



Development Effectiveness Review 2015

SIERRA LEONE

Country review



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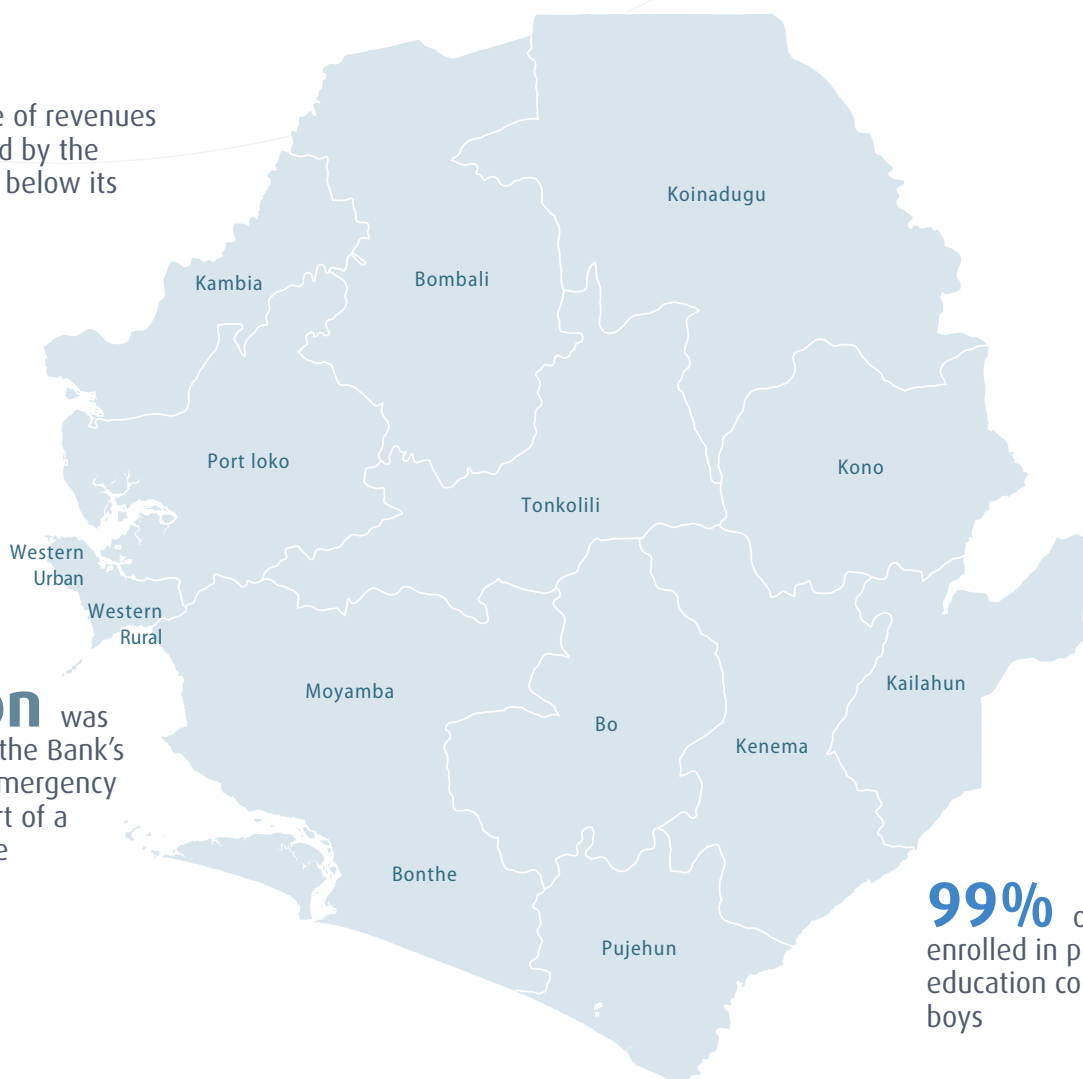
The Sierra Leone country review in 7 numbers

8% was the average annual economic growth rate in Sierra Leone in the last decade

\$100 million extra financing has been provided by Transition Support Facility over the past seven years to Sierra Leone - doubling our investments in the country

20% is the share of revenues in Sierra Leone provided by the extractive sector - well below its potential contribution

\$60 million was Sierra Leone's share of the Bank's Ebola quick response emergency package which was part of a wider regional initiative



1360 km is the length of the high-voltage power line being constructed as part of the regional power pool to link up the networks of Côte d'Ivoire, Guinea, Liberia and Sierra Leone

480 000 people are benefiting from the Lungi - Port Loko road upgrade with improved access to production centres, markets and public services

99% of girls are enrolled in primary education compared to boys

Foreword

Fragility remains one of Africa's main development challenges. The continent has many fragile and conflict-affected countries that lag behind in achieving the basic economic and human development needs for the population.

The African Development Bank has made a strong commitment to increasing both the quantity and the quality of its support to countries in fragile situations. Over the past seven years, the Bank has provided over \$2.5 billion in extra support through the Transitional Support Facility, including an additional \$100 million for Sierra Leone. The Bank adopted a new Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019), upgraded our Fragile States Unit to a department—the Transition Support Department—and committed to supporting regional member countries address the root causes of conflict and fragility.

This Development Effectiveness Review assesses Sierra Leone's achievements over its post-conflict transition and the contribution that the Bank has made to those achievements. It showcases the results that have been achieved through the Transition Support Facility, and the value of establishing a Sierra Leone Field Office, which has resulted in a stronger and more flexible partnership.

Sierra Leone is recognised as a success story among states emerging from serious conflict. Since the conflict ended in 2002, it has successfully embarked on a peace-building and statebuilding agenda, re-establishing democratic government and institutions, conducting three successful elections and managing peaceful political transitions. It has progressed through the phase of post-conflict reconstruction and the restoration of basic services, and has now set itself the ambitious goal of becoming a middle-income country by 2035. The Government of Sierra Leone has provided strong leadership for the national development agenda and its development partnerships, becoming a champion of the New Deal principles agreed in Busan.

Unfortunately, Sierra Leone's progress was significantly affected by the Ebola crisis that started in early 2014. Besides the tragic loss of life, the epidemic severely disrupted Sierra Leone's economic and social life and reversed its economic growth, causing a sharp rise in poverty and vulnerability. This was aggravated by the fall in the global iron ore prices, which had a negative impact on production resulting to a slump in economic activity in the country.

In response to the Ebola crisis, the African Development Bank moved quickly to mobilise an emergency package of a quick-disbursing budget support and technical assistance amounting to \$223 million for the region, of which about \$60 million is for Sierra Leone. The Bank has also been working hard to minimise the disruption to our ongoing portfolio. As the Bank works closely with the Sierra Leone Government and its key development partners, it hopes and expects that the outbreak will come to an end.

The Bank is confident that, with the continuing support of development partners, Sierra Leone will meet this challenge. The Bank stands ready to support Sierra Leone's Government and people in overcoming this setback and keeping the country firmly on the path to peace and prosperity.



A handwritten signature in black ink, appearing to read 'Janvier Litse'.

Janvier Litse

Acting Vice-President in charge of Country and Regional Programs
African Development Bank



Executive summary

Thirteen years after the end of a decade-long conflict that left Sierra Leone's human capital, infrastructure and institutions heavily degraded, the country is now firmly on the path to sustainable peace and development. It stands as a good example of an African country that has made a successful transition from conflict. Nevertheless, a great deal remains to be done.

The African Development Bank (AfDB, or the Bank) has made a major commitment to building its capacity to work effectively in countries affected by fragility. In 2008, it established a Fragile States Facility, later renamed the Transition Support Facility, to scale up development assistance to countries in fragile situations. Of the \$2.5 billion the Bank committed to this work, \$100 million was for Sierra Leone, doubling the standard country allocation. The Bank has recently upgraded its transition support department and approved a new Strategy for Addressing Fragility and Building Resilience in Africa, which focuses on key entry points for managing the underlying drivers of fragility and building resilient states and societies through effective institutions, capacity building and partnerships.

This Development Effectiveness Review of the Bank's support to Sierra Leone reviews both Sierra Leone's progress in managing the transition away from conflict and the lessons the Bank has learned on delivering support effectively in a fragile environment in the country. It presents data from the Bank's Results Measurement Framework from 2005 to 2014 and provides examples of our operations at work. The first chapter looks at Sierra Leone's efforts to move from humanitarian assistance and post-war reconstruction towards longer-term development goals, through successive country-led national development plans. The second chapter examines the Bank's contribution to these results and the evolution of its portfolio in response to evolving Government priorities. The third chapter looks at how well the Bank manages its portfolio in Sierra Leone, and the fourth looks at our organisational capacity in the devolved Sierra Leone Field Office. The final chapter focuses on the future of our interventions in Sierra Leone.

Development in Sierra Leone

Since 2002, Sierra Leone has made commendable progress in restoring basic services and essential infrastructure, reintegrating ex-combatants and refugees and creating the foundation for a return to prosperity. These achievements culminated in the successful closure of the UN Integrated Peacebuilding Office in Sierra Leone in March 2014 and its replacement by a development mission. Although Sierra Leone still has challenges to meet, it stands out among African

countries in fragile situations for its achievements in overcoming the legacies of conflict and fragility.

After the end of the conflict in 2002, the Government of Sierra Leone moved quickly to launch a National Recovery Strategy, addressing the most pressing post-war reconstruction needs and putting in place a bridge to longer-term recovery and development. Its first Poverty Reduction Strategy, "A National Programme for Food Security, Job Creation and Good Governance" (2005), focused on economic recovery and poverty reduction, and the second, "Agenda for Change 2008–2012", emphasised state-building. The current "Agenda for Prosperity 2013–2018" identifies the foundations required for Sierra Leone to become a middle-income country by 2035. It focuses on making better use of the country's abundant agricultural potential, increasing its participation in regional markets, expanding infrastructure investments and strengthening governance of the extractives sector, to ensure that the country's mineral endowments are used for the benefit of the population.



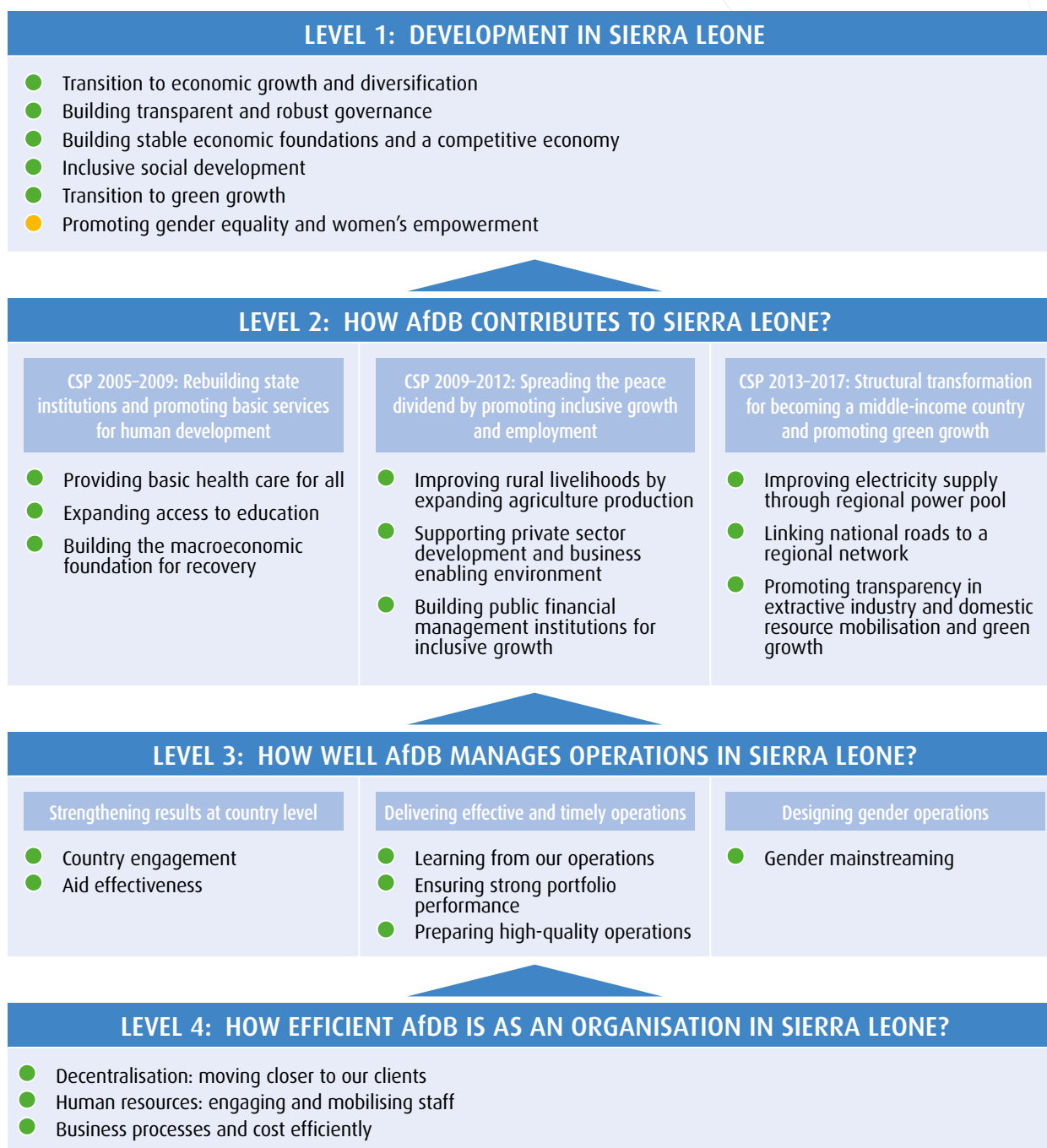
With the electricity from the Bumbuna dam, I am making about about \$5 a day. I put this profit back into the business and my dream is to have a bigger shop stock with a variety of products people need in this community

Sheku Mansaray, Proprietor of All Nations telecenter, SALCOST Highway, Bumbuna

Sierra Leone's economic growth over the past five years has been remarkable, averaging 8% and reaching 20.1% in 2013. The key driver of growth has been minerals (diamonds, rutile, bauxite, gold, iron and ilmenite), with two large-scale iron ore firms starting operation in 2011; in addition, there is strong potential for offshore oil and gas production.

The challenge is ensuring that these resources provide opportunities for the population as a whole. At present, youth unemployment in the urban areas and underemployment in the countryside remain key challenges. Agricultural value-added has increased only slowly, and most cultivation is at subsistence level, although agriculture remains the largest employer and contributor to GDP. Over the past five years, the poverty ratio has fallen from 66% to 53% — an important result, but one that masks significant inequality between urban and rural areas.

Summary performance scorecard 2015



For Level 1, Sierra Leone's relative performance is measured by comparing its progress with progress in peer African countries in fragile situation; for Level 2, the Bank's performance is measured by comparing expected and actual achievements for all operations that have been completed; and for Levels 3 and 4 the progress is measured against the targets set out in our Results Measurement Framework.

- **Made progress:** more than half of the indicators in the group improved over baselines or reference groups
- **Little progress:** Results are mixed, with equal numbers of indicators showing improvement or little/no progress.
- **Progress stalled or regressed:** more than half of indicators in the group stalled or regressed over two or more review periods.
- **Progress could not be measured.**

The Government of Sierra Leone has been a strong leader of its development partnerships, and in recent years a champion of the New Deal agreed in Busan, with its peace-building and state-building goals. It has taken steps to reduce corruption by strengthening its Anti-Corruption Act in 2008 and has registered steady improvement on a range of governance indicators, including audit and procurement capacity. However, sustained good governance, including dealing with corruption, remains a challenge that the Government needs to address.

To strengthen the governance of the extractives sector, the Government passed a new mining code in 2009, created a National Mineral Agency in 2012 to regulate the mining industry and achieved compliance with the Extractive Industries Transparency Initiative (EITI) in 2014. More needs to be done, however, to ensure that the minerals sector makes a proportionate contribution to national development by generating employment and government revenues.

A decade of conflict caused a huge infrastructure deficit that impedes the country's growth. The Government has made infrastructure investment a priority, but it still has some way to go to close the gap. At present, just 14% of Sierra Leoneans have access to electricity, and they face some of the highest electricity prices in Africa (\$0.32 per Kw/h). There are major gaps in transport and energy infrastructure, and particularly in major regional connections. The regional infrastructure Development Master Plan of the Economic Community of West Africa will address some of these gaps. For example, the Trans-West African Coastal Highway from Dakar to Lagos would link 12 West African countries with each other through 4600 km of paved roads.

Sierra Leone has made important progress in improving its business environment, dramatically reducing the time and cost involved in starting a business. However, its financial system remains underdeveloped: only 15% of people have access to financial services. The emergence of new financial services adapted to the African reality, such as mobile banking, should help to close this gap in the coming years. It is encouraging that commercial banks—Guaranty Trust Bank, ECOBANK and United Bank for Africa, for example—have been established and are sharing their expertise and expanding access to basic banking services to the wider population. At the same time, liquidity constraints due to non-performing loans and soaring interest rates are affecting some state-owned banks.

