Infrastructure Development Project (Transport) an additional \$10 million. Two projects, Development Policy Credit (GRGC 2) and Mining TA, which originally were planned for the CAS period, have been postponed to FY10. GRGC 2 was postponed by one year in response to slippages in the macroeconomic performance and certain conditionalities. The mining TA was postponed to allow for additional discussions with the new government.

57. **IDA 14 resources have been fully utilized during FY06–08** with 5 financing operations for a total of approximately US\$103 million. Of this amount, approximately 55 percent has been for infrastructure, \$30 million for rural and private sector development, 10 percent for health, and 10 percent for development policy lending operations.

58. **Implementation of the CAS program was hampered by the election period and change in government.** The elections resulted in a change in government to the opposition party. This transition had implications for policy approaches and preferences and thus delayed the implementation of some programs. The new government took approximately one year to complete the transition. In addition, the incoming administration lacked experience in managing projects and had to build relationships with the development partners. Furthermore, the government faced challenges in budget forecasting, management, and record-keeping, which undermined its case with donors for development policy lending.

59. **A significant amount of multi-donor trust fund (TF) resources were used to finance development programs that are consistent with CAS objectives.** These included US\$25 million for decentralization and capacity building from a trust fund provided by DfID and EU; US\$10 million for water provided by DfID; US\$30 million from the Africa Catalytic Growth Fund (ACGF) for the Reproductive and Child Health Project; and US\$15 million for Education from EFA-FTI. In addition, smaller trust funds (CHYAO, Gates Foundation) supported engagement in community-driven development. Recent Food Price Crisis Response operations were financed from the Global Food Price Crisis Trust Fund.

Table 1.1. Sierra Leone Country-Executed Trust-Fund-Financed Activities, (as of May 09)

Effective date	Name	Amount committed (US\$ mil)
10/3/2005	IDF-Support to the Accountancy Profession	0.2
8/31/2005	Institutional Reform and Capacity Building Project (IRCBP)	0.9
8/21/2005	PHRD: Rural and Private Sector Development	0.3
07/21/2006	Institutional Reform and Capacity Building Project (Child Fund)	9.5
10/24/2006	JSDF: Developing a Model for Delivering Primary Justice Services	0.9
4/19/2007	Reproductive and Child Health Project (RCHP)	1.0
6/26/2007	WHO: Multi-Drug Administration in First Group of Six Districts	0.1
10/24/2007	CHYAO Africa–Youth Employment /NACSA	0.2
11/14/2007	CHYAO Africa–Youth Employment /UNDP	0.2
11/15/2007	Reproductive and Child Health Project (RCHP)	6.0
11/21/2007	Skills Training and Career Development	0.3
11/26/2007	Vocational Training Youth West/Kono	0.3
11/28/2007	Freetown Water Supply Rehabilitation Trust Fund	8.2
01/11/2008	CHYAO Africa–Skills Training and Career Development Project for Disadvantaged Youths	0.5
4/3/2008	CHYAO Africa–Support to Education of War-Affected Children in Northern Provinces	0.3
08/18/2008	Food Crisis Response Development Policy	3.0
08/18/2008	Co-Financing of the National Social Action Project	4.0
11/27/2008	Statistics Cap	0.1
03/25/2009	Strengthening Capacity of Directorate Office of Diaspora Affairs for Developing Capacity Development in Public Sector	0.4
04/21/2009	Support to EITI Implementation	0.3
04/24/2009	Debt Buy-Back Operation	0.9
	Total	37.8

60. **The Bank carried out an ambitious analytical program during the CAS period, but dissemination has been limited.** Appendix 3 shows the broad range of Analytical and Advisory Assistance (AAA) undertaken by the Bank. Analytical activity has been strongest under Pillar 2: Sustainable Growth, Food Security, and Job Creation. This strength may be attributable to the lending activity under this pillar having been the most challenging. While the election process and subsequent changes in government have significantly handicapped the lending program, the economic and sector work (ESW) program has continued unabated. Thus, FY08 was an extremely important year for AAA in framing the policy dialogue in Sierra Leone. However, it was not always possible to sequence the Bank's work in time for lending operations and, in some instances, there was not enough emphasis from the Bank or engagement from government to disseminate AAA work. Some of the AAA work (CEM, PER) had to be postponed due to the Bank's resource constraints and the government's capacity. Due to the change in government, it was difficult to assess the impact of AAA work on the government's action and policy dialogue during the CAS period.

Portfolio Performance

61. **The quality of the portfolio has been mixed.** During the CAS period, Sierra Leone's portfolio grew and matured. However, the quality of the portfolio deteriorated, and the percentage of projects at risk now stands at 50 percent and includes 3 of the total of 8 IDA projects. The three projects rated as problem projects are the Bumbuna Hydroelectric Environmental and Social Management Specific

Investment Loan (SIL), the Power and Water SIL, and the Rural and Private Sector Development SIL. Problems include lack of counterpart funding, weak monitoring and evaluation (M&E) systems, procurement issues, and slow disbursement. The Bumbuna Hydroelectric Environmental and Social Management SIL and Power and Water SIL suffered from weak capacity within the designated ministries and agencies. This lack of capacity resulted in a lack of coordination in implementation of project components. Furthermore, the Rural Private Sector Development SIL became effective more than one year after approval.

Table 1.2. Sierra Leone Portfolio Performance, FY06–09 (as of May 2009)

Fiscal Year	FY06	FY07	FY08	FY09
No. of projects	8	9	9	8
Net commitment amount (\$ mil)	202.4	244.6	256.1	224
Disbursement ratio (%)	29.3	26.5	23.3	20.3
IDA disbursement in FY (\$ mil)	154.2	138.7	185.5	205.1
No. of problem projects	3	2	3	3
Problem projects (%)	38	22	33	38
Projects at risk (%)	37.5	33.3	55.6	50
Commitments at risk (%)	17.2	29.6	43.9	38.3

62. Based on consultation with the Bank task team and government, a **review of Sierra Leone’s latest Country Portfolio Performance Review (CPPR) for FY08** identified six factors that affected implementation and results: (1) ambitious and complex project design, (2) lack of leadership and ownership within the implementing agencies, (3) low institutional capacity in PIUs and line ministries, (4) inadequate monitoring and evaluation, (5) lack of timely availability of counterpart funds, and (6) excessive use of high-paid international consultants. Although various projects appear well structured in terms of design and alignment of resources to areas of need, sustainability remains questionable because of concerns about shortage of human and capital resources. Implementation constraints (mainly in financial management and delays in procurement and submission of withdrawal applications) have created substantial delays in disbursement. The Bank actively addressed the key CPPR findings with the new government and administration staff in 2008.

63. **QAG assessments of portfolios.** The Quality Assurance Group (QAG) assessed 6 of the 9 projects in Sierra Leone during FY06–09. Three projects had been assessed in a Quality at Entry Assessment (QEA), two projects in a Quality of Supervision Assessment (QSA), and two projects for Quality of Lending Portfolio (QALP) (table 3). Most of these projects have been rated as satisfactory to moderately satisfactory, and one project was rated as highly satisfactory. The only exception was the Power and Water Project, which was rated as moderately unsatisfactory.

64. **Findings from the QEA** of two projects showed that, for the Rural Development and Private Sector Development Project, the Bank had made the right choice in being selective and focusing on agricultural marketing. This is the area in which the Bank has comparative advantage with experience in successful marketing projects. The National Social Action Project was rated satisfactory with a number of outstanding features that are best practice in the context of post-conflict. The QAG recommended that, for post-conflict projects such as this, (1) a long-term linkage and coordination with the decentralization program in the country should be established, and (2) the primary focus should be to strengthen the link between local communities and their local governments or state institutions.

65. **The QAG assessed the supervision (QSA)** of the Institutional Reform Credit Project. The supervision was rated highly satisfactory citing the Bank’s team consistent flexibility, energy, creativity, and responsiveness to implementation challenges in a complex post-conflict environment.

66. *The QAG recently assessed the quality of lending portfolio (QALP)* of two important infrastructure projects. The Bumbuna Hydroelectric Environment and Social Management Project has been a challenging operation carried out in a post-conflict environment with weak capacity. The QAG recommends that, in preparing a complex operation of this type, in addition to assessing safeguards and the reputational risk for the Bank, the Bank must ensure that project planning accommodates these additional challenges. In the Power and Water Project, QAG highlights the important challenges that the Bank can encounter when working in a post-conflict situation while noting the need to remain engaged.

Table 1.3. QEA, QSA, and QALP Reviews during the CAS Period: FY06-09

Type of assessment and project name	Date Approved	Assessment Date	Overall Rating
<i>QEA:</i> National Social Action Rural Development and Private Sector Development	04/24/03		
	05/22/07	09/05/06 10/10/07	S (2) MS (3)
<i>QSA:</i> Institutional Reform and Capacity Building	01/15/04	09/05/06	HS (1)
<i>QALP:</i> Bumbuna Hydroelectric Env. and Social Management Power and Water	06/16/05		
	07/01/04	11/03/08 11/04/08	MS (3) MU (4)

67. **IEG evaluations of ICRs:** During the CAS period, four Bank projects were closed. Implementation Completion Reports (ICRs) were prepared for all four and were reviewed by the Independent Evaluation Group (IEG). Table 4 presents the results of both the completed ICRs and the IEG ratings. Overall, the project ratings were mixed, with approximately 1 satisfactory, 2 moderately satisfactory, and 1 moderately unsatisfactory. For lessons learned, IEG indicated that (1) project design needs to be tailored to country context, and (2) when a project is restructured in a post-conflict country, the project objectives need to be redefined to reflect what can be achieved. Moreover, a realistic timetable to implement sector reforms needs to be developed taking into account the current country situation and local capacity constraints.

Table 1.4. IEG Evaluations of Projects

Project name	IEG ratings of outcome	ICR review date
HIV/AIDs Response (SHARP)	Moderately unsatisfactory	12/24/08
Fourth Economic Rehabilitation and Recovery Grant	Moderately satisfactory	09/14/06
Economic Rehabilitation and Recovery Credit III	Satisfactory	10/18/05
Transport Sector	Moderately satisfactory	07/15/05

68. **Aid Coordination and Harmonization The Bank worked effectively with the development partners.** The Bank worked closely with the African Development Bank (AfDB), the UK Department for International Development (DfID), the European Union (EU) and the United Nations agencies, during the preparation of the CAS. The Bank continues to work closely with these organizations and others, such as GTZ/KfW, the Government of Italy, Irish Aid, and JICA, to implement development assistance.

