



Republic of Sierra Leone

ANNUAL PROGRESS REPORT

Sierra Leone
Poverty Reduction Strategy Paper (PRSP)

May 2005 – June 2006

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Acronyms

ACC	Anti Corruption Commission
ACT	Artesunate Combination Therapy
AFDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ANC	Antenatal Care
BKPS	Bo-Kenema Power Supply
BRIDGE	Building Resources in Democracy, Governance and Elections
CAP	Common Action Plan
CBOs	Community Based Organizations
CED	Custom and Excise Department
CORAD	Consortium for Rehabilitation and Development
CPI	Consumer Price Index
CRIS	Country Response Information System
CRS	Catholic Relief Services
DACO	Development Assistance Coordination Office
DECSEC	Decentralisation Secretariat
DFID	Department for International Development
DISECs	District Security Committees
DTIS	Diagnostic Trade Integration Study
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization
FELDA	Federal Land Development Authority
FSAP	Financial Sector Assessment Programme
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
HIPC	Highly Indebted Poor Countries
HIV	Human Immune Virus
IF	Integrated Framework
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
INGO	International Non-Governmental Organization
IPRs	Intellectual Property Rights

IPRSP	Interim Poverty Reduction Strategy Paper
IPT	Intermittent Preventive Therapy
IRCBP	Institutional Reform and Capacity Building Project
IT	Information Technology
ITD	Income Tax Department
ITNs	Insecticide Treated Bed Nets
JSS	Junior Secondary Schools
LGA	Local Government Act
M&E	Monitoring and Evaluation
MCH	Maternal and Child Health
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MFMR	Ministry of Fisheries and Marine Resources
MMR	Ministry of Mineral Resources
MMR	Maternal Mortality Rate
MOF	Ministry of Finance
MOHS	Ministry of Health and Sanitation
MTEF	Medium Term Expenditure Framework
NAC	National HIV/AIDS Council
NaCSA	National Commission for Social Action
NAS	National Aids Secretariat
NASSIT	National Social Security and Insurance Trust
NCCT	National Coordinating Committee on Trade
NEC	National Electoral Commission
NEPAD	New Partnership for Africa Development
NERICA	New Rice for Africa
NGO	Non- Governmental Organizations
NPA	National Power Authority
NPSE	National Primary Schools Examination
NRA	National Revenue Authority
OAG	Office of the Accountant General
ONS	Office of National Security
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PFM	Public Financial Management

PHU	Peripheral Health Care Unit
PLWHAs	People Living with HIV/AIDS
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSC	Public Service Commission
RSLAF	Republic of Sierra Leone Armed Forces
SHARP	Sierra Leone HIV Response Project
SLEDIC	Sierra Leone Export Development and Investment Corporation
SLP	Sierra Leone Police
SLRA	Sierra Leone Roads Authority
SMEs	Small and Medium Enterprises
SSG	Strategic Situation Group
SSRR	Security Sector Review Report
STI	Sexually Transmitted Disease
TBAs	Traditional Birth Attendants
TRC	Truth and Reconciliation Committee
UCI	Universal Childhood Immunization
UMR	Under -5 Mortality Rate
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VAT	Value Added Tax
VCCT	Vocational Counseling and Testing Centre
VSAT	Very Small Aperture Terminal
WFP	World Food Programme

Chapter 1: Poverty Reduction Strategy Paper for Sierra Leone

1.1 Introduction.

This report describes the progress made in implementing the Poverty Reduction Strategy Paper (PRSP) for Sierra Leone covering the period June 2005 to May 2006.

The Government of Sierra Leone adopted the PRSP in June 2005. Nationwide consultative processes ensuring the inclusion of all stakeholders in the form of Participatory Poverty Assessments (PPAs) and Focus Group Discussions (FDGs) were used in formulating the strategy. The results thus reflect the views and aspirations of the people in policy design as well as their experiences in dealing with poverty related issues.

Following the completion of the PRSP document, the government of Sierra Leone and its development partners held a Consultative Group (CG) meeting in London on 29th and 30th November 2005. The purpose of the meeting was to deepen the partnership between the Government of Sierra Leone and its Development Partners around the SL-PRSP, focusing on monitorable results and improving aid modalities.

The outcome of the CG was very successful particularly as development partners pledged to provide an estimated US \$864 million to support the implementation of programmes articulated in the Activity Matrix and Medium Term Expenditure Framework (MTEF) for the period 2005-2007. This figure, it must be noted, does not include the expected debt relief from the Highly Indebted Poor Countries (HIPC) and the multilateral debt relief initiatives (MDRI).

The SL-PRSP is constructed around three pillars: Good Governance, Peace and Security; Food Security, Job Creation and Growth; and Human Development. In turn these pillars incorporate the United Nations Millennium Development Goals (MDGs) as part of the goals of its development policy. Thus the indicators identified for monitoring the PRS are also closely linked to the MDGs.

The PRSP also includes a focus on reforming the public administration with the goal of increasing the efficiency, transparency and accountability in implementing

government programmes as well as improving the way of governing the overall public sector policies. The country still needs capacity for the efficient coordination of policies at the central level as well as the operational knowledge that would ensure the translation of the goals defined in program documents into concrete measures and activities.

Establishing effective links between planning and budgetary processes as well as between the planning process and the resources available from international assistance will be of key importance in the forthcoming period. This process shall be facilitated by strengthening the on-going programme budget and the efficient implementation of a sector approach in the allocation of international development assistance. The PRSP now has greater influence in the planning and allocation of budget resources.

Several factors have contributed to the somewhat limited impact analysis of the activities presented in this report. The lack of a comprehensive monitoring system during the initial stages of implementation and weak capacities in the various line ministries contribute to the difficulty of fully assessing the scope of the achieved results. In addition, the existing statistical data collection and dissemination system is predominantly focused on collecting quantitative rather than qualitative data. These issues are however being addressed gradually.

1.2 Framework for Implementation

The following principles have guided the implementation of the PRSP in Sierra Leone.

(i) Mainstreaming poverty reduction efforts has become an integral part of the regular work of the Government of Sierra Leone (line ministries, central government institutions and bodies, local governments) and its partners according to their respective mandates and responsibilities.

(ii) Building strong ownership of the PRSP through an inclusive participatory process, emphasizing the active involvement of civil society, private and public sectors, and representatives of vulnerable groups in the implementation, monitoring and evaluation.

(iii) Changing the way the Government “does business” by achieving transparency through a well-defined planning process (including more efficient coordination and prioritization).

(iv) Engaging local-level PRS implementation through the participation and cooperation of representatives of local governments, the NGO and private sectors and donors. This is part of the public administration reform and the decentralization process.

(v) Building partnerships during the PRS implementation in order to improve coordination and information sharing.

The implementation framework for the PRSP comprises a) Policy Committees {Inter-Ministerial Committee and DEPAC} and b) Technical Committees i.e. National Technical Committee (NTC), Pillar Working Groups, Local Council M&E Committees and Civil Society Monitoring Groups, and c) a coordinating body. The Development Assistance Coordination Office (DACO) serves as the secretariat responsible for the coordination of the implementation and monitoring of the PRSP.

Inter-Ministerial Committee (IMC)

At the highest policy level, an Inter-Ministerial Committee has been established under the Chairmanship of the Vice President. The committee comprises: the Ministry of Finance, Ministry of Development and Economic Planning (MODEP), Ministry of Education, Science and Technology, Ministry of Agriculture and Food Security, Ministry of Health and Sanitation, Ministry of Works and Ministry of Youths and Sports. The IMC was initially established to oversee the decentralisation process. However, the mandate has been expanded to cover the implementation and monitoring of the PRSP.

Development Partnership Committee (DEPAC)

DEPAC meetings provide a forum for continuous dialogue between Government of Sierra Leone and its development partners. DEPAC started meeting in 2003 with a focus on ensuring that the National Recovery Strategy (NRS) was on track. The meetings focused on:

- Restoring Civil Authority nationwide.

- Resumption of economic activities in all chiefdoms.
- Reconstruction and rehabilitation of health and education facilities in all chiefdoms.

Through DEPAC meetings, funds for the resumption of Rutile mining and restarting the Bumbuna Hydroelectric project were mobilised. In 2004, when progress on the preparation of the Poverty Reduction Strategy Paper was slow, the focus of DEPAC was changed to address issues relating to the preparation of the PRSP. It was also through DEPAC that the Consultative Group meeting on Sierra Leone was planned and implemented in November 2005.

National Technical Committee (NTC)

The NTC comprises the technical Heads of selected Ministries, Departments and Agencies of Government as well as representatives of civil society and NGOs involved in the implementation of the PRS. The NTC started meeting after the PRSP was finalised in April 2005. The primary mandate was to ensure that all relevant documentations for the November 2005 CG meeting were prepared and distributed in a timely manner. The NTC met fortnightly and eventually produced the Results Matrix and the Activity Matrix that were presented at the CG meeting. The committee coordinated the preparatory activities for the side meetings on HIV/AIDS, Youth Employment and Capacity Building that were held at the CG meeting. The NTC has been revived after the CG meeting but now meets only to discuss and endorse the reports produced by the PRSP Pillar Working Groups.

Pillar Working Groups (PWGs)

In order to facilitate the implementation process, Pillar Working Groups have been established for each pillar of the PRSP. These groups meet regularly to discuss issues relating to the various sectors and thematic areas within their respective pillars. They have evolved into extremely effective forum for dealing with implementation bottlenecks, coordination at the technical level and resolving issues of common concern to programmes within the pillars. The findings and recommendations from the Pillar Working Groups form the basis for discussions at the DEPAC meetings. Pillar Working Groups are composed of sectoral ministries and the development partners that fund the programmes within the sectors (**Annex 1**).

Civil Society Monitoring Groups

In line with the Government's commitment to involve civil society in the implementation and monitoring of the PRSP, DACO has collaborated with ENCISS to create Civil Society Monitoring Groups nationwide. Consequently, a consortium of civil society activists regularly organizes regional sensitization exercises on the status of implementation of the PRSP.

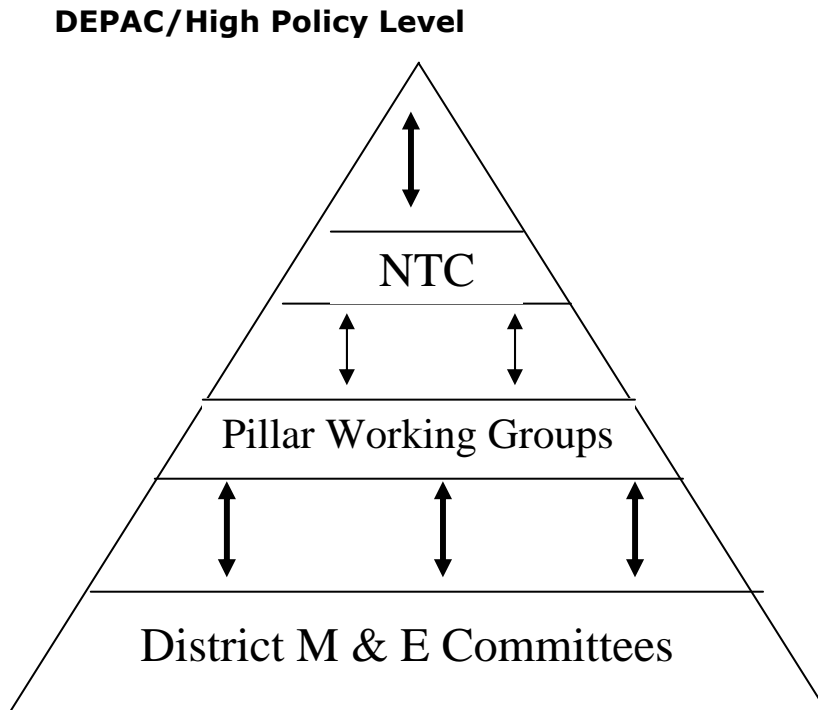
Local Councils

In line with Government's decentralisation agenda, all district councils have set up district planning committees. These committees take the lead in coordinating activities related to the implementation and monitoring of the PRSP at the district level. In addition, within each council a PRSP focal point has been identified and is responsible for providing up-to-date information to DACO on issues related to implementation and monitoring of the PRSP. A district monitoring committee has also been set up for each district and these committees ensure that routine poverty related data are collected, collated and disseminated quarterly.

1.3 Framework for Monitoring and Evaluation

The framework for monitoring and evaluation of the PRSP is presented in figure 1.

Figure 1: Institutional Framework for M&E



At the district level, the M&E Committee comprises the following:

- District PRS Focal Point
- Decentralization Secretariat M & E Officer/Coach
- Statistics Sierra Leone District Representative
- Sector Representatives (health, education, agriculture, etc)
- Civil Society Representative
- Local Council Representative

The district committees will be primarily responsible for the following:

- Collecting and collating data at the District Level
- Monitoring progress on implementation of programmes at the District Level
- Liaising with the relevant Pillar Working Groups

The Pillar Working Groups review and validate the data from the local councils to ensure that the pillar targets identified within the Results Framework are properly monitored. Each pillar-working group is composed of all sector ministries within the pillar and donor representatives funding programmes within the pillar. To facilitate the work of the Pillar Working Groups sub committees based on sectors or themes within the pillar working groups have been identified and these committees meet regularly to discuss specific sectoral/thematic issues and then report to the larger group. **Annex 2** presents the terms of reference for the Pillar Working Groups.

The National Technical Committee (NTC) provides overall guidance to the implementation of the PRSP. Therefore, the work of the Pillar Working Groups is sent to the NTC for review and validation before discussions at the DEPAC.

Monitoring and Evaluation of the PRSP

To coordinate the monitoring and evaluation of the PRSP, a monitoring and evaluation unit has been established at DACO. A Monitoring and Evaluation Officer, poverty Data Analyst and Two programme Support Officers have been recruited. This unit also serves as secretariat for the pillar working group meetings as well as the NTC meetings. The unit coordinates the collection and collation of all poverty related data and facilitate the analysis of such data by the pillar working groups.

The Results Framework has been reviewed to establish credible indicators. The indicators for the Ministries of Education, Health and Agriculture have been revised to take account of more precise definitions, the frequency of data collection, methodology, and means of verification, responsible agency, baseline data and targets. A quarterly reporting format has been developed for these three ministries. **Annex 3** presents this Report Format.

A Results Based Management system has been introduced to enhance accountability, provide strategic management and maintain focus on the PRSP. In this context, Government has further developed a Performance Tracking Table (PTT). The PTT tracks progress on programmes being implemented by each line ministry or government agency on a quarterly basis. The PTT requires MDAs to define policy outcomes, baselines, end-year targets and planned quarterly results based on their

annual strategic plans. The PTT goes beyond the PRSP as it looks more broadly at the overall government programmes. See **Annex 4** for PTT.

1.4 Financing the PRSP.

The total cost of the PRSP programmes for 2005-2007 is estimated at Le 5.3 billion as against a projected MTEF poverty related expenditure of Le 2.4 billion. The additional amount required to fully implement the PRSP is estimated as Le 2.8 billion or US\$941 million.

However, the Government was fully aware of the fact that Sierra Leone is competing with other countries for resources and also the capacity of the country to absorb huge increment of new funding within the timeframe. In this regard, a reprioritised activity matrix was developed for presentation at the CG Meeting. The cost of the priority activities identified in the revised activity matrix was estimated at US\$368.4 million. This excluded the following:

- Cost of implementing programmes for 2005,
- Cost of on going programmes for which funding had been identified and
- Programme activities not considered being top most priority.

Although the total pledges (new and past pledges) at the CG meeting for support to the PRSP for the period 2005-2007 amounted to US \$875 million, the additionality from the CG to address the funding gap of US\$368.4 million amounted to US \$246 million leaving a funding gap of US \$ 122.2 million. See **Annex 5: Disaggregation of CG Pledges.**

Chapter 2: Macroeconomic Performance

2.1. Overview

Since the end of the war in 2002, the Government of Sierra Leone, with strong support from its development partners, has made considerable progress in improving on the country's economic performance by putting together a comprehensive economic and financial reform programme. The main focus is on improving governance including anti-corruption, increased transparency and accountability in the use of public resources, fiscal discipline, the trimming of the public sector – including privatisation as well as efficient service delivery, – and encouragement of the business sector through reform in areas such as customs and taxation. This has laid the foundation for sustained real growth and poverty reduction.

