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The PRSP Process in Sierra Leone
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The views in this paper are solely the author’s; they do not necessarily reflect the views of the Economic Commission for Africa or its officers.
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<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<td>AFSL</td>
<td>Armed Forces of Sierra Leone</td>
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<td>BSDS</td>
<td>Baseline Service Delivery Survey</td>
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<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>Community Based Organizations</td>
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<td>DDR</td>
<td>Disarmament, Demobilization, Reintegration</td>
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<td>Department for International Development</td>
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<td>Economic Policy and Research Unit</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
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<td>HIV/AIDS</td>
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<td>IAAC</td>
<td>Integrated Approach to Aid Coordination</td>
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<td>IDB</td>
<td>Islamic Development Bank</td>
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<td>IDPs</td>
<td>Internally Displaced Persons</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>Inter Ministerial Committee</td>
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<td>Interim Poverty Reduction Strategy Paper</td>
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<td>Multi-Indicator Cluster Survey II</td>
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<td>Ministry of Development and Economic Planning</td>
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<td>NRRP</td>
<td>National Rehabilitation and Recovery Program</td>
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<td>Poverty Reduction Working Committee</td>
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<td>RRR</td>
<td>Rehabilitation, Resettlement and Reconstruction</td>
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<td>RUF</td>
<td>Revolutionary United Front</td>
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<td>Social Action for Poverty Alleviation</td>
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<td>Strategic Planning and Action Process Technical Committee</td>
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<td>STI</td>
<td>Sexually Transmitted Infection</td>
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<td>UNAMSIL</td>
<td>United Nations Mission in Sierra Leone</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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Executive Summary

Poverty in Sierra Leone is endemic and pervasive. The results of decades of misrule and deadly civil war can be seen in the low level of human development in the country. By 1990, 82 percent of the population lived below the poverty line of $1 per capita per day. Though poverty affects the whole country, it is largely a rural phenomenon. In addition to income poverty, a large proportion of the population lacks access to basic social services, including health care, education, potable water and sanitation.

Efforts to combat the widespread poverty began in 1996. The government has conducted participatory consultations on an annual basis to identify a common national strategic vision, prioritize broad and specific development priorities and monitor progress in poverty reduction. The national consultations identified five broad development priorities: security and war related issues such as disarmament, demobilization, reintegration, resettlement, rehabilitation and reconstruction; education; good governance and justice; agriculture and food security; health with emphasis on primary health care. The I-PRSP, which was completed in June 2001, simply reiterates the broad development priorities identified during the national consultations.

The I-PRSP envisioned a two-phase implementation strategy: a transition period (2001-2002) and a medium-term phase (2003-2005). While the transitional period strategy focused primarily on the immediate post-war reconstruction, resettlement and security challenges, the medium-term phase (2003-2005) will address the long-term development problems in the content of preparing the full PRSP. The poverty reduction priorities outlined in the I-PRSP are framed in a growth promoting macroeconomic framework that give priority to agricultural revitalization, early start of mining, and a speedy conclusions of the resettlement of rural communities.

With significant international support, the government has been able to accomplish many of the “transitional programs” elaborated in the I-PRSP. Tremendous progress has been made in the security situation and the resettlement of refugees and displaced persons. In addition, great effort has been made by government to maintain macroeconomic stability, contain inflation, and improve public expenditure management and service delivery.

As a result of its good track record in implementing structural reforms, the country qualified for HIPC debt relief in March 2002 when it reached ‘decision point’. It secured enhanced HIPC assistance, which amounts to $37 million per annum in debt service savings during 2002-05. As a result, its debt service to exports is expected to drop from 74% in 2001 to 5% by 2005. The government has developed a detailed plan for the use of HIPC funds, and for their transparent and accountable expenditure. The existing accounting framework has been adapted to identify budget expenditures, which are poverty-related, and that sub-component which is financed by HIPC relief. The HIPC relief is directed primarily at increased expenditures on education, health, and rural development. The Interim Poverty Reduction Strategy Paper (I-PRSP) guides the poverty spending plan.

The preparation of the full PRSP began in August 2002 and the process is to last one year. It is supposed to involve extensive consultations with diverse stakeholders throughout the country. A number of sensitization seminars and workshops are planned so as to familiarize participants about the content of the poverty reduction strategy and to solicit their input into the process. The consultations will be made more strategic oriented with the aim of assisting decision making at all levels, right from poverty analysis, through policy planning, expenditure tracking, and monitoring during the PRSP implementation, and impact evaluation.
To define the full poverty reduction strategy and action plan, a number of diagnostic and policy and sector reviews are planned. One of the key diagnostic tools is the **Household Income and Expenditure Survey**, which started at the beginning of September 2002 under the direction of the Central Statistical Office. The survey is expected to be ready by August/September 2002 in time for the completion of the draft full PRSP.

In addition, the government is undertaking a review of critical poverty sectors with assistance from the development partners. These include: agriculture, health, education, tourism, infrastructure, micro-finance, good governance, private sector and security. These sector reviews are supposed to inform the preparation of the full PRSP. **Timely completion of all the studies and sector reviews with realistic budget is a daunting task when viewed in the context of weak state capacity and minimal public trust in the institutions of the state.** Capacity in government remains extremely week, raising serious questions about the feasibility of full implementation of the PRSP objectives.

The post war challenges of reconstituting the state, the society and the economy have meant pursuing a number of critical and cumbersome reforms simultaneously. **All the different components essential to the PRSP process have been initiated more or less at the same time. This puts considerable administrative burden on weak government.**
1. Introduction

Post-independent Sierra Leone has had a tragic history, marred by extremely poor governance, gross economic mismanagement and war. The democratic, decentralized system that existed upon independence was progressively dismantled, culminating in a highly centralized regime that did away with local government and imposed one-party rule in 1978. Corruption and rent seeking by a political class helped erode the conditions necessary for national development. The concentration of power and resources in Freetown, the capital, disenfranchised the population and deprived the rural population infrastructure, education and health care. As a consequence, during 1978-89, a period of one-party dictatorship, GDP per capita dropped by over a third. The widespread poverty and the decade long civil conflict must, therefore, be understood in historical context. The absence of justice was in fact the principal cause for the absence of peace in Sierra Leone.¹

In 1991, a new multi-party constitution was approved, but elections scheduled for 1992 were aborted by a military coup. Four years later, the military restored democratic rule with the election of President Kabbah, the current head of state.² But this democratic opening was short-lived. An insurrection by the Revolutionary United Front (RUF) that started in 1991 from bases in neighboring Liberia quickly spread throughout the countryside.³ The deteriorating security crisis was the main reason for the overthrow of President Kabbah in 1997 by the Armed Forces Revolutionary Council (AFRC), which governed until February 1998 when ECOMOG forces ousted it and President Kabbah was restored to power. Efforts by the UN and ECOMOG culminated in the signing of the Lomé Peace Accords in July 1999 that paved the way for the formation of a government of national unity in November 1999.⁴

Implementation of the Lomé Peace agreement proceeded until April 2000. With help from the international community, disarmament, demobilization and reintegration of ex-combatants got underway. But all hopes for permanent peace was dashed quickly when the forces of the Revolutionary United Front (RUF) opportunistically tried to exploit the departure of ECOMOG forces by attempting to establish a strategic upper-hand before the full UN Mission to Sierra Leone is firmly on the ground. In the ensuing struggle, the RUF abducted hundreds of UN peacekeepers, seized a large cache of war materiel; rearmed hundreds of demobilized fighters in April 2000 and threatened to overrun the capital Freetown. It took a contingent of British paratroopers to repulse the incursion. The presence of British troops also provided a much-needed space for the UN Mission in Sierra Leone (UNAMSIL) to consolidate its presence in all areas formerly controlled by the RUF.

On January 18, 2002, almost two years after the signing of the Lomé Peace Accords, all parties to the conflict issued a Declaration of End of War and Sierra Leone held its first post-war presidential election on May 12, 2002. It was during this period of uncertain political environment that the preparation of the Interim Poverty Reduction Strategy Paper (I-PRSP) took place. While there is great hope that the political situation will remain stable during the course of preparing the full PRSP, there is no guarantee that the country will not succumb to

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anarchy, looting and self-destruction, particularly if the government fails to address the structural roots of the economic and political crisis that gave rise to the insurrection in the first place.