69. **The Budget Support Donors⁴⁶ including the Bank have agreed on a Framework for Multi-Donor Budget Support (MDBS) backed by a Progress Assessment Framework (PAF).** The PAF is fully consistent with the PRS. The former sets out clear goals, benchmarks, monitorable indicators, and areas of responsibility for the government and for each donor. Annual progress toward PAF benchmarks has been generally adequate. In addition, the IMF and the Bank collaborated closely during the CAS period to assist the government in implementing the PRS, coordinating as to the structural and policy reforms for advice on sector economic questions, and identifying solutions for the government.

International Finance Corporation

70. **IFC’s strategy in Sierra Leone during the CAS period was guided by the Conflict-Affected Countries Strategy.** IFC has been working with the Foreign Investment Advisory Services (FIAS) supported by MIGA and the Private Enterprise Partnership for Africa (PEP Africa) to continue to improve the investment climate through a joint program with UK’s DfID focused on improving the legal and regulatory environment. A complementary program supports the Sierra Leone Business Forum—a platform to facilitate dialogue between the government and the private sector. FIAS also assisted with some aspects of tax policy and with investment and export promotion.

71. **IFC provided support to the Commonwealth Business Council in organizing the Private Sector Forum in 2008.** IFC also is working with IDA to support the Bank of Sierra Leone in setting up a Credit Reference Bureau. In 2007 under the Global Trade Finance Program, IFC signed credit facilities with three banks: Sierra Leone Commercial Bank, Rokel Commercial Bank, and Guaranty Trust Bank. In addition, IFC announced investment in the telecommunications sector in Celtel Sierra Leone to help improve the country’s telephone service.

72. **IFC partnered with KfW of Germany to support the establishment of Procredit Sierra Leone, a microfinance institution.** IFC will provide equity and debt financing as well as a TA grant. The company already started operations, and IFC’s investment was originally expected to be completed by the end of 2008, but is still in progress. In addition, to reach small farmers and rural enterprises, IFC will work more with trading companies and financial intermediaries, helping to effectively channel financing and advisory services.

⁴⁶ AfDB, DfID, EC, and WB.

Multilateral Investment Guarantee Agency

73. **MIGA's portfolio in Sierra Leone during the CAS period consisted of 1 project in support of the country's services sector, with a remaining gross exposure of US\$5.0 million.** Contracts for this investment were signed under the agency's Small Investment Program (SIP). The project, financed by investors from the United Kingdom, provides container scanning services and port security compliance advice for the ports of Freetown, Nitti, and Kissy. The project will help the country comply with new international security requirements and should facilitate exports from Sierra Leone to international markets.

Regional Integration

74. **During the CAS period, the Bank supported Sierra Leone's effort to embrace regional integration as one element of its reconstruction through its active membership in the Economic Community of West African States (ECOWAS) and the Mano River Union.** It was the first member outside the West African Economic Monetary Union (WAEMU) to adopt the ECOWAS Common External Tariff (CET) which is based on the WAEMU tariff. Sierra Leone is actively participating in a number of regional initiatives under preparation. One, the West Africa Fisheries Project, supports collaborative efforts among nine West Africa countries to reduce illegal fishing, strengthen countries' capacity to govern and manage their fisheries, and increase the value and profitability of this resource as well as the proportion captured by local fishermen. Another, the West Africa Regional Mineral Sector Initiative, seeks to improve governments' capacity to manage their minerals sectors transparently and efficiently and to facilitate regional harmonization and coordination in the development of the mining sector within the Mano River Union.

V. Lessons Learned

What Worked Well:

75. In general, the Bank assistance contributed to development progress in Sierra Leone during the CAS period, but only some CAS outcomes were achieved. The following section highlights positive achievements in a number of areas.

76. **Improvements in the decentralization agenda have been viable during the CAS period.** The Bank's contribution has helped to build a solid foundation for the fiscal transfer system, which is in place. Local councils' capacity in participatory planning, budgeting, financial management, procurement, and project implementation developed rapidly—as a result of intensive training and monitoring. Decentralization stimulated PFM reforms. The former was driven largely by the Bank's team and the government's commitment to reform supported by donors. However, challenges remain, particularly related to the overall shortage of professionals in the post-conflict country, ability of local councils to attract and retain staff, high dependence on central government transfers, traditional authorities' lack of commitment to reform, and lack of leadership of the reform process.

77. **Reforms in the public financial management framework and system have been effective.** The Bank's support has helped to provide a solid platform in the PFM system that supports fiscal discipline, effective allocation of money, and improved predictability. This platform will help to support the next phase of PFM reforms within an integrated program, which will ensure sustainability and consolidation of reforms.

78. **Community-driven development initiatives have empowered communities to manage their own development.** Given Sierra Leone's post-conflict environment, the community-based approach to address inadequate access to social infrastructure services has been the right choice. In addition, the Bank's involvement improved decentralization and capacity building within the local governments and strengthened public financial management. This has provided a foundation for improving service delivery. In future interventions, the Bank should focus on how it can engage at the grassroots level and institutionalize community participation in planning, implementation, and monitoring local development interventions.

79. **Development policy lending helped to improve policy reforms in certain areas.** At the same time, due to the macroeconomic framework, there have been recent slippages, which delayed the second development policy lending operations (GRGC-2). Given that development policy lending depends on a stable macroeconomic environment, this kind of support is quite volatile in a country such as Sierra Leone, which has a limited IDA envelope. Therefore, the Bank followed a balanced approach emphasizing project support when development policy lending might not be as effective. For example, for service-delivery, project support may be a better instrument to smooth out expenditures on basic services.

What Worked Less Well:

80. **Improving governance issues in infrastructure development was less successful during the CAS period.** Improving infrastructure made less progress and remains a key impediment to a better investment climate and delivery of basic social services. While the Bank was committed to improve infrastructure (energy, transport, and water), weak governance contributed to limited results. Thus, substantial gaps remain. The CAS implementation showed that, due to entrenched vested interests, governance reforms in power and roads are complicated. While some progress has been made, the Bank should incorporate a more positive and strategic approach to governance. The Bank should unbundle governance issues to implementable levels and seek more in-depth understanding of causal factors. Furthermore, quality and coverage of service delivery could be strengthened through additional work in PFM, decentralization, and direct support for basic service delivery.

81. **Complex and unrealistic project design led to slower implementation.** During the review period, it was noticed that the design of some projects was too complex with too many subcomponents, large geographic coverage, and numerous implementing agencies involved. These complications resulted in poor performance and implementation delays. Multisectoral initiatives such as the Rural and Private Sector Development Project increased institutional tensions and diffused accountability. The limited administrative capacity in a fragile state setting is still binding in Sierra Leone and needs to be taken into account. Future project designs should be simpler, align with implementation capacity, and avoid overburdening projects with ambitious objectives and outcomes.

82. **The political transition affected CAS implementation both before and after the election, particularly due to change in ministry staff.** The election period and change of government (from the ruling party to the opposition) undoubtedly impacted on the implementation of the CAS more than had been anticipated. The democratic elections were an important milestone in Sierra Leone's transition from a post-conflict to a democratic country. Nevertheless, the transition brought with it some "transaction costs" in loss of capacity within the government and delays in the formulation of policies. In addition, many new ministries and their staff were new and needed time to understand and/or agree with all aspects of the reforms financed by the donor community. The Bank will seek to mitigate, this risk in the future, by broadening and deepening its outreach on development policy to the government, and other stakeholders.

83. **For better monitoring and evaluation, focus on fewer monitorable outcomes and greater availability of baseline data.** The FY06 CAS set out too many outcomes and multiple indicators that

were not monitorable. This tangle made it necessary to revise the results framework of the CAS at the time of CASPR.

84. **Capacity issues need to be taken into consideration during project preparation and implementation.** Low institutional capacity seemed to delay project implementation and reduce the likelihood of achieving project objectives and CAS outcomes. Therefore, project preparation must take into account the government's capacity, and only projects that are ready for implementation should proceed.

85. **Fragile states require more intensive interactions between government and World Bank staff during preparation and supervision.** There is a need to help government to track progress, address bottlenecks, and adjust to delay in program implementation. The experience during Sierra Leone's CAS period shows that government commitment to certain reforms contributed positively to some CAS outcomes (PFM, decentralization). At the same time, government's difficulties in dealing with politically sensitive issues on some reforms (power, transport, agriculture) led to slower CAS implementation than expected.

Table A1. CAS Completion Results Matrix

Strategic objectives and outcomes	FY06 CAS Key CAS outcome indicators	Status at CAS completion report	Lessons learned
Pillar 1: Governance, Decentralization, and Public Financial Management			
<p>Outcome 1: Local Government (LG) able to effectively leverage and manage resources to deliver key basic services</p>	<ul style="list-style-type: none"> • All 19 elected local councils have 3-year rolling development plans prepared through participatory processes. • All 19 elected local councils prepare a budget consistent with Section 67 of Local Government Act 2004. • 14 of 19 LCs are able to maintain same access rate to primary education as before transfer. • 14 of 19 LCs are able maintain same access to primary health care as before transfer. 	<ul style="list-style-type: none"> • All 19 local councils have 3-year rolling development plans linked to PRSP and MDG goals. • All 19 elected councils prepared FY08 budgets, and 2009 budget circular was issued in June 2008. In December 2008, all 19 LCs completed final draft budget compliance with LGA Act. • Aggregate transfers to LCs are gazetted as part of quarterly fiscal statement. • On average, access and citizen satisfaction regarding primary education and primary health improved between 2005 and 2007. 	<p>Satisfactory progress has been made towards inclusive, effective, and accountable local governance. All 19 LCs should be able to maintain and coverage and quality of services. .</p> <p>When responsibilities and funds were given to LCs with intensive support quality of public work and service delivery improved. Decentralization liberated suppressed capacity and was most enthusiastically embraced by local officials.</p>
<p>Outcome 2: Improve transparency and accountability of public resource management at central government</p>	<ul style="list-style-type: none"> • 90% of donor funding is captured in budgets and fiscal reports using government budget classifications by program and object of expenditures. • Reports on poverty-related expenditure by function are gazetted quarterly. • 90% of funds budgeted in procurement plan are expended for intended purposes. • 95% of recorded transactions are reconciled to bank accounts within 1 month. • 14 of 19 elected LCs meet transparency and financial management accountability 	<ul style="list-style-type: none"> • 63% of donor funding for 2006 is recorded by MoFED; only IRCBP has been captured in IFMIS. • New Chart of Accounts is adopted, allowing tracking poverty expenditure. Quarterly data on functional expenditures was gazetted. 2007 PETS was conducted and draft report produced. • IFMS is implemented in 2005. Backlog in production of accounts removed by 2007. • 50% of funds expended for purposes stated in approved 2006 procurement plans; 59% of 	