By the end of the war, Sierra Leoneans had a life expectancy below 40 years, the country had some of the lowest human development indicators in the world, and basic services were in disarray. The past 12 years have seen substantial improvement. In education, the primary completion rate stands at a creditable 71%, compared with an average of 59% for countries in fragile situations; however, a lack of vocational training facilities leaves young Sierra Leoneans poorly equipped for formal employment or entrepreneurship. Health indicators have steadily improved, with maternal and under-5 mortality both reduced and life expectancy increasing to 46 years. To improve the nation's poor health indicators, the Government launched

a flagship health care program that includes free health care for pregnant and lactating women and children under five years of age.

Unfortunately, health care service delivery still remains weak. The health system was unable to contain the Ebola outbreak, which has spread exponentially in rural and urban areas. Beyond the unprecedented mortality, the epidemic is causing severe disruption to economic and social life. The full extent of the impact is not yet known, but preliminary assessments by the Bank suggest that a range of economic fundamentals have been affected: economic growth; macroeconomic stability, including the fiscal deficit and price levels that affect trade; employment levels; agricultural productivity; and overall poverty levels. Steady improvement in all these indicators over the past decade had put Sierra Leone firmly on the path of transition from a fragile situation to a resilient state; now, depending on the spread and duration of the epidemic, the country faces a very real risk of slippage and reversal.



The Government of Sierra Leone has been a strong leader of its development partnerships and is champion of the New Deal

The epidemic caused a slowdown in real GDP growth. The epidemic caused a slowdown in real GDP growth from 20% in 2013 to 7% in 2014. The epidemic has also put pressure on food prices, with inflation moving from 6.5% to 10% between May and December and a deterioration in the balance of payments due to increased imports of food and medical equipment and dwindling exports of iron ore. The Government's recovery program seeks an extrabudgetary expenditure of \$625 million to revive economic and social activity over the next 12 months. The recovery program is expected to support the restoration of basic services in health and education, revive agricultural and private sector activity and ensure the Government's smooth transition to implementation of its Agenda for Prosperity.

How AfDB has contributed to Sierra Leone's Development

Since resuming the country programme after 2002, the Bank has demonstrated its strong commitment to the country's post-conflict recovery by contributing over \$350 million in grants and concessional lending to Sierra Leone, including \$100 million through the Transition Support Facility. The Bank's support through its Country Strategy Papers (CSPs) has been closely aligned with successive national development strategies and delivered in close partnership with the Government, in accordance with New Deal principles. The country programme represents a good example of some of the principles and commitments the Bank set out in its new Strategy for Addressing Fragility and Building Resilience in Africa and of the priorities in the Bank's Strategy 2013–2022.

In the immediate post-conflict phase, our support went towards restoring basic services for the population. Under the Government's leadership and in view of the destruction of three-quarters of the health infrastructure, the Bank provided financing to rebuild and rehabilitate 44 health care units, including 15 hospitals, and train 800 doctors, nurses and other medical staff, providing improved health services to 2.6 million people. In education, we supported the Government's back-to-school campaign, which introduced free primary education from 2001. We rebuilt 56 education facilities and trained over 1500 teachers, providing 432 000 children with improved access to education and 24 000 people with vocational training. While these contributions were substantial and helped the Government's recovery, we are aware that daunting challenges remain in the social sector.



The Bank moved quickly to mobilise an emergency response package to the Ebola crisis that involved a quick-disbursing budget support and technical assistance program amounting to \$223 million for the region, of which \$60 million was for Sierra Leone

To restore macroeconomic stability, the Bank provided a series of budget support operations that allowed the financing of public services and investments that were critical in reviving the economy and restarting structural and budgetary reforms. We provided \$106 million in debt relief on nominal terms, to free up Sierra Leone's public resources for essential services. As macroeconomic conditions stabilised, the Bank shifted its focus from balance-of-payments support to budget support with the aim of supporting longer-term reforms in public financial management and good governance in the extractives sector. This contributed to Sierra Leone's becoming compliant with the Extractive Industries Transparency Initiative (EITI) in 2014 and enabled its participation in the Natural Resource Charter international benchmarking process. We are also helping to develop improved financial infrastructure across the West African Monetary Zone, to facilitate real-time interbank payments and foster regional integration.

The Bank has also supported the Sierra Leone Government by investing substantially in agriculture and fisheries, to help restore the basic livelihoods on which a large part of the population depends. It rehabilitated 5000 hectares of swampland and 8000 hectares of tree crops, benefiting tens of thousands of farmers. It helped to restore government capacity in the sector by rehabilitating 93 Ministry of Agriculture buildings, training specialist advisers and establishing 325 farmer field schools and farmer-based organisations. It also invested directly in the private sector, including in the Addax bio-energy project, which employed over 2500 people, half of whom were farmers. Fish landing sites were constructed in Goderich, Tombo, Shenge and Bonthe, improving the livelihoods of

10 000 people, of whom 60% were women. These landing sites are currently being managed under a public-private partnership (PPP) arrangement.

The current CSP for 2013–2017 supports Sierra Leone's ambition to become a middle-income country by 2035. As part of the pillar on supporting transformational and sustainable infrastructure development, the Bank supports Sierra Leone by investing substantially in the development of the West Africa Power Pool, which links the national grids of Côte d'Ivoire, Liberia, Guinea and Sierra Leone to overcome the inefficiencies of small national electricity systems. The Bank also helped fund the completion of the Bumbuna hydroelectric dam, which more than doubled Sierra Leone's electricity generation capacity by producing 50 MW more power. We are investing in regional transport networks, such as a section of the Matotoka-Sefadu road corridor linking the eastern part of the country to the rest of the country, and the Port Loko-Lungi Road, which connects the airport to the capital. This gives businesses access to larger regional markets, while providing a range of additional benefits to communities along the route. Our investment in medical services and the general health of the population is complemented by the support provided by the Bank to improve water and sanitation services, the area in which we have invested the most since the end of the conflict. Through our budget support and policy dialogue, we continue to promote transparency in the extractives sector and improved public financial management, to increase Sierra Leone's capacity to raise natural resource revenues and invest them in the public interest.



The school has encouraged community people to send their children to school. It's the only primary school in the community. It runs morning shift only, with four teachers and 490 pupils from Class I-VI

Amadu M. Conteh, Head Teacher

In 2014, at the urgent request of the Government of Sierra Leone, the Bank rapidly scaled up its interventions in the health sector in response to the Ebola crisis. Across the region, the Bank has been at the forefront, supporting the National Response Plans of the three most affected countries, Guinea, Liberia and Sierra Leone. In April 2014 we were among the first development partners to provide emergency support. The Bank's President, Dr. Donald Kaberuka, was among the first world leaders to visit Sierra Leone in the early stages of the outbreak. In 2014, we provided a total of \$223 million across the region, of which \$60 million was for Sierra Leone. These funds were provided through a combination of budget support, technical assistance for deployment of external medical personnel, emergency response measures and increased support for regional health care systems and human capacity.

How well we manage our operations

One of the Bank's major priorities is improving its ability to operate efficiently and effectively in fragile situations. The Sierra Leone country programme is one of its leading examples. The Bank has worked closely with the Government to help strengthen its leadership of the development partnership. The Bank is committed to the Mutual Accountability Framework that was agreed between the Government and development partners in early 2014 and reflects the New Deal for engaging in fragile states. Earlier, we formally linked the country programme to the World Bank's through a Joint Assistance Strategy, aligned with the country's Agenda for Change. We are active in five donor partner thematic groups, and we chair the budget support donors' working group to harmonise our performance indicators and policy dialogue.



Sierra Leone has agreed a Mutual Accountability Framework with development partners, setting out their joint commitment to supporting peacebuilding and statebuilding

Strong leadership from the Government of Sierra Leone and the proactive engagement of our field office have helped us to improve our portfolio performance: our ratings for technical quality and efficient delivery are steadily improving. The limited capacity in the national systems has been a key challenge for our operations, and we have addressed it by supporting efforts to strengthen project management skills in the country; as a result, all our completed operations are rated as "satisfactory". Furthermore, all of our capacity-building work – such as our support for the National Revenue Authority – has led to sustainable outcomes.



Over the past seven years, the Bank has provided over \$2.5 billion in extra support through the Transition Support Facility, including an additional \$100 million for Sierra Leone

To boost the quality of implementation, we provided training on project management to our national counterparts and the local private companies involved in implementation, to help them meet the Bank's fiduciary requirements. Thanks to the resulting efficiency gains, our disbursement rates have improved from 12% in 2011 to 43% in 2014, and the share of projects at risk of failure dropped from 43% to zero during the same period. For 2014, the Ebola crisis led to suspension of the civil works activities of some Bank-funded projects, and this could potentially affect the quality of the portfolio if the outbreak is not contained quickly. New Bank

environmental and social safeguards have been fully applied in Sierra Leone, and in 2014 all our operations had satisfactory risk mitigation measures in place.

In addition to our financial support, the Bank has prepared three knowledge products in recent years – a comprehensive review of infrastructure needs for the Government and development partners, and studies on green growth and gender equality, written to help the Government mainstream these issues into the Agenda for Prosperity.



Business is good, I am making much more now. Before the Bumbuna dam, I depended on a small generator to supply the shop with electricity; I used about 4-5 litres of petrol per day and I often ran at a loss

Sheku Mansaray, Proprietor of All Nations telecenter, SALCOST Highway, Bumbuna

Our organisational efficiency in Sierra Leone

The Bank has worked hard in recent years to enhance its ability to operate efficiently in countries in fragile situations. Key to that process in Sierra Leone was the establishment of a field office in 2007 and subsequent work to strengthen it and delegate authority to it. Our presence in the country has helped to deepen the dialogue with the Government and improve our collaboration with other development partners, leading to, among other things, joint operations with the UK Department for International Development, European Union and OPEC Fund for International Development. The much deeper knowledge of the country context we have gained from our country presence has informed better-quality analytical work and improved project design. We are also better able to work closely with Government counterparts, helping to build their capacity and address implementation challenges.

Finally, in 2014, the Bank showed its strong commitment to Sierra Leone by activating our Business Continuity Process, which enabled the field office to continue its operations throughout the Ebola crisis. Our virtual working environments reduced the staff footprint while keeping key operations active. The presence of the field office has proved indispensable to coordinating emergency operations with the Government and ensuring timely interventions.

Conclusion and outlook

Sierra Leone has made remarkable progress in consolidating a peaceful democracy and moving from post-war humanitarian support and reconstruction towards laying the foundations for long-term inclusive growth. The Bank has been a close partner of the country throughout this transition process, helping to fill resource gaps and rebuild state capacity.

However, serious drivers of fragility are still at work, and they have been compounded by the Ebola crisis. Some major challenges lie ahead if Sierra Leone is to return to its path of strong growth and post-conflict recovery. Translating the country's mineral wealth into benefits for the population at large will require greater transparency in the minerals sector and in public resource management, to ensure that revenues from mining are collected and invested in the public interest. Sierra Leone will need to diversify its economy and reduce its reliance on mineral exports, with policies and institutions that support a strong private sector, including more productive farming and agro-enterprises. It will also need to invest more on infrastructure to continue narrowing the infrastructure gaps and enable the population to benefit more from economic growth. We

see economic diversification and infrastructure development as the core foundations that will enable Sierra Leone to achieve its vision of middle-income status.

The Bank stands ready to support Sierra Leone in achieving these objectives. We will continue to channel additional resources to the country through the Transition Support Facility. We will also support the Government in identifying additional sources of development finance, including by using Bank resources to leverage more investment from the private sector, building capacity to actively engage in bankable PPPs, and helping the Government improve revenue mobilisation, particularly from the extractives sector. ■



Introduction

Sierra Leone is one of the success stories among countries emerging from conflict. After 10 years of civil war, its economy, infrastructure and institutions were heavily degraded, and its human development indicators were some of the worst in the world. However, with a series of peaceful elections and the closure of the UN Peacebuilding Office, Sierra Leone has succeeded in restoring political stability and launching an ambitious process of national reconstruction and development.

In recent years, the AfDB has strengthened its capacity to work effectively in countries affected by conflict and fragility. In 2008, it established a Fragile States Facility to channel an additional \$2.5 billion to countries in transition from conflict to sustainable development. In 2014, it adopted a new strategy, Addressing Fragility and Building Resilience in Africa 2014–2019, which aims to make the Bank a leading actor in helping African countries address the root causes of conflict and fragility and achieve more resilient and inclusive development.

This Development Effectiveness Review (DER) reviews the Bank's performance in supporting Sierra Leone's post-conflict recovery from 2005 to 2014. It shows the practical results of our commitment to working more effectively in countries in fragile situations. It also demonstrates how the Bank helps its partner countries weather shocks and setbacks, such as the current Ebola crisis. Throughout the document, we present results data from the Bank's Results Measurement Framework, using traffic-light indicators to show how we performed against our targets. We also tell the story behind the numbers by presenting examples of our operations at work and testimony by beneficiaries.

The first chapter looks at Sierra Leone's progress in the 12 years since the conflict ended in 2002. It examines how the country moved from emergency humanitarian assistance through post-war reconstruction to longer-term development goals, through a series of national development plans. It explores how the Government has sought to strengthen its development partnerships by championing the principles of the New Deal for Engagement in Fragile States, agreed in Busan, with its accompanying peace-building and state-building goals. It looks at how the country's mineral wealth has supported strong

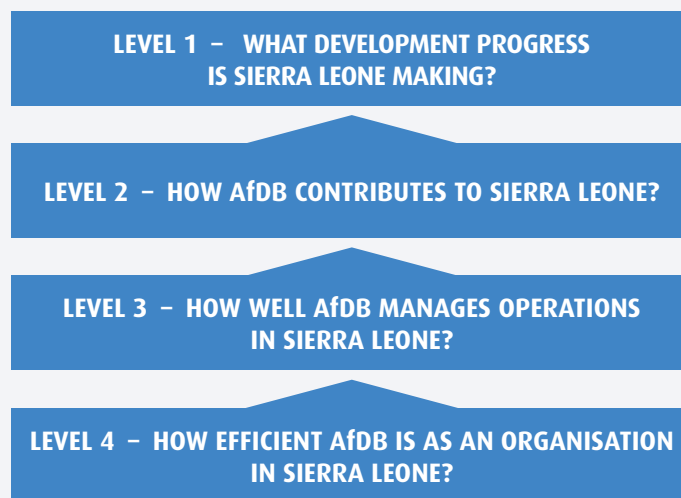
growth rates, and at the challenge of making sure that this growth translates into opportunities for all Sierra Leoneans.

The second chapter examines the Bank's contribution to Sierra Leone's development. It shows how the Bank has remained closely aligned with Sierra Leone's national development strategies, moving from the restoration of basic services in the post-war period to promoting inclusive growth through supporting private sector development and eventually towards supporting structural transformation and green growth.

The third chapter looks at how well the Bank manages its portfolio of operations in Sierra Leone, and the fourth looks at how we have built up our organisational capacity in the field office to support Sierra Leone.

Like other DERs, this Review is written in a straightforward and non-technical manner, so as to share the AfDB's objectives, operations and results with partners and stakeholders in Sierra Leone and beyond. In addition to supporting our commitment to transparency, it serves as a useful management tool for our purposes, as we continue to adapt our support to a complex and rapidly evolving context. ■

Figure 0.1 The Bank's Results Measurement Framework





Level 1: Development in Sierra Leone

Following a long period of conflict and political instability, Sierra Leone has made remarkable progress in its efforts to promote peace and stability. Since 2002, the country has disarmed and reintegrated ex-combatants, resettled refugees and internally displaced people and conducted three peaceful elections, transferring power peacefully between political parties. It has restored basic services and rebuilt essential infrastructure, creating the foundations for a return to prosperity. These achievements were marked by the closure of the UN peace-building mission in March 2014 and its replacement by a development mission.

The legacy of conflict and fragility is by no means overcome. Over half of Sierra Leoneans still remain below the poverty line, and levels of health and education remain low. However, until the Ebola crisis, the country was making better economic progress than most countries in fragile situations, with higher-than-average growth rates.

In 2014, the Ebola epidemic caused extensive disruption to national social and economic life. The full impact of the crisis is yet to be seen, but it has certainly affected the real economy and private sector activity. It is crucial that the country emerge quickly from this setback and return to its path of national development.


Sierra Leone's national development vision

Sierra Leone has set itself the ambitious goal of achieving middle-income country status by 2035. It will need major efforts to put in place the policies and institutions for promoting inclusive growth, including diversifying economic activities, promoting the agriculture sector, strengthening governance and ensuring that wealth from the extractives sector is invested wisely.

Post-war Sierra Leone moved quickly to put in place a national development planning mechanism. In 2002, as its 10-year conflict drew to an end, comprehensive plans were formulated for each district, to help people and communities recover. These local strategies were aggregated into a National Recovery Strategy, launched in October 2002 with the assistance of the United Nations Mission in Sierra Leone and other development partners. The National Recovery Strategy had a strong focus on empowering the people of Sierra Leone to rebuild the nation. It sought to promote peace and stability by creating the capacity in the public sector to deliver services, implement peace-building measures and promote reconciliation and human rights. In 2003, for example, it set the targets that at least 50 000 internally displaced persons would be repatriated and resettled and 200 primary schools rehabilitated. A Truth and Reconciliation Commission (2002–2004) was established to help people understand the causes of the war, a key measure for justice and peace-building.