The results of decades of misrule and deadly civil war can be seen in the low level of human development in the country. By 1990, 82% of the population lived below the poverty line, and Sierra Leone had one of the most skewed income distributions in the world (a Gini Index of 66). Today, after a decade of destructive civil war, living conditions for the majority have significantly declined. The government faces enormous challenges of reconstruction and rehabilitation of the economy, reintegration of millions of displaced people, consolidating democracy and restoring public confidence in the institutions of the state. The PRSP process in Sierra Leone is, therefore, an important vehicle to articulate a comprehensive strategy on far reaching economic and political reforms simultaneously. As one observer put it, “the PRSP can become a means for cementing permanent peace”.

The government’s development strategy in the transitional phase is rightly focused on rebuilding the war-ravaged economy, providing humanitarian assistance to millions of displaced persons and war victims, and restoring security throughout the county. Part I of this report discusses the content of the government's poverty reduction strategy for the immediate post-conflict "transition period" and assesses the progress made so far in implementing the objectives laid out in the Interim Poverty Reduction Strategy Paper (I-PRSP). Part II of the report will concentrate on the steps that are being taken by the government to articulate a long-term development strategy for poverty reduction in the context of preparing the full PRSP. This particular section examines the content of the growth strategy and its pro-poor orientation, the legitimacy of the in-country consultation process, the financing requirement for the PRSP, the adequacy of institutional capacity for policy formulation, implementation, and monitoring poverty outcomes, and the extent to which donors are prepared to align their assistance in accordance with the PRSP objectives.
Part I

2. Poverty Reduction Strategy in a Post-conflict Situation

2.1 Nature, Characteristics of Poverty and underlying causes

Poverty in Sierra Leone is endemic and pervasive. There are no current nation-wide statistics on household expenditure for determining the incidence and depth of poverty. The last household expenditure survey taken in 1989/90, barely a year before the outbreak of the civil war estimated that 82% of the population lived below the poverty line of $1 per capita per day.\(^5\) Though poverty affects the whole country, it is largely a rural phenomenon. According to the 1989/90 household surveys, 88% of the rural population was considered to be poor compared to 71% of those living in large towns. In addition, a large proportion of the population lacks access to basic social services including health care, education, potable drinking water and sanitation.

The most reliable information on the incidence of poverty comes from the 2000 Sierra Leone Multiple Indicator Cluster Survey (MICS-2), a nationally representative survey of households, women, and children. The survey was conducted to determine the degree to which the goals and objectives laid out in the Declaration and Plan of Action for Children have been achieved in Sierra Leone, to which the government is a signatory. The result of the cluster survey painted a grim picture of mass deprivation and human misery of unparalleled proportions (see appendix 1).\(^6\) Thousands of women and children have been put in extremely difficult and excruciating circumstances.

- Three out of every ten Sierra Leoneans can read and write compared to a sub-Saharan average of 6 out of 10 persons;
- Of the nearly 80% of the illiterate population, illiteracy among females stands at 89% and for men 69%.
- Primary school enrollment, which was about 55% of children in the school age bracket in 1990, declined to about 42% in 1999. UNICEF estimates that about 67% of school age children are currently out of school.
- About 27% of under-five children and 34% of children are underweight and stunted respectively.
- According to the 2000 Baseline Service Delivery Survey (BDS), 60% of the population are without access to safe drinking water and a similar percentage were reported to have no access to health services. In addition, the survey found out that 80% of the population is without sanitation.\(^7\)

The internal and external displacement of the population caused by the civil war has increased the incidence, depth and severity of poverty. The civil war, which caused extensive damage to an already inadequate economic and social infrastructure, left an estimated 3 million people

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\(^5\) Central Statistics Office, *Sierra Leone Household Expenditure and Income Survey 1989/90*. A new National Household Expenditure Survey is due to begin at the beginning of August 2002 as part of the PRSP preparatory process.


displaced. We will not be able to find out the full extent of poverty and human deprivation in Sierra Leone until the results of the National Household Income and Expenditure Survey comes out in August/September 2003. Even without that information at hand, it is not hard to ignore the scale of mass deprivation and hopelessness that has engulfed this country since the early 1990s. The war has indeed worsened the depth and severity of poverty.

Sierra Leone should, therefore, not be treated like any other developing country that did not experience the effects of destructive civil war. Any attempt to apply conventional economic prescriptions to address the deep-rooted economic and social crisis in the country is unlikely to produce concrete results in the short and medium terms. Economies wrecked by years of war and dictatorship cannot adjust easily to the changing dynamics of the global economy. External and local efforts must, therefore, concentrate on resettling displaced people, rehabilitating and reconstructing the economy, building the foundations for democratic governance, and empowering poor people to become more productive and meet their basic needs through direct provision of basic services, infrastructure and start-up capital.

2.2 Poverty Reduction is a relatively new area in Sierra Leone

Efforts to combat the widespread poverty and the vicious cycle of mass exclusion in Sierra Leone began in 1996 following the transition to democratic rule. The democratic government of President Ahmed Tejan Kabbah has conducted participatory consultations on an annual basis to identify a common national strategic vision, prioritize broad and specific development priorities and monitor progress in poverty reduction using benchmarks. Through the National Strategic Planning and Action Process (SPP), the government engaged citizens across the country to discuss four critical questions: where are we now? Where do we want to be? How do we get thee? How do we know we are getting there? The public has reacted enthusiastically to the initiative, recognizing it was a welcome departure from standard centralized planning processes of the recent past.

The results of the national consultations identified five broad development priorities. These include: (i) Security and war-related issues, especially the disarmament, demobilization and reintegration (DDR) and the resettlement, rehabilitation and reconstruction (RRR); (ii) Education with emphasis on basic education; (iii) Good governance and justice, with emphasis on decentralization; (iv) Agriculture, especially food security; and (IV) Health with emphasis on primary health care. The I-PRSP, which was completed in June 2001, simply reiterates the broad development priorities identified during the national consultations.

3. The Interim Poverty Strategy Paper (I-PRSP)

Sierra Leone was immersed in a bloody civil war in 1999 when, three thousand miles away in Washington, DC, an important initiative designed to mitigate the debt burden of many heavily indebted poor countries was announced by the Bretton Woods institutions. The Heavily Indebted Poor Countries Initiative proposed to grant substantial debt relief to poor countries in exchange for preparing a national poverty reduction strategy paper (PRSP) in consultation with a wide spectrum of stakeholders. This requirement also applied to countries wishing to borrow from the soft loan widow of the IBRD. The government of Sierra Leone quickly applied to be

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considered for HIPC resources. This set the stage for the preparation of the Interim Poverty Reduction Strategy Paper (I-PRSP).

The Interim Poverty Reduction Strategy (I-PRSP), developed in consultation with civil society, envisioned a two-phase implementation strategy: a **transition period** (2001-2002) and **medium-term phase** (2003-2005). While the I-PRSP focused primarily on the immediate post-war reconstruction, resettlement and security challenges, the medium-term phase (2003-2005) will address long-term development problems in the context of preparing the full PRSP. This will, of course, depend on significant improvement of the security situation throughout the country and increased accessibility to the provinces.

The poverty reduction priorities outlined in the I-PRSP are framed in a growth promoting macroeconomic framework that give priority to agricultural revitalization, early restart of mining, and a speedy conclusion of the resettlement of rural communities. In this respect, the government has emphasized the development of the private sector through the provision of micro-credit and by limiting the role of the state as owner and operator of public enterprises. While this approach is commendable in principle, it is too early to judge government commitment to private sector-led development as well as to sweeping public sector reform until the final policy strategy documents are published and the necessary legislations that should accompany them are enacted by Parliament.

### 3.1 The Governance Structure for preparing the I-PRSP/PRSP

The Ministry of Development and Economic Planning, through a Cabinet approval, was assigned with the responsibility for preparing the Poverty Reduction Strategy Paper (PRSP). The process began in April 2000 with the establishment of an ad hoc committee which later became known as the PRSP Technical Committee, comprised of representatives from the Central Planning Unit (CPU) of the Ministry of Development and Economic Planning (MODEP), the Economic Policy and Research Unit (EPRU) of the Ministry of Finance, the Bank of Sierra Leone, the Social Action and Poverty Alleviation Program (SAPA), and Central Statistics Office (CSO) who are also members of the SPP/TC.

The governance framework for the preparation of the PRSP comprises three key committees and a PRSP technical secretariat:

- **Inter-Ministerial Committee** chaired by the Ministry of Development and Economic Planning (MODEP) comprises Ministries of key social and economic sectors. It is responsible for defining policy guidelines for the process, and oversees the process of preparing and monitoring the implementation of the PRSP.