Strategic objectives and outcomes	FY06 CAS Key CAS outcome indicators	Status at CAS completion report	Lessons learned
	<p>requirement as per LGA 2004 (secs. 107, 81, 105).</p>	<p>procurement used methodology in approved procurement plans; 67% of procurement is not more than 15% higher than amounts in approved plan.</p> <ul style="list-style-type: none"> • 14 out of 19 LCs are displaying monthly financial statements; 15 display development plans. 18 LCs prepared 2006 accounts; audits of 2005 accounts have been undertaken for 16. 18 have asset inventories. 	
<p>Outcome 3: Improve investment climate and access to long-term finance</p>	<ul style="list-style-type: none"> • Private sector credit as share of GDP increased to 7 % (from 4.5 % in 2005). • Adoption of four reform actions is recognized by World Bank “Doing Business” indicators. • Number of bank accounts increased to 250,000 from 160,000 in 2005. • Cabinet adopted Financial Sector Development Plan informed by June 2008 Action Plan and validated by public consultation. • Submits to Parliament Companies Act, Bankruptcy Act, and Payment Systems Act. • Selling agent is appointed for at least one state-owned bank. 	<ul style="list-style-type: none"> • Private sector credit as a share of GDP increased from 4.5% to 6 %. • Some administrative barriers have been removed; substantive program of legislative reform has been initiated. • It is estimated that number of bank accounts increased to 200,000 approximately in 2008. (estimate not actual) • Companies Act, Bankruptcy Act, and Payment System Act have been enacted. • A program for National Financial Sector Development Plan has been initiated. • Interim steps have been taken to recapitalize Central Bank and create instruments for open market operations. • Privatization of state-controlled financial institutions has stalled. 	<p>While improvements have been made in investment climate and regulatory environment but there remains a large agenda to improve Sierra Leone’s investment climate. Next CAS will provide more intensive dialogue on financial sector and PSD. In this regard, IFC should have more active role to play in country dialogue.</p>

Strategic objectives and outcomes	FY06 CAS Key CAS outcome indicators	Status at CAS completion report	Lessons learned
<p>Outcome 4: Improve access to key infrastructure services</p>	<ul style="list-style-type: none"> • Ensures that adequate roads in four selected districts (supported by TDP) have appropriate access to main road network. • Freetown received minimum continuous electrical power supply of at least 37.8 mw • Increased volume of water is supplied to Freetown from a base of 95,340 m³/day. 	<ul style="list-style-type: none"> • 161 km of community access roads have been completed; an additional 35 km yet to be completed in 3 district councils (Kailahun, Kono, Koinadugu). Progress has been made in connecting feeder roads to main roads in selected districts. However, not all main roads are impassable. • Power generation for Freetown has been achieved through emergency power program and addressing long-overdue issues relating to distribution and collection. • Bumbuna Hydroelectric facility impounded; generation anticipated for FY11. 	<p>Lagging performance of power utility sector has been disappointing. Bank needs to look into options of how to improve overall power distribution and access – possibility of channeling assistance outside of NPA and Ministry of Energy until major improvements are made in those two entities.</p> <p>In road sector, SLRA need to involve local councils and other stakeholders into dialogue.</p>
<p>Outcome 5: Increase agriculture production in targeted areas</p>	<ul style="list-style-type: none"> • Increased rice production increased from 2002 base of 422,000 MT to 700,000 MT in 2009. 	<ul style="list-style-type: none"> • Regulatory capacity development and support to increase private sector participation in provision of inputs is yet to commence due to delays in implementation of RPSDP 	<p>ongoing Rural and Private sector project recently has been restructured and Bank's need to have a clear strategy how to improve overall agricultural production.</p>
<p>Outcome 6: Improve management of mining sector</p>	<p>(1) Increase efficiency and transparency of mining sector management by government:</p> <ul style="list-style-type: none"> • Model mineral development agreements are applied consistently to new industrial-scale projects 	<ul style="list-style-type: none"> • Laws and regulations had not been revised since 2005. Cadastral system has expanded but not as much as expected. • Extension services have not been expanded much and ride on back 	

Strategic objectives and outcomes	FY06 CAS Key CAS outcome indicators	Status at CAS completion report	Lessons learned
	<ul style="list-style-type: none"> All mining licenses are issued through computerized nondiscretionary and transparent mining cadastre system. 	<p>of mines monitors, who have other duties.</p>	
<p>Outcome 7: Re-establish education services and improve quality and equity in targeted districts</p>	<ul style="list-style-type: none"> Increase PCR from < 50% in 2001 to 70% in 2009 in targeted districts. 20% increase in enrollment on average for girls in primary schools in targeted districts. 20% increase in passing rates of students taking BECE. Pupil/textbook ratio reaches 1:1 at basic level in core textbooks by 2009. 	<ul style="list-style-type: none"> PCR increased from 33% in 2001 to 87% in 2007. Girls' enrollment increased from 45% (2005) to is 47% (2007) and 41% in junior secondary. BECE pass rate increased from 68.3% in 2001 to 72.5% in 2007 nationwide. Pupil/textbook ratio is still less than 1:1 at basic level of core textbooks. 	<p>Progress on access to education improved but greater focus on educational quality needed.</p>
<p>Outcome 8: Improve access to basic health services in four districts</p>	<ul style="list-style-type: none"> % of population within 5 km radius from nearest PHU in 4 priority districts increases from 41% to at least 60%. % of children aged 12–23 months who are completely immunized is at least 75%. % of children under 5 years of age in 4 districts who sleep regularly under insecticide-treated bed nets is at least 40%. % of TB smear-positive cases successfully treated under DOTS strategy in 4 districts is at least 85%. 	<ul style="list-style-type: none"> Population within 5 km radius from nearest PHU, in four priority districts increased to 67.3% (2008), % children aged 12-23 months completely immunized was 79.7 (2008)%, % children under five years of age in four districts who sleep regularly under insecticide-treated bed nets is 67.2%. % TB smear-positive cases successfully treated under DOTS strategy in 4 districts is 81.6%. 	

Strategic objectives and outcomes	FY06 CAS Key CAS outcome indicators	Status at CAS completion report	Lessons learned
<p>Outcome 9: Improve capacity to manage social risk</p>	<ul style="list-style-type: none"> • Social protection strategy for Ministry of Social Welfare, Gender and Children’s Affairs with conditional cash transfer based on primary education enrollment and completion rates. • XX persons reached through conditional cash transfer programs. 	<ul style="list-style-type: none"> • In April 2008, a Concept Paper (Developing a Social Protection Strategy for Sierra Leone) was prepared by NACSA, in collaboration with Ministry of Labor and Employment. This has been circulated to launch a Cabinet level discussion. In meantime, NACSA is expected to lead dialogue in this area. • Through the Bank supported “Cash for Work Program” as of now 42,000 persons days of employment has been created. 	

Table A2: Planned Lending and Actual Deliveries FY06-FY09

FY	FY06 CAS plans	Planned amount (US\$)	Current Status	Approval Date	Approved Amount (US\$)
FY06	IDP Transport	\$43	Actual	12/06/05	\$44
	Subtotal FY06	\$43	Subtotal FY06		\$44
FY07	Development Policy Support (GRGG 1)	\$10	Actual	12/14/06	\$10
	Rural and Private Sector Development	\$28	Actual	05/22/07	\$30
	Mining Sector TA	\$5	Postponed		
			Health Sector Additional Financing		\$8
	Subtotal FY07	\$43	Subtotal FY07		\$48
FY08	Development Policy Support (GRGC 2)	\$10	Postponed to FY09		
	Health/Education project	\$33	Reconsidered- Decentralized Service Delivery Project FY10		
			IDP Transport – additional financing		\$11
	Subtotal FY08	\$43	Subtotal FY08		\$11
FY09	Development Policy Support (GRGC 2)	\$10	GRGC 2	09/05/08	10
	Basic Services	\$15			
	Public Sector Reform Capacity Building	\$4	Public Financial Management Reform Program		\$4
	Subtotal FY09	\$29	Subtotal FY09		\$14
	Total FY06-09	\$158	Total FY06-09		\$117

Table A3: Planned Non-lending Services and Deliveries FY06-FY09.

FY	CAS Plan	Completion Report Status
FY06	CEM	Dropped
	Poverty Assessment	Postponed to FY09
	FSAP	Actual (FY08); Post FSAP Strategic Road Map
	Regional Trade Insurance	Diagnostic Trade Integration Study (DTIS) (FY06)
	Education Country Status Report	Actual (FY06)
	Social Accountability Study	Actual (FY08) Social Protection Disabilities
FY07	PER	Postponed to FY10
	PFM Performance Report	Actual (FY08)
	Labor Market and Youth Study	Youth Employment. (FY07)
	PSIA (Power and Mining)	ESMAP Technical and Financial Review of NPA (FY07)
	Integrated Trade Framework	Actual (FY06) Diagnostic Trade Integration Study.
FY08	Public Sector Reform and Capacity Building	Dropped.
	Decentralization Impact Study	Postponed to FY09
	Investment Climate Impact Analysis	Actual (FY09)
	Social Protection Strategy	Actual (FY08) Social Protection Disabilities.
FY09	SME Review	Under preparation.