Annual output growth has been high, due to strong recovery in agriculture, mining, construction and service sectors. The main achievements include: high real GDP annual growth; low inflation and positive real interest rates; a significant lowering of fiscal and external current account deficits; lower domestic borrowing; relatively stable exchange rate; and a rebuilding of domestic revenues and gross international reserves. Public financial management reforms and domestic resource mobilization policies have substantially strengthened fiscal performance leading to price stability, overall external balance and improved resource allocation for generating growth and reducing poverty.

The improvement in the external sector has for the most part, reflected a strong improvement in export performance, particularly for diamonds. Efficient aid and public debt management policies have significantly improved donor confidence and development assistance. Structural reforms have helped to establish a basis for sound public finances and the effective conduct of macroeconomic policies.

The economic outlook in the medium-term continues to improve. Over the medium-term, increased productivity, expanded capacity, improved competitiveness, continued policy reform and a stronger performance by the export sector is expected to support accelerated growth.

There are however key socio-economic challenges in the medium term, including poverty, which remains pervasive, particularly in rural areas, where about 80 percent of the population lives below the equivalent of one U.S dollar a day. There is the need to ensure that the gains from economic growth are sustained and they reach the poor. Sierra Leone's development challenge is not only about achieving faster growth, but also about broadening participation and accelerating the pace of social advancement. Additional resources would be required to adequately support a wide range of growth-generating public programmes, with a strong emphasis on roads, energy, shelter and water alongside on-going support for ongoing education and health initiatives.

Furthermore, inflation risks remain high largely on account of the impact of international high oil prices and the pass-through effects on domestic prices through corresponding increases in the prices of petroleum products. Public financial management will remain the critical instrument for continued improvement in public service delivery through increased accountability and transparency. At the same time, higher public spending will also contribute to inflationary pressures, as any delays in donor disbursements will increase the need to fund the fiscal deficit domestically. While the external current account deficit is expected to improve as exports pick up and import growth slows, thereby slowing the rate of depreciation and fluctuations in the exchange rate, the currency is also expected to remain highly vulnerable to external shocks, such as rises in oil prices.

2.2. Macroeconomic Performance, 2005-2006

2.2.1 Economic Performance in 2005

The SL-PRSP recognises economic growth and macroeconomic stability as key to poverty reduction. The PRSP implementation began within the context of the 2005 budget and with the preparation of an activity matrix aimed at achieving macroeconomic stability and growth during the first PRSP period, 2005-2007. This was followed by a Consultative Group (CG) meeting in November 2005 in London, at which both the Sierra Leone Government and its development partners reaffirmed

their policy and financial commitment to the macroeconomic policy and activity matrix.

Macroeconomic and financial policies in that year were formulated and implemented within the framework of the country's first post-conflict Poverty Reduction and Growth Facility (PRGF) arrangement with the International Monetary Fund (2001-04). Externally financed programmes and projects from the other development partners supported this arrangement.

In the fourth review under the PRGF arrangement in 2004, the IMF Executive Board extended the PRGF arrangement for six months to expire on March 25, 2005. The 2004 Article IV consultations and the fifth review under the PRGF arrangement were completed on November 12, 2004. On that occasion, the IMF Executive Directors emphasized that the Sierra Leone Government needed to better prioritize expenditures in the context of poverty reduction efforts and to coordinate with donors to ensure more efficient fiscal management and the mobilization of increased resources for poverty reduction programs. The Directors also encouraged the government to clearly articulate the policy agenda that would emerge from the PRSP exercise, as this would help in securing donor support. As part of this review, the Executive Board further extended the PRGF arrangement for another three months until June 25, 2005. The sixth and final review of the PRGF was successfully concluded in June 2005, after which, Sierra Leone became eligible to negotiate a successor PRGF arrangement.

IMF PRESS RELEASE

IMF Executive Board Completes Sixth and Final Review Under Sierra Leone's PRGF Arrangement and Approves US\$20.8 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) has completed the sixth and final review of Sierra Leone's performance under an SDR 130.8 million (about US\$194.3 million) Poverty Reduction and Growth Facility (PRGF) arrangement. With the completion of this review, Sierra Leone would be able to draw SDR 14 million (about US\$20.8 million).

In addition, the Executive Board approved additional interim assistance of SDR 4 million (about US\$5.9 million) under the enhanced Heavily Indebted Poor Country (HIPC) Initiative for the period until end-2005.

The Board also waived the nonobservance of an end-December 2004 quantitative performance criterion on the domestic primary balance of the central government, as the margin of the nonobservance of this criterion was minor, as well as an end-November 2004 structural performance criterion to complete the reconciliation of fiscal and monetary data for 2000–2002; a more limited reconciliation of fiscal and monetary data for 2001–2004 was completed as a corrective action for the nonobservance of this structural performance criterion.

Following the Executive Board's discussion of Sierra Leone's economic performance on June 1, 2005, Mr. Agustín Carstens, Deputy Managing Director and Acting Chair, made the following statement:

"Sierra Leone made further progress in 2004 toward completing the post-conflict transition and successfully held local government elections. The elections represent an important step toward decentralizing government and providing key public services. The mandate of the United Nations peacekeeping mission for Sierra Leone, UNAMSIL, has been extended to December 2005, in order to allow more time for the government to strengthen security.

"The emergence of peace in recent years has paved the way for an enduring and broad-based economic recovery, reflecting robust activity in agriculture, diamond mining, manufacturing, and services. However, inflation was high, in part reflecting more accommodative fiscal and monetary policies during the first half of the year. More generally, performance under the PRGF supported program has improved during recent months, and remedial actions are being taken where necessary.

"The 2005 macroeconomic framework envisages the continuation of robust output growth. Mining, agriculture, and services are expected to continue to lead the expansion. Inflation is projected to decline to a single digit as a result of tighter fiscal and monetary policies. Sustained implementation of sound policies will be essential for ensuring macroeconomic stability and promoting strong growth and much-needed progress in poverty reduction. Continued support from the donor community and enhanced donor coordination will be especially important in view of Sierra Leone's significant capacity constraints and financing needs.

"On fiscal policy, the authorities need to continue with tax efforts and institutional reforms for enhancing domestic revenue collection. Expenditure trends should reflect key development priorities, as outlined in the government's poverty-reduction strategy paper. The authorities also need to keep in view the strategic role of privatization, as a way to enhance domestic revenues and to improve economic efficiency.

"Monetary policy needs to be more proactive. The Bank of Sierra Leone should continue to widen its menu of instruments, supported in part through the Fund's ongoing technical assistance. To safeguard the soundness of the banking system, the authorities should strengthen bank supervision and ensure that banks are adequately capitalized.

"The authorities have completed a full poverty reduction strategy paper (PRSP), prepared on the basis of an extensive participatory process and providing a coherent framework for the government's poverty-reduction strategy. While implementation of the PRSP is set to begin in mid-2005, the government will be seeking donor financing for the PRSP activities in a Consultative Group meeting, now planned to take place in the fourth quarter of the year. Sierra Leone could reach the HIPC Initiative completion point by mid-2006, after one year of successful implementation of the full PRSP. The government has requested an advance of additional interim HIPC Initiative assistance to help smooth out obligations falling due to the Fund.

"It was recognized that an early move to a successor arrangement will help support the country's efforts to achieve the MDGs and reach the HIPC Initiative completion point, and help catalyze external assistance," Mr. Carstens said.

Source: IMF Press release No. 05/130; June 2, 2005

As a precursor to the second PRGF and in order to help maintain the momentum in economic policy implementation until the successor programme was in place, Government and the IMF had in the sixth review reached understanding on a revised

macroeconomic framework covering the whole of 2005, consistent with the macroeconomic and financial priorities set in the PRSP.

Macroeconomic performance under the interim arrangement in 2005 was generally strong, and structural reforms were sought and pursued to establish a foundation for sound public finances and the effective conduct of macroeconomic policies. Real GDP increased by 7.3 percent in 2005, underpinned by continued broad recovery in agriculture, mining, construction and the service outputs. Annual average consumer price inflation for the year equalled 12 percent, the same level as 2004 and year-on-year inflation equalled 13.1 percent. This reflects inflationary pressures in the world economy picking up owing mainly to the oil price shock, but was offset by the fact that improved budget management and the presence of a higher-than-anticipated level of budget support ensured that government domestic borrowing was limited.

Merchandise imports were higher by 18.75 percent in 2005 compared with 2004, rising from US\$286.4 million (26.75 percent of GDP) in 2004 to US\$340.1 million (28.52 percent) in 2005. The largest increases were in imports of fuel, machinery and manufactured goods. Exports grew by 9.28 percent to US\$152.6 million in 2005 from US\$139.7 million in 2004. Exports however fell slightly as a share of GDP, from 13.04 percent in 2004 to 12.80 percent in 2005. Diamond exports formed by far the largest share of total exports. The trade deficit, as a result of these trends, widened to US\$187.4 million (or 15.7 percent of GDP) in 2005 compared to US\$146.7 million (or 13.7 percent of GDP) in 2004.

Structural reforms strengthened public sector governance and administrative capacity as well as promoted financial intermediation and strengthened the financial system. The key reforms included organizational and functional reviews of key MDAs and the implementation of the Action Plans arising from the reviews, passage of the Government Budgeting and Accountability Act, opening of school bank accounts for urban and semi-urban schools, issuance of identification cards for all civil servants, strengthening the auditor general's department, incorporating mineral revenue projections into the medium term fiscal framework and the reconciliation of fiscal and monetary data.

However, there were slippages in fiscal performance in the first three quarters of 2005, especially relative to the floors on domestic revenues, poverty-related spending and the government wage bill. However, the government took corrective measures in the last quarter of the year, alongside the receipt of projected external budgetary support, to bring overall fiscal performance broadly in line with the budget and interim programme targets.

Table 1: Sierra Leone - Selected Economic Indicators, 2004-2008

Indicative Scenario	Estimates		Projections		
	2004	2005	2006	2007	2008
	Growth Rates				
Real GDP Growth					
Aggregate	7.4	7.3	7.4	6.5	6.1
Per-capita	5.3	5.2	5.3	4.4	4.0
	GDP Shares				
Investment	10.6	17.2	15.0	14.9	15.2
Foreign Savings	15.6	18.5	16.3	15.0	13.7
Fiscal Savings	-1.2	-1.6	-0.2	0.3	0.5
Exports Goods & Non-factor Services a/	22.3	24.0	27.6	28.2	28.3
Imports Goods & Non-factor Services	37.9	42.5	44.0	43.3	42.1
Current Account Balance c/	-4.9	-7.3	-6.9	-6.4	-6.0
Revenue and Grants	21.3	21.9	21.2	19.9	19.7
Revenues	12.3	11.9	12.4	12.8	13.2
Grants	9.0	10.0	8.8	7.1	6.5
Expenditures	24.8	24.6	21.7	22.6	22.4
Consumption	13.5	13.5	12.6	12.5	12.7
Interest and Other	6.7	5.3	4.0	4.0	3.6
Development	4.6	5.8	5.1	6.1	6.1
Fiscal Balance	-3.5	-2.7	-0.5	-2.7	-2.7
	Other				
Consumer Price Inflation (% , p.a.) d/	14.2	12.1	12.4	9.3	8.0
Treasury Bill Interest Rate (% , e.o.p.)	28.0	16.0
Exchange Rate (Le/US\$, p.a.)	2,703	2,950

a. Includes estimates of unrecorded diamond exports.

b. Including current official grants.

c. Period average. Western Area only.

For the year as a whole, Government domestic revenues fell short of the 12.2 percent of GDP target by 0.4 percentage points due to the government's inability to enforce some of the agreed tax enhancement reforms, especially the collection of a 10 percent sales tax on telephone companies in the absence of a specific finance bill. At the same time, the 3 percent turnover tax payable by diamond companies fell short of the projected target agreed with the National Revenue Authority (NRA). Companies paying their taxes through a tax consultant (KPMG) also fell behind in their payments due to delays by the consultancy firm to call up the tax obligations.

Total expenditures reached 24.6 percent of GDP. Spending on poverty-related activities accelerated particularly in the areas of health and education, following a strengthening of procurement processes as well as commitments by the government to increase outlays in these areas. Implementation of project spending improved toward the year-end.

The domestic primary budget balance was exceeded by 1.03 percent of GDP as a result of domestic revenue shortfall of 0.4 percent of GDP, excess wage bill of 0.1 percent of GDP, higher than budgeted expenditure on goods and services, and domestic development expenditure of 0.54 percent of GDP and 0.04 percent of GDP respectively.

Table 2: Domestic Primary Balance for FY 2005

	Original PRGF Target		Revised PRGF Target		Actual		Variance	
	Le' m	% of GDP	Le' m	% of GDP	Le' m	% of GDP	Le' m	% of GDP
Primary Balance	(77,887)	-2.21%	(70,518)	-2.00%	(106,740)	-3.03%	(36,222)	-1.03%
Composition of domestic primary balance								
Total domestic revenue	434,982	12.36%	428,347	12.18%	415,982	11.82%	(12,365)	-0.35%
Wages and salaries	222,982	6.34%	225,940	6.42%	229,440	6.52%	(3,500)	-0.10%
Goods and services	258,582	7.35%	246,822	7.02%	265,700	7.55%	(18,878)	-0.54%
Domestic development expenditure	31,295	0.89%	26,103	0.74%	27,582	0.78%	(1,479)	-0.04%
Total	(77,887)	-2.21%	(70,518)	-2.00%	(106,740)	-3.03%	(36,222)	-1.03%
Nominal GDP Le'm	3,518,200							

The overall budget balance including grants improved by 0.22 percent of GDP to -1.72 percent of GDP in relation to the revised PRGF target of -1.9 percent of GDP in 2005. However, the overall budgets balance, excluding grants, deteriorated by 2.08 percent of GDP to -11.72 percent of GDP compared to the revised target of -9.64 percent of GDP. Table 3 below shows the composition of the overall budget balance for 2005.

Table 3: Budget Balance for FY 2005

	Orig. PRGF Target		Rev. PRGF Target		Actual		Variance	
	Le' m	% of GDP	Le' m	% of GDP	Le' m	% of GDP	Le' m	% of GDP
Overall Balance								
(excluding grants)	(468,959)	-13.33%	(339,107)	-9.64%	(412,322)	-11.72%	(73,215)	-2.08%
(including grants)	(155,680)	-4.42%	(68,173)	-1.94%	(60,452)	-1.72%	7,721	0.22%
Composition of overall budget balance								
Total revenue and grants	748,261	21.27%	699,280	19.88%	767,782	21.82%	68,502	1.95%
O/w Domestic revenue	434,982	12.36%	428,347	12.18%	415,982	11.82%	(12,365)	-0.35%
Grants	313,279	8.90%	270,933	7.70%	351,870	10.00%	80,937	2.30%
O/w: Project grants	104,965	2.98%	58,682	1.67%	101,302	2.88%	42,620	1.79%
Programme grants	208,314	5.92%	212,251	6.03%	250,568	7.12%	38,317	1.09%
Total expenditure and net lending	903,941	25.69%	767,454	21.81%	828,304	23.54%	60,850	1.73%
O/w recurrent expenditures	640,831	18.21%	637,391	18.12%	620,728	17.64%	(16,663)	-0.47%
Capital expenditures & net lending	263,110	7.48%	130,063	3.70%	207,575	5.90%	77,512	2.20%
O/w Foreign grant	104,965	2.98%	58,682	1.67%	101,302	2.88%	42,620	1.21%
O/w Foreign loans	126,850	3.61%	45,278	1.29%	75,110	2.13%	29,832	0.85%
Domestic development	312,95	0.89%	26,103	0.74%	27,582	0.78%	1,479	0.04%
Nominal GDP Le'm	3,518,200							

Domestic financing of the budget deficit in 2005 (mainly from non-bank sources) was 1.3 percent of GDP higher than projected, and this was as a result of the delay in disbursement of external budgetary support.

Broad money grew by 31.3 percent from Le 515.5 billion to Le 724.22 billion between December 2004 and December 2005; this increase was due mainly to a substantial increase in net foreign assets. Reserve money increased by 24.27 percent to Le 304 billion at the end of December 2005 from Le 244.6 billion in December 2004 reflecting mainly an increase in the amount of currency in circulation. However, net Domestic Credit by the banking sector to Government decreased by Le 31.29 billion, about 4.3 percent, between December 2004 and December 2005, consistent with Government's commitment to reduce bank financing of the fiscal deficit.