- **The Poverty Reduction Steering Committee (PRSC)**, which is responsible for managing the preparation of the PRSP, is chaired by the Development Secretary. It oversees the consultative processes, solicit funding for the preparatory activities, provide technical backstopping to consultants; supervise the consultative process; and provide regular progress reports on the process to both Cabinet and the Inter-Ministerial Committee, and ensures the quality of all outputs through its technical secretariat—PASCO.

- **The Poverty Reduction Working Committee (PRWCs)**. It serves as sectoral/ thematic focal point and provides support to the PASCO to draft the various sector reviews.

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• The Poverty Alleviation Strategy Coordinating Office (PASCO): located within the directorate of the Central Planning Unit at the Ministry of Development and Economic Planning, is headed by a national coordinator and is responsible for coordinating the preparation of the full PRSP as well as monitoring the implementation of the PRSP objectives. It serves as the technical secretariat for the PRSC and is responsible for overseeing all activities related to the preparation of the PRSP and ensures synergy with other on-going processes.

The core technical team made extensive use of conclusions of the 1996 World Bank country assistance consultations. Priorities from these consultations were validated by the subsequent SPP consultations including focus group discussions (FGD) held at national, chiefdom, and district levels over the 1998-2000 period. There was even consultations held in rebel controlled areas with the consent of the RUF.

3.2 Legitimacy of the consultative process for the I-PRSP

Sierra Leone never had a tradition of public participation in national decision-making process. Since the transition to democratic rule in 1996, however, the government has opened up space for civil society participation in policy decisions through its national Strategic Planning and Action Process (SPP) whereby the views of community representatives have been solicited on a wide range of development issues. A national consultative forum was held in the capital, Freetown in November 1996 that led to the development of a national vision statement. This positive development, however, came to a halt temporarily following the military coup of May 1997.

The tradition of consultation has continued even during a constrained post-conflict environment. These consultations were critical in the preparation of a number of critical studies: the 2000 comprehensive survey on the status of women and children in the country, the 2000 Baseline Service Delivery Survey, the Public Expenditure tracking survey (PETS) and the 2002 national budget. Plans for the preparation of the Interim Poverty Reduction Strategy Paper (I-PRSP) has followed the same consultative approach.

Preparation of the I-PRSP took place over a 15-month period, involving a series of consultative workshops under the guidance of a multi agency committee, which included non-governmental organizations (NGOs) representation. The drafting process drew heavily on the results of prior consultative exercises, including the conclusions of the 1996 World Bank county assistance consultations. Most notable among these are the SPP consultations, which, since 1996, have engaged more than 2,000 citizens across all four regions in a structured dialogue on national vision and development priorities. The results of these consultations have been incorporated in the interim strategy.

The I-PRSP preparatory process followed a “bottom-up” approach through a participatory consultative process. The government organized a workshop involving all stakeholders to discuss the draft Interim Strategy, which was also circulated to key development partners in October 2000. The draft I-PRSP document was discussed at a national consultative workshop held in Freetown on February 26, 2001. It is expected that same approach will be used during the preparation of the full PRSP.


12 Republic of Sierra Leone, Interim Poverty Reduction Strategy Paper (I-PRSP), pp. 46-47
Two innovative instruments were used to elicit the views of the various stakeholders. The "Smiley Game" technique, developed by the technical team (SPP/TC), is a mechanism for ordinary citizens to measure progress in community welfare on an ongoing basis using commonly understood indicators known as popular benchmarks. The "Budget Game" technique, on the other hand, is an allocation exercise to determine preferences in a resource-constrained decision-making environment and to rank priorities accordingly. Experience gained through both processes put government on a firm footing to initiate consultations in the preparatory process for the I-PRSP.13

Needless to say, the consultation process leading to the I-PRSP was fraught with problems. First of all, focus group discussions were limited to safe and accessible areas during the periods of escalation of the conflict. Representatives of key institutions of change, especially parliament, leaders of the rebel factions and other interest groups were not adequately represented. Moreover, the quality of consultations were less than expected due to the inadequate capacity among key facilitators, most of whom are civil servants drawn from line ministries. The ad hoc training they received from consultants provided by the Bank did not prepare them to conduct participatory consultation properly. The problem was compounded by the failure to distribute preliminary documents to participants ahead of the consultation. Above all, due to low literacy levels, most participants had difficulty understanding these documents. Hence, the dialogue is not systematic and many times lacking in content. The consultations up to and including those for the formulation of the I-PRSP had to contend with these difficulties. In preparation for the full PRSP formulation, the SPP Technical Committee (SPP/TC) began to focus its activities on refining the methodology for the focus group discussions (FGD) to make it more poverty focused and relevant to management decision-making.

4. The I-PRSP: Content and Strategy

The national strategic vision that has emerged out of the Focus Group Discussions is centered on a united, peaceful, educated and healthy population enjoying good governance and a broad-based socio-economic recovery and growth in the medium-term.14 The objectives identified in the I-PRSP are, therefore, a reaffirmation of the national strategic vision. Despite the scale of post-war reconstruction challenge that confront the government in the face of weak state capacity, the government has been able to accomplish most of what it set out to do in the I-PRSP without compromising the integrity of the macroeconomic environment. In this respect, the role of the development partners cannot be downplayed, as they are the ones who underwrote much of the cost of the ‘transition’ program.

4.1 National Security and Good governance

The re-establishment of personal and state security is one of the central pillars of Sierra Leone’s poverty reduction strategy. During the annual participatory consultations which government had conducted since 1996 with diverse stakeholders, security and governance issues were ranked as one of the five priority areas. The government quickly set out to implement governance reforms as a top priority. With assistance from the World Bank and UNDP, it formulated a national policy on governance. But implementation never got off the ground when

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14 Republic of Sierra Leone, Interim Poverty Reduction Strategy Paper, p.46
the security situation in the country deteriorated following the military coup of May 1997, which ousted the democratically elected government.

With the end of the war, governance reform is back on the national agenda and forms one of the central pillars of the country's poverty reduction strategy framework. A key component for the re-establishment of security in the transition phase is the implementation of the Disarmament, demobilization and Reintegration (DDR) program, which was targeted at approximately 47,710 ex-combatants from the Armed Forces Revolutionary Council (AFRC), the Revolutionary United Front (RUF) and the Civilian Defense Force (CDF). This was critical since the provision of humanitarian assistance to millions of displaced citizens and war victims would not have been possible without an improvement in the security situation.

A second but important component of reestablishing security is the retraining and restructuring of the armed forces and the police. With help from the UK, the recently renamed Republic of Sierra Leone Army (RSLA) and police have been retrained and re-equipped. While full civilian control of the armed forces is being contemplated, new civil-military relations are being experimented with civilians now exercise oversight in the areas of finance, general administration and development planning for the army.

A third and most important focus by government to deepen governance has been the effort to strengthen institutional capacity to support the role of law and economic management. A central aspect of this strategy is improving the efficiency and responsiveness of the public sector and to ensure transparency and accountability in decision-making. Through its Strategic Planning and Action Process (SPP), government has expanded the scope for civil society participation in the formulation of development priorities and strategies. The SPP consultative approach is now widely applied to monitor the efficiency and effectiveness of public expenditures within the context of the Medium Term Expenditure Framework (MTEF) and the Public Expenditure Tracking Survey (PETS). These initiatives have led to the identification of budgetary oversight committees in the rural communities to monitor the implementation of budget policies. Additionally, a Baseline Service Delivery Survey (BSDS) was introduced in 2000 as an ongoing monitoring mechanism to determine improvements in service delivery based on the "Report Card" approach used in the Philippines.

The fourth and final aspect of reestablishing security and good governance involves the restoration of civil authority within the context of national decentralization policy. Chief among them has been the restoration of Paramount Chiefs and the establishment of minimal government presence and the restarting of basic services, such as schools and clinics, in some districts, which were not under government control for a long period of time. Successful implementation of the PRSP objectives hinges upon the existence of strong and effective local government administration throughout the country. Needless to say, however, this is a task that will take time, resources and strong executive guidance from the country's political leadership.

4.2 Re-launching the economy

15 Republic of Sierra Leone, Interim Poverty Reduction Strategy Paper (I-PRSP), (Freetown: June 2001), p.32
Sierra Leone has made substantial progress in implementing economic reforms in recent years despite recurrent disruptions caused by the civil war that lasted until mid-1999. Following a peace agreement reached in mid 1999, the government, with support from multilateral donors, adopted a strong economic rehabilitation and recovery program. Economic performance in 2000 was excellent with real GDP recovering to 3.8 percent growth in 2000 from a negative (−8.1) percent in 1999, and price inflation declining sharply to 0.9 percent from 34.1 percent in 1999. The momentum of economic recovery continued in 2001, with GDP growth estimated at 5.4 percent in 2001, and inflation averaging at 3 percent compared with the program target of 8 percent. In addition, the government has instituted tax policy and administration reforms that support private sector development and fiscal stability, improved public expenditure management and control, exchange and trade liberalization to strengthen competitiveness, financial sector modernization and regulatory reforms, improvements in governance, and more effective delivery of social services.