The National Recovery Strategy was followed by an interim and then, in 2005, a full Poverty Reduction Strategy Paper, which defined the

country's transition out of conflict towards long-term recovery. These strategies helped to bridge emergency humanitarian assistance and support for economic development by giving priority to food security, job creation and good governance.

 *Prior to the Ebola epidemic, growth in Sierra Leone peaked at a remarkable 20%, driven by a buoyant minerals sector*

Sierra Leone's second Poverty Reduction Strategy, the Agenda for Change (2008–2012), emphasised the importance of state-building, creating national institutions to serve the people. It also prioritised infrastructure investment and agricultural productivity. The Agenda for Change was developed in an optimistic period, after a fair and free election, demonstrating Sierra Leoneans' shared commitment to building a democratic, prosperous and tolerant nation.

The recently launched Agenda for Prosperity (2013–2018) is the third national development strategy. It identifies the foundations required for Sierra Leone to become a middle-income country by 2035, through sustainable and inclusive growth at average rates of 7% per year. This ambitious vision requires a structural transformation from dependence on primary products to an economy that is active in

Table 1: Development in Sierra Leone (Level 1)

Table 1 summarises Sierra Leone's development progress between 2005 and 2014. The indicators of the One Bank Results Measurement Framework have been complemented by country-specific indicators to capture areas in which AfDB provides support and advice. For each indicator, we compare Sierra Leone's progress with that of its peer group group of African countries in fragile situation, as follows:

- Progress is strong and better than that of peers
- Progress is positive but less than that of peers
- Regression against the baseline
- Data are not available to measure progress

INDICATOR	SIERRA LEONE		COUNTRIES IN FRAGILE SITUATIONS ^A		ADF
	2005	2014	2005	2014	2014
TRANSITION TO ECONOMIC GROWTH AND DIVERSIFICATION					
● GDP per capita (US\$)	318	538	512	607	536
● GDP growth (%)	4.3	6.0	5.2	6.0	6.0
● Poverty ratio (%)	66	53	58	57	45
● Income inequality (Gini)	39	35	41	41	41
● Agriculture, value added per worker (constant 2005 US\$)	665	927	599	629	402
BUILDING TRANSPARENT AND ROBUST GOVERNANCE					
● Tax revenue over GDP (%)	8	11	10	12	14
● Natural resource governance score (0-100)	..	45.7	..	44.3	45.0
● Corruption perceptions index (0-100, 0=corrupt)	24	30	22	23	29
● Mo Ibrahim governance index (0-100)	46	51	36	38	48
● CPIA – economic governance (1-6)	2.9	3.4	2.4	2.7	3.3
BUILDING STABLE ECONOMIC FOUNDATIONS AND A COMPETITIVE ECONOMY					
● Infrastructure – Energy: Access to electricity (%)	9	14	19	26	26
● Infrastructure – Transport: Paved road (%)	8	9	9	9	13
● Infrastructure – ICT: Internet users (per 100 people)	0.2	2.1	1.3	9.2	10.9
● Doing Business ranking (out of 189 economies)	..	140	..	168	152
● Time required for business start-up (days)	26	12	69	30	20
● Cost of business start-up (% GNI per capita)	983	38	287	65	58
● Depositors with commercial banks (per 1000 adults)	61	137	81	92	137
INCLUSIVE SOCIAL DEVELOPMENT					
● Health – Under-5 mortality rate (per 1000 live births)	202	161	136	106	85
● Maternal mortality ratio (per 100,000 live births)	1600	1100	840	666	512
● Life expectancy (years)	42	46	51	54	58
● Education – primary completion rate (%)	..	71	47	59	79
● Access to improved sources of water (% of population with access)	52	60	57	58	61
● Access to improved sanitation (% of population with access)	12	13	24	26	25
TRANSITION TO GREEN GROWTH					
● Institutional capacity for environmental sustainability (CPIA)	2.5	3.5	2.4	2.7	3.2

INDICATOR	SIERRA LEONE		COUNTRIES IN FRAGILE SITUATIONS ^A		ADF
	2005	2014	2005	2014	2014
PROMOTING GENDER EQUALITY AND WOMEN'S EMPOWERMENT					
● Ratio of female to male primary enrollment (%)	82	100	81	92	95
● Labour force participation rate, female (%)	65.5	65.7	71.8	71.9	67.5
● Proportion of seats held by women in national parliaments (%)	15	12	13	14	19

.. = data not available; ADF = African Development Fund; GDP = gross domestic product.

^A Countries in fragile situations are the African countries that were continuously in fragile status between 2008 and 2014. The peer group of African fragile states: Burundi, Central African Republic, Chad, Comoros, DRC, Congo, Côte d'Ivoire, Eritrea, Guinea-Bissau, Liberia, Sierra Leone, Somalia, Sudan, Togo and Zimbabwe.

regional markets, using the country's abundant agricultural potential to produce higher-value-added goods and promote wider prosperity. It calls for greater transparency in the management of the extractives sector, so that the country's abundant mineral endowments are a resource for improving public services and infrastructure for the benefit of the whole population.

“*On Market Day, people are now able to come from everywhere, even from Freetown, to trade and return afterwards without difficulty*”

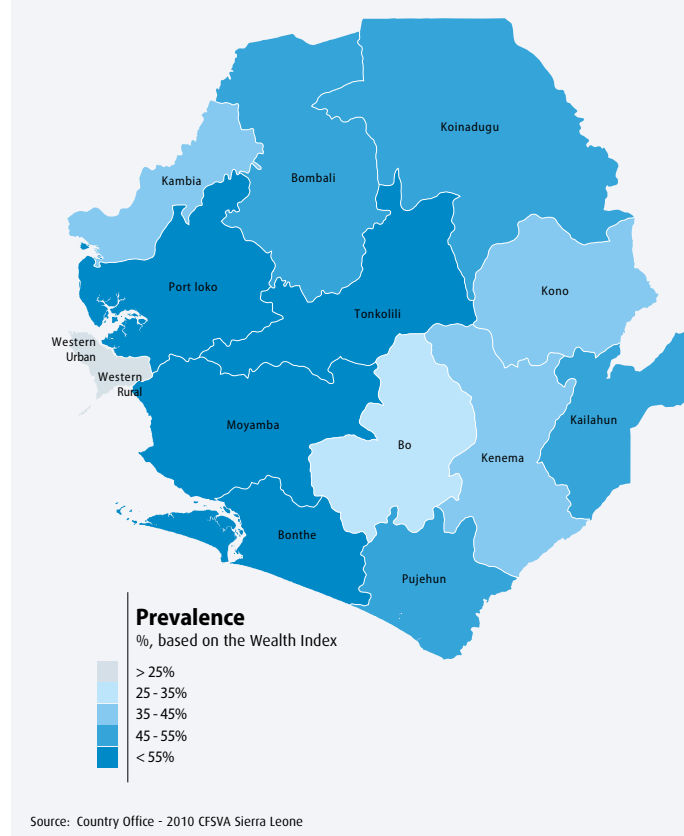
Pa Abdulai Bangura, Community Headman, Ro-Borup along the Port Loko-Lungi Highway

Inclusive growth through diversification

Over the last decade, Sierra Leone's economic growth rates have been significantly higher than those of other fragile states; indeed, they have consistently exceeded average growth across Africa. In the 10 years to 2014, Sierra Leone's ● **GDP growth**¹ averaged 8%, compared to average rates of 5.2% to 6% in other fragile states. Over the same period, Sierra Leone's ● **GDP per capita** rose from \$318 to \$538, converging rapidly with the fragile states average of \$607, which remained static over the period.

The key driver of economic growth in Sierra Leone continues to be minerals. Sierra Leone's mineral resources include iron ore, bauxite, gold, rutile (titanium oxide) and rare earth elements, with both artisanal and industrial production of gold and diamonds. Because of strong global demand, the share of mining in GDP reached 21% in 2013, up from 3% in 2009, with the three main mineral exports (iron ore, rutile and diamonds) reaching \$900 million in 2014.

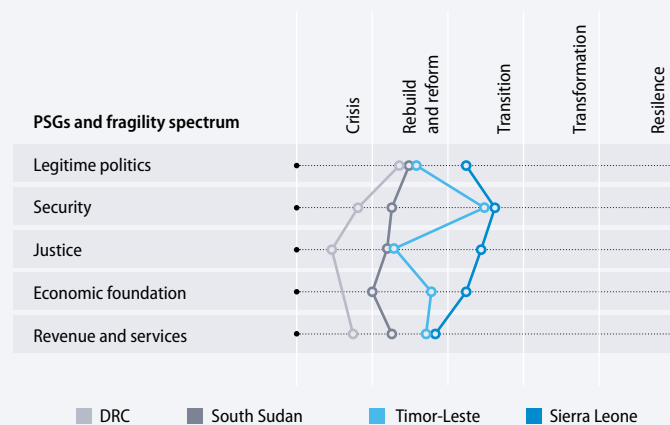
Figure 1.1 Reducing poverty is still a challenge



Increased industrial gold production and, potentially, offshore oil and gas could in principle provide Sierra Leone with the resources to become a middle-income country. However, excessive reliance on mineral exports also leaves the country vulnerable to volatility in global prices — especially since domestic processing and manufacturing industries remain underdeveloped, leaving Sierra

1 A green bullet indicates that progress is strong and better than peers.

Figure 1.2 Sierra Leone is transitioning out of fragility



Source: New deal fragility assessment - Sierra Leone

Box 1.1 Sierra Leone is global success story in transitioning from fragility and is sharing its best practices with other countries

After 13 years of peace and political stability, Sierra Leone is widely considered one of the success stories around the globe among states emerging from conflict. It has also emerged as a leader among the g7+ group of countries, who are helping to set the agenda for more effective development cooperation for fragile states.

In 2011, at the High Level Forum for Aid Effectiveness in Busan, a group of states and development partners endorsed the “New Deal for Engagement in Fragile States”. The New Deal stresses the importance of country leadership in forging solutions to conflict and fragility. Sierra Leone has been active through the g7+ in piloting the New Deal principles and providing peer support to other fragile states. It is also an active member of the UN Peacebuilding Commission.

As part of the New Deal, development partners agreed to:

- ▶ Use the Peace-building and State-building Goals (PSGs) as an important foundation to enable progress towards the Millennium Development Goals in fragile and conflict-affected states.
- ▶ Focus on new ways of engaging, to support inclusive country-led and country-owned transitions out of fragility based on a country-led fragility assessment.
- ▶ Use the PSGs to monitor progress and support inclusive and participatory political dialogue.
- ▶ Build mutual trust by providing aid and managing resources more effectively and aligning these resources for results.
- ▶ Enhance transparency and risk management to use country systems, strengthen national capacities, and improve the speed and predictability of funding to achieve better results.

Consistent with the New Deal approach, Sierra Leone’s Agenda for Prosperity represents the country’s single vision and single plan for peace-building and state-building, to guide both national efforts and international support. It is the basis for cooperation between development partners and the Government, with a mutual accountability framework that is regularly monitored. Sierra Leone is also using broad consultations to ensure that the voice of Sierra Leoneans is heard.

Sierra Leone to export raw materials. This was also evident by the closure of two large scale iron ore production companies, respectively, African Minerals and London Mining.

Another concern is that growth fuelled solely by mineral wealth creates few opportunities for the population at large. By their nature, the extractive industries are capital- and skills-intensive, accounting for just 3% of the formal labour force. The diamond and emerging gold industries are exceptions in that, in addition to industrial production, they include artisanal surface mining; this allows for wider participation, but it also raises difficult governance challenges, especially in regard to revenue generation. Sierra Leone also has industrial-scale diamond production by the Koidu Kimberlite mine and Tonguma Kimberlite Project in the Eastern part of the country.

Unemployment in Sierra Leone remains a significant concern, particularly in Freetown (where approximately 20% of the population live) and the larger provincial towns of Bo, Kenema, Koido Town and Makeni. Many people who sought safety in the towns during the conflict now find themselves living in urban slums, unskilled and with few employment prospects. Addressing urban employment is critical to increasing resilience, as highlighted by the 2013 High Level Panel report on fragile states.

In rural areas, low agricultural production is the key challenge. Although Sierra Leone has an abundance of fertile land, three-quarters of which is suitable for crop production, barely a tenth is cultivated, mostly at subsistence level. Given limited irrigation and farmers’ poor access to inputs and markets, agricultural productivity is low and there is very limited processing of primary products, so that rural Sierra Leoneans have few opportunities to escape from poverty. ● **Agriculture value added per worker** has increased very slowly over the last 10 years, from \$665 in 2005 to \$927 in 2014. Although the production of rice, the country’s most important staple crop, has more than doubled, the country is importing increasing volumes of grain, as consumption outstrips production.

At present the Ebola crisis is causing significant disruption to agricultural production and food security. The 2014 July-August planting season, when many households exchange cash crops for food and other items, was severely disrupted by restrictions on movement, with substantial effects on household income. Since then, internal and external travel restrictions and the closure of food markets have led to shortages in supply and increased food prices. The depreciation of the local currency has added to inflationary pressures.

Since agriculture contributes most to the economy, increases in agricultural productivity may offer the most direct method of transforming the livelihoods of most Sierra Leonean households. Both farmers and entrepreneurs would benefit from greater commercialisation of agriculture and the development of higher-value-added agricultural products – both of which are central to the Government’s Agenda for Prosperity.

The ● **poverty headcount ratio** has fallen from 66% in 2003 to 53% in 2011. While this is an important result, the progress was concentrated mainly in urban areas; most rural areas still face pervasive poverty (see Figure 1.1). The growing gap between urban and rural poverty rates is one major driver of inequality. Another is the gap between generations. With only 5% of the workforce in formal employment, young people have little chance of securing formal employment, and they account for 70% of the unemployed. Besides wasting an important resource for the economy, high levels of unemployment and underemployment, especially for the young, could become a source of social instability in the future.

When economic growth is driven primarily by mineral exports, it creates few employment opportunities and therefore has limited impact on poverty. ● **Income inequality** in Sierra Leone, as measured by the Gini coefficient, has decreased from 39 to 35 over the last decade, but is still high compared to most African countries.

Building transparent and robust governance

Sierra Leone is one of the original pilot countries for the “New Deal for Engagement in Fragile States” (see Box 1.1). The New Deal has state-building at its core, highlighting the need to create legitimate national institutions able to deliver to citizens. It helps countries focus on their progress towards five Peace-building and State-building Goals and promotes new ways of supporting inclusive, country-led transitions out of fragility (see Figure 1.2). Sierra Leone has been piloting the application of these principles, including the fragility assessment tool, with considerable success. In March 2014, the United Nations formally changed its representation in Sierra Leone from a peace-keeping to a development mission – a key milestone in the path out of conflict and fragility.

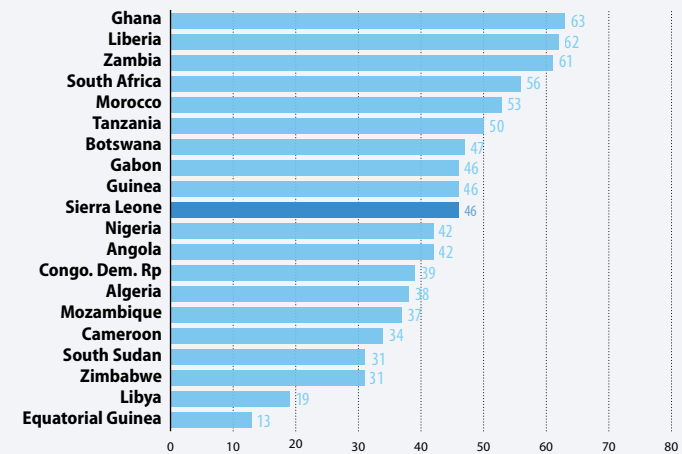
Addressing corruption is a key part of peace-building, state-building and restarting economic growth. After the 2007 election, the Government of Sierra Leone strengthened the Anti-Corruption Act to promote greater integrity in public institutions and improve service delivery. This measure, together with the Extractive Industries Transparency Initiative (EITI), enabled Sierra Leone to improve its ranking on the ● **Corruption Perceptions Index**, from 24 to 30 on a scale of 0 to 100, above the average score of comparable countries in fragile situations. However, corruption remains a serious problem that will take many years to address.

Sierra Leone also shows solid improvement in broader governance indicators. On the composite ● **Mo Ibrahim index**, it has moved from 46 to 51, ranking 25th out of 52 African countries. In particular, Sierra Leone has made a notable improvement in the “safety and rule of law” element of the index. It has also shown some encouraging progress in economic governance on the AfDB’s ● **Country Policy and Institutional Assessment (CPIA)**. However, state and institutional capacity still remains weak and

would require sustained reforms to reach the levels of middle-income countries.