The savings, 12-month deposit, treasury bills and bearer bonds interest rates all decreased in 2005, whilst the commercial banks' lending rates increased during the same period. The commercial bank savings rate fell from 8.14 percent at the end of December 2004 to 7.6 percent at the end of December 2005. The 12-month deposit rate fell from 13.42 percent in December 2004 to 12.83 percent in December 2005. Similarly the 3-month treasury bills rate also declined to 20.41 at the end of 2005

from 27.31 in December 2004, mainly as a result of the rise in demand for Government securities from the private financial sector. The rate for treasury bearer bonds also fell from 22 to 19 percent during the same period. Prime lending rates (minimum lending rate) of commercial banks rose to 24% in December 2005 from 23 percent at the end of 2004, while the general lending rate (maximum lending rate) fell from 34 percent to 30 percent between December 2004 and December 2005

Lower excess demand for foreign exchange and an increase in foreign reserves moderated pressure on the exchange rate. The average official exchange rate depreciated by 7.6 percent from Le 2,667.68 per US\$ in 2004 to Le 2,872.20 per US\$ in 2005. The parallel market premium continued to narrow, down from 7 percent in 2004 to 3.2 percent in 2005.

2.2.2 Economic Performance in 2006

The sixth review under the first PRGF arrangement also included agreed macroeconomic and fiscal framework for the FY 2006, pending the new PRGF arrangement. These frameworks formed the basis for the FY 2006 government budget and also reflected PRSP macroeconomic matrix. In 2006, real GDP growth is projected at 7.4 percent. Annual average inflation is projected to rise to 12.4 percent in 2006, and year-end inflation is projected to fall to 10.1 percent (from 13.1 percent actual in 2005). Gross foreign reserves are programmed to increase to the equivalent of 2.8 months of import cover.

In the first quarter of the year, production trends remained mix. Official diamond production totalled 140,000 carats, slightly down from the 147,450 carats recorded in the same period in 2005. Production of manufactured goods remained broadly similar to the same period last year, with the exception of cement production which totalled 58,060 metric tons compared to 41,070 tons in the same quarter last year, reflecting a major boom in construction activity. Electricity generation remained a serious concern. Production from the National Power Authority for Freetown totalled 11.07 GW / hrs in the first quarter of 2006 compared with 18.62 GW / hrs in the same quarter in 2005, representing a drop of 41 percent. The remaining electricity generation in Freetown continued to come from private generators.

According to the agreed framework, domestic revenue was projected at 12.4 percent of GDP in 2006. Total expenditures in 2006 would be contained at 22.0 percent of GDP, Expenditure cuts in both recurrent and capital outlays would be necessary to achieve this target. The overall deficit including grants is projected at 0.5 percent of GDP, and the domestic primary deficit at 1.8 percent of GDP remains broadly unchanged from the staff report. Government domestic borrowing would be contained at 0.3 percent of GDP.

During the year also, and in pursuance of the recommendations of the IMF Ex-Post Review report, government introduced Contingency planning in the budget execution process. Government in collaboration with the IMF adopted a Fiscal Priority Framework that would help to allocate scarce resources first to priority areas, in particular to those programs that directly address poverty reduction. Unanticipated shortfalls in external budgetary support, together with slower than anticipated utilization of funds earmarked for poverty outlays, have in the past caused deviations from programmed spending targets. To address these issues the Fiscal priority Framework identifies predictable resources and also track the utilization of these resources for poverty related programs. On the expenditure side, priority outlays that should be protected will be identified in the budgeting process. Some of these include debt service payments, the wage bill, statutory transfers to NRA and the Road User Fund, as well as various security related outlays. All other spending may only be effected when less certain resources have been obtained. Regarding the uncertainty related to external aid flows, the budget would be allowed to borrow one-half of the budgetary support through the adjustment to the ceiling on net bank credit to the government.

Domestic revenue for the first quarter of 2006 totalled Le 118.8 billion, exceeding the PRGF target of Le 111.4 billion. The better- than-expected performance in domestic revenues reflected principally improved collections of customs and excise duties. Total grants during the period amounted to Le 48.2 billion compared with the PRGF projections of Le 74.3 billion. The shortfall reflects lower than expected programme and project grants.

Total expenditure and net lending also undershot targets, reaching Le 178.8 billion in the first quarter of 2006 compared to the revised budget of Le 187.7 billion and the

PRGF target of Le 218.8 billion. This was due to shortfalls in both recurrent and development expenditure, the latter undershooting PRGF targets by 47 percent to total Le 25.9 billion. This shortfall is closely related to the shortfall in project grants on the revenue side in the first quarter of 2006, linked to a lack of disbursement and implementation of development projects.

Reflecting these expenditure and revenue outcomes, the overall deficit including grants stood at Le 11.7 billion for the first quarter of 2006 compared to a revised budgeted surplus of Le 4.4 billion. This did represent however a considerably better outturn compared with the PRGF target deficit of Le 33.1 billion. The overall deficit excluding grants totalled Le 59.9 billion compared with a PRGF target of Le 107.4 billion deficit.

Table 4: Overall Balance for the First Quarter of 2006 (In millions of Leones (Le 'm))

PARTICULARS	FY2006	FY 2006	FY 2006
	Revised Budget	PRGF	Actual
	Q1	Q1	Q1
	Jan - Mar	Jan - Mar	Jan-Mar
Total Revenue and Grants	192,058	185,676	167,037
Domestic Revenue	117,791	111,409	118,847
Grants	74,267	74,267	48,189
Programme	36,447	36,447	32,864
Project - Other Projects	37,820	37,820	15,325
Total Expenditure and Lending minus Repayments	187,653	218,791	178,785
Recurrent Expenditure	139,250	170,015	152,847
Capital Expenditure and Net Lending	48,403	48,775	25,939
Development Expenditure	48,403	48,775	25,939
Loan	0	0	0
Grants	37,820	37,820	15,325
Domestic	10,583	10,955	10,613
Overall Balance			
(including grants)	4,405	(33,115)	(11,748)
(excluding grants)	(69,862)	(107,381)	(59,938)

As shown in Table5, total poverty-targeted expenditures stood at Le 31.7 billion for the first quarter of 2006 compared with a target of Le 42.0 billion, representing a shortfall of Le 11.6 billion or 27.7 percent. Significant shortfalls occurred in the Ministries of Education, Science and Technology (12.5 percent below the target), Health (29.0 percent), Agriculture and Food Security (68.3 percent) and in terms of transfers to local councils for devolved functions, of which only Le 672.8 million out

of a target of Le 6.0 billion was transferred. Development poverty-targeted expenditures fared better however, with total outlays of Le 6.3 billion compared with a target of Le 6.01 billion. The shortfalls will however be fully compensated for with enhanced spending during the rest of the year as resources become fully available and MDAs complete the processing of expenditure transfers.

Table 5: HIPC Poverty-Targeted Expenditure, FY 2006 (In millions of Leones (Le' m))

DETAILS	FY 2006	FY 2006	FY 2006
	Budget	Budget	Q1 Actual
	Q1-Q4	Q1	
Total Poverty-Targeted Expenditure (New Framework)	208,057.6	42,002.9	31,657.5
IMF Target			43,300.0
Shortfall			- 11,642.5
Value of new Poverty Items added	31,396.7	6,939.7	7,647.7
Value of old Poverty Items subtracted			
Total Poverty - Targeted Expenditure (old Framework)	176,660.9	35,063.2	24,009.7
Recurrent Poverty-Targeted Expenditure	179,334.6	35,916.9	25,396.5
<i>Of which:</i>			
Ministry of Defence			
Ministry of Education, Science & Technology	46,447.7	10,011.7	8,761.0
Ministry of Youth and Sports	1,454.3	232.7	254.9
Ministry of Health and Sanitation	29,243.2	4,778.9	3,391.2
Ministry of Social Welfare, Gender & Children's Affairs	1,030.9	164.9	109.9
Gender and Children's Affairs Division	1,036.8	165.9	151.7
Ministry of Agriculture and Food Security	13,338.7	3,262.5	1,034.6
Grants for Devolved Functions to Local Councils	36,088.6	5,993.4	672.8
Education Services	22,013.5	3,522.2	472.3
Pre-primary and Primary Education	19,239.7	3,078.3	109.4
Secondary Education	2,773.9	443.8	362.9
Development Poverty-Targeted Expenditure	28,723.0	6,086.0	6,261.0
Source: Budget Bureau, MoF, June 2006.			

The objectives of monetary policy during 2006 take into account the strong expansion in money supply during 2005 and the need to contain inflation. Some downward adjustment in the monetary aggregates took place during the first quarter, as broad and reserve money have been declining from their respective end-2005 levels. To contain the inflationary pressures generated by end-2005, the central bank has steered reserve money close to the earlier agreed level. In particular, central

bank credit to the government has been limited. It is projected that broad money would grow by about 19 percent annually.

As a result of these monetary developments, inflation slowed down in the first half of 2006 after picking up in December 2005, with the year-on-year rate falling from 13.85 percent in January 2006 to 7.2 percent in July 2006. The interest rates on treasury bills (3-month) and treasury bonds (1-year) continued to fall; the former declining from 20.41 percent in December 2005 to 18.89 percent in April 2006, and the latter from 19 percent in December 2005 to 13 percent in April 2006. The Leone continued its slow depreciation, with the average monthly buying rate rising from Le 2898.22 per US\$ in December 2005 to Le 2925.25 per US\$ in April 2006.

Table 6: Policy Area-- Maintain a Sound Macroeconomic Environment

Area	Target	Progress of end June 2006
Promote effective debt management	Develop and maintain a comprehensive debt database.	The new CS-DRMS 2000+ version 1.2 has been installed, debt data reconciled and staff trained.
	Ensure that the terms and conditions of loans contracted are consistent with Government debt policy.	All loans contracted are consistent with Government policy of not less than 35% grant element.
	Renegotiate with the Paris Club to obtain further HIPC debt relief.	Paris Club has extended the Consolidated Period under the Cologne terms up to November 30, 2006. Government hopes to reach HIPC completion point before the end of 2006.
	Conduct Debt Sustainability Analysis (DSA) as part of the preparatory action for the Completion Point document under the enhanced HIPC initiative.	Conducted DSA in Freetown in April 2005; analysis shows that Sierra Leone faces a moderate risk of debt in medium term but sustainable in the long term when programmes are financed by grants and concessional loans.
	Verify and validate external commercial debts and develop strategy for their liquidation.	Government has approached the World Bank to implement second IDA-external commercial debt reduction programme at completion point.
	Undertake detailed write-up on the procedure for loan contraction and management.	Preparation of procedure manual in process to be completed by December after inputs from partner institutions
	Monitor on-lent loans and facilitate the cross indebtedness settlement between the Government and Parastatals.	Cross liability in respect utility arrears, taxes and customs duty, and debt service on on-lent loans are in process. Completion of Tax verification will be completed before settlement plans are agreed within the framework of the PRGF and MTEF priorities
	Strengthen the capacity of the Public Debt Management Units in the Ministry of Finance and the Bank of Sierra Leone.	ADB has approved a new capacity building project to maintain staff, train, provide equipment and create a network for effective information sharing. 35 officials from various sectors were trained in DSA analysis, while core staff received specialised training in debt management.
Improve monetary policy management	Continue to use indirect, market-based instruments of monetary policy.	Monetary policy continues to be conducted using market-based indirect instruments of monetary management, primarily open market operations.
	Adjust Statutory reserve requirements and	Statutory reserve for the domestic currency was

Area	Target	Progress of end June 2006
	extend reserve requirements to foreign currency deposits to control excess liquidity.	increased from 10 to 12 percent effective 1st December 2004. The rationale for reserve requirements on foreign currency deposits is under investigation.
	Introduce wide-range of securities.	The Bank of Sierra Leone is exploring the possibility of introducing shorter-term, more flexible treasury securities. The Master Repurchase Agreement, which provides the regulatory and legal basis for securities repurchase transactions, has been drafted and signed up to by the relevant financial institutions and market participants. The requisite operational structures are being instituted to ensure commencement of such transactions.
	Develop a sound liquidity-forecasting framework.	A liquidity-forecasting framework has been developed. Forecasts of domestic liquidity are generated on a quarterly basis and error analysis undertaken to determine the robustness of the framework. Plans are underway for the forecast output to form the basis for conducting open market operations.
	Develop an efficient payments system.	The National Payment System Act has been drafted and will soon be presented to parliament for enactment into law. The requisite documentation for instituting an Electronic Clearing House (ECH) has been completed. The Clearing House rules have been revised and internationally accepted cheque standards developed.
Improve public expenditure management	Review of the Financial Administration Regulations to ensure consistency with the new legislation.	Completed by the Public Financial Management Unit of the Ministry of Finance. Draft of new regulations expected in October 2006.
	Review the financial relationship between the Ministry of Finance on the one hand and the Municipalities and the Local Authorities on the other.	Completed; intermediary Local Government Finance Department fully operational as an offshoot of the Ministry of Finance
	Introduce new chart of accounts to capture donor funds in the fiscal report and to aid publications of routine in-year reports for tracking poverty expenditure by function.	Completed by the Budget Bureau of the Ministry of Finance
	Ensuring compliance to the Procurement Act by establishing the National Procurement Authority.	NPPA Operational
	Deepen the MTEF process by increasing dialogue and consensus building through public discussions, media and encourage the development of capacities within the civil society.	Ongoing work by the Budget Bureau of the Ministry of Finance as part of the budget cycle.
	Undertake Public Expenditure Review in key sectors.	
	Install an Integrated Financial Management Information System (IFMIS).	Completed by the Accountant General's Department of the Ministry of Finance
	Conduct annual Public Expenditure Tracking Surveys (PETS).	PETS surveys now bi-annual.
Improve domestic resource mobilisation	Introduce the Value-Added Tax (VAT).	Progress towards this target is rapid, with the launch of VAT expected in early 2008. A permanent consultant from Crown Agents is based in Freetown to oversee the

<u>Area</u>	<u>Target</u>	<u>Progress of end June 2006</u>
		process.
	Eliminate discretionary tax exemptions.	Authority for granting exemptions moved from MoF to NRA. Substantial progress (23.8 percent drop in duty foregone in Jan-Jun 2006 compared with Jan-Jun 2005).
	Strengthen the anti- smuggling wing of the NRA.	Recruitment of personnel is ongoing, as well as in-house training, more frequent border controls and the provision of logistics.
	Computerise the NRA.	Not yet undertaken. VAT system will be fully computerised when introduced.
	Provide training to NRA staff in tax auditing and customs administration.	Some training is being undertaken, particularly by customs, but on a short-term and targeted basis. Work towards a broader training program is being undertaken.
Improve coordination of external resource inflow	Establish and maintain database on multilateral, bilateral and NGO resource inflows and utilisation.	Database established and updated by DACO, together with extensive collaboration with MODEP and the MoF.
	Strengthen Government-Donor dialogue on development assistance to the country.	Working Group on Harmonisation comprising Donors and GOSL has been set up.
	Support Local Councils to collect information on resource inflows and use at District Level	DACO and DECSEC are collaborating in establishing a database at every council.

Chapter 3: Progress on Pillar I: “Promoting Good Governance, Peace and Security”

Promoting Good Governance, Security and Peace Building are key elements in the fight against poverty in Sierra Leone. This is because; a key cause of the ten year conflict is explained by periods of bad governance and general insecurity.

3.1 Improving Good Governance and Accountability

Improving the quality of public sector governance is the Government’s most important strategy in the fight against economic deterioration, poverty and deprivation. The overarching policy objective is to promote efficient, transparent and accountable delivery of public services to the poor. Programmes for achieving this objective include: Improved Public Financial Management, Promoting Transparency and Democracy, Strengthening the Decentralisation Process, Building capacity for effective coordination, monitoring and evaluation of the implementation of the PRSP, strengthening Security and consolidating the Peace. In July 2006, the Government and development partners providing direct budgetary support adopted an Improved Governance and Accountability Pact (IGAP). This pact identifies ten principles and actions that each party will take responsibility for and report on regularly.

Public Financial Management: the Governments’ Public Financial Management (PFM) reform programme is based on (a) supporting the achievement of fiscal discipline (b) strategic and effective allocations and use of funds (c) value for money and probity in the use of public funds. The targets and status of the PFM reform as outlined in the PRSP Results Framework is summarized in table 7.