The medium term macroeconomic framework aims to achieve a growth rate in real GDP of 6-7% per annum and limit inflation to annual average rate of 5 percent per year. This target is not impossible as long as government remains committed to maintaining a stable macroeconomic environment and fiscal sustainability; revive both the mining and agricultural sectors, accelerate the rehabilitation of infrastructures and create a conducive environment for private sector development. The government has already taken a number of steps to improve the legal and regulatory environment. A task force is preparing a legal framework conducive to private sector development. There is still more work to be done on property rights and enforcement of contracts. In addition, the Cabinet approved the Strategic Plan for the Divestiture of State Enterprises in 2001 and established a National Commission for Privatization to implement it.

The biggest boost to economic growth is expected to come from revitalized mining and agricultural sectors. In the early 1970s, mining activities generated 90% of export earnings and 15% of government revenues. In 2000, official mining exports amounted to $10 million and tax revenues from mining amounted only 0.1% of GDP. An estimated $150 million worth of diamonds mined—equivalent to about 20% of GDP—are traded outside official channels. Reasserting government control over diamond mining areas can lead to substantial increases in production, employment and revenues. This needs to be supplemented with appropriate legal and regulatory framework for the production and marketing of diamond, including policies conducive to foreign investors.

Similarly, the agricultural sector can contribute to a significant reduction of poverty. In the past, the contribution of the sector toward national development was hampered by excessive taxation, lack of basic infrastructure and tenure insecurity. What remained of agriculture was virtually destroyed by the decade long civil war. The agriculture and mining sector reviews planned as inputs to the full PRSP are expected to provide a deeper analysis of constraints on the productivity of both sectors and recommend comprehensive strategies to be taken by government.

4.3 Providing basic social services

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18 Ministry of Finance, "Supplementary Contingent Poverty Budget for FY 2002", (draft).
21 World Bank, Transitional Support Strategy for the Republic of Sierra Leone, p.8
The third pillar of the government’s poverty reduction strategy focuses on expanding peoples access to basic social programs—health, education, water and sanitation, and housing—in addition to providing targeted social safety nets. Both the UNDP Human Development Report (2000) and the 2000 Sierra Leone Multi-Indicator Cluster Survey (MICS-2) paint a grim picture of human deprivation and misery of unparalleled proportions. Funding requirements for delivering social services to the poor are huge. The PRSP will give special attention to the following:

In the health sector, the government plans to reduce the child mortality rate (286 per 1000) and maternal mortality rate (1800 per 100,000 live births) by extending health coverage to women and children in rural areas and by increasing access to safe drinking water, immunizations, malaria treatment, and improved nutrition. A rising share of government revenues will be allocated to the sector. In 2000/01, for example, spending on health was boosted by 29 percent. A significant proportion of HIPC resources will also be directed toward the health sector. A free maternal and child health care service to all pregnant and nursing mothers nationwide is in an early phase of implementation. The health sector review is expected to outline strategies to strengthen the health care system as part of the public sector reform program that government plans to unveil.

In addition, the government has developed a Multi-Sector HIV/AIDS Program. This program will be supported by various partners and will encompass a full spectrum of HIV/AIDS interventions—prevention, care, support, and impact mitigation. A National HIV/AIDS Council, chaired by the President, has been established to oversee national strategy and policy issues. These activities will be informed by a national HIV/AIDS prevalence survey to be undertaken in 2002. Regional HIV/AIDS initiatives involving Guinea, Liberia and Sierra Leone are also being pursued under the auspices of the Mano River Union.

The education sector is also slated to receive additional funding in order to increase enrollments as well as improve the quality of basic education. The share of education in non-salary recurrent expenditures increased from 7% in 2000 to a still exceptionally low 13% in 2001. The increased allocation will enhance expenditure to cater for the universal free primary education through the provision of additional teaching and learning materials for primary school pupils, the payment of examination fees and the provision of subsidized textbooks to all secondary schools. Substantial resources will also be channeled to non-formal education programs designed to address the needs of disadvantaged groups, with the collaboration of NGOs and UN agencies.

In order to deal with the most visible forms of poverty, emergency poverty interventions in the immediate post-conflict period focused on the rehabilitation and reconstruction of basic infrastructure and services, and the provision of basic tools and cash assistance to enable refugees, IDPs and ex-combatants help themselves by engaging in economically productive activities. To this end, a number of poverty-oriented programs were established with assistance from development partners and managed by the National Commission for Resettlement, Rehabilitation and Reconstruction (NCRRR). Among the first of these projects were the Social Action for Poverty Alleviation Fund (SAPA) and the UNDP funded Preventive Development Project (PDP). While the SAPA played a key role in implementing the government funded micro-credit program and supported the reconstruction of community infrastructure facilities,

22 Republic of Sierra Leone, Government Budget and Statement of Economic and Financial Policies, (December 2001), p.15
24 Republic of Sierra Leone, Government Budget Statement, p.15
the PDP focused on the resettlement and reintegration of the conflict-affected population by means of community-based initiatives. Funds from the PDP were never fully utilized as the program was disrupted by the January 1999 rebel incursion into the capital.\textsuperscript{25} However, available resources were later converted into the Quick Impact Action Program to respond to the humanitarian crisis presented by the rebel incursion of the western area.

In March 2000, the government launched the Community Re-integration and Rehabilitation Project (CRRP) that is designed to address the short-term post conflict needs of ex-combatants, refugees, IDPs and the communities to which beneficiaries return. The World Bank and the African Development Bank fund the project jointly. It has two components: The Economic Recovery Support Fund (ERSF) and the Training and Employment Program (TEP). While the TEP supports social and economic reintegration of ex-combatants through counseling, training and employment initiatives, the ERSF will facilitate the recovery of communities through the restoration of basic economic and social services via demand-driven community oriented projects.

5. Progress in implementation of I-PRSP goals

With significant international assistance, including the presence of 17,000 UN troops that has brought relative peace, the government has been able to accomplish many of the “transitional programs” elaborated in the Interim Poverty Reduction Strategy Paper (I-PRSP). The preparation of the full PRSP, which will focus on a medium-term plan, was launched in August 2002 and the process is expected to last a year. What follows is an update on the status of implementation.

5.1 Security Situation

On the security front, the entire country is now accessible to government and donor partners as a result of a successful donor supported disarmament, demobilization and reintegration (DDR) program. A total of 48,000 ex-combatants had been disarmed and demobilized between May 2001 and January 2002, bringing the total disarmed and demobilized to more than 68,000 in all three phases of the DDR program. Additional 4300 child soldiers were also demobilized during the same period. Each ex-combatant was given a reinsertion package equivalent to $150 to help bridge the gap between demobilization and reintegration.\textsuperscript{26} These meager resettlement packages have been supplemented with additional resources from the above-mentioned emergency poverty funds managed by the National Commission for Resettlement, Rehabilitation and Reconstruction as well as funds established by a number of international NGOs.

5.2 Resettlement and Reintegration

The challenge of resettlement and reintegration of millions of displaced people, ex-combatants, amputees and refugees in a country with a shattered economy and weak institutions remain vexing. A total of 69,463 ex-combatants were eligible for short-term reintegration opportunities. Currently, 33,290 have registered of which 15,295 are in various vocational and skills upgrading programs nationwide. On the status of reintegration activities for ex-child combatants, a total of 290 child ex-combatants and 148 separated children are undergoing skills training implemented by various international and local NGOs, whilst 843 have been placed in various

\textsuperscript{25} Republic of Sierra Leone, \textit{Interim Poverty Reduction Strategy Paper (I-PRSP)}, (Freetown: June 2001), p.40

educational institutions nationwide. The Supplementary Appropriation Bill presented to Parliament in August indicate that (Le5.4 billion) has been provided from the HIPC Trust account to the National Commission for War affected Children to support a project for the reintegration and rehabilitation of such children and street children.

With nation wide security stabilizing, the huge inflow of displaced people to their respective communities has over-stretched the capacity of emergency relief agencies and the National Commission for Reconstruction, Resettlement and Rehabilitation (NCRRR)—the main government organ responsible for administering the Emergency Recovery Support Fund (ERSF), funded by the World Bank and ADB. While this has been an important program, a lot more resources are needed from the international community to relieve widespread human misery in Sierra Leone.