Figure 1.3 Sierra Leone is an average performer in managing its natural resources compared to other African countries

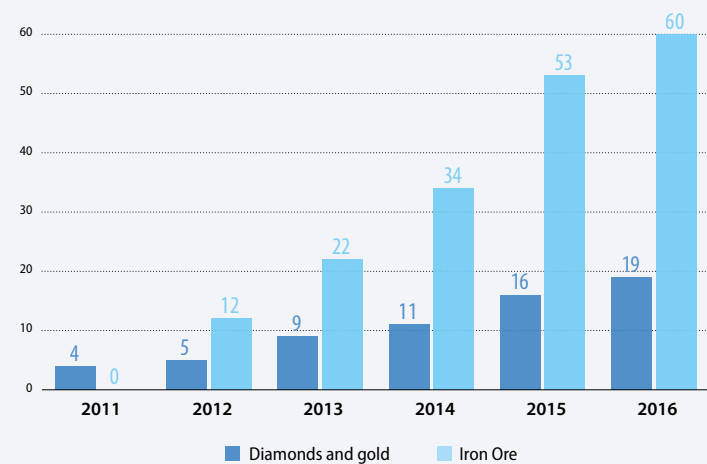
Resource Governance Index, 2013



Source: Nature resource governance institute

Figure 1.4 The extractive industries are expected to generate more government revenues

million \$



Source: Sierra Leone Government budget profile 2011-2015 and 2012-2016

The governance of natural resources is crucial to Sierra Leone’s development prospects. The export of minerals drives Sierra Leone’s economic growth, and the resulting revenues from royalties, pay-as-you-earn, licenses and taxes could transform its public services. In 2011, the minerals sector contributed just 11% of public finances, well below its potential; but in 2014 it contributed 20% of public finances — one-fifth of total revenue (see Figure 1.3 and 1.4). Sierra Leone’s ● **natural resource governance score**² stood at 45.7%,

2 A grey bullet indicate that data is not available to measure progress.

which is towards the middle of resource-rich African countries, but with considerable scope for improvement. Governance of the minerals sector remains a key issue; ensuring that future revenues are handled fairly and transparently is key to maintaining Sierra Leone's political stability.

Some important reforms are now under way to improve the governance of natural resources. In 2012, a National Mineral Agency was created to provide geological compliance and regulatory services and establish an effective licencing scheme. The Government has raised royalties on diamond exports and signed new contracts for the exploration of iron ore that will increase its revenues in the future. In April 2014, Sierra Leone became compliant with the EITI – a substantial achievement that should deliver benefits for the population at large. The Bank contributed by funding the reconciliation exercises.

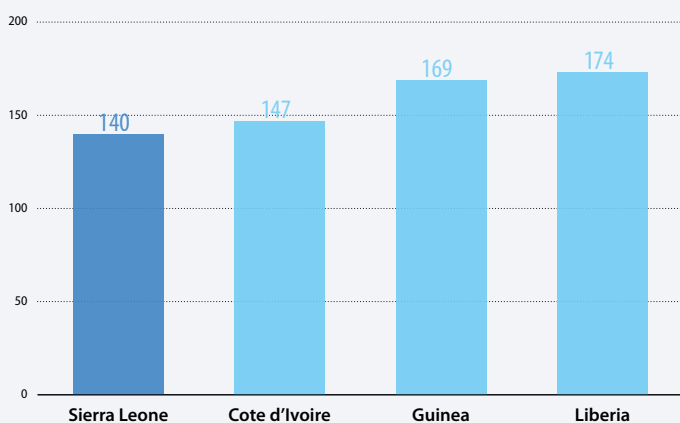
Since the war Sierra Leone has made remarkable progress in consolidating its democracy, with three successful elections and, in 2007, the peaceful transfer of political power at presidential, parliamentary and local levels. In this respect, Sierra Leone is a good example of a successful transition from fragility to democratic government.

Building a stable economic foundations and a competitive economy

Sierra Leone emerged from the conflict with a huge infrastructure deficit caused by physical destruction and long neglect of capital investment. Restoring essential transport, energy and communications services is essential to promoting private investment and creating economic opportunities for the population at large. The Government has made infrastructure investment a major priority, but still has a long way to go to close the gap.

Figure 1.5 Sierra Leone is leading the doing business ranking in the region, but more progress is needed

Doing Business Rank, 2015



Source: Doing Business survey

Just 14% of people in Sierra Leone have **access to energy**, compared to a quarter of the population across African countries in fragile situations. A 50 MW hydropower plant at Bumbuna almost doubled the existing generation capacity, helping to reduce power outages, but Sierra Leoneans still pay some of the highest prices for electricity in Africa. In the four main towns (Freetown, Bo, Kenema and Makeni), 30% of people have power, but blackouts are frequent and many households rely on back-up generators.



Mayiba community, a new community that is developing now, was brought about by the Loko-Lungi highway.

Alusine Kargbo, Auto-card Technician, along the Port Loko-Lungi Highway

Sierra Leone had an average Africa Infrastructure Development Index of 7.4 for 2009–11, which is less than half of Africa's average of 14.8 for that period. Sierra Leone's road density is low, and only 9% of the road network is **paved roads**; half of the rural roads are in poor condition. This is a major barrier to the commercialisation of agriculture, and also inhibits rural communities from accessing schools and health facilities. There are also major gaps in regional infrastructure such as the Trans-West African Coastal Highway.

The infrastructure deficit calls for careful prioritisation of investments, with traditional aid supplemented by private sector finance and funds from emerging donors. Foreign direct investment has increased in recent years in the mining sector, reaching \$740 million in 2012, and has also helped to finance communications infrastructure. However, during the past year the Ebola epidemic has stalled foreign direct investment. The development of regional transport corridors, which is part of a broader Economic Community of West Africa (ECOWAS) regional plan, will help to encourage trade by providing access to a larger common market for firms across the region, so they can develop economies of scale and become more competitive.

Along with better infrastructure services, Sierra Leone needs a business climate that is conducive to private sector activity. The country has already made some important progress; in 2014, it was listed among the top 10 improvers in Africa by the World Bank's Doing Business survey. It is now ranked 140th out of 189 countries—higher than other countries in the Mano River Union (see Figure 1.5)—on the **Ease of Doing Business** index. The **time required for starting a business** fell from 26 days in 2005 to just 12 in 2014, and the **cost of starting a business** fell dramatically by 96% from 2005 to 2014.

Another key area for producers and traders is access to finance. Sierra Leone's financial system remains fairly rudimentary, with

only 15% of people enjoying access to financial services. However, financial institutions are expanding their reach, drawing on new business models and technologies, such as telebanking, from across the region. ● **Depositors with commercial banks** are increasing from 6.1% to 13.7% among adults past 10 years. There are currently 13 commercial banks, of which 6 are Nigerian-owned, which is one of the drivers of regional integration in the financial sector. However, financial sector regulation remains a challenge: two state-owned banks faced a liquidity crisis and had to be recapitalised. The Central Bank's Financial Sector Development Plan (2009), which the Bank is helping to implement, needs to be reviewed and updated.

From reconstruction to inclusive social development

The last few years have seen major improvements in Sierra Leoneans' access to health and education. The war left the country's education and health services in tatters, so that Sierra Leone was at the very bottom of the human development index (see Figure 1.6), with life expectancy of less than 40 years.



Before the renovations of the maternity ward, the building was congested and lacked enough space. This is a problem in peak season when we have an average delivery of 10 per day

Agatha Lahai, Nurse-in-Charge, SECH

By 2013, the ● **maternal mortality ratio** (deaths of mothers per 100 000 births) had improved to 1100, compared to 1600 in 2005. Though still well above the average of 666 in other Africa fragile states, this is a major improvement over the end of the war, when Sierra Leone recorded the highest maternal mortality in the world, at 2200. Sierra Leone's ● **under-5 child mortality rate**³ has fallen from 202 to 161 per 1000 live births, still well above the fragile state average of 106. Basic health service provision remains an acute challenge. However, even in difficult circumstances the country has made real progress in tackling tropical diseases such as river blindness, elephantiasis and snail fever.

Under its Agenda for Change, the Government launched a major assault on the country's poor health indicators by introducing a Free Health Care Initiative for pregnant women, lactating mothers and children under five. Regional cooperation programmes such as ECOWAS Volunteers Program also contributed by providing health worker volunteers.

The share of public spending on health has increased, but remains low at 1.9% of GDP, compared to 2.6% across sub-Saharan Africa. In addition, there are challenges of absorptive capacity in the health sector, as annual allocations are in most instances not fully used. Public spending on social protection is around 4% of GDP and is expected increase under the Agenda for Prosperity, funded through improved domestic resource mobilisation and revenues from the extractive industry, as well as donor contributions. However, the recent Ebola outbreak has overwhelmed an already overburdened health care system. With the available resources necessarily focused on containing the Ebola outbreak, health centres are having difficulty keeping up the provision of other forms of health care, such as malaria treatment. The Government is allocating extra public spending in health and education to implement robust post-Ebola recovery programs.

Figure 1.6 Human development was disrupted by the war

Human Development Index for Sierra Leone



Source: Human Development Index

Over the last decade Sierra Leone has also made progress on other public health initiatives, including tackling waterborne diseases through improved water and sanitation services. Over the past 10 years ● **access to improved water** has increased from 52% of the population to 60%, whilst ● **access to improved sanitation** has not significantly increased from 12% to 13%. The progress has been primarily in urban areas, where 38% of Sierra Leoneans live, exacerbating the rural-urban gap. This is a key area for future efforts by the Government to promote social integration.

In education, the primary completion rate stands at a very creditable 71%, which is well above the fragile states average of 59%. However, just two-fifths of children complete secondary school. This

3 A yellow bullet indicate that progress is positive but less than that of peers.

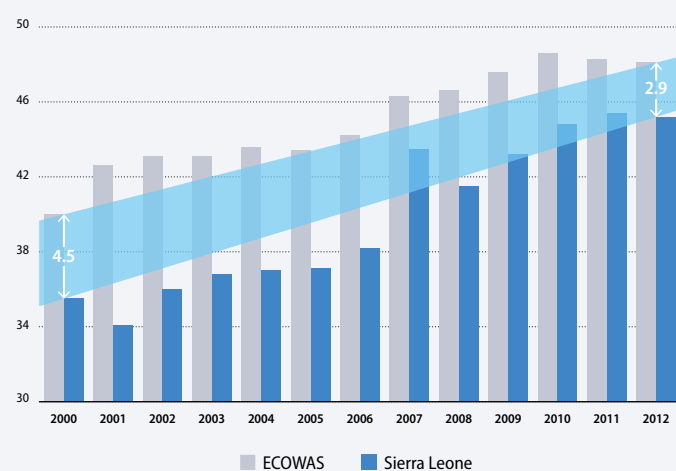
fact, combined with the lack of vocational training facilities, means that most young Sierra Leoneans are poorly equipped for formal employment or entrepreneurship.

Transition to green growth

Sierra Leone's Agenda for Prosperity highlights the importance of promoting green growth. Of central importance is the sustainable management of natural resources for the country's long-term development. The country is richly endowed with not just minerals but also renewable resources, such as fertile land, water, fisheries and forests. Diamonds, iron ore, gold, bauxite, rutile and offshore oil offer an extraordinary opportunity to address poverty in Sierra Leone. However, if they are to provide more than a short-lived resource boom, they must be managed in a sustainable way.

Figure 1.7 Sierra Leone's gender scores are catching up with the region

Mo Ibrahim Index of African Governance - Gender



Source: Mo Ibrahim Foundation

Mineral wealth can create inequality and social tensions. Sierra Leone is particularly alert to this issue and in 2012 passed the National Minerals Agency Act, putting in place a range of policies and measures to improve natural resource governance. The Act established a National Minerals Agency to provide licensing, geological and regulatory services in a consistent, accountable and transparent manner. The Government is also finalising the Extractive Industry Revenue Act which consolidates all the extractive revenue collection in one legal framework, and is setting up a special unit in the National Revenue Authority to better collect extractive revenue. The country's **● institutional capacity for environmental sustainability**⁴, one component of the CPIA, has improved from 2.5 in 2005 to 3.5 in 2014 on the scale of 0-6. This highlights the need to strengthen the nation's

capacity to manage pollution and ensure that its natural resources are protected for future generations.

For Sierra Leone, green growth also means investing in sustainable infrastructure development, so that roads, energy infrastructure and new urban settlements are built to last. This will minimise waste and pollution during construction and operation and will reduce maintenance costs for the future. The Government's 2010 Institutional and Road Sector Reform included making the Road Maintenance Fund an autonomous body and emphasised the need to sustain the road network. Given the country's infrastructure deficit, there is an opportunity to leapfrog to new, environmentally sound technologies. This will entail higher up-front costs, but it should prove cost-effective over the longer term.

The green growth strategy in the Agenda for Prosperity also includes building resilience to natural disasters and climate change. The rate of deforestation in Sierra Leone is very high because of agriculture and other human activity. The country is vulnerable to floods and storms: four major floods over the last 15 years affected over 220 000 people, at great human and economic cost. Urban slums around the capital Freetown are particularly vulnerable. Besides damaging livelihoods, urban flooding contributes to the spread of cholera, malaria and worm infections, as happened in 2008 during the flooding of Kroo Bay, an urban slum, affecting thousands of people.

In 2012, Sierra Leone ranked 165th out of 177 countries on the Global Adaptation Index. It is now improving its capacity to prepare for disasters by creating disaster management committees at the district and national levels and equipping them to help communities through systems for early warning, risk management and rapid response.

Promoting gender equality and women's empowerment

Women and girls are particularly vulnerable in conflict-affected countries, where they are often subject to sexual and physical violence and have limited access to justice. Sierra Leone has made very slow progress on gender equality; on the Mo Ibrahim gender index, it still ranks behind most ECOWAS countries (see Figure 1.7). However, the Government remains committed to gender equality: Gender is one of the pillars of the Agenda for Prosperity, it is also adequately mainstreamed in all the other pillars.

Men and boys also suffer after violent conflict; more than 70 000 former combatants and more than 200 000 people displaced by conflict have been affected psychologically, often struggling to find employment and reintegrate in their communities. In this context, a lack of economic opportunity and social support can be a driver of political tension and social

4 A red bullet indicate regression against the baseline.

grievance. The Government of Sierra Leone has recognised that creating jobs and livelihoods for both women and men is vital to promoting social cohesion. It is now considering setting up a Women and Youth Fund to support women's economic empowerment and youth entrepreneurship, but this effort is being delayed by the Ebola outbreak.

At present, women participate in the labour market at rates similar to men's. Yet 94% of women are in low-earning and low-skilled jobs, often in agriculture, fisheries or micro-trading activities. In both urban and rural areas, they are largely confined to the informal sector. Only 8% of businesses are owned by women.

The gender balance at primary schools has improved dramatically since the end of the war, with the ● **ratio of girls to boys** rising from 82% in 2001 to 100% today. In lower secondary school, however, only 38% of girls graduate successfully, compared to 45% of boys. This gender imbalance is even worse in senior secondary schools and tertiary education.

Women remain underrepresented in political leadership in Sierra Leone, holding just ● **12% of parliamentary seats** and 10% of ministerial posts in 2014 – a slight decline since 2010. However, more than half of the justices in the constitutional court are women.

Conclusion

Sierra Leone is known as a success story among states emerging from serious conflict. The UN peace-keeping missions were successfully brought to an end, three free and fair elections have been conducted, and power has been peacefully transferred. Successive governments have shown a strong commitment to peace-building and state-building. They have restored basic services and begun the long

process of rebuilding infrastructure. The economy is now steadily growing, and mineral wealth is beginning to generate revenues to invest in national development.

Yet Sierra Leone still faces some daunting challenges. Infrastructure coverage is still extremely limited, particularly outside the major towns. The country is still working to put in place basic social services to improve life expectancy and other human development indicators. Agricultural productivity remains low, and the formal economy generates few opportunities for employment. The Government has taken important steps to put in place sound governance of the minerals sector, but the benefits are still not widespread; additional reform in the sector will be needed to better align with international best practice. To achieve the Agenda for Prosperity vision of becoming a middle-income country by 2035, Sierra Leone needs to achieve a more inclusive pattern of growth, enabling more Sierra Leoneans to lift themselves out of poverty. The country also needs to significantly improve its human development capacity by investing strategically in education, health and social protection.

These challenges have all been compounded by the recent Ebola outbreak, which has exposed the country's continuing fragility and reversed its growth trajectory from positive to negative. The setback to national development is substantial, and returning to pre-Ebola levels will require robust recovery interventions, as set out in the Government's post-Ebola recovery strategy.

The Bank will continue its strong support for Sierra Leone, to help the country overcome the crisis and return to the path of inclusive and sustainable growth. In the next chapter, we look at how the Bank has contributed to this vision through its investment projects, budget support, capacity building and technical assistance. ■



Level 2: How AfDB contributes to Sierra Leone?

This chapter sets out how the Bank has supported Sierra Leone’s national priorities of promoting peace, stability and economic development in the years since the civil war. The country programme was put on hold during the conflict from 1991 to 2002, but since the end of the conflict, the Bank has supported Sierra Leone in its journey of recovery, helping to rebuild state institutions, restore basic services and promote growth and employment. Overall, we have contributed \$350 million in grants and concessional lending between 2005 and 2014. This year, the Bank responded quickly and flexibly to the Ebola crisis, providing \$60 million as part of a wider regional package of \$223 million.