Table 7: Strengthening Public Financial Management

Expected Outcome	Targets	Status
MTEF Budget process Strengthened	<p>Strategic Plans developed for six key MDAs by June 2006 (Health, Education, Agriculture, Transport, SLRA and Mineral Resources)</p> <p>Presentation of Budgets to Parliament in accordance with the GBBA 2004 i.e. latest end October.</p> <p>Publication of Governments allocation at most a month after each quarter.</p> <p>Establish a baseline for the variation between a actual and planned spending and then monitor the reduction in this variation.</p> <p>Publication of Public Accounts for the financial years 2000-2002 by end of first quarter 2006 and Public Accounts for financial years 2003 and 2004 by end 2006.</p> <p>IFMIS installed in six MDAs by end 2006</p>	<p>All MDAs including the key six have developed strategic plans for the MTEF period covering 2006-2008.</p> <p>2006 Budget was presented to Parliament in the last quarter of 2005 and approved in Government Budgeting & Accountability ACT 2004. The budgetary preparatory process for 2007 started in June 2006.</p> <p>Quarterly allocations for the first and second quarters of 2006 were sent to the Government printers a month after each quarter.</p> <p>The baseline of 14.6 % was established for 2004. Variation between planned spending & actual expenditure out turn was reduced from 14.6% in 2004 to 10.1% in 2005.</p> <p>The first volume of the 2000-2002 reports has been published by parliament. The Public Accounts for 2002 and 2003 have been by MOF and circulated for comments</p> <p>IFMIS has been installed in the following MDAs: Education, Health, Agriculture, Police, Accountant-General and Works</p>
Internal Audit Strengthened	Seven MDAs have internal Audit units by end 2006	Six out of seven MDAs have got functional internal audit units. These are: Education, Health, Defence, Police, SLRA and Finance.
Increased oversight role by Parliament	<p>Recommendations of the 2000-2 PAC Implemented by end 2006.</p> <p>PAC to review the 2003 Auditor General's report by June 2006</p> <p>Recommendations of 2003 PAC report published and implemented.</p>	<p>The cases relating to the six largest losses recommended to be recovered have been forwarded to the Attorney General for legal proceedings.</p> <p>PAC has not reviewed report, as the PAC is still to produce the second volume of the 2000-2 report.</p> <p>Still outstanding pending the review.</p>
Functional Procurement Units in MDAs Established	<p>The Secretariat of the NPPA and the independent review panel staffed and fully operational by April 2006.</p> <p>Nine key MDAs to have procurement plans for MOF approval end 2006</p> <p>Quarterly publication of all awards in accordance with the National Public Procurement Act 2005.</p> <p>Procurement Audit conducted annually on about 10 procuring entities</p>	<p>The NPPA is now fully staffed.</p> <p>The following MDAs have produced procurement plans that have been approved by MOF for 2006: Agriculture, Health, Defence, Education, Works, Mineral Resources, Transport, SLRA and SLP.</p> <p>This was not achieved.</p> <p>Not conducted.</p>

<p>PETS and related perception surveys conducted regularly and recommendations implemented</p>	<p>PETS report for 2003 and 2004 Published by end 2006-10-24</p> <p>Action Plan for 2003 PETS report implemented by end 2006</p> <p>Action Plan for 2004 PETS report developed by end 2006.</p>	<p>PETS report for 2003 has been published. The report for 2004 is being finalised.</p> <p>Action Plan on the recommendations for the PETS report 2003 have been developed and is being implemented.</p> <p>This activity is still pending.</p>
<p>Common Action Plan for PFM reform (CAP) successfully implemented</p>	<p>Implementation of the CAP to commence by end 2006.</p>	<p>The PEFA framework is being used to monitor CAP. A PEFA assessment was conducted in March 2006 and a NAP has been developed.</p>

Significant strides have been made in strengthening the Medium Term Expenditure Framework (MTEF) process.

The 2006 budget was presented to Parliament in the last quarter of 2005 and approved. The Minister of Finance will present the 2007 budget to Parliament by end October 2006 in accordance with the GBAA Act.

With regards to the publication of quarterly allocations for domestic expenditure by MDAs, all 2005 allocations have been published, and the budget bureau has sent the allocation for quarter 1 and 2 of 2006 to the Government Printer for gazetting by end July 2006.

Significant strides have been made in reducing the variation between overall planned spending and actual expenditure outturn. The variation was reduced from 14.6% in 2004 to 10.1% in 2005.

With regards to the publication of public accounts for financial years 2002-2004, the 2002 and 2003 accounts have been drafted and circulated for comments to key officials before submission by the Minister of Finance to Parliament & Auditor General by mid August '06. The 2004 accounts will be ready by end November 2006. For action taken on the report of Parliamentary Public Account Committee following the Committee's recommendations of 2000 and 2001, the cases relating to the six largest losses recommended to be recovered have been forwarded to the Attorney General for legal proceedings.

The Integrated Financial Management Information System (**IFMIS**) is one of the key tools introduced to strengthen public financial management. On 1st June 2005,

foundation modules of IFMIS were installed in the Accountant General's Department. These modules include the appropriation modules (budget execution), the expenditure control modules and general ledger. On 1st January 2006, the following additional modules were installed: revenue, fixed assets, stores purchasing (procurement) and performance budgeting modules. Furthermore, the complete switch of the free balance (IFMIS) accountability solution was extended to the Ministry of Finance and the Sierra Leone Police. As a target for 2006, the human capacity accountability module will be implemented in the Accountant General's Department and the Establishment Secretary's Office to take care of human resource and payroll operations. By end 2006, IFMIS will be rolled out to The Ministries of Education, Health, Agriculture, Works and the Auditor General's Department.

Achievements have also been made in strengthening Internal Audit. Six (6) out of the seven (7) MDAs targeted for 2005 have got Functional Internal Audit Units. These six units, comprising Education, Health, Defence, SLP, SLRA and MOF have been able to meet the minimum criteria including adequate staffing, reporting to Vote Controller, regular production of reports, sending copies to Office of the Auditor General, and evidence of management follow-up. The problems and concerns associated with the effective running of the Internal Audit system relate to the local availability of technically qualified staff and the unattractive nature of salary levels being offered by the Civil Service.

An effective National Public Procurement mechanism is critical for ensuring efficient PFM in Sierra Leone. Since the enactment of Public Procurement Act in 2005, public procurement has been decentralized with MDAs undertaking their respective procurement consistent with the Act, procurement committees and units have been established in all procuring entities. A training Workshop for 25 Procurement Committee Members was conducted on the Public Procurement legislation, the regulatory instruments and the procurement process. Nine (9) MDAs including Defence, Health, Agriculture, Education, Works, Mineral Resources, Transport, SLRA and SLP have produced procurement plans that have been approved by MOF for 2006. Procurement plans are interpreted into annual national budget.

Conducting Public Expenditure Tracking Surveys (PETS) continues to be a key tool to monitor service delivery. It is worth noting, for instance, that contracting the KPMG

Sierra Leone for the payment of Government fee subsidies to primary schools is a PETS recommendation and the implementation of that recommendation is ongoing. Also following the PETS recommendation, the Ministry of Education and the Ministry of Health have established committees charged with the responsibility of verifying teacher payroll and the distribution of drugs respectively. These committees have been very instrumental in addressing issues raised in the PETS reports for 2001-2003.

On the implementation of the Common Action Plan (CAP) for Public Financial Management (PFM), the PFM Oversight Committee met twice in 2005. In 2006, focus has been on the PEFA framework in order to monitor the CAP and sub-committees have been formed to look into the specific indicators set. Government undertook an internal assessment of PEFA in March 2006 and is developing a National Action Plan incorporating the Improved Governance and Accountability Pact (IGAP) as an interim arrangement; MDBS-PAF as a donor-coordinating instrument within PFM.

Obstacles and Recommendations: The major challenge facing the public financial management reform is the availability of qualified staff both at the central and local government levels, given the uncompetitive remuneration package in the Public sector relative to the private sector.

3.2 Promoting Transparency and Democracy

In the medium term, Government is focussing on promoting transparency and accountability and democracy in the public sector to improve public service delivery. The key approach to achieve this is based on (a) Anti-Corruption Agenda and (b) conducting a free and fair elections in 2007.

Table 8 presents the expected outcomes and status on the Anti Corruption agenda and plans for the 2007 elections.

Table 8: Promoting Transparency and Democracy

Expected Outcome	Targets	Status
ACC national Strategy fully Implemented.	MDAs to prepare and publish Anti Corruption strategies by end 2006. 80% of ACC cases lodged are prosecuted and or completed.	This is still pending. 50 (fifty) cases were reported, 22 (twenty two) were referred to court and 7 (seven) convictions were made.
Fully operational National Electoral Commission (NEC).	Constituency delimitation exercise completed by end 2006. Voters registration completed by end 2006.	NEC is fully operational. The constituency delimitation is on going. 112 constituencies have been delimited in a transparent manner and in accordance with the law. NEC is preparing a comprehensive Voters Register that will be acceptable to all stake holders.

On investigation and litigation, a total of fifty corruption cases were investigated in 2005, of which twenty-two were referred to court, seven of which were convictions. See **Table 9** for summary of the progress made on pursuing corruption cases in 2005.

Table 9: Progress on Corruption Trials

Number of Cases Reported to the ACC		No. Forwarded to the investigations Department	No. Referred to Court	No. of Convictions
518	500 Fresh Cases	50	22	7
	18 from previous years, 2003 & 2004			

Source: Anti-Corruption Commission, Sierra Leone, May 2006

A number of cases before the High Courts, which were prosecuted by State Counsels, were repeatedly and unnecessarily adjourned. This led to a situation where judges were required to discharge sound cases for want of prosecution. In response to this slippage, the Government introduced the Special Prosecutors Unit. Also, to ensure further transparency in the prosecution of corruption cases, a three-person committee has been set up comprising two Special Prosecutors attached to the ACC

and a State Counsel. The decision to prosecute cases is now being determined by this committee.

The National Electoral Commission (NEC) is focused on ensuring that the 2007 presidential and parliamentary elections are conducted in a free and fair environment. A resolution was adopted in 2005 to ensure the following: (a) restructuring (and rebuilding) of the Commission, (b) developing staff capacity, (c) developing requisite infrastructure, (d) establishing an Information Technology (IT) System, (e) reviewing of Electoral Laws and Regulations, (f) Electoral Boundary Delimitation (of constituencies and local council wards), and (g) establishing permanent voters' register and massive sensitisation of all Sierra Leoneans.

To enhance the capacity of NEC staff, the Commission conducted training in Building Resources in Democracy, Governance and Elections (BRIDGE) in November 2005 and in April 2006.

In the area of electoral boundary delimitation exercise, a study tour to learn from good practices was conducted in Ghana and Botswana. This was followed by the conduct of workshops for stakeholders before the allocation of parliamentary seats.

Strengthening the Decentralization process:

This is tightly linked to the process of fiscal decentralisation, which seeks to provide funds to local communities for financing devolved functions, thus ensuring independence and provision of adequate response mechanism to the needs of citizens in local communities. In this regard, deepening the devolution process to empower grassroots communities is the underlying decentralisation policy for Sierra Leone in the medium term.

The expected outcomes of this strategy and status is summarised in **Table 10**.

Table 10: Strengthening the devolution process

Expected Outcome	Targets	Status
Devolution plan fully implemented.	Increase the number of devolved functions by 50% by end 2006.	Government has devolved 23 out of the 34 functions scheduled for devolution. These are associated with Health, Education, Agriculture, Solid Waste Disposal, Rural Water Supply and Sanitation.
	10 out of 19 elected local councils meet the transparency and financial management accountability requirements.	Financial Management training has been conducted for the personnel of the Local Councils and basic equipments provided. Local Council personnel are expected to attend at least two courses per annum.
	Amend the Hospital Act and Education Boards Act by end 2006.	The task force have been set up amend these acts and work is on going.
	The IMC to meet quarterly.	The IMC has been meeting regularly to discuss issues relating to the decentralisation process.

The progress made in the implementation of the devolution plan could be attributed to the sustained political commitment through the work of the Inter-Ministerial Committee (IMC) on the implementation of the decentralisation strategy as well as the adoption of the Decentralisation Policy and the regulatory frameworks by the government. The Inter-Ministerial Committee, chaired by the Vice President, meets quarterly to accelerate and monitor devolution of functions of the central ministries to the Local Councils consistent with the Local Government Act. In addition, the IMC has been expanded to consider all issues relating to the implementation, coordination, monitoring and evaluation of the PRSP.

The key challenge, however, is to resolve the inconsistencies between the LGA 2004 and existing laws. To address this, the Government has set up a task force that has identified the laws that are inconsistent with the LGA 2004. Work has started for the development of a policy for the legislative review of these laws to make them consistent with the LGA 2004.

Another challenge is the resolution of the controversy related to sharing of revenues between local councils and chiefdom authorities. The Government is therefore developing a policy on Chiefdom Governance that will address this issue. The Policy will focus on the linkages between chiefdoms and local councils on roles, responsibilities and fiscal management.

Capacity for PRSP implementation, Monitoring and Evaluation.

In the medium term, the Government is embarking on reforming the civil service in Sierra Leone with the main objective of building the requisite capacity for effective implementation, monitoring and evaluation of the PRSP. The expected outcomes and status of progress is shown in **Table 11**.

Table 11: Building capacity for effective implementation of the PRSP

Expected Outcome	Target	Status
A comprehensive Civil Service Reform programme agreed and implemented.	Undertake a 90-day review of the architecture of the Public Service by end April 2006. Restructure 60% of MDAs by end 2006 based on the recommendations of the 90-day review. Convert the ESO into a HRMO.	90-day review of the architecture of GoSL was completed in March 2006 and the implementation of the recommendations from the reviews is expected to commence in September 2006. Restructuring of the MDAs have not commenced as the steering Committee on Good Governance needs to endorse the proposal before it is subsequently approved by cabinet. Cabinet approval on the strategy to convert the ESO to HRMO was received in July 2006. Training for the selected staff will start in the fourth quarter of 2006.
Capacity Developed for the Coordination, implementation, monitoring and Evaluation of the PRSP	All vacancies in DACO filled by mid 2006. A Monitoring and Evaluation Framework for the PRSP developed by end 2006. The first Annual Progress Report on PRS implementation by mid 2006. Functional planning and M&E Unit established in four key MDAs by end 2006.	All vacancies in DACO have been filled by June 2006. A comprehensive M&E Framework for the PRSP has been developed and was presented at the DEPAC meeting in April 2006. The Annual Progress Report on the implementation of the PRSP has been developed. A needs assessment has been conducted for the establishment of functional M&E units in the ministries of Agriculture, Health, Education and all local councils. The M&E Unit in DACO is now fully operational.

Although the recommendations from the 90-day review of the public service have not been endorsed by cabinet, some of the recommendations are being implemented. For instance, a new policy manual in relation to recruitment, training, and development, performance management and budgeting procedures has been developed. A policy document on a composite Civil Service Law has also been developed.

Based on the needs assessment for the establishment of functional M&E units in key MDAs and the local councils, DACO and DECSEC have developed an M&E system which is being piloted in three districts. The system will be extended to all councils

by the end of the year. In addition, DACO is collaborating with the World Bank for training of M&E personnel in the three line ministries (Education, Health and Agriculture) and all local councils.

The key challenge in building the capacity for effective implementation of the PRSP is the availability of resources to implement the Senior Executive Service (SES) programme. In addition, there is need for an agreement of the working groups on records management to integrate activities of the various programmes and projects in reconciling payroll and personnel records.

3.3 Promoting Security and Consolidating Peace

Within the PRSP framework, the overarching objective in terms of security is to develop the capacity of the Sierra Leone security forces so that they can promote internal security as well as adequately respond to internal and external security threats. This is crucial for a country in a typical post conflict situation. The focus therefore is on military intelligence through a coordinated approach and ensuring that the Police and Military are fully equipped and operational.

The medium term policy objective in relation to consolidating the peace is to facilitate reconciliation among Sierra Leoneans through the implementation of the recommendations from the Truth and Reconciliation Commission (TRC). The expected outcome and status of progress is presented in **Table 12**.

Table 12: Promoting Security and Consolidating Peace

Expected Outcome	Targets	Status
Fully operational SLP	Increase the number police to 9500 by end 2006.	The current of the SLP is 9324.
Fully Operational RSLAF	Reduce military personnel by end 2006.	Troop's strength was dropped from 14,500 to 10,500.
Strengthened Security Intelligence	Effective security coordination mechanism put in place by end 2006.	A system of security committees at National, Regional and District levels has been established.
White paper on TRC Implemented.	Develop an Action Plan for the implementation of the recommendations of the TRC report.	The Action Plan has not been developed.