5.3 Improving Governance:

Progress is being made in instituting good governance and public accountability mechanisms. As a sign of good gesture, the government helped re-register the RUF as a political party and released many RUF detainees prior to the May 2002 elections. That Sierra Leone has been able to successfully conduct presidential elections exactly a year after the May 2, 2001 peace building agreement between the government and the RUF is in itself a miracle. The RUF was allowed to compete in the presidential elections unhindered. Many of its top leaders and former commanders now lead a life of luxury while thousands young men who served as the RUF’s foot soldiers languish in abject poverty. Time will tell how many of these former RUF leaders will be brought to face justice in front of the newly constituted international human rights court for Sierra Leone.

Reactivating local government administration has proven to be a difficult challenge due to the wanton destruction of schools, hospitals, and market stalls and government facilities. In some districts, Paramount Chiefs have been restored and district councils reconstituted. There is still a long way to go to establish a functioning local government administration. Attracting high quality civil servants to distant districts and villages will not happen that easily. Yet, the successful implementation of a national poverty strategy hinges on the existence of effective state capacity in the rural areas. Attracting qualified individuals to the civil service, notorious for its poor pay and working conditions, will remain a critical challenge. Implementing a comprehensive civil service reform is both an economic and political necessity.

The third area in improving governance has focused on strengthening institutional capacity for effective and transparent financial management and service delivery systems, with increased scope for civil society participation in monitoring and budgetary oversight. To this end, government is implementing the national Strategic Planning and Action Process (SPP) with the aim of fostering participatory development policy-making. The SPP has engaged more than 2,000 citizens across the country in a structured dialogue on national vision and development priorities. The first Public Expenditure Tracking Survey (PETS) was completed in late 2001, which revealed significant leakage between budgets and actual delivery of resources and communities. The second Public Expenditure Survey is now underway and the results will be fed into the PRSP process. On a visit to the main Freetown hospital to monitor the

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enumerators of the survey, one member of the mission observed that a staff member from the anti-corruption commission accompanied the enumerator. The PETS process has, therefore, strengthened the oversight functions of civil society and helps ensure that public outlays are reaching those in need.

Alongside the Public Expenditure Tracking exercise is the establishment in 2001 of the Anti-Corruption Commission by Act of Parliament. The Commission has already investigated several high-profile corruption cases brought to it, including a minister and a High Court Judge. In a country where public confidence in the institutions of the state has been eroded, the issue of judicial independence and restoring the integrity of public institutions are fundamental to the future of Sierra Leone more than ever before. How the local courts handle the trial of RUF officials and the manner in which the newly established Truth and Reconciliation Committee conducts its business over the next year will be a critical determining factor on the integrity and legitimacy of the judicial system and of the state itself.

5.4 Re-launching the economy

Despite the immediate and pressing post-war reconstruction and rehabilitation challenges that confronted the government, tremendous efforts have been made to maintain macroeconomic stability, contain inflation, and improve public expenditure management and service delivery. A flexible exchange rate system is maintained along with market-determined interest rates to enhance the country’s competitiveness.

The budget has been the main instrument used by government to channel resources to the social and economic sectors, especially to agriculture, rural infrastructure, health, education, and water and sanitation. The MTEF, which became operational in 2001, has become an important instrument to restructure expenditure pattern in line with its growth and poverty reduction priorities. While this represents a major departure from past practices, a lot more work is need to ensure greater transparency and efficiency in public service delivery.\(^\text{30}\) Accelerating the process of decentralization and empowering communities to participate in defining development priorities and public service expenditure priorities is the best way for ensuring accountability. Local communities and district assemblies must be empowered to demand for an accounting from higher authorities.

The government recognizes the need to enhance its capacity for mobilizing resources domestically. It is expected that the creation of an independent Revenue Authority will improve the administrative capacities of Income Tax and Customs departments. There will also be further simplification of the tax system. The one sector that would produce an immediate revenue bonanza is the mining sector. But government has yet to secure control over this vital sector by eliminating diamond smuggling. This would significantly increase national income that would be used to finance other development activities.

5.5 Providing Basic Social Services

The Supplemental Appropriation Bill, which the Minister of Finance presented to parliament in late August, provides a detail description of how resources from debt relief under the HIPC will be used. The primary emphasis is given to health, education, security and rural development. In education, (Le18.9 billion) is provided for teaching and learning materials, the payment of new teachers’ salaries, and the reconstruction of primary and secondary schools throughout the

country. In addition, the Ministry of Transport and Communications is to finance the purchase of new school buses under the school bus program. In health and sanitation, (Le16.9 billion) is provided to support enhancement in primary, secondary and tertiary health and services, the provision of drugs and medical supplies to district peripheral units, and the rehabilitation of health education institutions and the construction of clinics. However, the supplemental appropriation does not clearly specify how much money would be allocated toward HIV/AIDS programs. In social welfare and gender and children’s affairs, (Le1.4 billion) is provided for the rehabilitation and reconstruction of welfare institutions and to support women’s programs.

6. Current government effort for the Preparation of the Full PRSP

The process of preparing the full PRSP has barely begun at the time of this writing in August 2002. The original plan for completing the preparation of the full PRSP was supposed to take place from June 2001 to December 2002. Due to a number of capacity problems and the attention given to the May 2002 presidential election, the deadline has now been moved to August 2003. Considering quite a number of diagnostic policy and sector reviews and studies that are planned as input to the full PRSP, it is highly unlikely that a high quality PRSP based on broad national consultation will be ready by August 2003. It is important that the government does not compromise quality for the sake of meeting the deadline. A speedy completion of the National Income and Household Survey is critical for preparing the full PRSP. The last National Income and Household Survey was taken in 1989 and it served as the main information in preparing the I-PRSP.

6.1 Content of the Growth Strategy

The full PRSP will determine the long-term development priorities of the country within the context of a stable macroeconomic environment. The process is designed with the aim of accelerating and deepening the reform priorities that have been initiated during the ‘transition’ phase of the I-PRSP, namely:

6.1.1 Deepening governance

This will concentrate on promoting a democratic environment in which the Executive, Parliament, civil society, public service, judiciary, and police inter-relate to each other in a transparent and accountable manner; and establish a rule of law where just and human rights are respected.

6.1.2 Revival of the economy

Sierra Leone can achieve much faster rates of economic recovery and has the potential to sustain dynamic growth over the long term. Here, the focus will be on consolidating macroeconomic stability by implementing prudent fiscal and monetary policies; creating an enabling environment for private sector development; reduce the role of the state as owner and operator of enterprises; improve expenditure controls and allocation; augment tax revenues, and the implement policies to revive the productive sectors of the economy— namely, agriculture, mining, tourism and infrastructure.31

6.1.3 Expanding access to basic services

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31 Republic of Sierra Leone, Interim Poverty Reduction Strategy Paper (I-PRSP), pp. 41-42
As in the transitional phase, greater emphasis will be given to increased allocation of the budget toward poverty reducing social sectors, such as education, health, access to drinking water; housing and better sanitation; and food security. This is in addition to the on-going targeted interventions to provide social safety nets and promote gender equality.

6.1.4 HIV/AIDS in the PRSP

To deal with the STDs/HIV/AIDS epidemic, government will mainly direct its actions for preventing HIV infections through the expansion and intensification of the treatment of STDs, counseling, voluntary testing, and above all, information, education and communication campaigns on STD/HIV/AIDS. Government will also provide counseling and vocational training, and facilitate access to economic opportunities to mitigate the impact of HIV/AIDS. The government has developed a Multi-Sector HIV/AIDS Program. Various partners, including the World Bank will support this program. It will encompass a full spectrum of HIV/AIDS interventions—prevention, care, support, and impact mitigation.

6.1.5 Gender in the PRSP

Government has embarked on strategic actions dealing with the poverty of women and children. The main thrust of these actions is to empower women and young persons in rural and depressed urban areas through capacity building and employment creation. In the case of women, government will enhance their access to essential productive resources (including credit and appropriate skills training) as well as their participation in decision-making and national and local levels. In this regard, the government has created a Ministry for Gender and Children’s Affairs. A national gender strategy policy has also been formulated and government is developing guidelines on the mainstreaming of gender into policies and programs.32

6.2 Diagnostic policy and sector reviews:

To define the strategy and action plan for the medium-term, a number of diagnostic and policy and sector reviews and studies are planned. One of the key diagnostic tools is the Household Income and Expenditure Survey, which starts at the beginning of August under the direction of the Central Statistical Office. The survey is expected to be ready by August/September 2003 in time for the completion of the draft full PRSP. The survey results will allow for the definition of a poverty line, as well as detailed analysis of the incidence, depth, and severity of poverty.