Appendix 4a: World Bank Portfolio and Pipeline

Data as of December 1, 2009 (US\$ million)

Project no.	Project name	Trust fund name	Approval date	Effective date	Net Commitment (US\$ 000)	Disbursement to date
Human Development						
P074320 ¹	SL-Basic Edu Rehab (FY03)		2/25/03	05/15/2003	20.00	22.32
P109834	SL-Impact Evaluation (FY10)	SIERRA LEONE APEIE TEXTBOOK DISTRIBUTION AND TEACHER TRAINING		03/06/2008	0.28	0.16
P074320	SL-Basic Edu Rehab (FY03)	SIERRA LEONE EDUCATION FOR ALL FAST TRACK CATALYTIC GRANT		09/15/2008	13.90	3.00
P074128	SL-Health Sec Reconstr and Dev (FY03)		2/25/03	05/28/2003	28.00	26.90
P104422	SL-Avian Flu Rapid Assessment (FY07)	SIERRA LEONE: AVIAN INFLUENZA PREPAREDNESS - RAPID ASSESSMENT		12/20/2006	0.09	0.09
P072796	SL LF Elimination in Sierra Leone (FY08)	WHO: MULTI DRUG ADMINISTRATION IN FIRST GROUP OF SIX DISTRICTS OF THE REPUBLIC OF SIERRA LEONE		06/26/2007	0.1	0.1
P110535	SL-Reprod. and Child Hlth - Phase 2 (FY09)	PHASE II: SIERRA LEONE: REPRODUCTIVE AND CHILD HEALTH PROJECT		01/08/2008	0.09	0.06
P079335	SL-Natl Soc Action (FY03)		4/24/03	8/11/03	35.00	37.94
P079335	SL-Natl Soc Action (FY03)	JSDF-SIERRA LEONE: CAPACITY DEVELOPMENT TO STRENGTHEN SOCIAL CAPITAL		02/21/2005	1.89	1.89
P113141	SL-Nat Soc Action Prog - Add Fin (FY09)	COFINANCING OF THE NATIONAL SOCIAL ACTION PROJECT		08/18/2008	7.00	4.00
P118226	SI-Second Additional Grant for the Co-Financing of the National Social Action Project	SL-SECOND ADDITIONAL GRANT FOR THE CO-FINANCING OF THE NATIONAL SOCIAL ACTION PROJECT (NSAP),		11/19/2009	1.0	0
P109287	SL-Youth Employment NACSA	CHYAO AFRICA -YOUTH EMPLOYMENT IN SIERRA LEONE/NACSA (BANK-EXECUTED)		10/01/2007	0.008	0.006
P109287	SL-Youth Employment NACSA	CHYAO AFRICA -YOUTH EMPLOYMENT IN SIERRA LEONE/NACSA (RECIPIENT-EXECUTED)		10/24/2007	0.18	0.10
P109165	Sierra Leone Youth Employment UNDP	CHYAO AFRICA -YOUTH EMPLOYMENT IN SIERRA LEONE/UNDP (BANK-EXECUTED)		10/01/2007	0.009	0.007
P109165	Sierra Leone Youth Employment UNDP	CHYAO AFRICA -YOUTH EMPLOYMENT IN SIERRA LEONE/UNDP (RECIPIENT-EXECUTED)		11/14/2007	0.16	0.1

Project no.	Project name	Trust fund name	Approval date	Effective date	Net Commitment (US\$ 000)	Disbursement to date
P109364	SL-Skills Trg and Career Dev (FY07)	CHYAO AFRICA - SKILLS TRAINING AND CAREER DEVELOPMENT PROJECT FOR DISADVANTAGED AND DISABLED YOUTHS IN SIERRA LEONE/AV SI		01/11/2008	0.45	0.43
P109364	SL-Skills Trg and Career Dev (FY07)	SL-AVSI/SKILLS TRAINING AND CAREER DEVELOPMENT PROJ FOR DISADVANTAGED AND DISABLED YOUTH		10/01/2007	0.015	0.014
P109339	SL-Vocational Trg Youth West/Kono (FY07)	CHYAO AFRICA -- VOCATIONAL TRAINING FOR YOUTHS WITH DISABILITIES IN WESTERN AREA AND KONO DISTRICTS OF SIERRA LEONE/CO OPI		10/01/2007	0.015	0.011
P109339	SL-Vocational Trg Youth West/Kono (FY07)	SL-COOPI/VOCATIONAL TRAINING FOR YOUTH WITH DISABILITIES IN WESTERN AND KONO DISTRICTS		11/26/2007	0.48	0.45
P109368	SL- Support to Basic Education. (FY08)	CHYAO AFRICA -- SUPPORT TO EDUCATION OF WAR-AFFECTED CHILDREN IN THE NORTHERN PROVINCE OF SIERRA LEONE		04/03/2008	0.47	0.42
					109.14	98.00
Infrastructure and Agriculture						
P078389	SL-IDP Transp (FY06)		12/6/05	05/19/2006	55.00	20.56
P087203	SL-Power and Water SIL (FY05)		7/1/04	09/30/2004	35.00	26.60
P104662	SL-Freetown Water Supply Rehab. (FY07)		1/30/07	11/28/2007	6.8	2.55
P086801	SL-Bumbuna Env. and Social SIL (FY05)		6/16/05	12/19/2006	12.50	11.32
P093878	SL-CF Bumbuna Hydro Compl SIL (FY05)	SIERRA LEONE BUM BUNA HYDRO		08/23/2007	7.7	0.00
P096105	SL-Rural Dev and Priv Sec Dev SIL		5/22/07	06/30/2008	30.00	4.73
					147.0	65.76
Decentralization, governance and Public Financial Management						
P113757	SL-Decentr. Serv. Del. Program (FY10)		10/15/09		20.0	0
P107335	SL-GRG 3 DPL		11/24/09		10.0	0
P102801 P103733	Judicial Reform in Post-conflict Country	TFESSD SOCIAL WINDOW: SUPPORTING ACCESSIBLE JUSTICE SYSTEMS IN POST CONFLICT COUNTRIES		08/15/2006	0.33	0.30
P096083 P108208	JSDf: Developing A model for Delivering Primary Justice Service	JSDf-SIERRA LEONE: CAPACITY DEVELOPMENT TO STRENGTHEN SOCIAL CAPITAL		10/24/2006	0.99	0.94

Project no.	Project name	Trust fund name	Approval date	Effective date	Net Commitment (US\$ 000)	Disbursement to date
IFC-00548665		SIERRA LEONE BUSINESS FORUM		02/21/2007	1.00	0.93
IFC-00561268		SIERRA LEONE TAX ROLLOUT		07/01/2007	0.50	0.09
IFC-00541463 /00543125		FIAS SIERRA LEONE Dfid CONTRIBUTION TO SLIEPA		03/25/2008	2.34	1.86
IFC-00541463		FIAS SIERRA LEONE COUNTRY PROGR RABI III		02/27/2008	1.3	1.0
P114312	FIRST #8045 - Financial Sector Dev Plan	FIRST# 8045: SIERRA LEONE: FINANCIAL SECTOR DEVELOPMENT PLAN (FSDP)		09/19/2008	0.35	0.14
P099939	SL- EITI Implementation	SIERRA LEONE: SUPPORT TO EITI IMPLEMENTATION		04/21/2009	0.31	0.05
P114113	Strengthening Capacity of Directorate Office of Diaspora Affairs for Developing Capacity in Public Sector	STRENGTHENING CAPACITY OF DIRECTORATE OFFICE OF DIASPORA AFFAIRS FOR DEVELOPING CAPACITY DEVELOPMENT IN PUBLIC SECTOR		03/25/2009	0.45	0.1
P116944	SL-Capacity Building for Social Capital	SIERRA LEONE: Capacity Development to Strengthen Social Capital (GoBifo Project)		06/30/2009	0.1	0.095
P112769	SL-Stat-CAP	SL-STAT-CAP		01/27/2008	0.12	0.05
P094411	SL- Debt Buy-Back operation	DRF SIERRA LEONE -PREPARATION		04/24/2009	0.95	0
IFC-00562368	SL-RABI Phase 2	Removing Administrative Barriers to Investment (RABI) Phase 2		02/11/2009	0.18	0.014
IFC-00565247	SLIEPA	Promoting Tourism and Investment		08/01/2009	0.02	0.018
P117453	SL:Governance and PEA in Sierra Leone	W2-Governance and Political Economy Analysis in Critical Sectors in Emerging Post-Conflict Site		07/01/2009	0.33	0.15
IFC-00565967	SL Tourism	SL Tourism		05/15/2008	0.50	0.18
P119286	Development of Institutional and Legal PPP Framework	PPIAF: SIERRA LEONE: Development of Institutional and Legal PPP Framework		09/16/2009	0.07	0.001
P108060	Sierra Leone Integrated Public Financial Management Reform Program (IPFMRP),	Sierra Leone Integrated Public Financial Management Reform Program (IPFMRP)		11/20/2000	1.04	0

Project no.	Project name	Trust fund name	Approval date	Effective date	Net Commitment (US\$ 000)	Disbursement to date
					40.88	5.92
Total					297.02	169.68
Source: Note: Grey lines are IDA allocations. White lines are TFs (both country and Bank executed).						

Appendix 4b: AfDB ongoing portfolio

30/09/2009

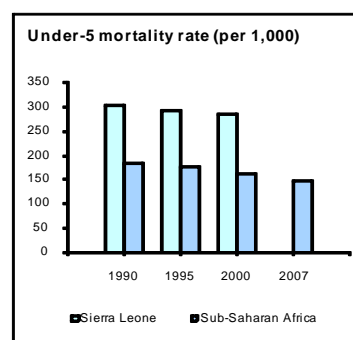
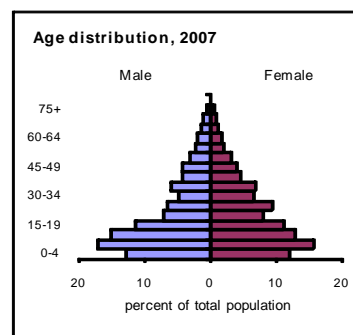
N°	Sector	Project Title	Approval Date	Effective Date	Disb. Deadline	Approved Loan (UA)	Disbursed	Undisbursed	% Disbursed
1	AGRI	Agriculture Sector Rehabilitation Project	02.02.2005	21.02.2006	31.12.2011	12,000,000.00	1,896,420.60	10,103,579.40	
	AGRI	Artisanal Fisheries Development	25.10.2001	07.01.2003	31.12.2009	10,000,000.00	5,264,261.22	8,072,710.25	52.64
3	AGRI	NERICA Dissemination Project	26.09.2003	20.03.2005	31.12.2010	2,850,000.00	1,114,040.91	1,735,959.09	39.09
4	TRANS	Matotoka – Sefadu Road Studies	09.03.2006	12.08.2008	30.09.2010	1,990,000.00	462,343.77	1,527,656.23	23.24
5	WATSAN	Water Supply & Sanitation Study	30.06.2004	09.03.2006	30.04.2009	850,000.00	434,649.74	415,350.26	51.14
6	POWER	Bumbuna Hydroelectric – Supplementary Loan	08.10.2008	17.04.2009	28.02.2010	10,300,000.00	4,280,740.75	6,019,259.25	41.56
7	SOCIAL	Support to Basic & non-formal education (Educ III)	16.10.2002	25.08.2003	30.06.2010	16,000,000.00	11,147,884.55	4,852,115.45	69.67
8	SOCIAL	Strengthening of District Health Services	07.09.2005	21.11.2007	31.12.2011	17,000,000.00	4,781,388.67	12,218,611.33	28.13
9	SOCIAL	Social Action Support Project (SASP)	11.06.2003	23.04.2004	31.12.2010	12,000,000.00	6,510,028.75	5,489,971.25	54.25
10	MULTI-SECT	Inst. Support Public Financial Management & Energy Sector Pro.	20.10.2004	19.07.2006	31.12.2011	2,790,000.00	2,175,754.64	614,245.36	77.98
11	MULTI-SECT	Economic Governance Reform Program	06.05.2009	02.07.2009	31.12.2011	10,000,000.00	5,500,000.00	4,500,000.00	55.50
TOTAL: 11 ON-GOING PROJECTS						!G68 Is Not In Table	!H68 Is Not In Table	52,212,486.40	45.49