Following the Security Sector Review (SSR) report and the conduct of national security exercises to examine the capacity of the security agencies in 2005, a Security Sector Reform Programme was prepared to operationalise the recommendations in the Security Sector Review Report in March 2005.

In 2005, the Office of National Security (ONS) also prepared the Protective Security Manual, outlining the principles of protective security in the public sector and mapping out strategies to mitigate threats and ensure that assets are properly safeguarded. Additionally, the Office of National Security prepared the Standard Response Guidelines of the National Security Architecture of Sierra Leone.

Government has also set-up a Disaster Management Department within the ONS, which has been mandated through an Act of Parliament to be 'Government of Sierra Leone's primary coordinator for the management of national emergencies such as disasters, both natural and man-made'. To this end, a National Disaster Management policy will be implemented through a *National Disaster Management Plan*.

At the provincial and district levels, there are disaster management committees coordinated by the ONS, which operate within the established provincial Security Committees. The District Security Committees (DISECs) have been deployed in major border districts such as Kailahun, Kambia and Pujehun and ONS Officers have been deployed in Koinadugu, Kono and Moyamba DISECS.

The PRSP also aims to streamline the Police and Military with a view to establishing optimal sizes with adequate logistical supplies. The current strength of the Sierra Leone Police is 9234 with an operational strength of 8871 as 328 recruits are in training. By end September 2006, the operational strength of the SLP will be 9234, which is the target for the year 2006. All SLP personnel are provided with basic standard equipments before deployment.

With regards to the implementation of the TRC recommendations, although Action Plan has not been developed. A key recommendation from the TRC report is the establishment of a Human Rights Commission. This is currently being implemented as the commissioners have been appointed. Resources are being mobilised through

the Peace Building Commission to ensure that the commission is fully operational by March 2007.

Chapter 4: Progress on Pillar II: “Promoting Pro-Poor Growth for Food Security and Job Creation”

Achieving Food Security is at the heart of Sierra Leone’s Poverty Reduction Strategy. The short and medium term strategies will focus on promoting private sector development, promoting employment opportunities for youth in the formal and informal sectors, increased food security, increased agricultural export earnings, access of fisheries product to the world market, improved infrastructure facilities, improved macroeconomic management and improved management of development assistance.

4.1 Promoting Private Sector Development

The Government recognizes the centrality of the private sector to its poverty reduction efforts in post-conflict Sierra Leone. The strategy is to support the private sector to become a central pillar for growth, job creation, increasing incomes and subsequent poverty reduction on a sustainable basis. The overall objective of interventions in the private sector is to create an enabling environment for private sector development. The expected outcomes and status are shown in **Table 13**.

Table 13: Creating the enabling environment for Private Sector Development

Expected Outcome	Target	Status
Implementation of the Action Matrix under the integrated framework.	Conduct a DTIS by Mid 2006.	DTIS was conducted by end June 2006.
	Develop and approve Action Matrix for DTIS by end 2006.	Action Matrix for the DTIS was developed in June 2006 to be validated by September 2006.
	Formulate a SME policy by end 2006.	This will be developed by end 2006 under the Private Sector Development programme.
	Partnership Law designed by end 2006.	This is still pending.
	Competition policy formulated by end 2006.	Consultations are on going with development partners on the process for the development of a competition policy.
	Bankruptcy Act formulated by end 2006.	A Draft of the Companies and Bankruptcy are has been produced and is currently being reviewed at the Law Officers.
	Quarterly Public Private Dialogue held.	Two Public Private sector forums were held in 2005. In 2006, an Investors Conference was held in March 2006.
	Implement the recommendations from the Administrative Barriers to Trade study.	Implementation of these recommendations is on going.
	Consolidated Mines and Minerals Act legislated by end 2006.	The draft consolidated Mine and Minerals Act is being finalised by the Laws officers department.
	Functioning Cadastre system by end 2006.	A pilot is being Cadastre system is being implemented in Kono district.
Increase in official diamond exports.	Official diamond increased from US\$121 million in 2004 to US\$149 million in 2005.	

A Diagnostic Trade Integration Study (DTIS) was conducted in 2006 and an Activity Matrix for the implementation of the recommendations of the study has also been developed and will be validated by October 2006 with implementation starting thereafter.

Two public-private sector forums were held in 2005 to raise awareness of the Integrated Framework that the Government is developing and Government's participation on the Hong Kong Trade Conference for Trade Ministers. In addition, the National Coordinating Committee on Trade held regular meetings with the private sector to share information and sensitise partners on trade related issues.

A multidisciplinary Working Group on Intellectual Property Rights (IPRs) was established in June 2005 to review legislation on IPRs followed, in June 2006, by a national stakeholder workshop. However, the lack of awareness among key stakeholders of the issues related to Intellectual Property Rights has slowed progress on the development of new legislation although the Ministry of Trade & Industry has begun to educate the public on IPR related issues through the Mass Communications Department at the Fourah Bay College, University of Sierra Leone.

In 2005 the Ministry of Trade & Industry, with the support of development partners, also conducted an Administrative Barriers to Trade and Investment study and DFID and FIAS are providing financial support for the implementation of the recommendations. One of the key recommendations of the Study is the restructuring of SLEDIC such that the Cooperation is endowed with the necessary resources both human and financial.

An Investors Conference was held in March 2006 and a follow up mechanism for interested investors is being developed.

A joint programme for Private Sector and Youth Enterprise Development programme has been developed by UNIDO, UNDP, UNIFEM and FAO, under which a Public-Private Consultative Mechanism (Public-Private Dialogue, Public-Private Partnerships) would be established. The programme is open to all interested agencies as an example of harmonization and joint programming initiatives by UN agencies in the country.

Formulation of an SME Policy is envisaged in the last quarter of 2006 under the Private Sector Development (PSD) programme supported by DfID and implemented by the Ministry of Trade & Industry.

Drafts of the Companies and Bankruptcy Acts are also being reviewed. Consultations are on-going with development partners on the process for the development of a Competition Policy. It has been agreed that the initial consultative process will build on the reform in the utilities sector.

4.1.1 Agriculture/Agro-processing

Skills and Food Processing Centers destroyed and looted during the War are in the process of being rehabilitated and re-equipped in various Growth Centers in the country including Pujehun, Kpandebu and Binkolo.

A Business Plan has been finalized and in August 2007 an Agricultural Machinery Production Centre (AMPC) will be established at the Ferry Junction in Freetown. The project aims to establish an Agricultural Machinery Training and Production Center complete with facilities for an industrial park of metal working enterprises on the same site.

4.1.2 Trade Capacity Building

A Needs Assessment on strengthening Quality, Standards and Testing, Certification, and Accreditation services was carried out in May 2006 within the framework of the ECOWAS Regional Quality Development Programme whilst a consultative workshop on SPS was held in June 2006.

4.1.3 Challenges

To improve coordination of trade policy formulation and implementation, there is need to strengthen the Policy, Planning and Research Division of the Ministry of Trade & Industry. However, the Department has only two full time personnel that are Technical Assistants from development partners. Moreover, funding for the establishment of a trade information database and strengthening of the NCCT is still outstanding.

4.2 Promoting Youth Employment

Promoting youth employment is crucial for maintaining peace and promoting pro-poor growth in Sierra Leone. In the medium term of the PRS implementation, the policy objective is to generate employment opportunities for youth in both the formal and informal sectors. The expected outcomes and status of progress are given in **Table 14**. In the short term, Government and development partners have launched a special initiative to empower the youth and provide them with the opportunities through The Youth Employment scheme. This scheme will provide an estimated 135,000 jobs nationwide for the next twelve months. The scheme will be launched in the beginning of October 2006.

Table 14: Promoting Youth Employment

Expected Outcomes	Target	Status
Reduced youth unemployment rate	Creating employment opportunities for the Youth in the formal and informal sectors	Youth Agricultural farms are being created nationwide. A Youth Employment Scheme has been developed and is being implemented.

Since the beginning of 2006, 48 micro-farms have been created by the Ministry of Youth and sports with support from UNDP. In addition, 120 Agricultural Business Units (ABUs) have also been established by the Ministry of Agriculture and UNDP. With assistance from USAID, one macro-farm has been created in Newton with employment potential of 1500 youth. Under the animal husbandry sector, 12 farms, each comprising 10 young women in 12 Districts has been established with assistance from UNDP.

Six enterprises for "Girls off the Street" in 6 Districts have been established with assistance from UNDP; micro-credits have been granted to 1200 youth in 3 Districts with assistance from USAID; one medium size enterprise for palm kernel has been established and currently employs 30 youth with assistance from UNDP, and a UNDP/SLADEA pottery medium size enterprise is also employing 20 persons.

SLRA currently engages 3,618 youth in various road works, while NaCSA has 65 ongoing projects with an average of 30 youth employed in each project. Resources have been mobilised for a KfW financed project with a potential of employing 1000 youth starting from October 2006.

A GTZ Basic Education Project has produced 300 graduates from Community Education Centres, while 160 young people have been employed as Peer Educators deployed in all chiefdoms. Another GTZ project is being developed for the creation of jobs for 2500 youth after training in 5 districts, and for a total 13,500 persons (including youth) after benefiting from a functional alphabetisation course in 25 communities. Additionally, GTZ and GoSL are preparing a special "National Employment Survey" with the objective of identifying nationwide potentialities of the employment market.

Obstacles and Recommendation: The main obstacles to youth employment creation relate to the very limited job market linked to the sluggish growth in the private sector. Access to appropriate technology, societal attitude with regards to giving greater preference to imported goods, poor investment culture, lack of youth awareness of business opportunities, limited access to finance, youth employability (majority lack the requisite qualification to engage in paid employment), and poor inter-institutional programming and coordination. Addressing these problems would go a long way in fighting youth unemployment in Sierra Leone

4.3 Increasing Food Security through the Productive Sectors

Enhancing the productive sectors is crucial to achieving food security in Sierra Leone. The medium term focus is on the following sectors: Agriculture, Fisheries, Mining and Tourism.

4.3.1. Agriculture

Agriculture is the backbone of the Sierra Leone economy, employing the highest proportion of the active labour force. The government's strategy is to increase productivity in food cultivation and promote export of tree crops.

The objective is to improve food availability and increase agricultural export earnings. The expected outcomes and progress indicators are presented in **Table 15**.

Table 15: Improving on food availability and increase Agricultural Export Earning

Expected Outcome	Target	Status
Increased domestic food Production.	2.5% Increase in Rice Production by end 2005 cropping season.	Rice Paddy production increased from 526,619 metric tons to 552,000 metric tons.
	Increase Tuber production.	Production of Cassava, Sweet Potato and Groundnut has doubled in the last twelve months.
	Increase fish catch landed.	Fish catch landed increased from 7,990 metric tons to 8,933 metric tons. Industrial fish production increased from 10,661 metric tons to 12,260 metric tons
	Increase livestock rearing.	Production of all livestock increased.
	Increase the number of fish smoking houses.	12 fish smoking houses were constructed.
	Increase the number of trained fish processors.	2500 fish processors trained nationwide.
	Increase the revenue from export of food commodities.	Revenue from export crops increased from \$503,800 in 2005 to \$554,765 in mid 2006 for coffee and \$5,659,100 to \$6,841,652 for cocoa during the same period.
	Increase in the number of refrigerated containers.	19 refrigerated containers have been installed nationwide through private sector initiative.
	Increase in the number fish markets with storage facilities.	There is a Japanese initiative aimed at establishing a fish market at King Jimmy.
Adoption of a Fisheries Development Policy.	A comprehensive Fisheries Policy was developed and adopted in 2005.	

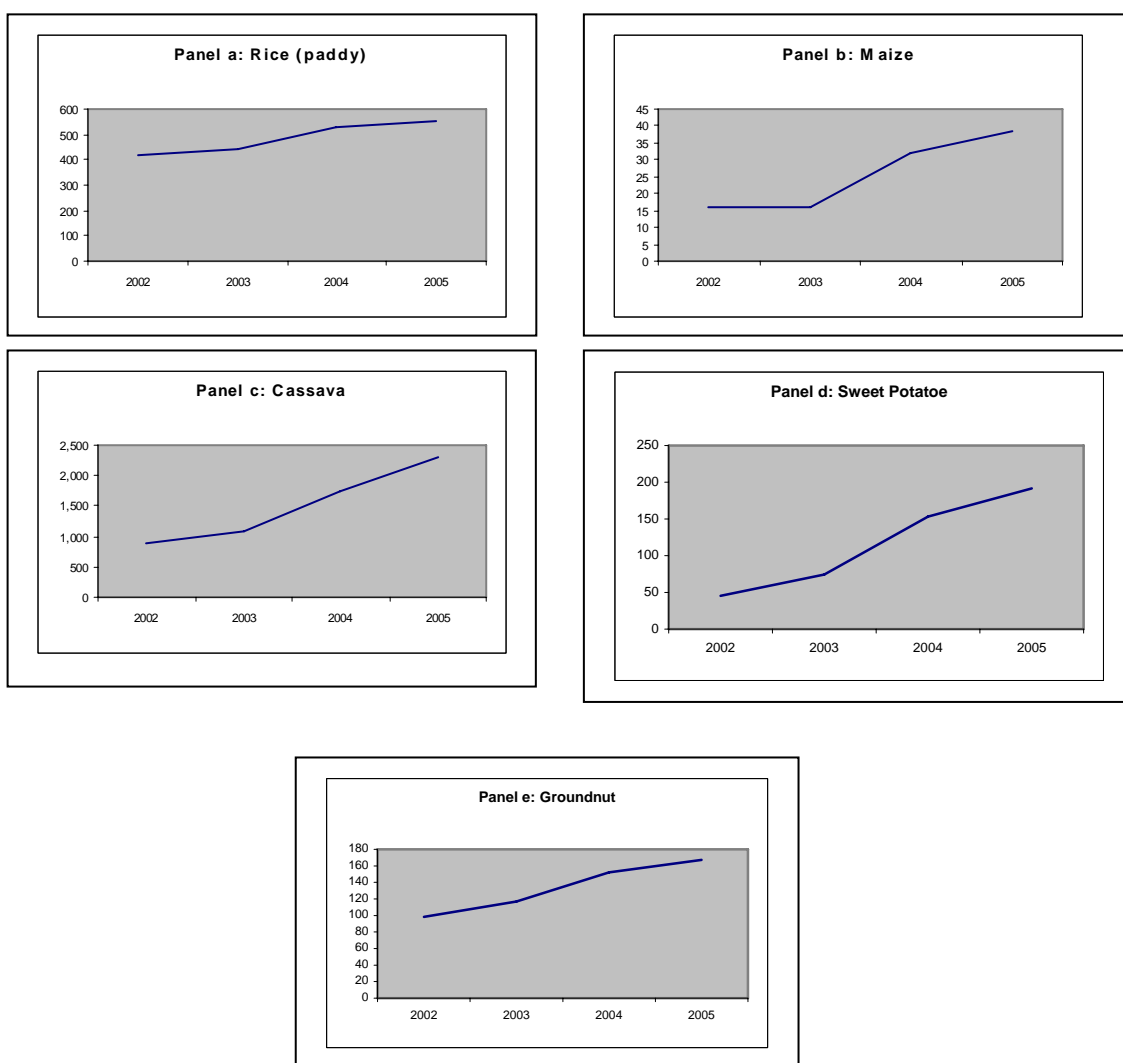
Paddy rice production increased by 4.82% between 2004 (526,619 MT) and 2005 (552,000 MT). The production of rice substitutes (cassava, sweet potato and maize) has also been increasing. This is attributed to Government's provision of 3168 MT of seed rice, 115 tractors, 8 combine harvesters and 6 mobile threshers to farm families nationwide. **Table 16** compares the production in these crops for the period 2002-2005. **Figure 2** depicts the positive trend in their production in the last four years.

Table 16: Production of Major Food Crops 2002-2005

Crop	Production Metric (Tons)				% Change from 2002 to 2005	% Change from 2004 to 2005
	2002	2003	2004	2005		
Rice (Paddy)	422,065	445,633	526,619	552,000	30.8	4.82
Maize	16,068	16,060	32,125	38,550	140	20.00
Cassava	895,817	1,091,178	1,759,292	2,287,060	155.3	30.00
Sweet potato	45,450	74,446	153,198	191,498	321.3	25.00
Groundnut	98,400	117,000	152,000	167,200	70	10.00

Source: Ministry of Agriculture and Food Security

Figure 2: Trends in the Production ('000 mt) of Major Crops 2002-2005



The PRSP targets for Rice, Cassava, Sweet Potato and Groundnut were well achieved for 2005 as outlined in **Table 17**.