This chapter is organised according to the three main phases of our work in Sierra Leone, as set out in the three national poverty reduction strategies, which form the foundation of our various Country Strategy Papers (CSPs). It assesses whether our operations have delivered on their targets and contributed to rebuilding state institutions and promoting national development goals. We aggregate the results from individual projects that closed between 2005 and 2014 for which we have results data, to build up a picture of the Bank’s contribution to Sierra Leone’s development. We also present a number of examples of our more innovative work in Sierra Leone.

Throughout the post-war period, we have sought to be a strategic partner to Sierra Leone, providing investment finance, policy dialogue, capacity building and technical support. Under the Government’s leadership, the Bank has worked closely with other development partners to support Sierra Leone’s transition from post-conflict recovery to sustainable development.

The Bank’s approach to tackling the drivers of fragility

Over the past decade, the Bank has steadily increased its focus on conflict and fragility – not just by increasing our financial support for fragile states, but also by helping them to address the root causes of conflict and fragility. In 2008, we established our Fragile States Facility – now renamed the Transition Support Facility – as a mechanism to channel \$2.5 billion of additional resources quickly and flexibly to help countries emerging from crisis.

In 2013, AfDB President Donald Kaberuka set up the High Level Panel on Fragile States to provide strategic advice on how to improve the Bank’s engagement in situations of fragility and conflict. The Panel highlighted that the Bank needed to mobilise resources quickly and flexibly and use its various funding instruments in a more integrated way. The Panel also raised the importance of regional cooperation for overcoming conflict and fragility, recognising that many drivers of conflict spill across national borders. In line with our Bank Strategy 2013–22, we drew on the Panel’s recommendations to produce a new strategy for

fragile states: “Fragility and Building Resilience in Africa (2014–2019)”. This will allow the Bank to intervene in more systematic way in situations of fragility.



In 2008, the bank established the Transition Support Facility as a mechanism to channel \$2.5 billion of additional resources quickly and flexibly to help countries emerging from crisis

The Bank’s support to Sierra Leone over the past 13 years illustrates its commitment to addressing the root causes of conflict and fragility. Through the Transition Support Facility, we have more than doubled the finance available to Sierra Leone, adding \$100 million to the performance-based country allocation of \$90 million.

Table 2: How AfDB contributes to Sierra Leone (Level 2)

The table below presents the contributions the Bank is making through its operations in Sierra Leone. The Bank's performance is measured by comparing expected and actual achievements for all ongoing operations and those completed between 2005 and 2014.

- Bank operations achieved 95% or more of their targets
- Bank operations achieved 60–94% of their targets
- Bank operations achieved less than 60% of their targets
- Data are not available to measure progress

INDICATOR	2005–2014		
	Expected	Delivered	
CSP 2005–2009: REBUILDING STATE INSTITUTIONS AND PROMOTING BASIC SERVICES FOR HUMAN DEVELOPMENT			
Providing basic health care for all			
● Primary, secondary and tertiary health centres	40	44	109%
● People with access to better health services	2 656 000	2 656 000	100%
— of which women (%)	..	66	..
Expanding access to education			
● People benefiting from vocational training	21 000	24 300	116%
● Classrooms and educational support facilities constructed	48	56	117%
● Teachers and other educational staff recruited/trained	1500	1500	100%
● People benefiting from better access to education	405 100	432 600	107%
Building the macroeconomic foundation for recovery			
● Balance of payment support provided to central bank (\$ millions)	42	42	100%
● HIPC debt relief (\$ millions)	106	106	100%
CSP 2009–2012: SPREADING THE PEACE DIVIDEND BY PROMOTING INCLUSIVE GROWTH AND EMPLOYMENT			
Improving rural livelihoods by expanding agriculture production			
● Land whose use has been improved: replanted, reforested (ha)	20 000	17 000	85%
● Rural population with improved technology	26 800	22 700	85%
● People benefiting from improvements in agriculture	291 200	289 800	99%
Supporting private sector development and business-enabling environment			
● Microcredits granted (number)	3500	3500	100%
● Microfinance clients trained in business management	380	660	174%
Building public financial management institutions for inclusive growth			
● Procurement systems	75	66	88%
● Quality of Budgetary and Financial Management Score	3	4	133%
● Quality of Public Administration Score	3	3	100%
CSP 2013–2017: STRUCTURAL TRANSFORMATION FOR BECOMING A MIDDLE-INCOME COUNTRY AND PROMOTING GREEN GROWTH			
Improving electricity supply through regional power pool			
● Energy—People with new or improved electricity connections	10 500	14 500	138%
— of which women	..	5075	..
● Energy produced (MW)	50	50	100%
● Energy produced (MW)	200	216	108%
Linking national roads to a regional network			
● Transport—Roads constructed, rehabilitated or maintained (km)	740	600	80%
● Transport—Staff trained/recruited for road maintenance	87	101	116%
● Transport—People educated in road safety etc
● Transport—People with improved access to transport	6000	5900	98%


INDICATOR	2005–2014	
	Expected	Delivered
Promoting transparency in extractive industry and domestic resource mobilisation and green growth		
● Transparency, Accountability and Corruption in Public Sector Score (CPIA)	3	4 ..
● Energy—CO ₂ emissions reduced (tonnes per year)	..	71 700 ..

.. = data not available; ha = hectares; km = kilometres; m³ = cubic metres; HIPC = Highly Indebted Poor Countries and CPIA = Country Performance and Institutional Assessment

Note: UA figures from material converted at 1 UA= \$1.53.

Source: African Development Bank.

Our approach in Sierra Leone is based on the principles of country leadership and partnership that underlie the New Deal for Engagement in Fragile States that was agreed at the Busan High Level Forum in 2011. The New Deal calls on development partners to align behind a shared analysis (the fragility assessment) and a common set of peace-building and state-building goals. It calls for strong, country-led development partnerships, based on open political dialogue, transparency, use of country systems and mutual accountability. Within this shared vision, the Bank focuses in particular on economic foundations, public finances and service delivery, in accordance with our mandate. The Bank is part of the Mutual Accountability Framework for the implementation of the Agenda for Progress. The framework, which comprises all active development partners and the Government, emphasises strong partnership and alignment based on comparative advantage.

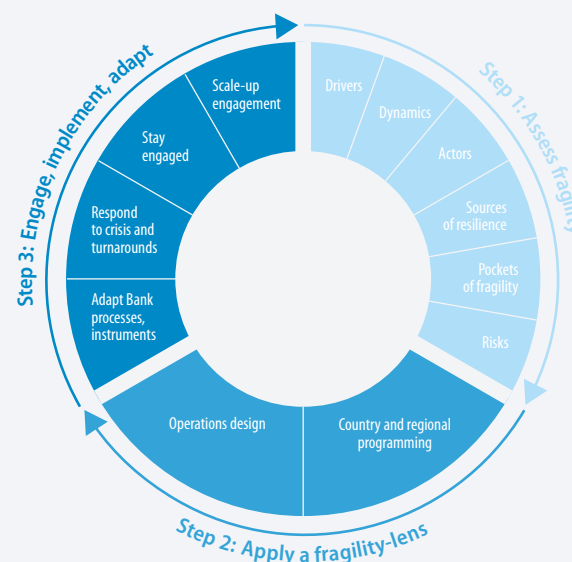
 *The road is good now, and my Okada doesn't breakdown easily. And now it's faster to move from one point to the other, and I make more money*

Musa Kallon, Commercial Motorbike Rider

The Bank's support has been closely aligned with Sierra Leone's three Poverty Reduction Strategies, which focused successively on recovery and reconstruction, state-building, and laying the foundations for sustainable and inclusive growth. Our investment choices have also recognised the importance of strengthening resilience at the regional level. Our support to the Manu River Union of Liberia, Sierra Leone, Guinea and Côte d'Ivoire promotes the joint management of shared national resources, with a strong conflict-prevention focus.

The Bank also supports peace and development across the ECOWAS region through multinational projects such as the ECOWAS Volunteer Programme. This innovative programme is helping to strengthen the capacity of regional institutions and civil society in countries experiencing conflict. It is providing 40 volunteers to support the health and education sectors in Sierra Leone, helping to realise the ECOWAS vision of unity, peace and democracy across the region.

Figure 2.1 The Bank is addressing the drivers of fragility in Africa



Source: Operational guidelines for the implementation of the Strategy for addressing fragility and building resilience in Africa and for the Transition Support Facility

CSP 2005–2009: Rebuilding state institutions and promoting basic services for human development

In line with Sierra Leone's first Poverty Reduction Strategy (2005–07), the AfDB moved quickly to mobilise support for the reconstruction process. The objective was to rebuild the capacity of the Sierra Leonean state to deliver essential services, social infrastructure, job creation and good governance. By strengthening state institutions, investing in health and education and ensuring the conditions for growth, the Bank's investment focused on providing the population with decent lives and livelihoods.

Providing basic health care for all

One of the first priorities was to restore basic health and education services. During the war, three-quarters of the health infrastructure had been damaged or destroyed. Some 44 health care units, including 15 hospitals and 150 primary health care centres, were out of operation because they had lost buildings, equipment, staff or supplies. As a result, Sierra Leone's health indicators had reached

catastrophic levels, with some of the highest infant and child mortality rates in the world and life expectancy at birth of just 34 years.

During the conflict, international and local nongovernmental organisations had provided skeletal services, but the immediate priority was to place service delivery on a more sustainable footing. Our Strengthening District Health Services project focused on re-establishing district health systems in five districts by constructing and equipping 27 health facilities and training 800 staff, including doctors, nurses and trainers. It also helped to rebuild policy-making and planning capacity in the Ministry of Health and Sanitation, so it could effectively lead the reconstruction of the national health system.



In the new maternity ward, I am enjoying the work now than before with the new building. It's now more tidy, clean, there's water, toilets, furniture, and a recovery space

Betsy Tapema, Sister-in-charge, Maternity Theatre

Since 2005, our health projects have delivered 44 ● **primary, secondary and tertiary health centres**¹ and provided 2.65 million ● **people with access to better health services**, benefiting 44% of Sierra Leone's population.

Expanding access to education

Education was another critical area for post-war recovery. The Government's strategic framework for the education sector was set out in the 1997–2006 National Education Master Plan. A key component of this programme was the back-to-school campaign, which included the introduction of free primary education from 2001. It also included measures to improve the quality of teaching and promote technical and vocational training, to equip young people with both the skills and values needed to rebuild the nation.

In support of this strategic framework, the Bank financed the Rehabilitation of Basic and Non-Formal Education and Vocational Skills Education Project, an emergency response to the acute needs of post-war Sierra Leone. A National School Survey in 2001 and other diagnostic work revealed the extent of losses to both classroom infrastructure and the teaching profession, as well as the huge numbers of Sierra Leonean children whose education had been disrupted by conflict. The project, which was financed jointly with the World Bank, rehabilitated or reconstructed junior and senior secondary schools and vocational training centres, and trained 8000 teachers and 210 school management committees. It enabled

the enrolment of 1.5 million girls and boys at primary level and 850 000 at secondary level and in vocational training.

Altogether, since 2005, our projects have constructed 56 ● **classrooms and education support facilities** and recruited or trained 1500 ● **teachers and other education staff**. We helped provide over 24 000 ● **people with vocational training** and over 432 600 with ● **better access to education**.



It's far better now; with the school we have a conducive learning environment for the pupils as well as us the teachers

Amadu M. Conteh, Head Teacher

Restoring macroeconomic stability

In Sierra Leone, as in many post-conflict countries, restoring macroeconomic balance and sound public finances was a significant challenge in the early phase of the reconstruction process. Sierra Leone had both a negative fiscal balance of 9.7% and an external trade deficit of 13% of GDP in 2005.

To help restore macroeconomic stability, we provided \$42 million in ● **balance of payments support to the central bank** under three Economic Rehabilitation and Recovery Programmes between 2002 and 2008. This additional liquidity helped to pay for the public and private sector imports needed to revive the war-ravaged economy. It also helped to reinvigorate the structural and budgetary reforms put on hold by the conflict.

Debt relief also played a key role in Sierra Leone's economic recovery, providing additional fiscal space for social expenditure. With other multilateral agencies, the Bank supported the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) in 2006, reducing the country's debt stock by 90%. This freed up national resources from making heavy interest payments, to enable increased public expenditure on essential services. Our contribution was \$106 million in nominal terms in ● **HIPC debt relief** and \$147 million over the life of the MDRI.

CSP 2009–2012: Spreading the peace dividend by promoting inclusive growth and employment

As the country's most pressing reconstruction needs were addressed, the Bank's support for Sierra Leone gradually shifted towards longer-term development goals. Under the Agenda for Change 2008–2012, the Government prioritised investments in infrastructure, agribusiness and basic services, so as to deliver a "peace dividend" for the

¹ A green bullet indicate that Bank operations achieved 95% or more of their targets.

population. Development partners strongly endorsed these priorities. To ensure that the development assistance provided to the country was well coordinated, we prepared a Joint Assistance Strategy with the World Bank Group in 2009; the strategy was harmonised with other development partners and closely aligned with the national development agenda.

Improving rural livelihoods by expanding agriculture production

With poverty in Sierra Leone heavily concentrated in rural areas, restoring agriculture was key to achieving food security and rebuilding basic livelihoods.

The Bank focused its efforts on direct support to farmers and on building capacity at all levels across the sector. The Agricultural Sector Rehabilitation Project, approved in 2005, aimed to restore agricultural production and generate an additional \$19 million in income for Sierra Leonean farmers. The project restored 5000 hectares of swampland, increasing yields for nearly 10 000 farmers, and rehabilitated 8000 hectares of tree crops (coffee, cocoa and palm oil) to the benefit of 16 000 farming families. It also helped to restore government capacity in the sector by rehabilitating 93 Ministry of Agriculture, Forestry and Food Security buildings across the country, training specialist advisers and trainers and establishing 325 farmer field schools and farmer-based organisations. In later projects — for example, the New Rice for Africa (NERICA) and the Artisanal Fisheries Development Projects in 2007-08 — nearly 25 000 Sierra Leonean farmers received small farm animals, including sheep, goats and chickens.

Overall, as a result of the Bank's projects since 2005, 17 000 hectares of ● **land have been improved, replanted or reforested**² —slightly short of our target of 20 000 hectares. Over 22 700 of the ● **rural population accessed improved technology**, and we met our overall target with 289 800 ● **people benefitting from improvements in agriculture**. Sierra Leone has also been a beneficiary of award-winning, Bank-sponsored research into the new rice varieties, through the NERICA initiative (see Box 2.1).

Supporting private sector development and the business-enabling environment

The Bank's new Strategy for Addressing Fragility and Building Resilience in Africa (2014–2019) recognises the importance of broad-based private sector development to making communities more resilient. Supporting such development has long been a priority for the Bank in Sierra Leone.

As part of the budget support operations, the Bank provided advisory and technical support for the Government's regulatory reforms, such as the modernisation of the National Revenue Authority under a 2009 Economic Governance Reform Grant. These reforms have improved the environment for businesses to start

up and operate and enhanced revenue collection. Some of the results—dramatic reductions in the time and cost of business start-up—were noted in the previous chapter.

Box 2.1 NERICA rice project wins the US Treasury Award for 2014

High yielding New Rice for Africa (NERICA) rice varieties, developed by AfricaRice in the 1990s, are increasingly cultivated across West Africa. In 2005, the AfDB helped seven West African countries, including Sierra Leone, to adopt the new varieties using new cultivation techniques. In Sierra Leone, the programme reached 5600 farmers, of which 3100 were women, through a mix of activities including training farmers, technicians and field extension staff; building processing units; and constructing feeder roads.

In Sierra Leone and neighbouring countries, increased rice consumption in the past decade has resulted in huge import bills and acute vulnerability to variations in world prices, contributing to food insecurity among poor communities. Increased domestic production is an important part of the solution. NERICA rice has been widely hailed as one of the most significant advances in crop improvement, winning a US Treasury Award in 2014. As a female farmer who participated in the NERICA project said, "NERICA rice allows us to feed our family".

The Bank has also supported the private sector directly. Despite a tight sustainable lending limit for Sierra Leone, we have invested in a number of key private sector projects. For example, the Bank supports the Addax bio-energy project near Makeni. It is one of the country's largest foreign direct investments, a large sugarcane plantation is being developed to produce ethanol and support domestic electricity generation. The ethanol will be produced according to European Union (EU) and international environmental standards, making it suitable for export. The project will employ over 2000 Sierra Leoneans and train farmers in its areas of operation.

We are also a significant provider of microfinance to small business in Sierra Leone. Since 2005, our results include 3500 ● **microcredits granted** and 660 ● **microfinance clients trained in business management**, exceeding our target by 74%.

We are also building the capacity of a range of agencies in Sierra Leone that provide services to facilitate private sector development: the Chamber of Commerce, the Sierra Leone Investment Promotion Agency and the Sierra Leone Business Forum. The Bank, through its Governance Trust Fund, supported the establishment of a public-private partnership (PPP) unit under the Office of the President to oversee implementation of the Government's PPP agenda.