Appendix 5: Sierra Leone at a Glance - CAS Annex A2

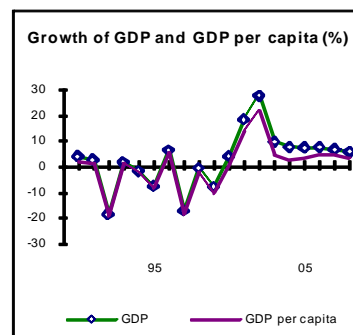
Sierra Leone at a glance

10/23/09

Key Development Indicators (2008)	Sierra Leone	Sub-Saharan Africa	Low income
Population, mid-year (millions)	6.0	800	1,296
Surface area (thousand sq. km)	72	24,242	2,1846
Population growth (%)	1.8	2.4	2.2
Urban population (% of total population)	37	36	32
GNI (Atlas method, US\$ billions)	1.8	761	744
GNI per capita (Atlas method, US\$)	300	951	574
GNI per capita (PPP, international \$)	660	1,869	1,489
GDP growth (%)	5.5	6.2	6.4
GDP per capita growth (%)	3.6	3.8	4.2
(most recent estimate, 2003–2008)			
Poverty headcount ratio at \$ 125 a day (PPP, %)	53	51	..
Poverty headcount ratio at \$ 2.00 a day (PPP, %)	76	73	..
Life expectancy at birth (years)	47	51	57
Infant mortality (per 1,000 live births)	170	89	80
Child malnutrition (% of children under 5)	..	27	28
Adult literacy, male (% of ages 15 and older)	50	71	72
Adult literacy, female (% of ages 15 and older)	27	54	55
Gross primary enrollment, male (% of age group)	93	99	100
Gross primary enrollment, female (% of age group)	65	88	89
Access to an improved water source (% of population)	47	58	68
Access to improved sanitation facilities (% of population)	30	31	39



Net Aid Flows	1980	1990	2000	2008 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	91	59	181	535
<i>Top 3 donors (in 2007):</i>				
United Kingdom	5	4	68	88
European Commission	8	8	14	72
Netherlands	4	1	3	47
Aid (% of GNI)	7.4	21.5	28.8	32.9
Aid per capita (US\$)	28	15	40	92
Long-Term Economic Trends				
Consumer prices (annual % change)	14.0	98.3	-0.2	12.2
GDP implicit deflator (annual % change)	..	77.3	6.1	11.2
Exchange rate (annual average, local per US\$)	1.0	15.15	2,092.1	2,982.3
Terms of trade index (2000 = 100)	..	..	..	..
Population, mid-year (millions) b/	3.2	4.1	4.5	6.0
GDP (US\$ millions)	1,231	649	636	1,954
<i>(% of GDP)</i>				
Agriculture	..	..	..	..
Industry	..	..	..	..
Manufacturing	..	..	..	..
Services	..	..	..	..
Household final consumption expenditure	90.7	81.3	98.0	85.8
General govt final consumption expenditure	7.0	8.9	15.2	12.5
Gross capital formation	19.1	13.0	8.0	14.7
Exports of goods and services	23.0	29	18.1	16.3
Imports of goods and services	39.7	32	39.3	29.4
Gross savings	2.4	10	-0.8	3.5



1980–90 1990–2000 2000–08
(average annual growth %)

2.3	1.0	3.4
3.1	-5.0	10.3

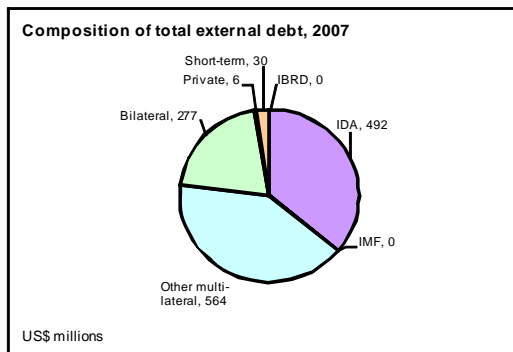
Sierra Leone at a Glance (cont.)

Sierra Leone

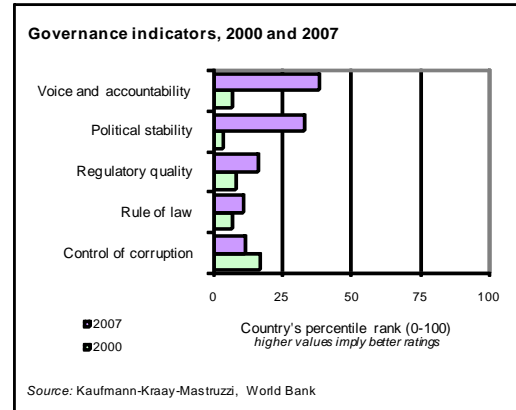
Balance of Payments and Trade	2000	2008
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	73	257
Total merchandise imports (fob)	-137	-470
Net trade in goods and services	-143	-294
Current account balance	-56	-219
as a % of GDP	-8.8	-11.2
Workers' remittances and compensation of employees (receipts)	..	..
Reserves, including gold	50	209

Central Government Finance	2000	2008
<i>(% of GDP)</i>		
Current revenue (including grants)	19.4	15.9
Tax revenue	10.8	10.8
Current expenditure	22.7	14.6
Overall surplus/deficit	-9.3	-4.8
Highest marginal tax rate (%)		
Individual	..	30
Corporate	..	30

External Debt and Resource Flows	2000	2008
<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	1,176	1,369
Total debt service	54	75
Debt relief (HIPC, MDR)	857	352
Total debt (% of GDP)	184.9	82.3
Total debt service (% of exports)	41.3	20.6
Foreign direct investment (net inflows)	39	70
Portfolio equity (net inflows)	0	0



Private Sector Development	2000	2008
Time required to start a business (days)	-	17
Cost to start a business (% of GNI per capita)	-	56.2
Time required to register property (days)	-	86
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2007
n.a.	..	..
n.a.	..	..
Stock market capitalization (% of GDP)	..	..
Bank capital to asset ratio (%)	18.5	17.7



Technology and Infrastructure	2000	2007
Paved roads (% of total)	7.9	..
Fixed line and mobile phone subscribers (per 100 people)	1	..
High technology exports (% of manufactured exports)	311	..

Environment	2000	2007
Agricultural land (% of land area)	38	40
Forest area (% of land area)	39.8	38.5
Nationally protected areas (% of land area)	..	2.1
Freshwater resources per capita (cu. meters)	32,493	27,358
Freshwater withdrawal (billion cubic meters)	0.4	..
CO2 emissions per capita (mt)	0.12	0.17
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	..	..
Energy use per capita (kg of oil equivalent)	..	..

World Bank Group portfolio	2000	2007
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Principal repayments	0	0
Interest payments	0	0
IDA		
Total debt outstanding and disbursed	354	492
Disbursements	70	16
Total debt service	4	11
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	2	0
Disbursements for IFC own account	0	0
Portfolio sales, prepayments and repayments for IFC own account	1	0
MIGA		
Gross exposure	0	5
New guarantees	0	0

Appendix 6: Social and Economic Indicators

Sierra Leone Social Indicators

	Latest single year			Same region/income group	
	1980–85	1990–95	2001–07	Sub-Saharan Africa	Low-income
POPULATION					
Total population, mid-year (mil)	3.6	4.1	5.8	799.8	1,295.7
Growth rate (% annual average for period)	2.0	0.3	3.6	2.5	2.2
Urban population (% of population)	31.6	34.2	37.4	35.9	31.7
Total fertility rate (births per woman)	6.5	6.5	6.5	5.2	4.3
POVERTY					
<i>(% of population)</i>					
National headcount index	..	..	66.4	..	..
Urban headcount index	..	..	27.4	..	..
Rural headcount index	..	..	74.8	..	..
INCOME					
GNI per capita (US\$)	260	190	260	952	578
Consumer price index (2000=100)	0	39	166	137	150
Food price index (2000=100)	..	..	..	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	62.9	40.0	..	..
Lowest quintile (% of income or consumption)	..	1.1	6.5	..	..
Highest quintile (% of income or consumption)	..	63.8	47.3	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (% of GDP)	..	..	1.9	2.6	1.5
Education (% of GDP)	..	..	3.8	4.2	..
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	43	..	70	73
Male	..	50	..	72	76
Female	..	36	..	67	69
Access to an improved water source					
<i>(% of population)</i>					
Total	..	57	53	58	68
Urban	..	72	83	81	84
Rural	..	50	32	46	60
Immunization rate					
<i>(% of children ages 12–23 months)</i>					

Measles	..	..	67	72	76
DPT	..	..	64	73	77
Child malnutrition (% under 5 years)	..	..	..	27	29
Life expectancy at birth					
(years)					
Total	39	39	42	50	57
Male	38	38	41	49	56
Female	41	41	44	52	58
Mortality					
Infant (per 1,000 live births)	173	165	159	94	85
Under 5 (per 1,000)	299	282	270	157	135
Adult (15–59)					
Male (per 1,000 population)	540	601	412	421	310
Female (per 1,000 population)	527	492	349	391	272
Maternal (modeled, per 100,000 live births)	..	..	2,100	900	780
Births attended by skilled health staff (%)	..	..	43	45	41

Source: World Development Indicators database, World Bank, September 10, 2008.

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12–23 months who received vaccinations before 1 year of age or at any time before the survey.

