The Agenda for Change Progress Report

January 2011 to June 2012

Sierra Leone Second Poverty Reduction Strategy Paper

Central Planning Monitoring and Evaluation Division

Ministry of Finance and Economic Development

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Public Disclosure Authorized

ACRONYM

BECE	Basic Education Certificate Examination
DHS	Demographic Health Survey
FSAs	Financial Services Association
GBAA	Government Budget and Accountability Act
GST	Goods and Services Tax
ICT	Information Communication and Technology
IFMIS	Integrated Financial Management Information System
IPFMRP	Integrated Public Financial Management Reform Programme
JICA	Japan International Cooperation Agency
JSS	Junior Secondary School
MAFFS	Ministry of Agriculture Forestry and Food Security
MEST	Ministry of Education Science and Technology
MFRs	Management Functional Reviews
MOHS	Ministry of Health and Sanitation
MoFED	Ministry of Finance and Economic Development
MTEF	Medium Term Expenditure Framework
MDAs	Ministries, Departments and Agencies
NSAP	National Sustainable Agricultural Programme
NCD	National Commission for Democracy
PAYE	Pay as You Earn
PEMSD	Planning, Evaluation Monitoring and Statistical Division
PLHIV	People Living with HIV/AIDS
PSRU	Public Service Reform Unit
SLIMM	Sierra Leone Integrated Macro Model

Chapter 1: Introduction and Summary

The Government of Sierra Leone is in the fifth and final year of the implementation of the country's second generation poverty reduction strategy paper—The Agenda for Change (AfP)—which has been implemented since 2008. This progress report is prepared for the period 2011 to June 2012. A comprehensive report shall be prepared at the end of 2012 on the planned five-year implementation of the AfP (2008-2012) to fully inform the preparation of the third generation poverty reduction strategy—The Agenda for Prosperity—which is already underway.

Since the last (Joint) Progress Report (June 2010-June 2011), the government has continued to consolidate gains and record additional achievements in the implementation of the AfP. This report (being prepared) benefits from the completion of the Sierra Leone Integrated Household Survey 2011 (SLIHS2011), the most comprehensive source of information to determine the progress made in the fight against poverty. Being the second living standards and integrated survey since the SLIHS2003/04 that provided baseline poverty status for the implementation of the first PRSP (2005-2007), the initial results from the SLIHS2011 indicate that poverty incidence in the country had gone down from 67 percent in 2003/04 to 54 percent in 2011. The trends are discussed in the next section.

1.1 Poverty Trends Since PRSP I (2005-2007)

The initial results coming out of the SLIHS20011 indicate that the poverty level of Sierra Leone (in terms of absolute consumption) went down from 67 percent[1] in 2003/04 to about 54 percent in 2011 (Table 1 and Figures 1&2). However, while there was a decline in both the urban and rural poverty, the change in the latter was marginal—the incidence for the urban areas drastically dropped from 47 to 27 percent, whereas the incidence for the rural areas only dropped from 79 to 70, in seven years. Regionally, a marginal improvement is also noted for the south compared to marked improvement for the other regions. Changes in

[1] The 67 percent was a revision of the 70 percent figure reported in the first PRSP (2005-2007) derived later from weighting the household data with the national population figures from the census conducted in 2004, published in 2006.

poverty gap and severity indicate a generally improved outlook in terms of depth of poverty.

While some laudable strides have been made in the fight against poverty since 2003/04, the government is aware of the need to push development initiatives stronger given the marked spatial differentials in welfare changes reported in the table and figures below; it is indicative on the whole that poverty in Sierra Leone is a rural phenomenon (Table 1 and Figures 1&2).

Table 1: Poverty Trends, 2011 and 2003-04 Compared[2]