Table 17: Comparing Target and Actual Production (mt) for the First Year of PRS Implementation

Crop	2005		Difference	Target 2006	Target 2007
	Target	Actual			
Rice	540,000	552,000	12,000	875,000	1,290,000
Cassava	1,935,221	2,287,060	351,839	2,100,000	2,300,000
Sweet Potato	160,856	191,498	30,642	185,368	203,905
Groundnut	95,684	167,200	71,516	110,265	121,292

Source: Ministry of Agriculture and Food Security

Table 18 Shows total domestic production of milled rice and imported rice for 2004 and 2005. The increase in local milled rice (18.3%) corresponds to a 30% decrease in importation of rice between 2004 (160,000 MT) and 2005 (112,000 MT). The reduction in rice import has had positive implication in terms of foreign exchange savings.

Table 18: Milled Rice Availability: 2005 compared to 2004

Marketing Season	2 Total Domestic Production (MT)	3 Total Imports (MT)	4 Total Availability (MT)
2004	262,673	160,000	413,876
2005	310,742	112,000	422,742
% Change	+ 18.3	-30.0	+ 2.1

Consequently, self-sufficiency in rice increased from 60% in 2004 to 69% in 2005 as reflected in **Table 19** below. With the exception of the Western Area, all the other 12 districts of Sierra Leone attained a significant increase in rice self-sufficiency. This can be attributed to the fact that the majority of the residents in the Western Area are primarily engaged in non-agricultural activities.

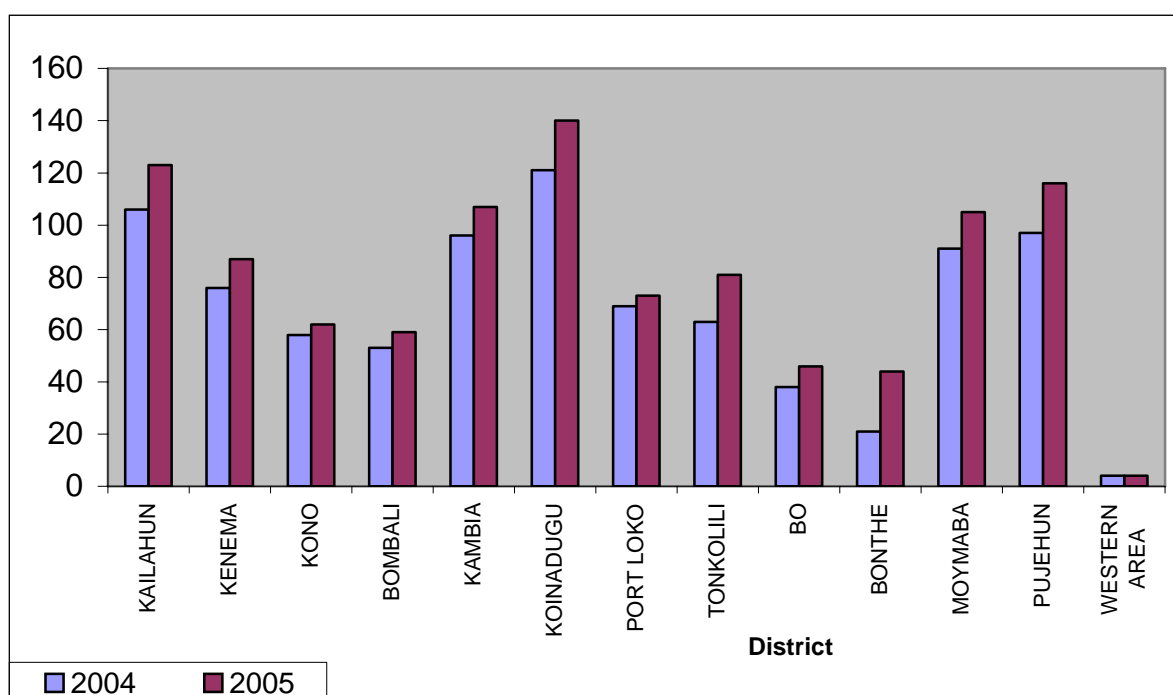
Table 19: Rice Self-sufficiency levels by District in 2004 and 2005

District	2004	2005	% Difference
	Self-sufficiency Level (%)	Self-sufficiency Level (%)	
KAILAHUN	106	123	17
KENEMA	76	87	11
KONO	58	62	4
BOMBALI	53	59	6
KAMBIA	96	107	11
KOINADUGU	121	140	19
PORT LOKO	69	73	4
TONKOLILI	63	81	18
BO	38	46	8
BONTHE	21	44	23
MOYMABA	91	105	14
PUJEHUN	97	116	19
WESTERN AREA	4	4	0
TOTAL	60	69	9

Source: Ministry of Agriculture and Food Security

Figure 2 further illustrates the national performance towards achieving food self-sufficiency and security in the staple crop (rice) production.

Figure 3: Food Self-Sufficiency in Rice by District



4.3.2 Livestock

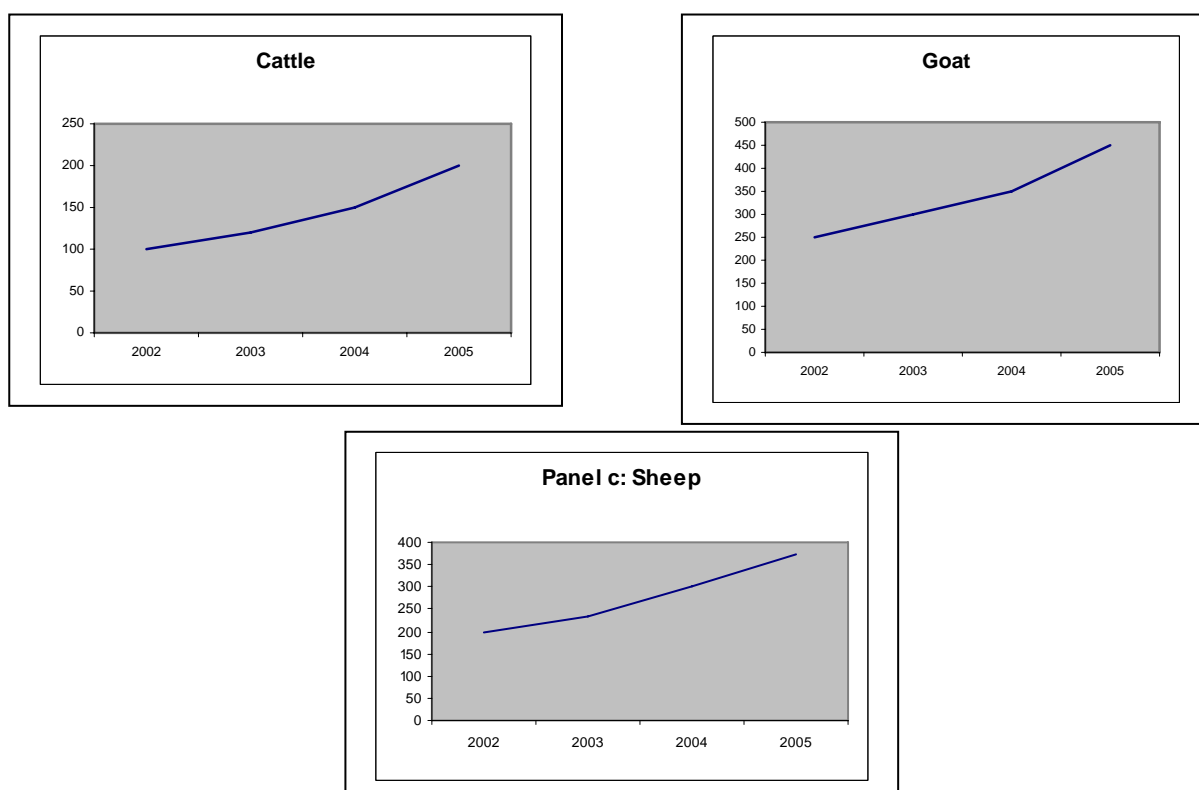
With regards to livestock development, the Government has been strongly pursuing livestock restocking programme following the massive loss of livestock during the war period. **Table 20** shows successive increases in production for all livestock categories, including cattle, goats and rabbits for the period 2002-2005. In the first year of PRS implementation, production of pigs recorded the highest percentage increase (40 percent), followed by cattle (33.3 percent), goats (28.6 percent) and sheep (25 percent). **Figure 4** further illustrates the positive trends in these categories of livestock.

Table 20: Livestock Estimate 2002-2005

Livestock	Production Level (in heads)				% Change from 2002 to 2005	% Change from 2004 to 2005
	2002	2003	2004	2005		
Cattle	100,000	120,000	150,000	200,000	100.00	33.33
Goats	250,000	300,000	350,000	450,000	80.00	28.57
Sheep	200,000	235,000	300,000	375,000	87.50	25.00
Chicken	4,000,000	4,290,000	4,500,000	5,200,000	30.00	15.56
Ducks	300,000	350,000	400,000	500,000	66.67	25.00
Pigs	20,000	22,000	25,000	35,000	75.00	40.00
Rabbits	5,000	5,500	6,000	7,000	40.00	16.67

Source: Ministry of Agriculture and Food Security

Figure 4: Trends in Livestock Production 2002-2005



However, out of the three categories of livestock (cattle, goats and sheep) monitored within the PRSP, it is only the production targets for goats and sheep that were met; the production of cattle fell far below the target by 50,000 heads in 2005. The high cost of restocking cattle is one of the major reasons for falling below the target in cattle. One head of cattle is by far more expensive to restock than the rest of the other livestock categories. And given the level of devastation of agricultural activities during the war, it would require considerable time to raise cattle production to pre-war levels. The Government is however continuing with its restocking programme with the hope of compensating for the shortfall in cattle heads in 2005 and meeting the target of 313,000 and 430,000 in 2006 and 2007 respectively. **Table 21** shows the actual versus target production levels for 2005 for the livestock targeted in the PRSP in the medium term. The targets for 2006 and 2007 are also shown.

Table 21: Comparing Target and Actual Livestock Production (in heads) for the First Year of PRS Implementation

Livestock	2005		Difference	Target 2006	Target 2007
	Target	Actual			
Cattle	250,000	200,000	-50,000	313,000	430,000
Goats	438,000	450,000	12,000	548,000	644,600
Sheep	375,000	375,000	0	469,000	558,6000

Source: Ministry of Agriculture and Food Security

4.3.3 Fisheries Sector

Government's short and medium term objective is to increase the supply of fish to the domestic and export markets. The strategy is to support fishermen and women engaged in both the artisanal and aquaculture sub-sectors with essential inputs and skills training in processing. In the marine sub-sector, the thrust is to maximise fish landing for export and the domestic market.

In the last year, progress has been made in the following areas: (a) provision of improved fish smoking houses (b) training of fish processors (c) harmonizing procedures with international markets and (f) the adoption of a fisheries development policy. The expected outcome and status of progress is included in **table 15** above.

In 2005, the Government in collaboration with donors trained 2,500 fish processors in fishing communities nationwide. In addition, 12 fish smoke houses were

constructed. A Comprehensive Fish Policy was also developed and adopted. This led to increases in both Industrial and Artisanal fish production levels.

Industrial Fishery

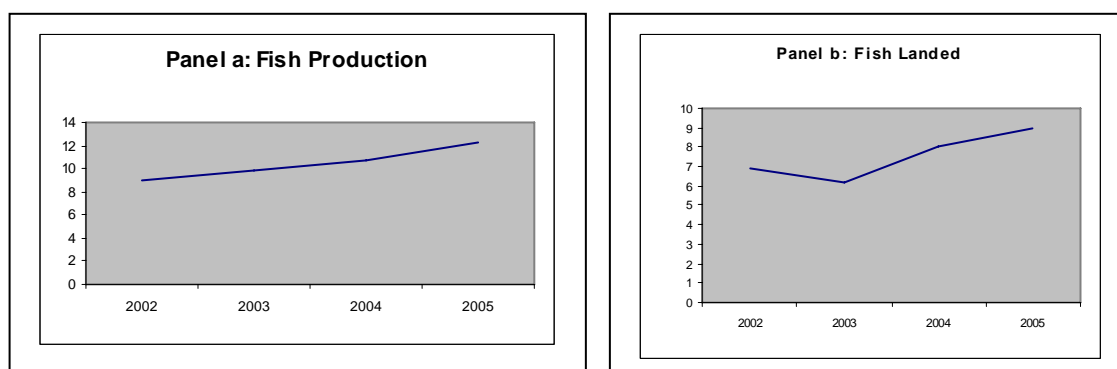
Between 2004 and 2005, industrial fish production increased from 10,661 mt to 12,260 mt, an increase of about 15%. Within the same period, fish catch landed increased from 7,990 mt to 8,933 mt, an increase of 11.8%. See **Table 22** and **Figure 5** for illustration of performance in the industrial fishery.

Table 22: Fish Output in the Industrial Fishery

	Year				% Change from 2002 to 2005	% Change from 2004 to 2005 (1st year of PRS implementation)
	2002	2003	2004	2005		
Production (mt)	8,988	9,831	10,661	12,260	36.40	15.00
Landed (mt)	6,938	6,201	7,990	8,933	28.75	11.80
% Landed	77	63	75	73	-5.19	-2.67

Source: Ministry of Fishery and Marine Resources

Figure 5: Trends in Fish Produced and Landed for the Period 2002-2005 ('000 mt)



Artisanal Fishery

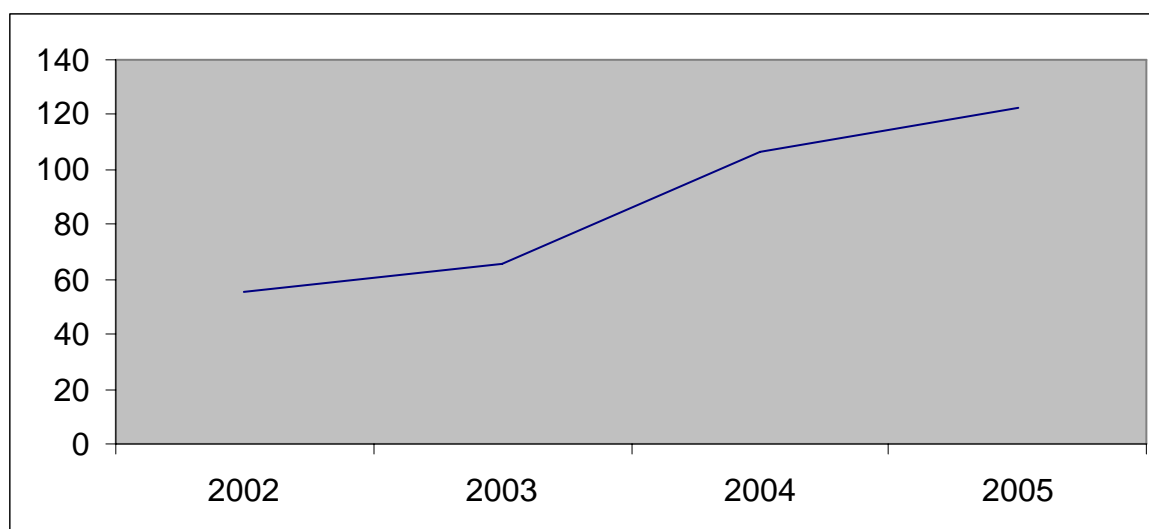
Artisanal fish production has continuously increased from 55,659 mt in 2002 to 65,458 mt, 106,216 mt and 122,148 mt in 2003, 2004 and 2005 respectively. **Table 23** and **Figure 6** show the trends in the Artisanal Fishery Production in the last four years. The Government attributes this increase especially to the supply of fishing gears.

Table 23: Fish Output in the Artisanal Fishery for 2002-2005

	Year				% change from 2002 to 2005	% change from 2004 to 2005 (1st year of PRS implementation)
	2002	2003	2004	2005		
Production (mt)	55,659	65,458	106,216	122,148	119.46	15

Source: Ministry of Fishery and Marine Resources

Figure 6: Trends in Artisanal Fish Production for 2002-2005 ('000 mt):



However, a post-harvest loss in the Artisanal Fishery sector was estimated at 15% in 2005. The reason for this huge loss was largely attributed to the inadequate capacity in fish handling and processing in this sector. In response to this, the Government is embarking on a massive training programme in fish processing. Training in fish processing will now be extended to all districts in the country.