Appendix 7: IFC and MIGA Programs for Sierra Leone

CAS Appendix B3
As of Date 12/10/2009

Annex B3

Sierra Leone: IFC Investment Operations Program

	2007	2008	2009	2010*
<u>Commitments (US\$m)</u>				
Gross	50.00	1.61	7.16	1.05
Net**	25.00	1.61	7.16	1.05
<u>Net Commitments by Sector (%)</u>				
GUARANTEE		100	100	100
LOAN	100			
Total	100	100	100	100
<u>Net Commitments by Investment Instrument (%)</u>				
Guarantee		100	100	100
Loan	100			
Total	100	100	100	100

As of March 31, 2010
* IFC's Own Account only

MIGA Program

MIGA Outstanding Exposure (Gross Exposure, \$ million)	As of end of fiscal year					
	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Guaranteed Investments into Sierra Leone	0	0	8.4	5.0	5.0	10.7
Guaranteed Investment to Sierra Leonian Investors	0	0	0	0	0	0

Appendix 8: IFC's Committed and Outstanding Portfolio

CAS Annex B8 (IFC)												
Sierra Leone												
Committed and Disbursed Outstanding Investment Portfolio												
As of December 15, 2009												
(In USD Millions)												
		Committed					Disbursed Outstanding					
<u>FY Approval</u>	<u>Company</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>	
2002/ 2007	CeltelSierraLeon	25.0	0.0	0.0	0.0	25.0	8.4	0.0	0	0.0	8.4	
2008/ 2009	SL Commer Bank	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.8	0.0	
2009	Rokel	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.0	
2009	GTB	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	2.5	0.0	
Total Portfolio:		25.0	0.0	0.0	3.6	25.0	8.4	0.0	0.0	3.6	8.4	

Appendix 9: Operations Portfolio (IBRD/IDA and Grants)

CAS Annex B8 - Sierra Leone

Operations Portfolio (IBRD/IDA and Grants)

As Of Date 12/10/2009

Closed Projects 36

IBRD/IDA *

Total Disbursed (Active)	150.37
of which has been repaid	0.00
Total Disbursed (Closed)	155.62
of which has been repaid	31.96
Total Disbursed (Active + Closed)	305.98
of which has been repaid	31.96
Total Undisbursed (Active)	121.46
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Closed)	121.46

Active Projects

Project ID	Project Name	<u>Last PSR</u>		Fiscal Year	<u>Original Amount in US\$ Millions</u>			Cancel.	Undisb.	<u>Difference Between Expected and Actual Disbursements^{af}</u>	
		Supervision Rating			IBRD	IDA	GRANT			Orig.	Frm Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>								
P074320	SL-Basic Edu Rehab (FY03)	MS	MS	2003		20		0.340548	-2.319222	-2.31922	
P086801	SL-Bumbuna Env. and Soci		U	2005		12.5		1.623493	1.175982	1.175982	
P113757	SL-Decentr. Serv. Del. Prog #		#	2010		20		20.61665			
P107335	SL-GRG 3 DPL		#	2010		10		10.19526			
P074128	SL-Health Sec Reconstr & L S		MS	2003		28		3.937219	-7.002588	0.017279	
P078389	SL-IDP Transp (FY06)	MS	MU	2006		55		38.30534	15.644735	9.159612	
P099357	SL-Mining Technical Assistz #		#	2010		4		4.190706			
P079335	SL-Natl Soc Action (FY03)	S	S	2003		35		0.007853	-2.936712	-2.93671	
P087203	SL-Power & Water SIL (FYC MS		S	2005		35		11.05348	9.0731272		
P108069	SL-Public Financial Manage #		#	2009		4		4.312764			
P096105	SL-Rural Dev & Priv Sec De U		MU	2007		30		26.8765	8.0255377	5.905538	
Overall Result						253.5		121.4598	21.66086	11.00248	

Appendix 10: IFC's Committed and Outstanding Portfolio

CAS Annex B8 (IFC)												
Sierra Leone												
Committed and Disbursed Outstanding Investment Portfolio												
As of June 30, 2009												
(In USD Millions)												
		Committed					Disbursed Outstanding					
<u>FY Approval</u>	<u>Company</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>	
2002/ 2007	CeltelSierraLeon	25.0	0.0	0.0	0.0	25.0	8.4	0.0	0	0.0	8.4	
2008/ 2009	SL Commer Bank	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.8	0.0	
2009	Rokel	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.0	
2009	GTB	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	2.5	0.0	
Total Portfolio:		25.0	0.0	0.0	3.6	25.0	8.4	0.0	0.0	3.6	8.4	

Appendix 11: Operations Portfolio (IBRD/IDA and Grants)

CAS Annex B8 - Sierra Leone

Operations Portfolio (IBRD/IDA and Grants)

As Of Date 9/15/2009

Closed Projects 36

IBRD/IDA *

Total Disbursed (Active)	145.20
of which has been repaid	0.00
Total Disbursed (Closed)	633.77
of which has been repaid	75.54
Total Disbursed (Active + Closed)	778.97
of which has been repaid	75.54
Total Undisbursed (Active)	89.25
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Closed)	89.25

Active Projects

Project ID	Project Name	<u>Last PSR</u>			Fiscal Year	<u>Original Amount in US\$ Millions</u>			<u>Difference Between Expected and Actual Disbursements^{af}</u>			
		Supervision Rating				IBRD	IDA	GRANT	Cancel.	Undisb.	Orig.	Frm Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>	Fiscal Year								
P074320	SL-Basic Edu Rehab (FY03) MS		MS	2003		20		0.806842	-1.825032	-1.82503		
P086801	SL-Bumbuna Env. and Socia MU		U	2005		12.5		1.807558	1.3752107	0.175211		
P074128	SL-Health Sec Reconstr & I S		MS	2003		28		4.438588	-6.426956	-3.18187		
P078389	SL-IDP Transp (FY06) MS		MU	2006		55		38.72118	14.233388	4.450048		
P079335	SL-Natl Soc Action (FY03) S		S	2003		35		0.007551	-2.936712	-2.93671		
P087203	SL-Power & Water SIL (FY0 MU		MU	2005		35		12.48795	10.622898			
P108069	SL-Public Financial Manage #		#	2009		4		4.18878				
P096105	SL-Rural Dev & Priv Sec De U		MU	2007		30		26.79237	7.067068			
Overall Result						219.5		89.25082	22.109866	-3.31836		

Appendix 12: Country Financing Parameters

The country financing parameters (AfDB policy of eligible expenditure) for the Republic of Sierra Leone (RSL) are set out below. These parameters will be reviewed on an approximately bi-annual basis, and when the next IDA assistance strategy is prepared.

Item	Parameter	Remarks/Explanation
<p>Cost sharing Limit on the proportion of individual project costs that IDA may finance</p>	100%	<p>The Bank will seek GoSL counterpart funding and will promote harmonization through seeking cofinancing for all projects. Nonetheless, there may be projects in which the Bank may finance up to 100% of project costs. Financing at this level will be applied after a selective and case-by-case review of justification. Typically, projects executed by GoSL entities with own sources of income (such as ports or power) are expected to include counterpart funding contributions. Projects that may be financed up to 100% include those that support social sector development, governance, and capacity building.</p>
<p>Recurrent-cost financing Any limits that would apply to the overall amount of recurrent expenditures that IDA may finance.</p>	No country level limit.	<p>IDA, working closely with the IMF, would monitor the fiscal adjustment program, and public expenditure management and public sector reforms to ensure that recurrent cost financing is embedded in a credible and sustainable government macroeconomic strategy. In determining IDA financing of recurrent costs in individual projects, the agency will take into account sustainability issues at the sector and project levels, including consideration of implied future budgetary outlays. To ensure sustainability, especially for capacity building, projects that include financing for staff costs will need to be accompanied by explicit agreement that GoSL will assume the cost of permanent positions after the Bank contribution to the project is completed.</p> <p>Performance based incentive programs for civil servants may be financed on a clear time bound basis, provided that such programs are consistent with, and feed into, the government's public sector reform program and are applicable to all donor-funded programs.</p>
<p>Local-cost financing Are the requirements for IDA financing of local expenditures met, namely that: (1) financing requirements for the country's</p>	Yes	<p>The two requirements are met. IDA may finance local costs in the proportions needed by individual projects.</p>

Item	Parameter	Remarks/Explanation
development program would exceed the public sector's own resources (for example, from taxation and other revenues) and expected domestic borrowing; and (2) the financing of foreign expenditures alone would not enable IDA to adequately assist in the financing of individual projects?		
<p><i>Taxes and duties</i> Are there any taxes and duties that the IDA would not finance?</p>	None	Taxes and duties are considered reasonable. The application of this general approach will be subject to an ongoing monitoring of tax policy and how taxes are applied to IDA projects. At the project level, IDA would consider whether taxes and duties constitute an excessively high share of projects costs.

Appendix 13: Consultations in Preparation for the Joint Assistance Strategy of the AfDB, WB, and IFC for Sierra Leone

A consultation mission with stakeholders at the government and community levels was carried out in Freetown in January 2009 to discuss and validate the strategic directions.

In June 2009, the Government of Sierra Leone launched the country's second-generation PRSP under the name, *Agenda for Change*. PRSP-II spells out the vision, direction, and development priorities of the government. Since then, The World Bank, African Development Bank (AfDB), and International Finance Corporation (IFC) have been working on a *Joint Assistance Strategy (JAS)* to support the new PRSP. The preparations started in January, well in advance of the completion of the PRSP, and included several rounds of consultations and feedback. They were concluded in September 2009.

The consultation series were organized as follows:

- a. Client survey, which yielded 340 responses from a broad segment of respondents
- b. Opening consultations in Freetown, led by the government, with participation from civil society, government ministries and agencies, representatives of local government, development partners, private sector, and the press
- c. Technical consultations, involving primarily staff of the AfDB, WB, and IFC, but also selected external partners
- d. Regional consultations held in four key provincial towns—Makeni, Koidu, Kenema, and Bo—for a broad dialogue on people's wishes and hopes for the PRSP and JAS, soliciting grassroots feedback on priorities
- e. Thematic consultations with civil society, ministries, agencies, local government, development partners, private sector, and media on key priorities and issues of concerning
 - i. Youth employment
 - ii. Gender
 - iii. Governance
 - iv. Agriculture
- f. Concluding/validation consultations held in Freetown, led by GoSL, attended by civil society, government ministries and agencies, local councils, development partners, private sector, and media.

In total, close to 1000 participants attended consultation meetings.

1. Client Survey

The World Bank conducted a national client survey to prepare for its participation in the JAS. The outcomes also provided valuable insights for the other JAS partners. A questionnaire was sent to 700 individuals, of whom 365 responded. Questions addressed views of development priorities for the country and the role of the World Bank. In general, the World Bank was viewed positively by respondents and seen as responsive to the needs of the country. A notable change for the client survey for the previous CAS was a significant increase in the emphasis on governance and calls for determined anticorruption efforts in new government and donor strategies.

2. Opening Consultations

The opening consultations workshop was held in Freetown, January 21–23. One hundred and thirty-five participants attended the workshop, which was chaired by the Minister of Finance.

Opening session. With interventions from the three JAS partners, the Governor of the Central Bank gave an overview of the GoSL's expectation of the new JAS and the partnership with the JAS partner organizations. Specific session over the three days included discussions of:

- Overview of poverty trends in Sierra Leone and how interventions can better target poverty
- GoSL presentation of the Agenda for Change/PRSP
- Brief on Tanzania's experience with a JAS in support of a PRSP
- Macroeconomic overview and budget support by JAS partners and others
- Opportunities and challenges in the growth priority sectors of the PRSP: agriculture, power, and transport.
- Opportunities in the human development priority sector: basic service delivery in health, education, and water
- Governance challenges, including public financial management and capacity development, support to Parliament, justice for the poor, use of governance filters
- Private sector development, investment climate surveys, financial sector, investment options
- Regional integration and regional projects
- Results focus, including lessons learned from previous CAS and CSP, monitoring and evaluation framework.