² A yellow bullet indicate that Bank operations achieved 60–94% of their targets.

Building public financial management institutions for inclusive growth

After the initial phase of stabilising macroeconomic conditions through balance of payments support, the Bank shifted its emphasis towards longer-term reforms to the national budget and public financial management systems. A joint Government-donor diagnostic exercise, the 2010 Public Expenditure and Financial Accountability assessment, provided the starting point. It indicated weak expenditure controls, an ineffective payroll system, delays in follow-up on audit recommendations, weak external scrutiny, and weak revenue transparency and accountability, especially in the mining and energy sectors. Reforms in these areas can promote inclusive growth by ensuring that resources are channelled efficiently towards the delivery of essential public services.

The Bank's Economic Governance Reform Programmes I and II, covering 2009 to 2012, were designed to improve the efficiency, transparency and accountability of public expenditure, particularly in the energy and extractives sectors. One of the most significant outcomes of the support was Sierra Leone's achievement of EITI compliance in 2014. The Bank is also helping the Government develop the EITI Bill to better institutionalise EITI concepts and practice within the extractive governance agenda.

Since 2005, in the Bank's CPIA, which measures the quality of policies and institutions for economic governance, Sierra Leone has improved its ● **Budgetary and Financial Management Score** to 4 of a possible 6, compared to the expected level of 3, and has maintained its ● **Public Administration Score** of 3.

The Bank is also providing regional assistance to the Central Bank to develop an improved financial infrastructure to enable businesses to operate more easily. The West African Monetary Zone Payments System Development Project is upgrading the payments systems of four countries, to increase the efficiency of financial transactions across the Monetary Zone and attract private sector investors into the formal sector. As one of the four countries in the Zone, Sierra Leone is a beneficiary of this regional public good.

CSP 2013–2017: Structural transformation for becoming a middle-income country and promoting green growth

The CSP for 2013–17 describes how the Bank will support Sierra Leone's ambition of becoming a middle-income country by 2035 through inclusive and green growth. Developing sustainable infrastructure is a key priority for the Government under its Agenda for Prosperity. To help address Sierra Leone's major infrastructure deficits, the Bank prepared an Infrastructure and Growth Plan in 2011 to prioritise investments that promote national stability and sustainable economic growth.

The Bank's investments in infrastructure have evolved from the rehabilitation of wartime damage to an emphasis on major

infrastructure for regional integration. This shift in emphasis reflects progress on political stability and economic recovery across the region, particularly in Liberia and Côte d'Ivoire. Taking advantage of this more favourable environment, we are financing energy, transport and water infrastructure, to facilitate private sector development and competitiveness across West Africa.

In addition, the Government of Sierra Leone and the Bank share the belief that green growth can bring high-quality growth to all Sierra Leoneans, with more jobs, greater resilience and better infrastructure, and the Bank has been supporting the Government's Green Growth agenda.



Since Bumbuna dam, electricity supply has been constant for months now; except for a couple of days due to some minor maintenance

Sheku Mansaray, Proprietor of All Nations telecenter, SALCOST Highway, Bumbuna

Improving electricity supply through a regional power pool

The Bank's investments in energy are helping to address a key barrier to private sector investment and inclusive growth. At present, shortages in generation capacity, coupled with weak transmission and distribution capacity (40% electricity losses due to poor network), mean that Sierra Leone has some of Africa's highest prices for electricity—\$0.32 per Kw/h.

Given the small size of Sierra Leone's national market, the Bank is prioritising the development of the West Africa Power Pool. Regional power pools enable countries with abundant energy resources to trade in energy with their neighbours, for greater overall efficiency and lower prices. The Côte d'Ivoire, Liberia, Sierra Leone and Guinea Electricity Networks Interconnection Project is building a 1360 km high-voltage line to connect the national networks of the four countries (see Figure 2.2). It will also electrify communities along the power line and build institutional capacity in the West Africa Power Pool and its member countries. For Sierra Leone, these regional energy investments will offer many rural communities the benefits of electrification, which include increased opportunities for business and job creation and improved education and health services.

In addition, in 2011 we completed the construction of the Bumbuna hydroelectric dam, which had been put on hold during the conflict. The project increased Sierra Leone's generation capacity by 50 MW, more than doubling national capacity. It also laid transmission lines from Bumbuna to Freetown and built a distribution network, providing nearly 14500 ● **people with new or improved electricity**

connections. Factories in Makeni and the cement factory in Freetown, which had been dependent on expensive generators, now have lower operating costs because they are connected to the network, and many small enterprises, from shops to agro-processing facilities, are able to prosper.

The Bank will continue to explore the potential for other hydropower investments benefiting Sierra Leone and the region, funding feasibility studies to find the optimal energy mix for the future.

Linking national roads to a regional network

To improve transport services in Sierra Leone, we are linking national roads to the regional network. Increased access to major transport corridors will facilitate trade and regional integration. The Bank's investments in major road corridors are all linked to the development of feeder roads into surrounding rural areas, to ensure that the benefits are shared as broadly as possible. We also include the development of social infrastructure, such as markets, in the design of projects.



We now have sign posts along the road to caution drivers of a check point ahead, and it's easier to check the vehicles. Before, we used to come out in the middle of the road to stop vehicles

Alfred Samura, Police Officer, Port Loko–Lungi Highway

One example of such a project is the Lungi-Port Loko Road Upgrading Project, which connects the Freetown International Airport to the Freetown-Conakry road corridor and so links Sierra Leonean traders to regional markets. Port Loko is one of the most populous districts in Sierra Leone. The project will benefit 480 000 people, or 8.4% of the population, through improved access to production centres, markets and public services. The road should promote economic inclusion and social cohesion by providing opportunities for women and young people—over 54% of the district population are female and 41% are under the age of 17.

Over the period, 600 km of **roads were constructed, rehabilitated or maintained**³. Unfortunately, because of capacity gaps and Sierra Leone's challenging climate, this fell short of our 740 km target. In the coming period, we will complete a number of ongoing investments, including the Matotoka-Yiye Road, a key national transport link. We will also continue to ensure the sustainability of the roads we build by climate-proofing them and paying attention to maintenance and road safety.

Extractive industries, domestic resource mobilisation and green growth

— Sierra Leone's abundant mineral wealth is a critical resource for its future development. Good governance of the extractives sector is key to domestic resource mobilisation, to enable Sierra Leone to make the investments it needs to achieve middle-income status by 2035.

The Bank's budget support operations and the accompanying policy dialogue and technical assistance are designed to support key reforms, such as the EITI. For example, the Bank's Extractive Industries Revenue Enhancement and Governance project, a technical assistance project financed through the Fragile States Facility, has helped the Government improve its management and governance of the extractives sector through a stronger regulatory environment and appropriate social returns by maximising rents from its extractive wealth.

Figure 2.2 Regional Power pools are created by connecting the electricity grids of Côte d'Ivoire, Guinea, Liberia and Sierra Leone



Source: African Development Bank Group

To support domestic revenue mobilisation, the Bank has helped the Government reform its revenue mobilisation strategy and build capacity to actualise its revenue potentials. We have also provided legal and advisory services to assist with negotiating large mining agreements. As a result of the Bank's dialogue with the Government on transparency in the extractives sector, the Government has now published all completed mineral contracts on a public website. This level of openness and transparency is unparalleled in Sierra Leone's extractive industry and sets an important precedent for future contracts, helping to ensure improved mining revenues for the benefit of the public. This

³ A red bullet indicate that Bank Bank operations achieved less than 60% of their targets.

has contributed to improving Sierra Leone's CPIA score for Transparency, Accountability and Corruption in the Public Sector.

Despite these initiatives, public revenues from the extractives sector in Sierra Leone remain at just 2% of GDP and 20% of total revenue, well below their potential. We will therefore continue to prioritise improvements in the governance of the extractives sector by strengthening capacities in the responsible ministries and supporting the National Resource Charter process. We are also undertaking a regional study for the Mano River Union Member States to guide the harmonisation of taxation and licensing regimes for precious minerals. The study will identify ways to reduce cross-border smuggling and related illegal activities, which contributed to conflict and instability in the past.

In line with our Strategy 2013–22, we will support Sierra Leone as it promotes green growth through improved management of natural resources, sustainable development of energy and infrastructure and building resilience. So far, our energy projects have reduced Sierra Leone's ● carbon dioxide emissions⁴ by 71 700 tonnes per year.

The Bank's response to Ebola

The AfDB was quick to recognise the gravity of the Ebola crisis in West Africa and to mobilise an emergency package of support in response. The Bank's President, Dr. Donald Kaberuka, was among the first world leaders to visit Sierra Leone in the early stages of the outbreak. As early as April 2014, the Bank helped to mobilise both financial and technical support for the development and implementation of National Response Plans for the three most affected countries – Guinea, Liberia and Sierra Leone.

The Bank has so far provided \$223 million in support across the region, of which \$60 million is for Sierra Leone. The Bank provided rapid funding for the emergency response through the World Health Organization, as well as an extra \$50 million in budget support over 2014 and 2015, to help close the fiscal gap caused by the Ebola outbreak. Through the Africa Union's Africa Help Africa Initiative, we are supporting the deployment of African health experts to the region. For the coming years, the Bank has committed \$60 million to strengthen regional health systems across West Africa, of which approximately \$8 million will go to Sierra Leone.

The Bank is paying particular attention to addressing the impact of the crisis on women. While men and women are equally vulnerable to the epidemic itself, the socioeconomic impacts will

affect women in specific ways, with women-headed households particularly vulnerable. We are therefore helping to set up a Mano River Union Social Investment Fund, which will support economic recovery, social protection and empowerment for women, together with health and psychosocial support for women survivors of Ebola.

Sierra Leone's fragile institutional and governance systems were not equal to the task of responding to the crisis. Going forward, the Bank will provide holistic support to Sierra Leone, helping to contain the outbreak but also seeking to rebuild the country's resilience.

Conclusion

The AfDB has been a strong partner for Sierra Leone through its post-war recovery and transition toward sustainable development. We have helped the Government restore basic services and begin to address the country's infrastructure deficit. Through our Transition Support Facility, we have given particular emphasis to building core state institutions for economic management and restoring central budgeting and planning capacity. We have helped Sierra Leone to become EITI-compliant, to encourage the use of natural resource revenues for the general benefit. Our support has been closely aligned with successive national development strategies, in accordance with international New Deal principles.

We now stand ready to support Sierra Leone through the Ebola crisis, with a mixture of instruments such as rapid response, budget support, technical assistance and capacity development. Our support demonstrates that the Bank's procedures are flexible enough to ensure a rapid response and quick impact on the ground.

We recognise that recovery from conflict and fragility is a long road, and we are committed to continue our support to Sierra Leone as it moves forward with its transition towards inclusive and sustainable growth. To achieve its vision of becoming a middle-income country by 2035, Sierra Leone will need strong institutions that can convert its mineral wealth into productive investments that benefit the population as a whole. It will also have to tap into more diverse forms of development finance, including foreign investment, remittances, and above all the domestic private sector. In the coming period, we will explore ways to leverage other resources—particularly through such new approaches as partial risk guarantees and PPPs—expand regional operations, and provide lines of credit to West African banks that can invest in Sierra Leone. ■

4 A gray bullet indicate that data are not available to measure progress.



Level 3: How well AfDB manages operations in Sierra Leone?

This chapter examines how well the Bank is managing its operations in Sierra Leone. We take stock of how well the Bank has responded to the challenges of working in a fragile, post-conflict environment through flexible funding, robust programme designs and appropriate delivery arrangements. We also review the policy advice to the Government and joint work with other development partners to promote aid effectiveness, in line with the Bank's commitment to the New Deal.

To measure progress in Sierra Leone, we have 19 indicators in Level 3 of our results framework, together with targets for 2015. These indicators help us monitor our performance in strengthening results, designing quality operations and delivering efficiently. We also assess our progress on promoting gender equality.

The Bank's approach to working effectively on conflict and fragility

The AfDB is strongly committed to strengthening its capacity to work effectively in situations of conflict and fragility, including by tackling the underlying social and economic drivers. In recent years, the Bank has adapted its policies and internal processes in line with the principles of the New Deal on fragile states. Most recently, the Fragile States Department has been upgraded in status and a new fragile states strategy has been introduced, reflecting the Bank's experiences from recent years and the advice of the High-Level Panel on Fragile States.

In Sierra Leone, we have taken particular care to align our support with national development strategies so that we can help to address the root causes of conflict, promote resilience and help the country achieve stability and prosperity. We now apply a "fragility lens" to all our operations, policy dialogue and analytical work, to ensure that we tailor our support to Sierra Leone's specific needs. This entails a willingness to take greater risks, including by increasing our use of Sierra Leone's own public financial management systems, while seeking to deliver transparent, timely and reliable financial assistance.

In recent years, the Bank has increased its financial support for countries emerging from conflict through its Fragile States Facility (now renamed the Transition Support Facility), which provides supplementary resources for additional investments, arrears clearance and capacity building. The Bank allocates its concessional resources through a performance-based system, according to the quality of each country's policies and institutions and the Bank's country portfolio. The Transition Support Facility channels additional resources to countries emerging from a period of fragility or conflict, in recognition of their urgent needs.



We now apply a "fragility lens" to all our operations, policy dialogue and analytical work, to ensure that we tailor our support to Sierra Leone's specific needs

In Sierra Leone, the Transition Support Facility more than doubled the Bank's total support, from \$90 million to \$190 million for 2008–2014. The supplementary financial resources have been used for investment projects and budget support operations, as well as technical assistance for such strategic interventions as the following:

- ▶ Providing support to the Teachers' Record Management Program to ensure that the teachers' payroll was cleaned up and to strengthen the record management system;
- ▶ Establishing the Extractive Industry Revenue Unit within the National Revenue Authority to enhance the Authority's mineral revenue collection capacity;
- ▶ Conducting a Fiscal Mineral Tax Harmonisation Study on metals and precious minerals in the Mano River Union member states to harmonise mineral taxes and license regimes;
- ▶ Creating a Natural Resource Charter Benchmarking Framework that will promote the good governance of and accountability for natural resources; and
- ▶ Conducting a study on Sierra Leone's domestic revenue mobilisation.

Table 3: Is AfDB managing its operations effectively (Level 3)

This table presents the Bank's progress in achieving its 2015 targets for portfolio management.

- We have achieved or are within 90% of achieving the target
- We need to pay attention to progress
- We are not moving towards the target
- Data points are missing

INDICATOR	SIERRA LEONE			COUNTRIES IN FRAGILE SITUATIONS	
	Baseline 2011	Latest 2014 ^A	Target 2015	Baseline 2011	Latest 2014 ^A
STRENGTHENING RESULTS AT COUNTRY LEVEL					
● Chairing Development Partners Thematic Group	4 ^c	6	5	2	1
● Country portfolio assessment	4.8	5.4	5.5	4.2	5.3
● Development resources recorded on budget (%)	..	17 ^c	70	54	55
● Predictable disbursements (%)	..	17 ^c	74	63	78
● Use of country systems (%)	39	32 ^c	59	27	38
● Number of cofinanced projects	1 ^c	3	3
DELIVERING EFFECTIVE AND TIMELY OPERATIONS					
Learning from our operations					
● Completed operations rated satisfactory (%)	83	100	85	74	100
● Completed operations with sustainable outcomes (%)	100	100	100	55	50
● Completed operations with a timely PCR (%)	100	100	100	97	83
Ensuring strong portfolio performance					
● Disbursement ratio of ongoing portfolio (%)	12	32	34	20	24
● Operations with satisfactory mitigation measures (%)	100	100	100	82	81
● Operations at risk (%)	43	0	29	..	18
● Operations eligible for cancellation (%)	10	0	8	4	5
Preparing high-quality operations					
● Time to first disbursement (months)	11.6	9.2	12	8	8.4
● New operations rated satisfactory (%)	100	100	100	87	100
● ESWs and knowledge products completed	1 ^b	2	2	..	21 ^b
● Bank-produced and -disseminated ESWs in the current year	2 ^b	2	2	..	21 ^b
DESIGNING GENDER OPERATIONS					
● Projects with satisfactory gender-equality outcomes (%)	100	100	100
● New projects with gender-informed design (%)	100	100	100	67	77

.. = Data not available

Note: The peer group of African fragile states: Burundi, Central African Republic, Chad, Comoros, DRC, Congo, Côte d'Ivoire, Eritrea, Guinea-Bissau, Liberia, Sierra Leone, Somalia, Sudan, Togo and Zimbabwe

^A The last year 2013 has been chosen as this reflects the status of the operations prior to the Ebola crisis

^B for ADF countries

^C 2012

^D Institutional baseline

Source: African Development Bank.

The Facility's flexible procedures allow bilateral donors to channel additional funds to particular Bank projects, thereby promoting harmonisation and risk sharing. For example, the UK Department for International Development (DFID) provided an additional \$9 million through the Facility for the Rural Water Supply and Sanitation project, which is under implementation.