With assistance from the development partners, the government is also preparing to undertake a review of critical poverty sectors. These include agriculture, health, HIV/AIDS, education, tourism, infrastructure, micro-finance, good governance, private sector and security. The results of the sector reviews are supposed to inform the preparation of the full PRSP, which is expected to be finalized by August 2003. There is very little critical analysis to offer at this time regarding the PRSP in Sierra Leone since the process has barely began. Whether the government can meet the August 2003 deadline is entirely another matter. As of September 30, 2002, work on the above planned studies has been delayed for unexplained reasons despite the fact that the terms of reference for study teams have been finalized.

The preparation of the full PRSP is supposed to involve extensive consultations with diverse stakeholders throughout the country. A number of sensitization seminars and workshops are

32 Republic of Sierra Leone, Interim Poverty Strategy Paper, pp.38-39
planned so as to familiarize participants about the content of the poverty reduction strategy and to solicit their input into the process. **Timely completion of the entire background sector reviews in order to produce a high quality PRSP with realistic budget is a daunting task when viewed in the context of weak state capacity and minimal public trust in the institutions of the state.** In this regard, Sierra Leon’s PRSP process will require strong political leadership and executive guidance.

6.3 Revising the Consultation Process

A variety of mechanisms are proposed to engage a wide range of stakeholder groups in data collection and the collaborative assessment of key issues and successive PRSP drafts. First, the sample size will be expanded since all parts of the country have now been made accessible. Grassroots representatives at chiefdom and village levels in rural areas will be included in the sample for the first time. Second, with assistance from the World Bank and DFID, members of the SPP Technical Committee are receiving additional training in participatory development techniques and participatory poverty assessment.

Third, the SPP Technical Committee, in collaboration with the newly established Poverty Alleviation Strategy Coordinating Office (PASCO) introduced the “third generation” Participatory Poverty Assessment Methodologies in March 2002 as an additional participatory tool for the preparation of the PRSP. The PPA methodology has been tested in four communities by a core group of trained facilitators. The consultations have focused on poverty identification and determinants, categories of the poor including the identification of the poorest households, social mapping, preference scoring analysis to rank community priorities, and seasonality analysis to determine coping strategies.

**Finally, the consultations will be made more strategic oriented with the aim of assisting decision making at all levels, right from poverty analysis, through policy planning, expenditure tracking, and monitoring during PRSP implementation, and impact evaluation.** To accomplish this, the SPP focus group discussions (FDGs) would be more focused, specialized and custom-designed for particular contexts and decision-making requirements. Some specialized FDGs will be “action-planning oriented” for decision-making bodies like parliament while others will be policy focused on issues like land tenure, micro credit, gender, etc. In addition, feedback mechanism will be improved by strengthening linkages with the social fund, the National Commission for Social Action and NGOs involved in the participatory development process, especially at the regional level.

7. Financing arrangement for the PRSP

If the financing of the I-PRSP in a good indicator to go by, the government is unrealistically expecting the financing of the full PRSP with external resources. In 2001, for example, the World Bank alone financed 13% of gross external requirements ($548 million). The financing requirements are projected to be $391 million in 2002 and $337 million in 2003, of which the Bank is expected to finance 17% and 16% of the total in the respective years.33 While other donors, mainly the UK, the European Union, the US and the IMF are expected to finance a significant proportion of the cost of the PRSP programs, there will still be a financing gap of approximately $89 million in 2002 and $76 million in 2003.34 **This will have to be financed by**

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33 World Bank, ibid., p.26
34 World Bank, Annex 2, p.26
the country’s development partners since increased domestic revenue collection is unlikely to happen in the short term due to weak state capacity.

While Sierra Leone’s development partners have responded generously in support of the government’s poverty reduction efforts, there is still urgency for the government to develop a comprehensive resource mobilization strategy. Unfortunately, a culture of dependency appears to be taking root in government circles and a tendency to attribute everything bad in Sierra Leone to the legacy of the war instead of government inaction. In reality, however, the solutions to the problem of resource mobilization can be easily solved if government adopts both the ‘carrot’ and ‘stick’ approach to seize control of the diamond mining and trading activities. This would generate far more resources than the continued dependence on external assistance.

7.1 Linking the PRSP to the Medium Term Expenditure Framework

The Government approved the Medium Term Expenditure Framework (MTEF) process in the FY 2000 Budget Speech. In order to facilitate the implementation of the new process, an MTEF Technical Committee (MTEF/TC) was established, with financial assistance from DFID, to guide Ministries to guide Ministries, Departments and Agencies (MDAs) in budget formulation, execution and monitoring. The MTEF/TC comprises of officials from the Ministry of Finance (MOF), the Ministry of Development and Economic Planning (MoDEP), the Bank of Sierra Leone (BSL), the National Commission for Reconstruction, Rehabilitation and Resettlement (NCRRR), the Governance Reform Secretariat, the Central Statistics Office and the University of Sierra Leone. The Parliamentary Finance Committee members and community leaders are ex-officers who are called upon as observers during special activities. The MTEF/TC Secretariat located in the Budget Bureau of the Ministry of Finance is co-chaired by the Directors of Budget Bureau (MOF), and Central Planning Unit of the Ministry of Development and Economic Planning.

The MTEF/TC provides technical support to various sector-ministries and departments to develop a range of programs and activities for the annual budget within the context of the MTEF. This includes assistance in costing the activities that made-up the budget estimates submitted to the Budget Bureau. This is to enhance transparency and accountability in budgetary management at facility levels. In addition, the MTEF/TC held a series of consultative meetings at sectoral levels to discuss problems encountered by ministries and departments in the implementation of the FY 2001 budget. The discussions provided the framework to the formulation of the FY 2002 budget preparation.35

The Public Expenditure Tracking Survey (PETS) is the main flagship activity within the MTEF process. The objective of the PETS was to track expenditures from Ministerial Headquarters to Regions, Districts and Facilities as well as to assess the quality of service delivery in the communities. The PETS provide a source of data for further research aimed at deepening the analysis of determinants of equity, efficiency and quality of service delivery especially in the social service sector required for the preparation of the full PRSP.

Finally, the MTEF/TC conducts budget sensitization workshops for civil society, community leaders, and members of parliament and donors. Through involvement of civil society and other stakeholders, transparency and accountability in the budget process is enhanced.

35 Interview with Mr. Cyprian M. Kamaray, Director, Budget Bureau, Ministry of Finance (July 18, 2002).
As mentioned before, the MTEF is a relatively new system in Sierra Leone and it is still too early to judge how widely it is accepted among government ministries. The Public Expenditure Tracking exercise is only a small part of the whole story. The extent to which sector ministries plan their activities within a resource constraint as set by the MTEF has yet to be tested since actual costing is yet to be done as part of the sector reviews planned in preparation of the full PRSP.

Furthermore, the MTEF Technical Committee is an ad hoc structure and the civil servants that make up the committee are also the same ones that seat in the SPP Technical Committee and the PESTS Technical committee. While the teams have done commendable job so far, they will not be able to juggle too many apples simultaneously without the risk of dropping some as the government embarks on more comprehensive economic reforms that are institutionally demanding, and requiring more competent nationals in a wide variety of disciplines. The budget unit has so far four budget analysts instead of the minimum of eight analysts, and the use of Information Technology (IT) for budget management is yet to be introduced. In addition, the unit does not have the required resources for regular training of staff. There is a limit to the current practice of conducting the business of government by ad hoc committees.

7.2 Debt Management Strategy and investment of HIPC Resources

As part of its resource mobilization strategy, the government is reviewing its national debt strategy. At the end of 2001, the country’s external debt totaled $1.2 billion, of which 50% was owed to multilateral banks. The World Bank and the IMF agreed in March 2002 to support a comprehensive debt reduction package under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Total relief from all of Sierra Leone’s creditors is worth nearly $950 million, which is equivalent to $600 million in Net Present Value (NPV) terms. Assistance committed by IDA ($122 million in NPV terms) will be delivered over a 20-year period and will cover, on average, 89 percent of debt-service obligations falling due to IDA. Debt relief provided by the IMF ($123 million in NPV terms) will be delivered over the next 10 years.