3. Technical Consultations

Following the opening consultations, the JAS preparation team organized a series of five technical workshops that included AfDB, IFC, and WB staff connected by videoconference. They discussed sector issues, selection of priority interventions, and challenges to be addressed in selection and implementation.

4. Regional Consultations

When GoSL had published its final version of the Agenda for Change/PRSP-II, the JAS preparation team organized a series of regional consultations to hear from stakeholders around the country. The team presented the draft JAS, and solicited feedback on the JAS priorities and how they fit with the PRSP and people's aspirations. One-day consultation meetings were held in the towns of Makeni, Koidu, Kenema, and Bo. All meetings were very well attended (typically 150 people per meeting) and represented a broad segment of the local population. The meeting consisted of introductions to the new PRSP, an introduction of the proposed JAS, solicitation of views on sectors, issues, and approaches; and a dialogue between JAS team members and the audience, in all cases moderated by a local moderator of some standing. Among views that enjoyed broad support and frequent expression were:

- Agriculture is of primary importance. GoSL and JAS partners should do more to encourage agricultural production and post-harvest activities. Feeder-road conditions are a major concern in agriculture.
- Concerns over transparency and accountability were widely expressed and touched on issues in all sectors, not least health and education.

5. Thematic Consultations

Partly associated with the regional consultations, the JAS partners organized thematic consultations on four key issues: gender equality, youth employment, governance, and agriculture.

- The *gender equality* discussion showed that most participants regard economic empowerment of women as the key path toward equality. Issues such as maternal health, education, and cultural barriers and pressures also were raised by many, as was the issue of women's participation in public works schemes.
- The *youth employment* discussion again highlighted the importance of agriculture as the basis for job creation. Calls were made for innovative programs to support youth employment, public works schemes, vocational training, and attention to the issues facing young unemployed women, often also mothers. The need for more transparency in the distribution of benefits from mining, combined with calls for work to mitigate the environmental damage done by mining was raised by many.
- Many in the *governance* consultations raised attention to governance concerns in the preparation of development projects. Broad concerns were raised over abuse of power and diversion of resources to private use. Sale of essential medicines and charging for access to basic healthcare were strong concerns, as was the issue of teacher absenteeism and capacity. The regional distribution of public resources was another concern. CSOs made a strong case for vigorous grassroots engagement to ensure transparency in resource use.
- In agriculture, there were calls for more and equitable support to farmers' organizations, such as cooperatives; more support for inputs and implements; and post-harvest processing and marketing. Opportunities for young people to get started in agriculture were raised by many as a concern.

6. Concluding/Validation Consultations

The final consultation round was held in Freetown on September 10. The workshop was chaired by the deputy minister of finance. As before, it included ministers, government officials, heads of government agencies, development partners, CSOs, private sector, and the media.

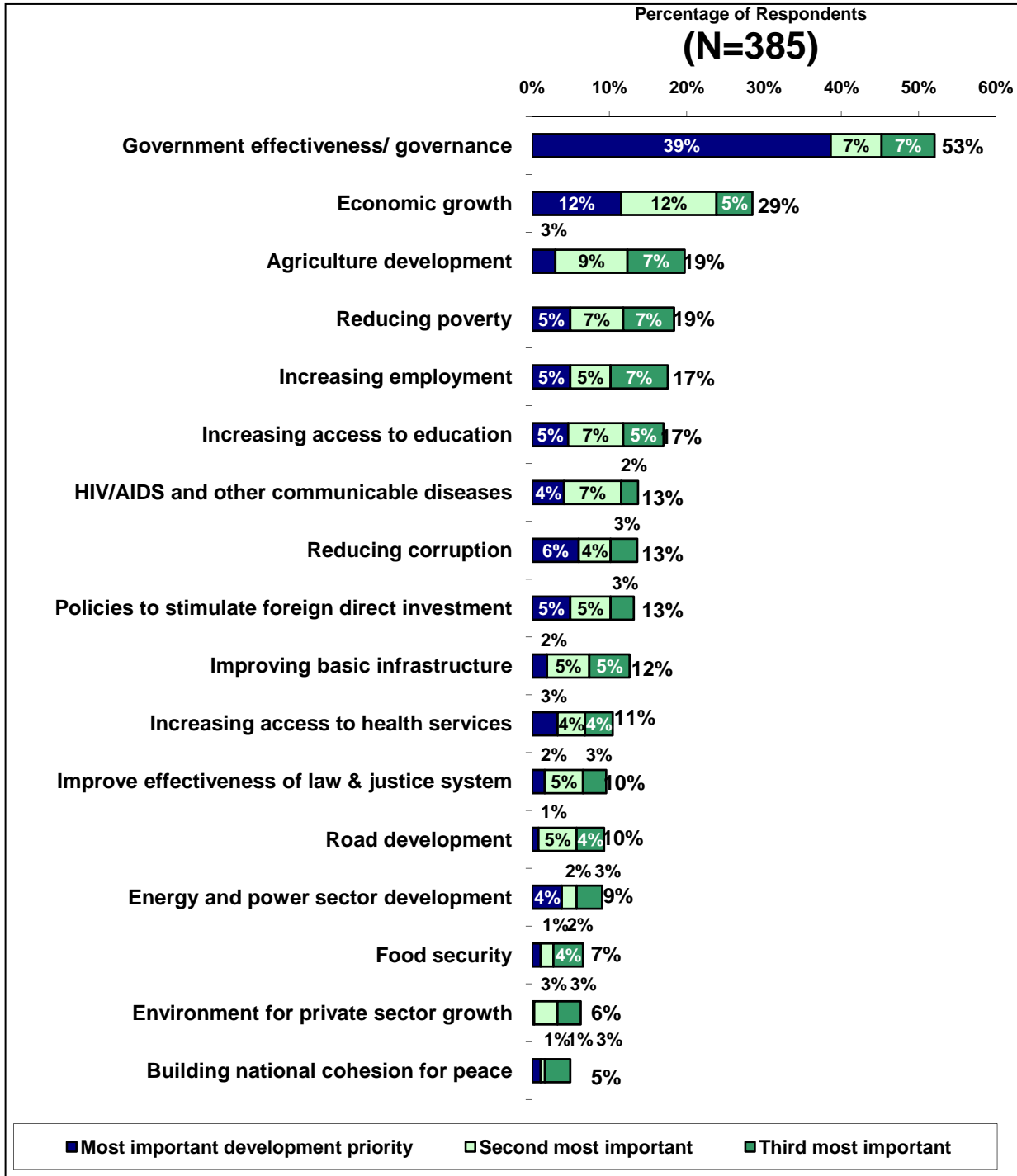
The workshop discussed the draft JAS in light of the final PRSP and the series of consultations undertaken since the opening Consultation Workshop. The main conclusions of the workshop can be summarized as follows:

- The consultations reconfirm that the PRSP-II priorities resonate with the general population.
- Agriculture comes through as the top priority in the eyes of the public. Feeder roads investments also enjoy very broad support, more so in rural areas. Electrification rates high as a priority, and more so in urban areas. Using resources for health and education enjoys broad support, but there are widespread concerns about quality and governance issues. Mining is very frequently described in quite negative terms.
- Economic empowerment of women comes across as the number-one gender issue.
- Concerns about governance and corruption were expressed at every meeting, often passionately. Specific concerns were abuse of power by authorities, both official and traditional; resources being diverted; essential drugs being sold illegally; access to basic health care denied by demands for payments; and teachers frequently being absent.
- Private-sector-led growth always is seen as the key to economic progress. The main economic potential is seen in agriculture.

- Youth unemployment is broadly seen as a key threat to peace and stability, in addition to the welfare and growth arguments raised. Innovative youth employment schemes and training are emerging as key challenges.
- All meetings, including the validation workshop, broadly ratified the priorities and approaches proposed in the draft JAS as being right and relevant.

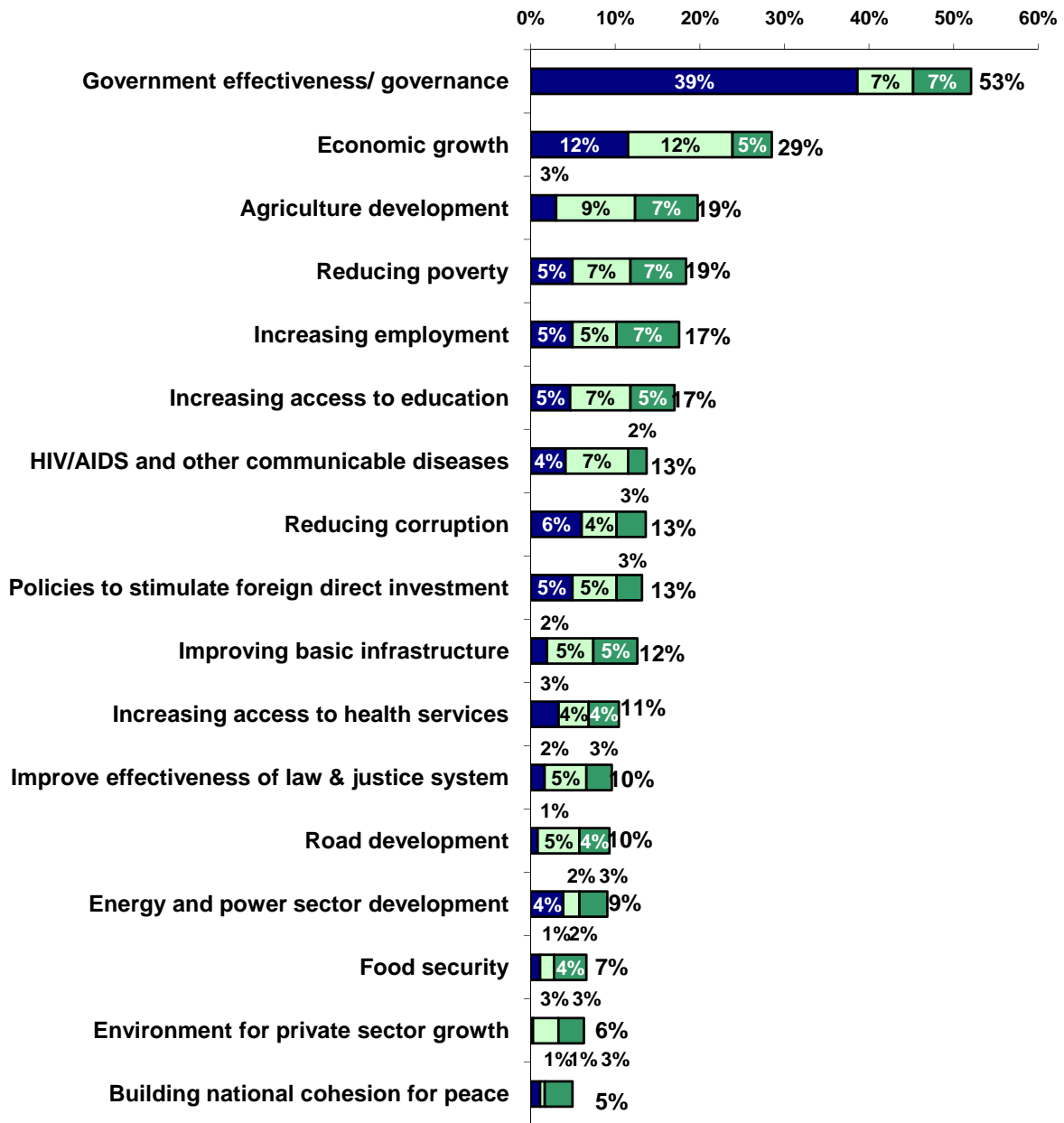
Appendix 14: Findings of 2009 Client Survey

Government effectiveness/governance was considered the most important development priority for Sierra Leone. Economic growth also was considered an important priority.