A new emphasis in our fragile states strategy is the focus on regional integration for building resilience and addressing regional

drivers of conflict. Our Sierra Leone country programme is ahead of the curve by supporting the development of a regional power pool, linking the power grids of Côte d'Ivoire, Liberia, Sierra Leone and Guinea. We recognise that promoting regional public goods in West Africa and tackling regional drivers of conflict requires strong frameworks for regional cooperation. We have drawn on the Bank's regional funding stream to improve the payment systems in The Gambia, Guinea and Sierra Leone, which is an essential foundation for regional economic integration.

Following the Ebola crisis, the Bank has demonstrated its ability to mobilise funds rapidly from various sources, including the Transitional Support Facility and the regional envelope. This regional dimension is particularly important, as control of the epidemic will require a closely coordinated regional response.

Strengthening results at country level

Sierra Leone is highly dependent on international aid flows, which in 2012 constituted nearly 15% of gross national income. Good aid practices are therefore extremely important. The Government has now signed a Mutual Accountability Framework with donors to define responsibilities and embed the New Deal principles into its development partnerships. Through this framework, the Bank and other development partners have pledged to put their resources behind the goals and aspirations of Sierra Leone's national plan, the Agenda for Prosperity.



The Transition Support Facility's flexible procedures allow bilateral donors to channel additional funds to particular Bank projects, thereby promoting harmonisation and risk sharing

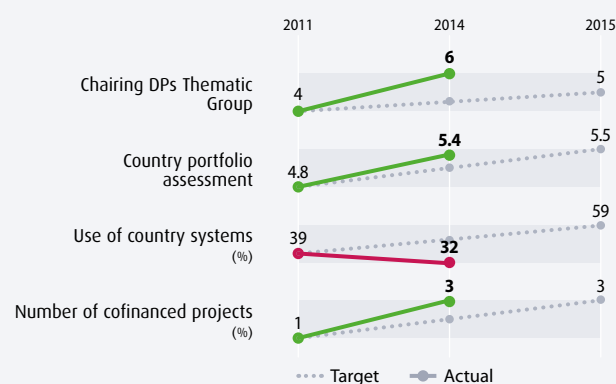
To ensure compliance, there will be regular surveys of donor practices, coordinated by the Development Assistance Coordination Office in the Ministry of Finance and Economic Development, which leads on aid policy and the New Deal. The Government's commitment to implementing the New Deal is also evident from its decision to host the fourth Global Meeting of the International Dialogue on Peace-building and State-building in June 2014.

From 2009 to 2012, the AfDB formally linked its programme to the World Bank's through a Joint Assistance Strategy, which was in turn aligned to Sierra Leone's Agenda for Change. We continue to work closely with the World Bank to ensure complementarity by integrating our programmes and coordinating at sector level. With DFID, EU, World Bank and the OPEC Fund for International Development, we also have three **cofinanced projects**¹ to finance public financial management, water and sanitation in three major towns, and to rehabilitate a major trunk road. This kind of collaboration helps leverage each partner's resources and leads to greater development effectiveness and reduced transaction costs for the Government.

The strong links forged among Sierra Leone's development partners during the post-war reconstruction period are being sustained through regular coordination meetings. The Bank now co-leads

six **Donor Partner Thematic Groups**, in the thematic areas of transport, water, extractive industries, budget support, regional integration and green growth. Through the extractives sector donor group, we provide harmonised support to the EITI, which is expected to achieve significant increases in Government revenue and development expenditure. We work closely with other budget support donors to ensure that key public financial management reforms are supported and disbursement triggers are harmonised. This reduces the transaction costs to the Government while enabling us to help shape a coherent set of messages in support of national priorities.

Figure 3.1 Strengthening results at country level



Overall, these efforts have enabled significant improvement in our portfolio performance, from a **country portfolio assessment** rating of 4.8 in 2011 (on a scale from 0-6) to 5.4 in 2014. This suggests steady improvement in both the technical quality of our operations and in the efficiency of delivery. However, some of the New Deal principles are challenging for the AfDB to implement in a context of limited national capacity in countries like Sierra Leone. The share of our **development resources recorded**² on budget was just 17% in 2012 – far short of our ambitious target of 70% for 2015. Our proportion of **predictable disbursements** was also just 17%, against a 2015 target of 74%. We try as far as possible to strengthen country systems for procurement and public financial management by making use of them in our operations. Our budget support is delivered through country systems, but overall our **use of country systems**³ has slipped from 39% of our portfolio to 32% over the period.

Delivering effective and timely operations

The Bank's Results Management Framework sets out indicators and targets for the quality and timeliness of our operations, from concept through implementation to final review. To make progress in this

1 A green bullet indicate that we have achieved or are within 90% of achieving the target.
2 A grey bullet indicate that data points are missing.
3 A red bullet indicate that We are not moving towards the target.

area, we need active leadership and support from the Government of Sierra Leone. Working together, we are able to achieve more sustainable results for the people of Sierra Leone.

Figure 3.2 Learning from our operations

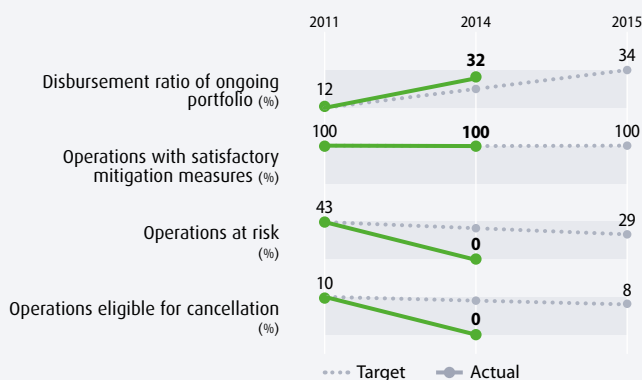


Learning from our operations

In Sierra Leone, the Bank has introduced measures to ensure that our projects are well designed and regularly supervised. We have improved our project management, resulting in a strong portfolio that generates useful lessons for assistance. During the period under review, all of our **completed projects were rated as satisfactory**, which is up from 83% in 2011 and already surpasses our 2015 target of 85%. The rating covers the quality of the original project design and the extent to which the project achieved its objectives and used its resources efficiently.

One of the lessons we have learned in Sierra Leone is the importance of providing additional capacity support alongside our investment projects. For example, as part of our economic governance budget support, we provided technical support for payroll reform in the education sector, helping to eliminate ghost teachers and free up resources to expand basic education. Our capacity building has helped ensure that all of our **completed operations achieved sustainable outcomes**.

Figure 3.3 Ensuring strong portfolio performance



We aim to derive lessons promptly from our projects through Project Completion Reports (PCRs), which are integral to learning from experience and improving future project design and delivery. All our **completed operations delivered a timely PCR** in Sierra Leone, compared to 83% across all fragile states.

Strengthening portfolio performance

AfDB projects are implemented by national counterparts, with the support of the Bank country team. A common challenge in the countries emerging from fragility like Sierra Leone is the lack of project management capacity in the government and in the private sector companies that are engaged to support delivery. To address these challenges, the Bank provides additional training to enhance critical project management skills, including procurement and contract management. For example, in February 2014, the Bank held a three-day training for key Sierra Leonean stakeholders who were responsible for the implementation of the Bank projects.

Our project portfolio in Sierra Leone is subject to close scrutiny and regular monitoring. The Country Portfolio Improvement Plan is regularly updated to identify obstacles to delivery and ways to address them. One measure we have introduced is training local auditors in Bank procedures and requirements, which differ from those of the private sector. By training auditors in these procedures, we can help to ensure that audit reports are submitted in a more timely manner and disbursements are not blocked. We also provide “fiduciary clinics” to both government officials and local contractors, to increase their ability to meet the Bank’s strict financial management requirements. In addition, as part of the Economic Governance Reform Program II, we help strengthen national procurement and financial management systems, so that we can make increasing use of them to deliver our operations.

This proactive approach has led to major efficiency gains. The **disbursement ratio of our portfolio** increased from 12% to 32%, which is just below our 2015 target and above the 24% average for fragile countries. This indicates that projects are now moving forward smoothly. The Bank has worked closely with the Government to address the health of our portfolio, with the result that there are now **no projects at risk**, as compared to 43% at risk in 2011. We have also cancelled five older, non-performing projects, freeing up \$7 million that was reallocated to rural water and sanitation projects. There are no longer any **operations eligible for cancellation in the portfolio**.

Other improvements in design and implementation include strong results frameworks and monitoring and evaluation systems for each of our projects. The Bank has a strong social and environmental assessment framework that ensures that any negative impacts are sufficiently mitigated. In 2014, all our **operations had satisfactory mitigation measures**.

Preparing high-quality operations

In addition to technical soundness and solid design, high-quality projects require engaging with the Government and building national

ownership. In Sierra Leone, the Bank's readiness reviews verify that projects comply with our quality-at-entry standards. Over the period, all of our ● **new operations were rated satisfactory** in terms of quality of design and results focus.

To help us understand the challenging delivery environment in Sierra Leone and support policy dialogue and project design, the Bank prepared two ● **knowledge products** in 2014. "Infrastructure and Growth in Sierra Leone" helped the Government and development partners identify the most strategic infrastructure investments to promote regional integration and national growth. Our reports "Transitioning Towards Green Growth" and "National Gender Profile of Sierra Leone" advised the Government on how to mainstream these critical issues into its Agenda for Prosperity.

In future, the Bank expects to use its project preparation facility to conduct studies to improve the quality at entry of investment projects.

Promoting gender equality and green growth

The Bank promotes gender equality in Sierra Leone, through both policy dialogue and particular projects. In 2012, we undertook a major multisector analysis of gender equality and women's empowerment. This study ranged from the provision of basic services, women's economic empowerment, and the sociocultural and economic constraints to women's participation, to the policies, institutions and legislation dealing with gender equality. Its results and recommendations provided a sound basis for policy dialogue with the Government during the preparation of its Agenda for Prosperity.

The Bank has also worked with the EU, World Bank and DFID to address gender issues. After a joint diagnostic in 2010 to examine how far each of our agencies and programmes promoted gender equality, the development partners agreed on a joint Gender Equality and Women's Empowerment Action Plan to adapt our working practices to focus more on promoting gender equality.

Gender issues have increasing prominence in the Bank's Sierra Leone portfolio. In 2014, all of our ● **projects had satisfactory gender-equality outcomes**. In addition, new operations such as the Three Town Water and Sanitation Project include activities that specifically address gender gaps, with appropriate resources and monitoring arrangements. The Matotoka-Sefado Road Rehabilitation Project, for example, has mainstreamed gender into its design, with specific activities to work with communities to address gender issues, including violence against women. Through such measures, all our ● **new projects have gender-informed design**.

Through policy dialogue, the Bank helped the Government identify opportunities for promoting green growth in its Agenda for Prosperity. This is a key part of the Bank's broader commitment to support regional member countries in moving gradually towards a green economy, to improve their resilience, better manage their natural resources and ensure sustainable infrastructure. In Sierra Leone the Bank has emphasised the importance of promoting

renewable energy by financing the Bumbuna hydroelectric dam and the Addax bio-energy project.

Figure 3.4 Preparing high-quality operations

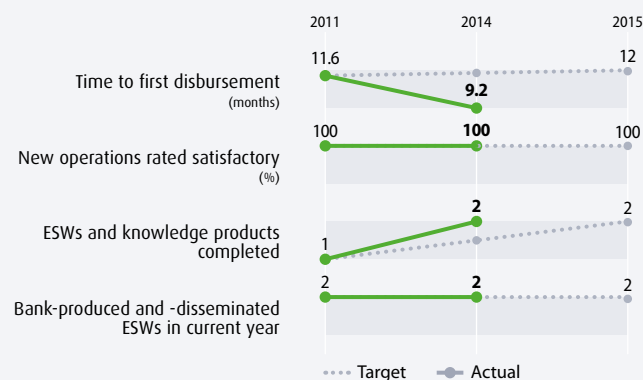
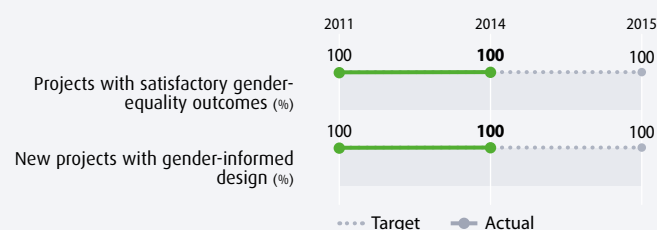


Figure 3.5 Designing gender operations



Conclusion

The Bank has worked hard in recent years to strengthen how it works in the countries in fragile situations. Through our Fragile States or Transition Support Facility, we mobilised additional resources for Sierra Leone and launched capacity-building initiatives. Since the Ebola crisis, we have also demonstrated that our procedures are flexible enough to enable a rapid response to a regional challenge with devastating human and financial costs.

Besides increasing its financial support, the Bank is working hard to tackle the socioeconomic drivers of conflict and fragility. It supports the Government's leadership of its development partnership through the New Deal initiative. It coordinates closely with other development partners and plays a leadership role in some of the donor thematic groups. Its portfolio performance has steadily improved, both in the technical quality of its operations and in the efficiency of its delivery. It has made good progress in incorporating gender equality and green growth objectives into its assistance. However, it still has some way to go to achieve some of its aid effectiveness targets, particularly those related to the use of country systems.

In the next chapter, we turn to how well the Bank manages its own organisation in Sierra Leone. ■



Level 4: How efficient AfDB is as an organisation in Sierra Leone?

This chapter assesses how well the Bank manages its own organisation in Sierra Leone. It looks at the three main themes that the Bank has identified as key to its organisational capacity: decentralisation, high-quality human resource management, and efficient business processes. Each of these has associated indicators and targets.

Part of the Bank's approach to building its capacity in fragile states is to increase its physical presence in-country through decentralisation. Since we established our Sierra Leone country office in 2007, the country team has been progressively strengthened and given more management responsibility. This has helped to deepen the quality of our dialogue with the Government and our collaboration with development partners. It has also resulted in improved management and supervision of our operations.

The role of the field office in fragile states

Decentralisation

Fragile states offer challenging operating environments. The political context can be volatile, and national institutions weakened by conflict require hands-on support. In this context, a strong country presence is key, enabling the Bank to forge close partnerships with the government and development partners and more broadly with civil society and the business community.

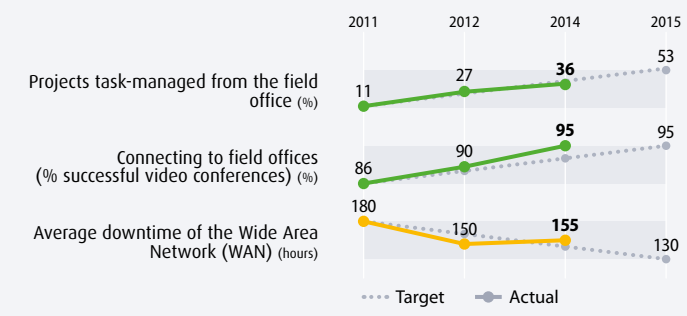


Since establishing its Sierra Leone field office in 2007, the Bank has been an active partner in policy dialogue and aid coordination

Since the Bank established its Sierra Leone field office in January 2007, the Sierra Leone team has been progressively strengthened through the decentralisation of staff from headquarters and the recruitment of Sierra Leonean specialists. As a result, the country team has been able to take on more responsibility for the management of the portfolio. Today 36% of **project tasks are managed from the field office**¹, compared to just 11% in 2011. By 2015, we aim to boost this to 53%.

One of the major benefits of decentralisation has been the improved quality of our advisory services and dialogue with the Government and development partners. Through our advisory work, we supported the mainstreaming of green growth and gender equality in the Agenda for Prosperity. The field office has been an active supporter of the New Deal process, helping the Government organise the fourth Global Meeting of the International Dialogue on Peace-building and State-building in June 2014. The Bank has been a sponsor of the EITI, helping Sierra Leone strengthen its management of its natural resource revenues. Through its presence in the country, the Bank has acquired a much deeper knowledge of the national context.

Figure 4.1 Decentralisation: Moving closer to our clients



This has resulted in higher-quality analytical work that addresses the most pressing issues facing Sierra Leone today.

¹ A green bullet indicates good progress has been made, and we are on track to meet our target.

Table 4: How efficient AfDB is as an organisation in Sierra Leone (Level 4)

This table presents the Bank's progress in achieving its target for organisational performance:

- Good progress has been made, and we are on track to meet our target
- Little progress has been made, and we are at risk not achieving our target
- No progress has been made, or we have moved even further away from our target
- Data points are missing

INDICATOR	2011	2012	2014 ^A	Target 2015
DECENTRALIZATION: MOVING CLOSER TO OUR CLIENTS				
● Projects task-managed from the field office (%)	11	27	36	53
● Connecting to field offices (% successful video conferences) (%)	86	90	95	95
● Average downtime of the Wide Area Network (WAN) (hours)	180	150	155	130
HUMAN RESOURCES: ENGAGING AND MOBILISING STAFF				
● Operations professional staff based in the field office (%)	47	67	69	70
● Share of staff who are women (%)	13	13	13	30
BUSINESS PROCESSES AND COST EFFICIENTLY				
● Disbursement request for special account processed and paid with (%)	38	92	100	100
● Disbursement request for direct payment processed and paid with (%)	25	88	84	100
● Time taken to process procurement documents (days)	..	255	205	180
● Training to strengthen fiduciary capacity (numbers)	0	1	2	2

.. = Data not available.