Following Sierra Leon’s attainment of the ‘decision point’ in March 2002, the government secured enhanced HIPC assistance, which amounts to $37 million per annum in debt service savings during 2002-05. Half of the HIPC assistance has already been secured from the World Bank, IMF, and the Africa Development Bank. The remaining $16 million is still to be secured from the other participating bilateral donors. As a result, its debt service to exports ratio is expected to drop from 74% in 2001 to 5% by 2005. In addition, the IMF Executive Board approved on September 26, 2002 a three-year support program in the amount of $169 million for the period 2001-2004, under the Fund’s Poverty Reduction and Growth Facility (PRGF). This loan is being disbursed in tranches subject to satisfactory performance in program implementation. The government has to implement successfully all the requirements under the PRGF in order to continue to receive interim relief on permanent basis. The two PRGF reviews undertaken so far have commended the government for maintaining macroeconomic stability and implementing key structural reforms.

The resources from debt relief under the HIPC will be directed primarily at enhancing expenditure on health, education, security and rural development. A monitoring framework has been adapted to identify budget expenditures, which are poverty related, and that component which is financed by HIPC relief. In tandem with these arrangements, the

37 Interview with Mr. Salh L. Juty, Assistant Head, Public Debt Department, Ministry of Finance (July 18, 2002).
government is also increasing resources to the Audit Service Board and is seeking technical assistance to enhance the capacity of that agency. Donors contributing to the HIPC Trust Fund are also expected to monitor the disbursements from the special HIPC Trust account held at the Bank of Sierra Leone, as well as assessing the impact of HIPC relief expenditure and progress in reducing poverty. The Ministry of Finance will not release any HIPC relief expenditure unless it is accompanied by a carefully prepared activity profile detailing out the purpose, the location and intended beneficiaries and the impact on poverty consistent with activities. While this arrangement is acceptable at central level, it does not ensure transparency and accountability at the grassroots level by involving community groups in monitoring programs funded by HIPC resources. It would be worthwhile for the government to look into the Ugandan experience in managing the Poverty Action Fund (PAF).

8. Capacity Needs

The decade-long civil war had a significant impact on the functioning of the state. The conflict prompted a mass exodus of professionals, managers and technical personnel. As a result, both the public and the private sectors are severely deprived of critical expertise necessary for effective management of the economy and the affairs of the state. This problem is likely to persist for at least another decade or so.

The post war challenges of reconstituting the state, the society and the economy have meant pursuing a number of critical and cumbersome reforms simultaneously. All the different components essential to the PRSP process have been initiated more or less at the same time. This puts considerable administrative burden on government. With the virtual collapse of government administration in rural areas, it is difficult to see how program implementation as well as monitoring of outcome can be ensured. This situation is in stark contrast to the experience of other African countries that had enough time to digest each reform process before proceeding to the next.

8.1 Capacity needs in policy analysis and implementation

There are four dimensions of state capacity that are critical for economic renewal: (a) regulatory or legal capacity, which enables the state to set and enforce the rules of economic and social interaction, leading to greater predictability; (b) technical capacity, which gives the state specialized abilities to assist producers and manage macroeconomic policy, leading to greater stability; (c) extractive capacity, which allows the state to raise revenues to pay for its programs; and (d) administrative capacity, which encompasses the management skills that provide effective government services. These four critical ingredients of state capacity are severely lacking in Sierra Leone.

Up-to-date socio-economic information for poverty analysis, policy formulation, implementation and evaluation are hard to come by in Sierra Leone. This makes it difficult to ascertain the scope and depth of poverty in the country. The problem is further compounded by the absence of strong institutional capacity in and out of government to undertake poverty analysis and assess the impact of macroeconomic and structural policies on the poverty situation in the country. Unlike Ghana, Sierra Leone does not have strong research institutes and think tanks that can undertake macroeconomic analysis, poverty diagnostics, budget analysis and costing the PRSP. In recognition of this reality, UNDP

39 These include: Nine sector reviews, MTEF, National Household Expenditure and Income Survey, Baseline Service Delivery Survey, and review of existing database and statistical systems.
has used its meager resources to support analytical capacity of the Economic Policy Research Unit at the Ministry of Finance, the Central Statistics Office as well as the newly created Poverty Alleviation Coordination Office (PASCO) at the Ministry of Development and Economic Planning.

In the medium term (2002-05), the government’s priority is to build a comprehensive information base for poverty analysis and monitoring. To this end, a **national Household and Income Expenditure Survey** entirely financed by World Bank contribution was launched in August 2002 and the results of the survey are expected to be available in August/September 2003. This information is expected to bolster the quality of the full PRSP. In addition, preparatory work to initiate a national population survey has started and the census is will be launched before the end of 2002. The census will provide information about the geographical distribution and characteristics of the people who had returned to their homes after the war.

The government also plans to undertake sector policy reviews in order to determine their growth potential and their impact on poverty reduction. The sector review will cover agriculture, mining, tourism and infrastructure. The Department for International Development (DFID) UK has committed $100 thousand dollars to cover the cost of four sector reviews. At the time of this writing, terms of reference for sector review teams have been drawn and the Poverty Reduction Coordination Office (PASCO) was in the process of recruiting the consultants. ECA had advised the government that the sector reviews should attempt to calculate the probable cost of proposed programs and activities for each sector.

### 8.2 Capacity needs for Monitoring poverty outcomes:

Putting in place adequate systems for monitoring and evaluation will be key to tracking implementation progress. The government is developing a participatory outcome monitoring system to monitor and evaluate the progress of implementation and impact of its anti-poverty strategy. The key instruments that will be used include: annual **Service Delivery Survey (SDS)** using selected baseline indicators; **Expenditure Tracking Survey; Living Standards Measurement Survey (LSMS)**; as well as annual sampled household income and expenditure survey. The SDS in particular is an important instrument for determining changes in stakeholders' perception of improvement in service delivery from users' stand point. It also serves as a useful tool to monitor the efficient implementation of development projects at the facility level (e.g. school or clinic) to determine their impact on local communities.

While the activities carried out to-date under the direction of the SPP Technical Committee in monitoring the efficiency and effectiveness of public expenditures is commendable, a more institutionalized approach is needed to monitor and evaluate the implementation of the PRSP objectives. **The SPP Technical Committee is an ad hoc arrangement and there is no cabinet or parliamentary mandate to back its operations.** Sierra Leone, in its current state, is far from being able to develop strong monitoring mechanisms without immense technical assistance from the international community.

### 9. Donor relations

The role of external partners in supporting Sierra Leone's reconstruction effort as well as stabilizing the security environment has been enormous. The World Bank, IMF, the Islamic Development Bank, the European Commission (EC), the United Nation, and the Department for International Development (DFID) UK have continued to support emergency recovery assistance and budgetary support to enhance Government's capacity to stabilize the economy
and improve service delivery. Recently, as more development partners have established an in-country presence, a Donors' Group (DG) was set up to enhance intra-donor coordination. The DG is coordinating financial and technical support to government for the preparation of the full PRSP.

9.1 Technical and Policy Advice

In addition to the millions of dollars already committed by the development partners toward the reconstruction and rehabilitation programs, the entire cost of preparing the full PRSP is being financed by donors (Appendix 2). Of the estimated $1.6 million budgeted for the preparation of the PRSP, World Bank's contribution is about $750,000. Almost half of the Bank's contribution is budgeted to cover the cost of sector reviews and the Household Income and Expenditure Survey. In addition, UNDP has budgeted $300,000 to cover the cost of the Public Expenditure Tracking Survey, the Baseline Service Delivery Survey and a baseline survey in the newly liberated areas.

9.2 Aid Coordination

The government also has strengthened its own aid coordination mechanism. In December 2001, the government set up the National Economic Policy Council (Finance, Development, the Presidency and Bank of Sierra Leone) to improve economic management and coordination with partners. It is expected that this step will assist in overcoming the fragmentation that has existed in aid coordination within government, and help provide the institutional framework needed to ensure more effective aid utilization. In addition, a Donor Assistance Database will be installed in the Integrated Approach to Aid Coordination (IAAC) unit of the Ministry of Planning and Economic Development to monitor and analyze the flow of external assistance all the way down to the chiefdom level.

10. Risks and threats to the PRSP process

The government of Sierra Leone is confronted with a number of challenges as it tries to put its house in order. Some of the challenges are the following:

Restoring the Integrity of the state: While the Presidential elections of May 2002 represent a milestone for a country that just came out of a deadly civil war; it will take more than elections to restore public confidence in the institutions of the state. The current government and parliament, composed of recycled politicians who have had a major role in the downward spiral of the country, have to demonstrate through their actions that a new democratic era has indeed arrived in Sierra Leone. A key component of the strategy to restore the integrity of the state should include raising the efficiency and responsiveness of public institutions; eradication of corruption and rent-seeking by public officials, including the police and armed forces; and creating a climate where every citizen feels that he/she has a role to play in the development of the nation. Comprehensive civil service reform and the restructuring of incentives in the service are a sine qua non for the efficient functioning of the state.