Percentage of Respondents

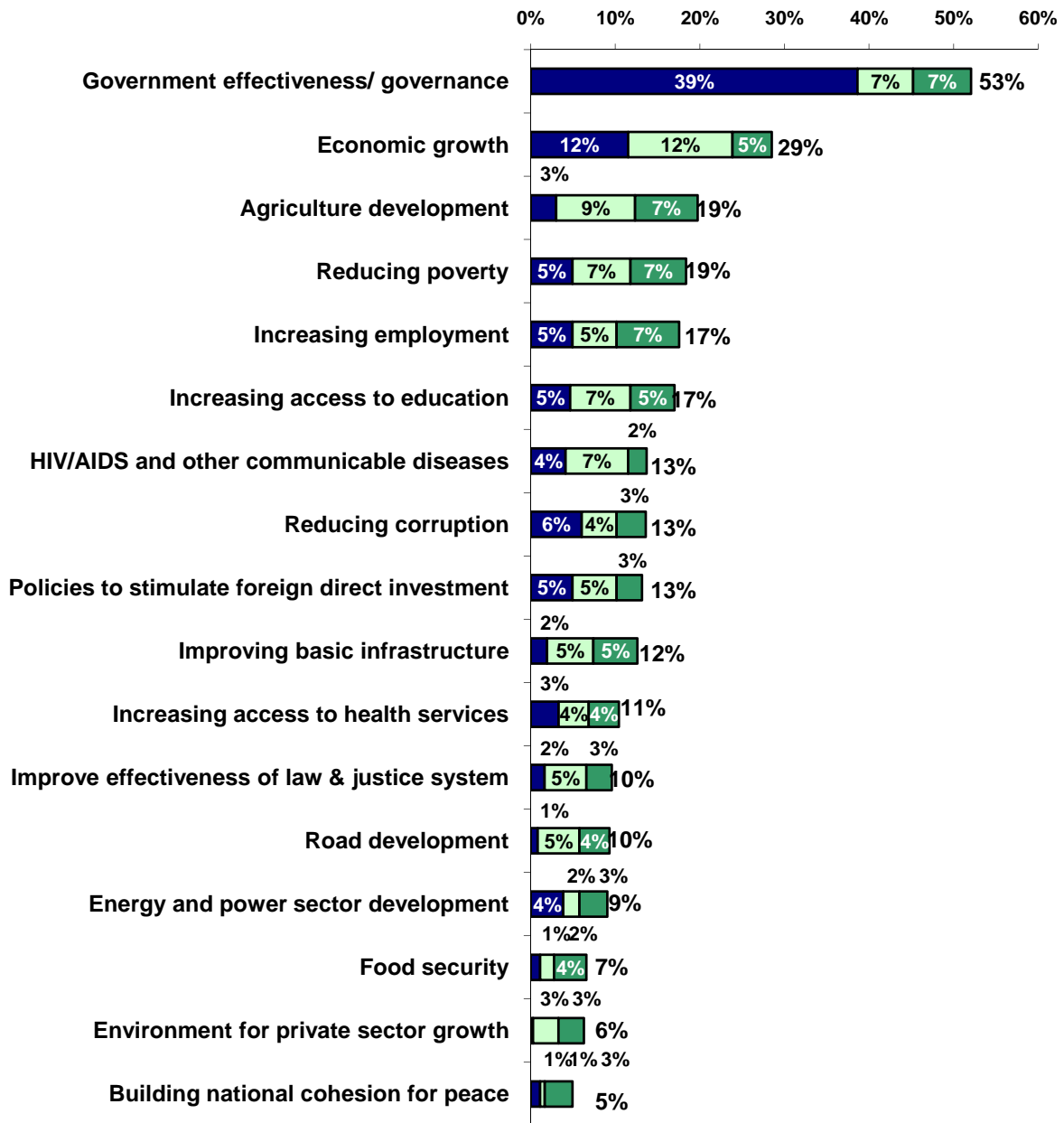
(N=385)



■ Most important development priority
 ■ Second most important
 ■ Third most important

Percentage of Respondents

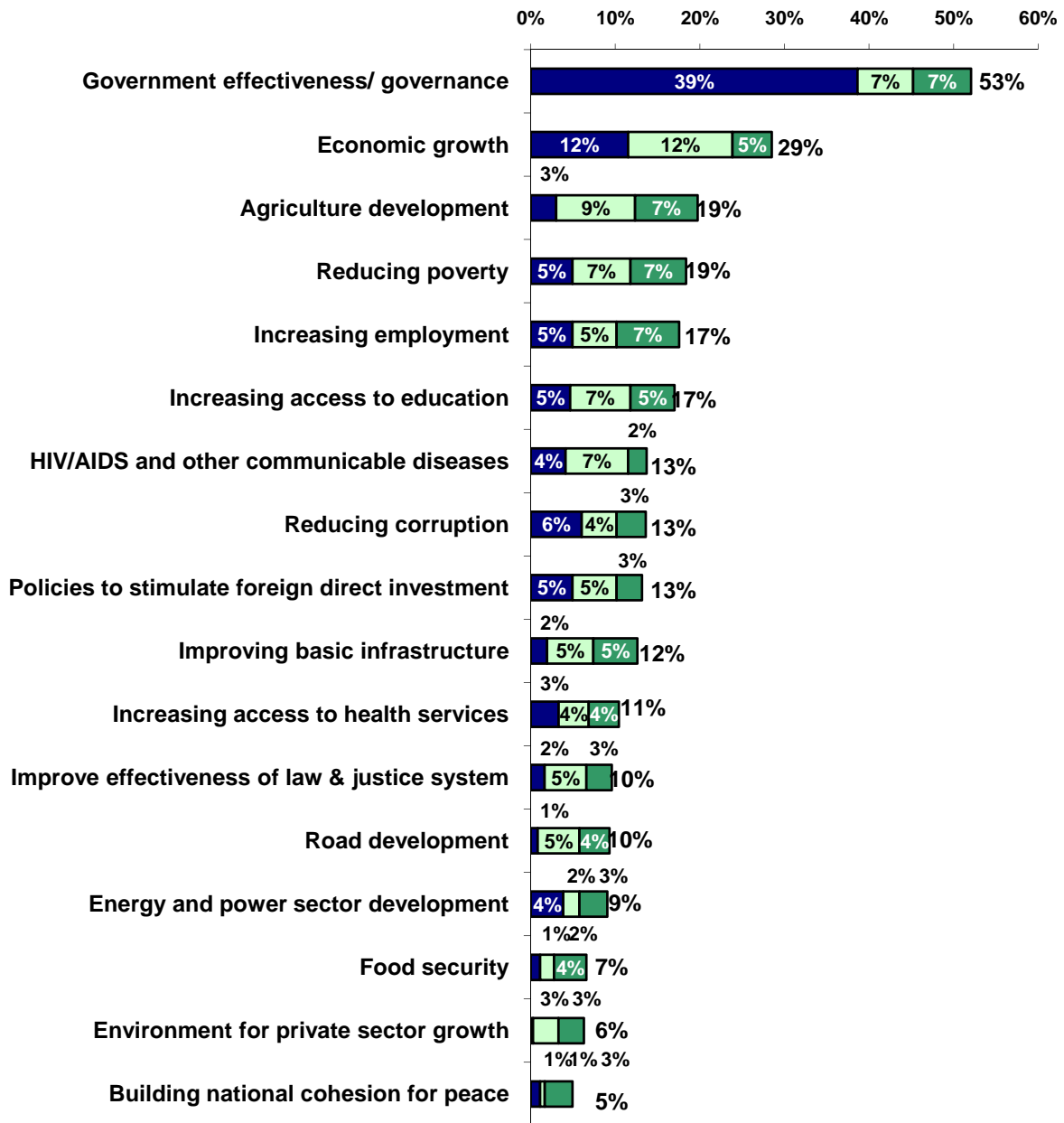
(N=385)



Most important development priority
 Second most important
 Third most important

Percentage of Respondents

(N=385)



■ Most important development priority □ Second most important ■ Third most important

Appendix 15: Donor Coordination in Sierra Leone

Note XX-Lead donor

Delegated sector: { }

Support to sectoral approach:

Partner	Sector/thematic areas																
	Private sector/trade	Financial sector	Infrastructure/transport	Energy	Mining	Agriculture and rural development	Fishing	Health	Education	Environment	Water and sanitation	Social protection	Public Sector	Judicial and Legal Reform	Capacity Building/Decentralization	Security and Stability	Gender
European Commission	X		XX	X	X	X	X	X	X	X			X	X	X		
AfDB			X	X		X	X	X	X		X	X	X		X		X
Islamic DevlmpntBank			X					X	X		X			X			
Irish Aid								X	X								
Japan			X	X		X		X	X		X				X		
United Kingdom/DfID	X			X	X			XX	X		X		XX	X	X	X	XX
UNDP	X						X	X	X		X				X		
UNICEF								X	X		XX	X		X	X		X
FAO						XX	X										
UN (Other)		X		X		X		X		X		X			X	XX	X
United States			X				X	X		X				X	X		
IFC	X	X															
World Bank	X	XX	X	XX	XX	X	X	X	X	X	X	X	X		X		X
IMF		X											X				
Germany	X	X	X			X		X						X		X	
China				X							X						

Appendix 16: Country Map

IBRD 33478

Rache
C:\Use
1/15/2



NOVEMBER 2004