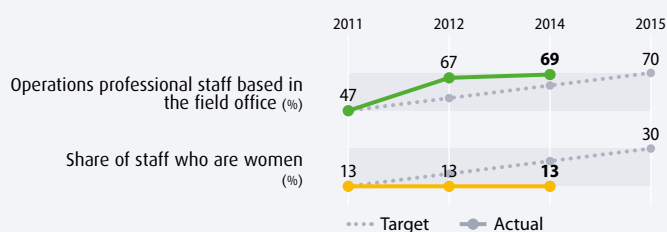
^A The last year 2013 has been chosen as this reflects the status of the operations prior to the Ebola crisis.

Note: Targets are based on the combination of the corporate target and the comparison with the baseline year.

Source: African Development Bank.

A strong field presence has also led to better project design and implementation. Our sector specialists are well placed to design interventions that are tailored to the country context. Our staff are able to work more closely with national counterparts, providing technical support to cover national capacity gaps. The team carries out regular field visits, over and above the usual twice-yearly supervision missions.

Figure 4.2 Human resources: engaging and mobilising staff



This helps ensure that any problems with implementation are identified and addressed early on, reducing the risk of delays and cost

overruns. This is particularly important in a context of limited capacity in both the Government and private sector contractors. In addition, the delegation of authority to the field office provided more flexibility to task managers to approve procurement activities.

Finally, decentralisation has facilitated stronger collaboration with development partners in Sierra Leone. For example, we are coordinating with the EU to complete the missing link of the Trans-West African Coastal Highway, which will link Sierra Leone to the wider ECOWAS region.

Information technology

In Sierra Leone, as in most fragile states, the communications infrastructure is not well developed. In the absence of the landline LAN facilities that the Bank usually relies on, satellite links are used to ensure that the field office is plugged into the Bank's central communications and knowledge infrastructure – an example of “leapfrogging” to the most recent technology.

A strong communications infrastructure is fundamental to operating a decentralised organisation. It enables the secured transmission

of data over the Internet through a Virtual Private Network. Our videoconferencing facilities give staff members in the field the opportunity to participate in meetings and training opportunities at headquarters, reducing both travel costs and the Bank's environmental footprint. We also have various ICT tools that enable collaborative work on documents across different sites and provide secure access to the Bank's knowledge facilities. In 2014, 95% of ● **videoconferences were successful**, while ● **downtime on our Wide Area Network**² was reduced to 155 hours, from 180 in 2011.



In response to the Ebola crisis, the field office activated its business continuity process, allowing staff to continue their work in a virtual working environment

The Bank's advanced communications infrastructure also benefits Sierra Leone. Our facilities have been used for loan negotiations and other high-level meetings between national officials and AfDB headquarters, with savings for both sides. We have established a Public Information Centre in Freetown, where Government officials and private researchers can carry out research on Bank-related topics. The field office has also made this facility available to university staff and students, as a contribution to building a national dialogue on development policy.

Engaging and mobilising staff

AfDB field offices handle a wide range of subject matters, requiring skills across different sectors and technical specialities. Our Sierra Leone field office takes a flexible approach to human resource management, to enable it to respond quickly to dynamic needs.

As the country programme has expanded, the Bank has responded by decentralising appropriate sectoral experts from headquarters. For example, when the Bank took on a leadership role among development partners in Sierra Leone on water and sanitation, it added a water expert to the country team. In other instances, skills gaps are filled through multifunctional roles. For example, the agriculture specialist in the field office is also supporting the rural electrification component of an energy project. Doubling up roles in this way is a cost-effective way of responding quickly to emerging needs. We also make use of specialists from our regional centre in Ghana; for example, our energy sector projects are supported by a regional-level expert.

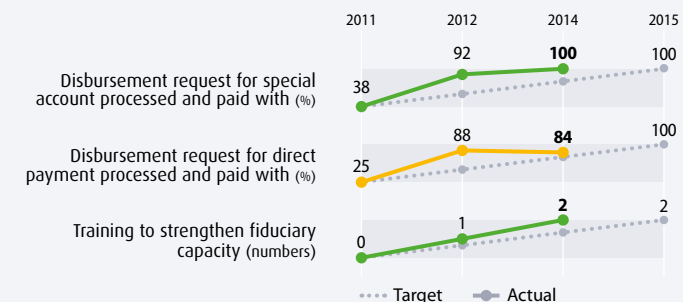
We now have 69% of our ● **professional staff based in the field office**, which is in line with our target. However, we have just 13% ● **women in the country team**, against a target of 30% by 2015.

To meet our aspirations to be a centre of excellence in development assistance, we must continuously strengthen the capacity of our staff. Increased knowledge and technical skills among the country team, including among locally engaged staff, is in turn passed on to national counterparts. In a fragile context, we find this direct transmission of skills and experience to Government to be one of the most effective mechanisms for capacity building.

Box 4.1 During the Ebola crisis the Bank continued to operate through an effective business continuity plan

The Bank has a range of business continuity procedures that it can implement in response to a major crisis such as Ebola, to ensure the minimum disruption to its operations. In August 2014, in the face of an accelerating crisis, the field office activated its business continuity process, allowing staff to continue their work in a virtual working environment. Staff members were provided with the means to stay connected to each other and to the wider Bank. This enabled us to test the effectiveness of recent ICT investments, notably our Virtual Private Network, which gives staff remote access to key applications and resources. Internet communication tools such as Skype and Viber formed part of the communication platform that staff used to remain in touch and collaborate with the Government and other partners. Staff were also able to participate in meetings from home, using the videoconferencing application on their laptops. Thus the Bank was able to participate in coordination processes for the emergency response.

Figure 4.3 Business processes and cost efficiently



Improving business processes and practices

As our field presence has increased, we have been able to streamline our business processes and practices. Bank staff are now able to provide more training to Government counterparts on procurement and financial management: in 2014 we held ● **two fiduciary training workshops**. Staff also provide hands-on support through the implementation process. As a result, the turnaround time for disbursement has fallen dramatically. Our recently approved Rural Water and Sanitation Project, for example, was fully operational within five months after approval. The proportion of disbursement requests paid on time reached 100% for ● **special**

² A yellow bullet indicates a little progress has been made, and we are at risk not achieving our target

accounts and 84% for ● direct payments, compared to just 38% and 25%, respectively, in 2011.

Conclusion

Altogether, the impact of an increasingly well-staffed field office in Sierra Leone has transformed the quality of support we are able to offer the country. It has given us a better understanding of the complex country context and a much closer and more responsive

relationship with the Government, development partners and civil society. It has also resulted in major efficiency gains in our portfolio, through hands-on capacity building and support for national counterparts.

We recognise that rebuilding states after conflict is a long and challenging process. We are committed to supporting Sierra Leone over the long term, and will continue to strengthen the skills and capacity of our country team to identify and address the root causes of fragility. ■



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Conclusion and outlook

Sierra Leone emerged from a decade of conflict with its infrastructure and institutions severely degraded and its economy in disarray. In the 13 years since then, the country has made remarkable progress in moving from national reconstruction to sustainable development. Key achievements were the successful completion of the UN peacekeeping mission and three successive free and fair elections, which included the transfer of power between parties. The Government and people of Sierra Leone have articulated an ambitious national development agenda, with the goal of using the country's abundant national resources to fund investments in inclusive and sustainable growth.

The Bank has been a close partner for Sierra Leone through this transition process. In line with the high priority the Bank gives to supporting states emerging from conflict, we have more than doubled our country allocation for Sierra Leone through additional resources from the Transition Support Facility. Our support has helped to fill critical infrastructure gaps and rebuild core state capacity. Our country-led partnership with Sierra Leone is an excellent example of New Deal principles at work.

The Ebola epidemic has, without doubt, been a significant setback, and its full impact is yet to emerge. We are working closely with the Government and development partners to contain the epidemic as swiftly as possible. Despite the crisis, we believe that Sierra Leone will return to its successful national development path of recent years. We remain firmly committed to helping Sierra Leone put in place the policies and institutions required to achieve its goal of becoming a middle-income country by 2035.

Sierra Leone's development prospects

Post-war Sierra Leone has achieved a great deal in a short time. It has restored basic services and begun the long process of filling its infrastructure gaps. The economy is growing, buoyed by strong demand for the country's mineral resources. Perhaps most importantly, the country has achieved political stability through successive peaceful elections, and is hailed internationally as a leading example of a state emerging from conflict. However, there are still major challenges ahead, if the current growth rates are to be sustained and translate into benefits for the population at large.

First, Sierra Leone needs to ensure transparency in its mineral sectors and public resource management in general, to ensure that revenues from mining are collected and invested in improvements to infrastructure and social well-being. Second, the country needs to diversify its economy and reduce its reliance on mineral exports. It needs policies and institutions that support the development of a strong private sector, capable of generating employment and livelihood opportunities. It needs programmes that support more productive agriculture and agro-processing industries. And third, it needs to further develop its infrastructure, to encourage investment and enable more of the population to participate in the benefits of growth.

We applaud the leadership that the Government has shown in championing the New Deal principles. We believe the initiative has considerable potential to strengthen Sierra Leone's development partnerships and promote more effective assistance. However, we also encourage the Government to look beyond aid and focus its attention on domestic resource mobilisation. In particular, it needs to promote transparency and accountability over natural resource revenues, to ensure that the country's rich mineral endowments translate into prosperity for the population at large.



The Bank stands ready to continue our support to Sierra Leone, to help it achieve the ambitious goal of becoming a middle-income country by 2035

AfDB's contribution

The AfDB recognises the importance of mobilising resources swiftly and flexibly to support post-conflict transition. Through our Fragile States or Transition Support Facility, we were able to increase our

support for critical development investments in Sierra Leone from \$90 million to \$350 million in the last seven years.

Our balance of payments support and debt relief followed by budget support for economic governance reform helped to restore macroeconomic stability and promote structural and budgetary reforms. Our investment projects reconstructed health centres and education facilities across the country, restoring access to basic services for the Sierra Leonean population. Our agriculture and microcredit projects helped to restore food security and create livelihood opportunities. We also supported investments in basic infrastructure including electricity connections, road links and water and sanitation facilities.

An important share of our resources went towards rebuilding state institutions, to strengthen Sierra Leoneans' capacity to lead on national development. The Bank supported core state functions around economic management, including planning, budgeting and procurement systems. We helped the Government to formulate its various national development strategies, in particular by mainstreaming green growth and gender in the Agenda for Prosperity, and to take leadership of its development partnerships through the New Deal initiative. We focused particular attention on the extractives sector, helping the Government negotiate effectively with international mining companies and promote the fair and transparent use of mineral revenues through the EITI.

Throughout, our support has been closely aligned with successive national development plans, ensuring that the national reconstruction process was firmly owned and led by the Government and people of Sierra Leone.

The way forward

We now face the urgent challenge of helping Sierra Leone contain the Ebola epidemic, halt the disruption it has brought to economic and social life, and recover as swiftly as possible. We have provided financial and technical support for the emergency response and additional budget support to help the Government deal with the immediate costs. The Bank will now take the opportunity of the midterm review of our CSP 2013–2017 to develop new operations in the social sector to deal with the aftermath of the crisis. A key priority will be addressing the shortcomings in the public health system that were exposed by the crisis. We will also emphasise

livelihood support, to help Sierra Leoneans recover from the disruption of Ebola.

Looking beyond the Ebola crisis, the Bank stands ready to continue our support to Sierra Leone, to help it achieve the ambitious goal of becoming a middle-income country by 2035. We recognise, however, that the financing needs are very substantial indeed. While the Bank will continue to supplement Sierra Leone's country allocation through our Transition Support Facility, this is only intended to be a temporary boost to concessional financing and will eventually be phased out. We therefore need to explore other ways to use Bank resources to leverage additional development finance for Sierra Leone.

One approach is to develop the domestic private sector through more commercial lending. At present, we remain constrained by low sustainable lending limits for Sierra Leone. However, we will explore the use of regional initiatives such as the Africa Guarantee Fund and the Africa SME Program as channels for private sector investment. We will also seek opportunities to leverage financing from the private sector and emerging donor partners, using innovative instruments such as PPPs and partial risk guarantees.



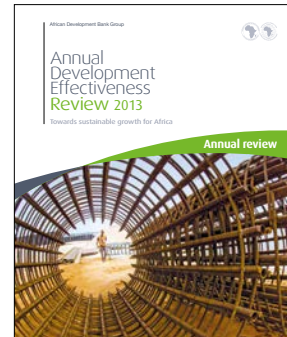
We will explore other ways to use Bank resources to leverage additional development finance for Sierra Leone

Along with the development of the private sector, we will look for other opportunities to support domestic resource mobilisation. Sierra Leone's abundant mineral endowments and its oil and gas potential are an obvious starting point. Mobilising these resources for development requires strong institutions and transparent governance processes. We will help Sierra Leone to access AfDB trust funds for targeted support for critical institutions and processes, and through the Africa Legal Support Facility we will help the Government reach advantageous deals with international mining companies.

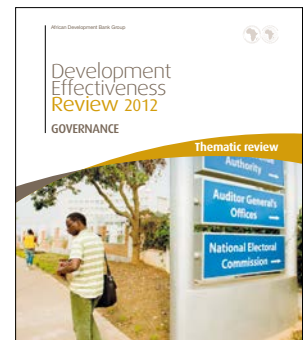
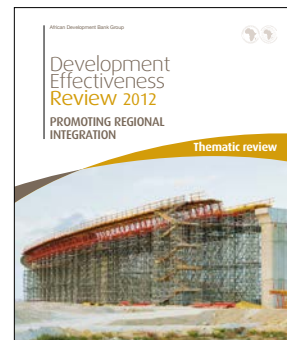
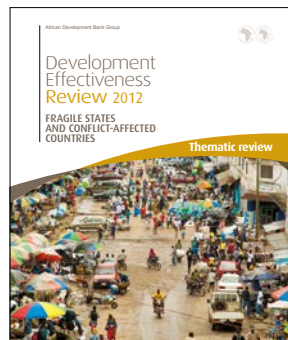
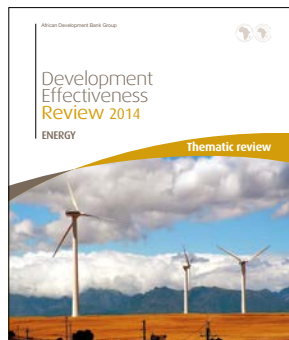
Through strategic approaches such as these, we will continue our effort to help the country achieve sustainable growth that can benefit all Sierra Leoneans. ■

The Development Effectiveness Review series of the Bank

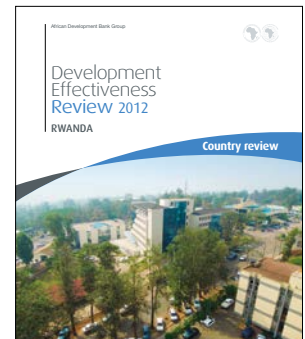
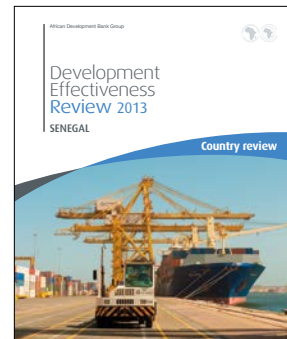
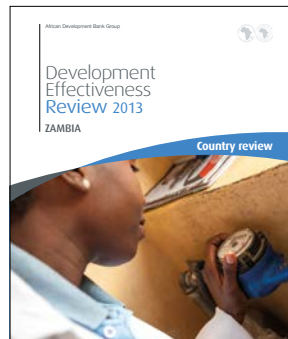
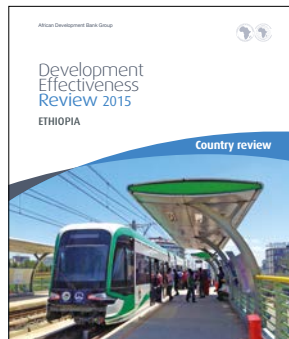
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About this publication

The Development Effectiveness Review 2015: Country Sierra Leone Review is a report on the performance of the African Development Bank's (AfDB) in Sierra Leone. It reviews development trends in the country and explores how AfDB's operations have contributed to development results over the past twelve years. It also looks at how effectively AfDB manages its operations and its own organisation in Sierra Leone

About the African Development Bank Group

The AfDB Group is a multilateral development bank whose shareholders include 54 African countries and 26 non-African countries. The AfDB Group's primary objective is to contribute to the sustainable economic development and social progress of its regional members, individually and jointly. It does this by financing a broad range of development projects and programmes through public sector loans, including policy-based loans, and through private sector loans and equity investments; by providing technical assistance for institutional support projects and programmes; by making public and private capital investments; by assisting countries with development policies and plans; and by supplying emergency assistance.



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