There are ongoing efforts at harmonizing procedures with international standards to access the international markets for fish produced in Sierra Leone. A draft fishery legislation entitled '*fishery products regulations 2004*' has been developed and is now with consultants for final editing.

4.3.4 The Mining Sector

Government's broad goals in the mining sector are to restore its traditional significance to the economy through increased output, employment, fiscal revenues and foreign exchange earnings. It has been embarking on (a) reactivating rutile, bauxite and diamond mines, (b) promoting the development of an existing pipeline of

identified Kimberlite diamond deposits, and (c) promoting exploration of favourable geological target areas to develop and maintain adequate mineral pipelines of promising prospects that can be proposed to potential investors.

For the small scale and artisanal mining sub-sectors, the goal is to improve the overall standard of living of miners – who are among the poorest in the country.

The expected outcomes and Status are reflected in **Table 13** above.

In 2005, Government facilitated the re-opening of the Sierra Rutile mines by securing a grant of €25 million from the EU and on-lending it to the company. Since then production has started and export of Rutile started in mid 2006. Government also provided the necessary support to enable the reopening of Bauxite mines at Mokbanji. The restart of the mining of Rutile and Bauxite has directly created an estimated 1400 new jobs in the mining areas.

With regards to diamonds, full-scale Kimberlite mining is on going in Koidu. This has contributed to the increase of official diamond exports from \$121 million in 2004 to \$149 million in 2005, with Kimberlite accounting for \$113 million while alluvial mining accounted for the rest.

In an effort to attract investors through a transparent and conducive environment, a review of the mining laws was agreed in 2005. In addition, a national cadastre system is being implemented through a pilot project in Kono district before being replicated nationwide. The system will facilitate revenue generation within the sector, especially for license fees and surface rents. The system will also introduce more transparency into production, exports and revenue collection.

Government established an Extension Services Unit within the MMR in late 2004 for the provision of extension services to artisanal diamond miners. The extension services include assisting artisanal miners in the proper identification and selection of reserve areas, the use of modern production and safe mining techniques, etc.

4.4 Investing in Supportive Infrastructure

The SL_PRSP recognizes that supportive infrastructure is integral to the attainment of Food Security and Job Creation in the medium to long term. Although the country's

infrastructural needs after the war are immense and still growing, priority has been given to roads and transportation; energy and power; and information and communication technology (ICT). These sectors have the potential to transform the economy, accelerate growth in the productive sectors and rapidly improve market access, as well as increase access of the rural poor communities to income generating activities. In addition, this set of supportive infrastructure will provide the necessary incentive for both local and foreign investments. In the medium term, rehabilitating and expanding the road network and providing energy for the expanding population is Government's main priority. In relation to ICT, the main focus is to increase the population's access to IT products through liberalizing the ICT market in order to promote competition.

4.4.1 Improving the Roads and Transportation Network.

The key objectives of the road and transport sectors are to: (a) improve physical access to rural and riverine communities and markets, through an improved and sustainable trunk and feeder roads system, and coastal and river transport networks; and (b) ensure access to affordable basic transport services for the movement of persons, goods and services, especially for the rural areas.

The public Roads Network of Sierra Leone totals about 11300km of which 8000km is the national Road System comprising Primary, Secondary and Feeder roads. The remaining 3300km are local and unclassified roads.

In 2004, 1350 km of gravel feeder roads were constructed and maintained. This increased to 1874km by mid 2006. This will account for 87.5 percent of the target set for 2006. Also, the number of all weather trunk roads constructed and maintained increased from 581 km in 2004 to 1774 km by mid 2006. 375 km of primary roads and 2722km of secondary roads were maintained nationwide. Within the same period, the percentage of feeder roads in good condition increased by 10 percent.

4.4.2 Improving Energy and Power Supply

The government's overall objective in the energy sector is to expand the population's access to reliable supply of modern energy services. The indicators identified in the PRSP are (a) number of districts headquarter towns with electricity; and (a) minimum continuous electrical power supply for Freetown.

To increase power generation in the Western Area, a 6 megawatts generating plant has been installed and undergoing commissioning runs. This has increased available installed capacity in Freetown to 31.33 megawatts from 26.5 megawatts in 2004. This is however, far below the overall energy requirement for Western Area which is estimated at 100 mw. This coupled with the current technical and management problems have considerably constrained the National Power Authority (NPA) in providing regular electricity. In this regard, government is working with BADEA and the South African company ESCOM for the provision of generating plants to boost power supply in the Western Area.

At the regional level, the Bo-Kenema Power Station (BKPS) is being rehabilitated to extend electricity to towns and villages in and around Bo and Kenema with population of 463,668 and 497,948 respectively. Also, a 500KVA generating plant with associated transmission and distribution network has been installed and commissioned in Pujehun district. Plans are underway to install and commission a 1 MW generating plant to provide electricity for residents in Makeni.

4.4.3 Improving Access to ICT products

The Ministry of Transport and Communication's key strategy is to attract investment in telecommunications industry with a view to providing and maintaining quality services at affordable prices through fair prices. In this regard, the telecommunications industry has been liberalised.

To date, eight (8) GSM license have been issued and five (5) mobile phone companies are operational. The rapid expansion of mobile phone usage has resulted in network coverage extending to eight (8) of the twelve (12) districts of Sierra Leone. Overall, mobile companies are estimated to have invested over US \$125 million in the country.

About 30 licenses have been provided for two-way satellite Internet services using Very Small Aperture Terminals (VSAT). VSAT connect directly to US or European networks therefore users are not dependent on the national carrier for their international bandwidth. In addition, new technologies are being introduced by the Israeli Telecommunications Company Sierra-Com which has made a US\$3 million investment to bring high speed broadband wireless internet and Voice over Internet Protocol (VoiP) communications to the country. Consequently, there has been significant increase in the availability of Internet service with 25 registered Internet

Service Providers (ISP). In addition, over 1000 tele-booth operators have opened up tele-centres and telephone booths in Freetown and some provincial towns.

Chapter 5: Progress on Pillar III: “Promoting Human Development”

Promoting Human Development is critical to reducing poverty on a sustainable basis. This is mainly because; poverty is strongly related to the low levels of education, poor health status and low access to clean water and sanitation. The Government is therefore focused on improving access and quality to basic education, health services, water and sanitation and addressing HIV/AIDS related healthcare.

5.1. Education

Expanding Access to and Quality of Basic Education with a focus on the girl child is Government’s priority in relation to education. Government also recognises that the expansion in educational facilities and access should move in tandem with the maintenance of quality of education delivered at the basic level.

The importance of education for poverty reduction is reflected in the SLIHS. The gradual increase in the share of education expenditure in GDP continues: 3.9% in 2005 and set to rise to 4% in 2007. Reforms currently in process include the streamlining and reorganization of the educational institution network at all levels, implementation of teacher training and additional training programmes, and the review of school programmes. Increased adult education, learning programmes and projects, as well as the development of distance education programmes, are all on going. The expected outcomes and progress indicators are shown in **Table 24**.

Table 24: Expanding Access to Basic Education

Expected Outcome	Target	Status
Increased gross enrolment rate in primary and Junior secondary schools	Increase Primary Net Enrolment Rate to 70% by end 2006.	Enrolment increased from 260,000 in 2004 to 355,300 in 2005.
	Increase JSS Net enrolment Rate by 4%.	Data on this is not available.
	Increase Primary Completion Rate to 67% by end 2006.	Primary Completion Rate increased from 60% in 2004 to 73% in 2005.
	Reduce primary pupil teacher to 50:1 by end 2006.	This ratio increased from 52:1 in 2004 to 68.1:1 in 2005.
	Increase the JSS pupil Teacher ratio to 29:1 by end 2006.	This ratio increased from 28:1 to 30:1.
Increase female enrolment rate	Increase ratio of girls to boys in primary education from 5:6 to 10:11 by end 2006.	This ratio did not changed.
	Increase ratio of girls to boys in secondary education from 2:3 to 5:7 by end 2006.	This ratio reduced from 1:1.5 to 1:1.4
Increase passes in Public Examinations	Increase number of NPSE passes (230 pass grade) to 54,700.	NPSE passes increased from 43,400 in 2004 to 55,00 in 2005.
	Increase the number of girls passing NPSE (230 pass grade) to 19,000.	Girls passing NPSE at grade 230 increased from 5176 in 2004 to 20,062 in 2005.
	Increase text book pupil ratio in 5 weakest district from 1:5 to 1:4.	This increased from 1:5 in 2004 to 1:4 in 2005.

In 2005, Government constructed 200 primary schools, 30 Junior Secondary Schools (JSS) and 30 Technical Vocational institutes. Since the post-conflict period government has continued to provide subsidies to all private basic education institutions for female pupils in the Eastern and Northern provinces. In addition, the Government provided over 100,000 sets of teaching and learning materials and trained 1000 unqualified and untrained teachers.

Consequently, enrolment in class 1 of primary education increased from 260,000 in 2004 to 355,300 in 2005, recording 87 percent net primary school enrolment. National Primary School Examination (NPSE) passes increased from 43,400 in 2004 to 55,800 in 2005 (increase of 29 percent). Correspondingly, the number of girls passing NPSE also increased from 5,176 in 2004 to 20,062 in 2005 (an increase of about 287.6 percent). JSS net enrolment rate increased from 13 percent in 2004 to 44.0 percent in 2005, registering marked improvement. Primary completion rate

increased from 60 percent in 2004 to 73 percent in 2005 (calculated at 6-year interval).

Primary pupil/teacher ratio increased from 52:1 in 2004 to about 67:1 in 2005. This increase can be attributed to increased gross enrolment in primary school, and the ceiling placed on the recruitment of teachers. Clearly, there is a need to employ more teachers for primary school. The medium term target of 30:1 ratio of JSS pupil-teacher ratio is already achieved in 2005 from a ratio of 28:1 in 2004, which was deemed low for Junior Secondary School.

The ratio of girls to boys in primary education was maintained in 2005 from 1:1.2 in 2004 as against the medium term target of 1:1.1. Improvement has also been made in the ratio of girls to boys in junior secondary education, reducing from 1:1.5 to 1:1.4, while primary textbook-pupil ratio in the five weakest districts also fell from 1:5 to 1:4. **Table 24** summarises status on basic education indicators.

Obstacles and Recommendation: Challenges and constraints in enhancing basic education relate to the inadequacy of qualified teachers. Strategies to promote distance learning for teachers should be stepped up in this direction. Classrooms are highly overcrowded in the urban areas. There is need for intervention to decongest such classrooms in these settlements to ensure a convenient learning environment.

Post Basic Education: The SL_PRSP clearly recognises the need for efficient post basic education to meet the human resource needs for key poverty reduction programmes. The poverty profile shows that the incidence of poverty is 17 percent for households with a head attaining a university education compared with 63 percent for households with heads attaining primary education and 52 percent for households with heads attaining junior secondary school. The activities undertaken under the PRSP for 2005 have not been focused on Post Basic Education. The next phase of the PRS will therefore lay more emphasis on this level of education especially to meet the quality of the graduates that would be required to effectively implement the civil service reform programme.

5.2. Health

The objective of the Government in the medium term is to reduce under five and maternal mortality rates by expanding access and quality to healthcare services with a focus on the following: (a) construction and rehabilitation of health facilities nationwide; (b) training of health workers and traditional birth attendants; (c) expanding immunization coverage; (d) providing Insecticide Treated Bed Nets (ITNs) and (e) addressing HIV/AIDS. The expected outcomes and status are presented in **Table 25**.

Table 25: Reducing Under Five and Maternal Mortality

Expected Outcome	Targets	Status
Fully functional PHUs established.	Increase the number of functional PHUs by 100.	The number of functional PHUs increased from 668 in 2004 to 845 in 2006
Reduced Mortality Rates	<p>Reduce Infant Mortality.</p> <p>Reduce Under Five Mortality</p> <p>Reduce Maternal Mortality</p> <p>Increase % of one year olds receiving DPT to 65% by end 2006.</p> <p>Increase number of pregnant women sleeping under Long lasting insecticide Treated Bed nets by 8 %.</p> <p>Increase the number of Insecticide Treated Bed nets to 180,000 by end 2006</p> <p>Reduce Malnutrition among children by 3%</p> <p>Increase the percentage of birth attended by skilled health personnel to 50%</p>	<p>Infant Mortality rates reduced from 170/1000 in 2004 to estimated 115/1000 live births in 2005.</p> <p>Under Five Mortality rate reduced from 286/1000 in 2004 to estimates 203/1000 live births in 2005.</p> <p>Maternal mortality rate reduced from 1800/100,000 live births in 2004 to estimated 1600/1000,000 live births in 2005.</p> <p>DPT coverage for one-year-old increased to 58% by June 2006.</p> <p>The number of pregnant women sleeping under insecticide treated bed nets increased from 2% in 2004 to 10.3% in 2005.</p> <p>Insecticide Treated Bed nets coverage increased from 60,000 in 2004 to 292,345 in 2006.</p> <p>Current data for this indicator is not available.</p> <p>The percentage of birth attended by skilled health personnel increased from 33% in 2004 to 42 % in 2005.</p>
Reduce the spread of HIV/AIDS and provide support for PLWHAs	<p>Increase the number of PLWHAs receiving ARV from 800 to 2000 by end 2006.</p> <p>Increase the percentage of antenatal women receiving nevirapine to 10% by end 2006</p> <p>Increase the number of condoms distributed by one million annually</p> <p>Increase the number of orphans receiving support to prevent HIV/AIDS by 2000</p>	<p>The number of PLWHAs receiving ARV is estimated 1178 by mid 2006.</p> <p>The percentage of HIV/AIDS infected pregnant women receiving nevirapine is estimated at 45% by June 2006.</p> <p>The distribution of condoms nationwide increased from 7883536 in 2005 to 8170284 in 2006.</p> <p>Data is unavailable for this indicator.</p>

Sources: Ministry of Health and Sanitation and NAS

The various interventions by Government have resulted in a significant reduction in Infant, Under Five and Maternal mortality rates. In addition, access to healthcare has increased from 40% to 70% between 2004 and 2005. Access to ITNs has also increased by 8% among pregnant women and by 6% among children under five years of age.

However it is important to note that the figures given for mortality rates are estimates. The actual figures can only be determined after every five-year period. This notwithstanding the numerous activities that are being implemented is expected to reduce these rates. In addition, although the data on under weight children is unavailable, a recent mass campaign on vitamin A supplements and deworming benefited 770,000 children nationwide. The figures provided for the percentage of birth attended by skilled health personnel does not include the deliveries attended by Traditional Birth Attendants (TBAs)

In 2005, a National Strategic Framework was finalised and a Behavioural Surveillance Survey conducted. The Government was able to ensure that 15 line ministries developed HIV/AIDs policies in 2005, which are currently being implemented. Also over 700 personnel from the public and private sectors were trained in HIV/AIDS preventive measures. Over 600 PLWHAs received ARV while 900,000 condoms were distributed nationwide. Additional 20 VCCT centres were also established nationwide.

As a result of the increased level of sensitisation in 2005, 37,342 people were reported to have undergone a serological test for HIV while the 584 health providers were able to meet minimum conditions to provide Sexually Transmitted Infection services.

These measures have enabled the Government to contain the HIV prevalence rate in Sierra Leone at 1.53%. To monitor the trends in HIV/AIDS, a Country Response Information System is being developed and will be installed in all district councils.

Obstacles to implementation: The health Sector faces several obstacles in meeting its goals. Some of the obstacles are as follows :(a) insufficient financial resources for the implementation of planned activities; (b) insufficient and poorly motivated personnel for providing healthcare services; (c) lengthy procurement procedures in acquiring medical supplies and logistics.

Chapter 6: Next Steps

In the implementation of the PRSP so far, satisfactory progress has been recorded in several areas while in other areas there is considerable room for improvement. During the reporting period, it was observed that the majority of the MDAs did not achieve the Poverty Expenditure targets set. This was due to the shortfalls in domestic and foreign revenue flows as well as cumbersome procedures for accessing funds. Measures have now been taken and the Ministry of Finance introduced a fiscal priority framework designed to protect critical poverty expenditures. Similarly DACO has issued a PRSP Action Plan template that identifies activities in the PRSP matrix linked to expenditure requests. See **Annex 6**.