Revive the disarmament process: Although peace has returned throughout the country, significant numbers of arms remain unaccounted. Only about 1 weapon for every 2 ex-

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40 The IMF approved the Emergency Post Conflict Assistance Facility in December 1999 while the World Bank approved the Economic Rehabilitation and Recovery Credit at the same period.
41 UNDP Sierra Leone, Interview with Dr. Eugene Owusu, Senior Economic Advisor (July 15, 2002).
combatants was surrendered during the demobilization phase and an estimated 50% of the war materiel seized by the RUF from UN peacekeepers in 2000 has been recovered. The situation demands that the international community introduce a "cash-for gun" exchange program so that the country does not turn back into its ugly past. In addition, concerted efforts must be made to deal with the problem of unemployment among ex-combatants.

**Institutionalize the consultation process:** For the consultative process to be sustainable, there is a need to move away from ad hoc consultations to more institutionalized forms of dialogue. The SPP Technical Committee, comprised of civil servants from different ministries, has to be institutionalized with a Cabinet or Parliamentary mandate in support of its operations. The move from ad hoc consultations to more institutionalized approach is vital for the credibility of the process. Citizens must be convinced that public officials take their views seriously. For quality dialogue, it is urgent to enhance the capacity of institutions that promote participatory development. In particular, enhancing the analytical capacity of local research institutions to facilitate useful dialogue remains a major challenge.

**Regional security threats:** The maintenance of peace and security in Sierra Leone is intimately tied to the maintenance of peace in the Mano River Basin. Because of its rich diamond resources, the country became a battleground for competing regional and local mercenary thugs backed by the Liberian President Charles Taylor and other leaders in the region. Insurrection in Liberia could have a destabilizing factor in Sierra Leone, particularly if the current government in Freetown fails to provide an alternative future to the thousands of demobilized ex-combatants and marginalized youth. Ensuring government control over the diamond areas, including the production and marketing of diamonds, is as much a national security issue as it is economic.

**Strengthening the PASCO Office:** The newly created Poverty Alleviation Strategy Coordinating Office, which is responsible for overseeing the preparation of the PRSP, is a skeleton entity with a lot of responsibilities on its plate. It is difficult to imagine how a unit with two staff members is going to oversee the preparation of sector reviews, poverty diagnostics, the national consultation process as well as the other essential activities planned as input to the PRSP process in a proper fashion. Without strengthening the PASCO office, the quality of the PRSP preparation could be compromised severely. The need for additional funding from the country’s external development partners cannot be over-emphasized.

**Conclusion**

Sierra Leone remains a fragile country despite the appearance of peace and order on the surface. Consolidating peace, re-launching the economy, and attacking the worst forms of human deprivation will require more than disarmament and the holding of multiparty elections. Sustainable peace with justice will ultimately depend on good governance and the elimination of the social injustices that gave rise to the armed insurrections in the first place. Because of previous misrule, exacerbated by the tragic memories of the civil war, public confidence on the institutions of the state has been significantly eroded. Governmental performance that builds confidence and popular support for democratic institutions and processes is the key to durable peace and democratic institutions in the country. Rehabilitating the capacity and image of the state, however, will ultimately hinge upon the degree to which democracy translates into policies that combat mass deprivation and provide to the thousands of marginalized youth and ex-combatants, who still hold the potential to create havoc, an alternative to the AK-47. In this regard, the legitimacy of the PRSP process and its successful translation into policies and
programs that produce tangible benefits to the citizenry are litmus tests to the survival of the post-conflict Sierra Leonean state.
References

Abdullah, Ibrahim (1997), "Bush Path to Destruction: The origin and character of the Revolutionary United Front (RUF/SL)", *Africa Development*, XXII.

Bangura, Yusuf (1997), "Understanding the Political and Cultural Dynamics of the Sierra Leone War: A Critique of Paul Richard's Fighting for the Rain Forest", *Africa Development*, XXII.


Appendix 1

Selected Poverty and Living Standards Indicators
(Using World Summit for Children Indicators)

<table>
<thead>
<tr>
<th>Indicator</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under-five mortality rate</td>
<td>286 per 1,000</td>
</tr>
<tr>
<td>Infant mortality rate</td>
<td>170 per 1,000</td>
</tr>
<tr>
<td>Maternal mortality ratio</td>
<td>1800 (+/-) 800</td>
</tr>
<tr>
<td>Stunting prevalence (under-five)</td>
<td>33.9 percent</td>
</tr>
<tr>
<td>Use of drinking water (of total population)</td>
<td>54.0 percent</td>
</tr>
<tr>
<td>Net primary school attendance</td>
<td>42.0 percent</td>
</tr>
<tr>
<td>Literacy rate (15+ years)</td>
<td>29.6 percent</td>
</tr>
</tbody>
</table>

Adapted from MICS-2 survey (2000)

Appendix 2

Summary of Budget for the Preparation of the PRSP

<table>
<thead>
<tr>
<th>Activity</th>
<th>(US$: thousands)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income and Expenditure Survey</td>
<td>224.03</td>
<td>14</td>
</tr>
<tr>
<td>Baseline Service Delivery Survey</td>
<td>45.24</td>
<td>3</td>
</tr>
<tr>
<td>Review of Current Programmes</td>
<td>26.23</td>
<td>2</td>
</tr>
<tr>
<td>Sector Reviews: a total of 10</td>
<td>474.60</td>
<td>29</td>
</tr>
<tr>
<td>Review of micro-enterprise</td>
<td>25.23</td>
<td>2</td>
</tr>
<tr>
<td>Training of trainers on PPA</td>
<td>72.38</td>
<td>4</td>
</tr>
<tr>
<td>Launch of the PRSP process</td>
<td>18.30</td>
<td>1</td>
</tr>
<tr>
<td>Nationwide sensitization seminar/ workshop</td>
<td>40.00</td>
<td>2</td>
</tr>
<tr>
<td>Nationwide focus group discussions</td>
<td>96.00</td>
<td>6</td>
</tr>
<tr>
<td>National workshop on poverty related issues</td>
<td>10.00</td>
<td>1</td>
</tr>
<tr>
<td>Media production of skit/jingles, etc.</td>
<td>21.91</td>
<td>1</td>
</tr>
<tr>
<td>Review of existing database and statistical system</td>
<td>94.13</td>
<td>6</td>
</tr>
<tr>
<td>Workshop to develop framework for PRSP</td>
<td>29.74</td>
<td>2</td>
</tr>
<tr>
<td>Drafting PRSP</td>
<td>72.13</td>
<td>4</td>
</tr>
<tr>
<td>Finalization of PRSP document</td>
<td>73.23</td>
<td>5</td>
</tr>
<tr>
<td>Training/ seminars/ workshops/ study tours</td>
<td>60.00</td>
<td>4</td>
</tr>
<tr>
<td>Capacity building (personnel, equipment, supplies)</td>
<td>236.70</td>
<td>15</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,620.84</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Budget Estimate for the Preparation of PRSP, Prepared by PASCO (July 2002)
List of Persons Visited

Dr. J. D. Rogers, Deputy Minister, Ministry of Finance
Dr. C. Thomas, Coordinator of PASCO, Ministry of Dev. and Economic Planning
Mrs. Hawa Musa, Senior Planning Officer, PASCO, MOD EP
Mr. Cyprian M.P. Kamaray, Director of Budget, Ministry of Finance
Mr. Edmund Koroma, Director, Economic Policy Research Unit, Ministry of Finance
Ms. Tasima Jah, Economist, Ministry of Finance
Mr. Salh July, Acting Head, Public Debt Section, Ministry of Finance
Prof. H.B. Kandeh, Chief Executive Officer, Central Statistics Office
Mr. Samuel Musa, Country Director, Actionaid-Sierra Leone
Mr. Jacob J. Saffa, Human Development Specialist, World Bank, Sierra Leone
Mr. Mohamed Farah, FAO Country Representative
Mr. Aloysius Cyril Lahai, National Professional Officer, FAO-Sierra Leone
Dr. Foday Turay, Project Officer, FAO Regional Support Unit
Mr. Ibrahim S. Kamara, Program Specialist, UNDP Country Office
Dr. Eugene Owusu, Senior Economic Advisor, UNDP Country Office
The Development Secretary, Ministry Development and Economic Planning