Priority action for 2006 is therefore focused on improving implementation in order to meet all targets set. In addition, there are three sets of issues that underlie the difficulties being experienced. Addressing these issues will not only pave the way for improved performance but will also set the stage for a seamless transition to normal development processes and consolidate the peace in the country. These are:

- Capacity for policy formulation and service delivery, as well as for higher levels of performance in the private sector and among civil society
- Issues surrounding aid modalities, predictability and timeliness of aid inflows, harmonisation etc.
- Measures required to enhancing private sector performance and promoting its expansion.

6.1 Resolving Capacity Issues

Improving service delivery capacity, in both the short and long term, calls for the creation of a leaner, well-motivated and efficient civil service to implement the poverty reduction strategy and maximize efficiency in the public service in general. The path to this requires a comprehensive short and long-term strategy involving filling of critical gaps in key MDAs through the implementation of the new Senior Executive Service (SES) plan. This plan involves competitive recruitment, retention and linking rewards to performance. This will also involve creating an environment of attractive remuneration and sustained training to develop the full capacity of the public service.

For the implementation and monitoring of the PRSP at the district level, capacity strategies have been developed, with clear definition of the role of the Local Councils

and decentralised departments. The aim is to develop the requisite planning and monitoring competencies at the district level including budgeting, financial accounting, data collection, reporting and basic procurement. DACO is collaborating with the Decentralisation Secretariat in strengthening the capacity of the Local Councils in the implementation and monitoring of the PRS.

In collaboration with the Government of Sierra Leone, ENCISS is engaged in the development of capacities of many Civil Society Organisations in Sierra Leone. This is crucial for the effective functioning of the Civil Society Monitoring Groups formed to undertake independent monitoring and evaluation of the PRSP nationwide. A Memorandum of Understanding has been signed between ENCISS and DACO on the PRS implementation with special attention to strengthening the participation of the Civil Society in the M&E process.

6.2 Aid Modalities

The implementation of the PRSP has suffered from less than timely disbursement of pledged resources. In addition to the rigidities, complex requirements lead to delays in the commencement of project activities and failure to meet conditions for aid effectiveness. There are high expectations that the Paris Declaration on Aid Effectiveness will be translated locally into greater flexibility and streamlining of aid modalities. Therefore, the need to have a clear and effective harmonisation agenda in Sierra Leone cannot be overemphasised if donor intervention is to make its expected impact in the country. In this direction, a Task Force comprising representatives from Government and Donors has been formed to discuss Harmonisation and Aid Effectiveness. Meanwhile, the Development Partnership Committee (DEPAC) dialogue series continues to provide the forum for Donor-Government discussion through which a number of issues relating to the enhancement of results in the implementation of the PRSP and the general socio-economic development of Sierra Leone are resolved.

6.3 Promoting the Private Sector

As the country moves farther away from the stage of immediate aftermath of the conflict, characterised by the state intervention to jumpstart almost every dimension of the political, social and economic activity, promotion of private sector increases in importance. Consistent with Government's strategy of emphasising economic growth

as one of the instruments for reducing poverty, the private sector is seen as the leading actor in the strategy to achieve sustained and accelerated growth. So far Government has concentrated on dealing with the policy aspects of creating the enabling environment for private sector promotion. Formulation and implementation of the Investment Promotion Code, diagnosing and implementing the Administrative Barriers to Trade and Investment, the conduct of a Diagnostic Trade and Investment Study (DTIS) are examples of the action taken thus far in creating the enabling environment for trade promotion.

While the above will continue, Government must begin to design measures to deal with factors that impede private sector growth. In particular, factors such as infrastructure, transport, energy and telecommunications, as well as ancillary services that raise productivity.

6.3 Conclusion.

This annual progress review has yielded important information that illuminates progress achieved so far and short comings to be dealt with. The report provides evidence of Government commitments to the policy objectives set. At the same time, the slippages observed in various areas are evidences of the very serious capacity limitations of the economy. This phenomenon is compounded by current aid modalities that are not flexible enough to respond appropriately to the current post conflict state of the economy. Thus although there has been impressive progress in some areas, the results achieved are still below the potential available especially in the areas of Governance and Youth unemployment. Continued engagement by donors is therefore essential.

In the area of macroeconomic performance, the satisfactory results will now have to be taken into a higher level to stimulate growth while maintaining the usual fiscal safeguards. A number of studies will be commissioned to help Government improve the coherence of policies consistent with higher growth rates.

Finally, as part of the country's transition, special efforts will be deployed towards promoting the private sector. The PRSP will therefore naturally evolve into a strategy for pro poor growth that will reduce poverty. Already, an MDG-Needs Assessment study that will provide the basis for the analytical work required is on going.

Annex 1: Categorisation of MDAs and Donors by Pillar Working Groups

	Pillar I	Pillar II	Pillar III
GoSL	<ul style="list-style-type: none"> • Ministry of Presidential Affairs • Office of National Security • Government Reform Secretariat • Anti-Corruption Commission <ul style="list-style-type: none"> • Decentralisation Secretariat • Ministry of Local Government • Justice Sector Reform Secretariat <ul style="list-style-type: none"> • DACO 	<ul style="list-style-type: none"> • Ministry of Agriculture • Ministry of Marine Resources • Ministry of Youth and Sports • Ministry of Trade and Industry • National Commission for Social Action • National Commission for Privatisation • Sierra Leone Roads Authority • Statistics Sierra Leone • Ministry of Works and Technical Maintenance • Ministry of Labour • DACO 	<ul style="list-style-type: none"> • Ministry of Education, Science and Technology • Ministry of Health and Sanitation • SALWACO • NaCSA • National Aids Secretariat • DACO
Donors	<p>UNDP EU DFID</p>	<p>UNDP EU DFID Italy WB JICA Germany</p>	<p>UNDP EU DFID WB JICA UNICEF</p>

Annex 2: Terms Of Reference (TOR) For Pillar Working Groups For PRS Implementation

At the November 2005, Consultative Group (CG) meeting on Sierra Leone, it was underscored that the successful implementation of the SL-PRSP will depend largely on the coordinated efforts of all key stakeholders in Sierra Leone. The issue has continued to be discussed at subsequent GoSL/donor meetings after the CG. As a step toward building the framework for a well-coordinated mechanism, there is need to set up Pillar Working Groups (PWGs), which will comprise donors and Government of Sierra Leone. The categorization in the PWG is based on the sectoral/thematic MDAs within the pillar and the interest areas of the donors.

Broadly, the Terms of Reference (TOR) for the PWGs will be to provide technical and professional backup to the Development Partnership Committee (DEPAC) and other structures during the implementation of the Poverty Reduction Strategy Paper (PRSP). The PWGs are based on the results or the expected outcomes from the pillar and would ensure joint learning and coordination of activities and programmes.

Each PWG will have a Coordinator and an alternate Coordinator. The PWGs would meet monthly or when necessary to perform the following specific duties:

1. Review and validate sectoral data to ensure they are properly aligned to the pillar indicator in the Results Framework.
2. Review sectoral progress to ensure that pillar targets are met within the stipulated timeframe.
3. Ensure that all project related data within the pillar are submitted to DACO for inclusion in the database.
4. Prepare concept notes on pillar related issues for discussion at the National Technical Committee (NTC) meeting, High Level Policy meeting, DEPAC, etc.
5. Identify issues that are impeding the implementation of programmes within the pillar i.e capacity constraints, disbursement of funds, etc. and suggest agreed on strategies to overcome obstacles.
6. Facilitate the collection and compilation of baseline data for the various sectors within the pillar.
7. Provide technical guidance for the implementation of all activities relating to the Pillar and facilitate quality of implementation and inputs (joint reviews, peer comments).
8. Identify cross-cutting analytical work, joint supervision missions, joint communication of activities (advocacy, citizen dialogue) and a knowledge sharing plan.
9. Agreement on common instruments among current and new partners.
10. Integration of new partners

Annex 3: Quarterly Report Format

(Name of Sector e.g. Ministry of Health and Sanitation)

Fiscal Year:

Quarter:

Submission Date: *Day/Month/Year*

Responsible Agent:

Chief Administrator of Local Council:

PRSP Quarterly Program Progress Report

This draft Quarterly Report Format has 6 sections:

1. **Summary: (Including the period covered by the report and a statement on the progress of the PRSP implementation in the district)**
2. **Achievements Over the reporting Period (assessment of actual Vs planned results/current for the period reported on) and Cumulative Progress-to-date against FY 2006 Planned Results**
3. *Assessment of programme results relative to programme objectives. (Impact is assessed through evaluation events as well as on-going project monitoring). Information from both sources should be reported here. In the absence of relatively structured analytical efforts (evaluations) the progress report should state the extent to which key program outputs and targets are being met that will produce anticipated impact (outcomes and effects) under each program objective*
4. **Major Positive and Negative Issues Affecting Implementation (might also include a discussion of the status of key program assumptions, risks and threats) Any question can be asked under the following themes, not limited to the specific questions below**

Q1. **Security**

Has the MDA registered any localized incidents of insecurity as UNAMSIL operations came to a close, which could lead to a resurgence of violence, especially among target youth?

Q2. **Decentralization**

Has MDA experienced any delays in decision making by partner government departments as a result of GoSL decentralizations process, which has slowed down the pace of implementing PRS planned activities? If yes, what has really happened and how did the MDA address the problem?

Q3. **Community Participation**

Has the MDA experienced any situation where local authorities have not been supportive of program activities? If yes, (1) what was the course of this lack of support? ; (2) what steps have been taken to address the problem and maximize support from local authorities?

Q4. **Climatic/Environmental conditions**

Has the MDA experienced unpredictable climatic conditions that have slowed down the pace or outcome of activities? For instance, have roads been impassable during the rainy season, thereby limiting access to the extremely poor in remote areas? If yes, how has this problem been addressed?

5. **What key lessons have been learned *that have aided/impeded the program implementation over the last quarter of implementing PRSP activities?* (Do not try to answer the questions but present your lessons learnt in bullet points)**

Q1. What is working or not working?

Q2. What components of the PRS (if any) has the MDA had most outstanding success with?

Q3. What did the MDA do to register this outstanding success?

Q4. What components of the PRS (if any) has the MDA had the least success with? And, why?

6. **What are the priorities for the next quarter (should include any carryovers of unmet targets during the previous quarter)**

Attachments:

1. **Performance Tracking Table (PTT)**

2. **Exciting success stories** (some outstanding accomplishment (s) we can all be proud about). *Caution: a good success story should be beneficiary-specific (articulating the level of support received from the program, and how that support has changed the lives of beneficiaries). Exceeding targets by 150% is not a success story!!!!!!!!!!!!!!*

3. **Exciting activity pictures**

Tentative Reporting Time Lines:

MDA quarterly reports will be submitted to the DACO M&E Unit, not later than 15 days following the end of the quarter reported on. The DACO M&E Unit will consolidate received reports into a program-level quarterly report due not later than 30 days following the end of the quarter reported on. (*Tentative deadlines to be determined*)

<i>Quarter Reported on</i>	<i>MDA Reports are due to the DACO M&E Unit by</i>
<i>Quarter (Oct-Dec, 2005)</i>	<i>Jan 15, 2006</i>
<i>Quarter (Jan-March, 2006)</i>	<i>April 15, 2006</i>
<i>Quarter (April –June, 2006)</i>	<i>July 15, 2006</i>
<i>Quarter (July-Sept, 2006)</i>	<i>October 15, 2006</i>

Annex 5: Desegregation of CG Pledges 2005 (In Million US\$)

SUPPORT	Pledges at CG Nov. 2005				Original MTEF Estimates			Additionality from CG			
	2005-07	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005-2007
LOAN	Budget Support										
New Pledge											
World Bank	20	-	10	10	-	-	-	-	10	10	20
Africa Dev. Bank	15	7.5	7.5		-	-	-	7.5	7.5		15
Past Pledge	-	-	-	-	-	-	-	-	-	-	-
Sub Total	35	7.5	17.5	10	0	0	0	7.5	17.5	10	35
GRANT											
New Pledge	-	-	-	-	-	-	-	-	-	-	-
Past Pledge											
European Commission	55.48	20.44	17.52	17.52	20.44	17.52	17.52	-	-	-	-
UK DFID	86.25	25.88	25.88	34.5	25.88	25.88	34.5	-	-	-	-
World Bank	15	15	-	-	15	-	-	-	-	-	-
Sub Total	156.73	61.32	43.4	52.02	61.32	43.4	52.02	-	-	-	-
Total Budget Support	191.73	68.82	60.9	62.02	61.32	43.4	52.02	7.5	17.5	10	35
LOAN	Project Support										
New Pledge											
World Bank	33	-	-	33	-	-	-	-	-	33	33
Past Pledge											
World Bank	46.02	19.5	13.26	13.26	19.5	13.26	13.26	-	-	-	-
African Dev. Bank	24.75	2.5	9.45	12.8	2.5	9.45	12.8	-	-	-	-
Sub Total	103.77	22	22.71	59.06	22	22.71	26.06	-	-	33	33
GRANT											
New Pledges											
FAO	3.91	-	3.91	-	-	-	-	-	3.91	-	3.91
Germany	12	-	7	5	-	-	-	-	7	5	12
Italy	3.08	-	2.28	0.8	-	-	-	-	2.28	0.8	3.08
Japan	8.54	4.83	1.88	1.83	-	-	-	4.83	1.88	1.83	8.54
Sweden	4.6	2.5	2.1	-	-	-	-	2.5	2.1	-	4.6
Ireland	5.84	5.84	-	-	5.84	-	-	-	-	-	-
Saudi	50	-	25	25	-	-	-	-	25	25	-
DFID	39.26	13.4	11.3	14.56	-	-	-	13.4	11.3	14.56	39.26
World Bank	44	-	44	-	-	-	-	-	44	-	44
EC	-	-	-	-	-	-	-	-	-	-	-
Int. Fund for Agric. Dev(IFAD)	10.08	-	10.8	-	-	-	-	-	10.8	-	10.8
UNDP	2	0	2	0	-	-	-	-	2	-	2
Sub Total	184.03	26.57	110.27	47.19	76.84	-	-	20.73	110.27	47.19	178.19

SUPPORT	Pledges at CG Nov. 2005				Original MTEF Estimates			Additionality from CG			
	2005-07	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005-2007
GRANT	Project Support										
Past Pledges											
African Dev. Bank	20.22	2.1	9.85	8.27	2.1	9.85	8.27	-	-	-	-
EC	225.92	71.38	83.87	70.67	71.38	83.87	70.67	-	-	-	-
FAO	0.39	-	-	0.39	-	-	0.39	-	-	-	-
IOM	1.1	0.43	0.67	-	0.43	0.67	-	-	-	-	-
Italy	2.25	2.25	-	-	2.25	-	-	-	-	-	-
Japan	8.21	7.92	0.19	0.1	7.92	0.19	0.1	-	-	-	-
Norway	2.99	2.99	-	-	2.99	-	-	-	-	-	-
UNDP	7.28	2.43	2.43	2.43	2.43	2.43	2.43	-	-	-	-
UNHCR	23.67	15.24	8.43	-	15.24	8.43	-	-	-	-	-
UNICEF	12.26	4.09	4.09	4.09	4.09	4.09	4.09	-	-	-	-
UK DFID	15.51	11.61	3.08	0.1	11.61	3.8	0.1	-	-	-	-
WHO	24	-	12	12	-	12	12	-	-	-	-
World Bank	25.74	17.15	-	8.59	17.15	-	8.59	-	-	-	-
WFP	25.5	8.5	8.5	8.5	8.5	8.5	8.5	-	-	-	-
Sub Total	395.04	146.09	133.83	115.14	146.09	133.83	115.14	-	-	-	-
Total Project Support	579.07	172.66	244.1	162.33	151.93	133.83	115.14	20.73	110.27	47.19	178.19

Summing Budget and Project Support

SUPPORT	Pledges at CG Nov. 2005				Original MTEF Estimates			Additionality from CG			
	2005-2007	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005-2007
TOTAL NEW PLEDGES	252.03	34.07	127.77	90.19	5.84	-	-	28.23	127.77	90.19	246.19
TOTAL PAST PLEDGES	622.54	229.41	199.94	193.22	229.41	199.94	193.22	-	-	-	-
GRAND TOTAL	874.57	263.48	327.71	283.41	235.25	199.94	193.22	28.23	127.77	90.19	246.19

Annex 6: Action Plan Template

*Objective:

*Expected Output:

*Activity:

*Cost:

A	B	Time Line											D	E	H	
No.	Sub-Activities	J	F	M	A	M	J	J	A	S	O	N	D	Unit Responsible	Required Amount (\$)	Remarks
1																
2																
3																
4																
5																

* As stated in the activity matrix