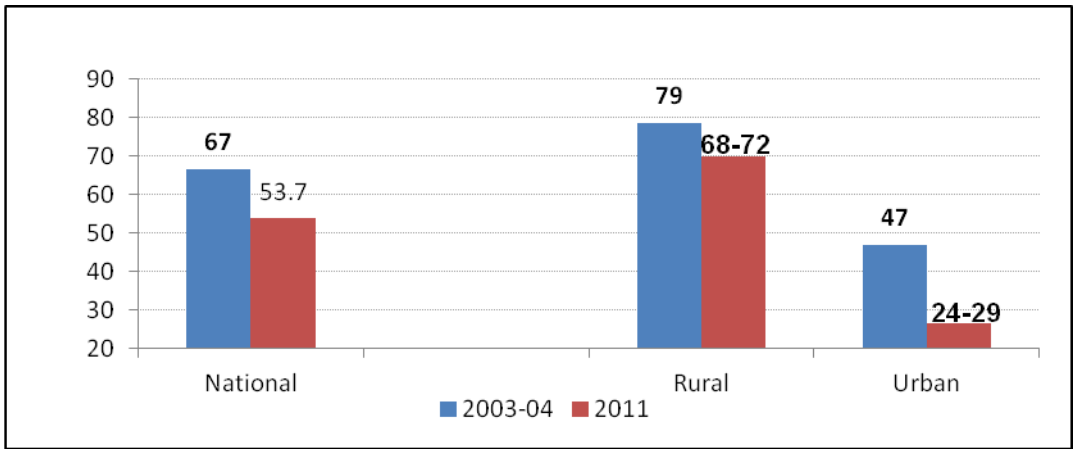
	2011					2003-04				
	Population share (%)	Household size (average)	Head count (%)	Poverty gap (%)	Severity of poverty (%)	Population share (%)	Household size (average)	Head count (%)	Poverty gap (%)	Severity of poverty (%)
National	**100.0**	**5.6**	**52-55**	**18-20**	**8-9**	**100.0**	**6.0**	**66.6**	**27.5**	**14.4**
Rural	***62.7***	***5.7***	***68-72***	***24-26***	***11-12***	***60.5***	***6.1***	***78.6***	***34.6***	***18.8***
Urban	***37.4***	***5.3***	***24-29***	***7-9***	***3-4***	***39.5***	***5.9***	***47.0***	***16.3***	***7.6***
Eastern	22.1	5.1	70-76	26-29	12-14	23.9	5.6	84.4	39.0	21.5
Northern	34.4	6.2	61-66	20-23	9-11	32.6	6.5	78.8	33.3	17.6
Southern	22.7	5.7	56-65	19-22	8-10	22.8	5.9	61.5	23.0	11.3
Western	20.7	5.1	8-14	2-4	0-1	20.7	5.7	28.6	9.0	4.1

Notes:

1. Poverty incidence or Head count refers to the share of the population whose income or consumption is below the poverty line.
2. Poverty Gap provides a measure of how far from the poverty line households are.
3. Poverty Severity is a measure of the depth of poverty.

Source: Sierra Leone Integrated Household Surveys, 2003 and 2011.

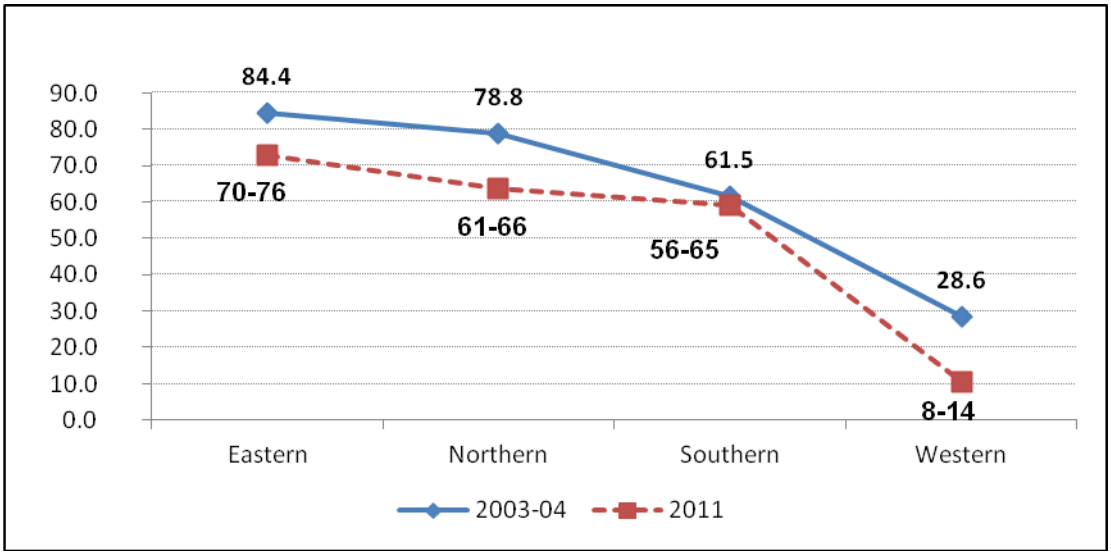
Figure1: Residential Poverty Trends: 2011 and 2003-04 Compared[3]



[2] The source of the table is from presentation made by the World Bank Office on the Sierra Leone Poverty Trends 2003-2011

[3] Same source as mentioned in footnote 2

Figure 2: Regional Poverty Trends, 2010 and 2003-04 Compared[4]



1.2 Public Investments

The strategic areas of government investments during the Agenda for Change are: transport infrastructure; agriculture; energy; education; and health. On the ***infrastructural*** front, the government embarked on a massive road construction programme. The all weather, bitumen roads completed since 2008 include: Freetown—Conakry Road, linking Sierra Leone and the Republic of Guinea; Masiaka—Bo Road, improving the connectivity between the two largest cities in the country, Freetown (the Capital) and Bo City; Bo—Kenema Road, linking the two regional headquarter towns in the south and east; and Makeni—Matotoka Road, linking the northern regional headquarter city of Makeni and the Tonkolili District headquarter town of Magburaka in the north. Construction is ongoing on several other major highways, including Kenema—Pendembu Road in the east; Lumley—Tokeh Road in the west, and Port Loko—Lungi Road in the north. The construction of Port Loko—Lungi Road is especially strategic, to improve the connectivity between the country's international airport at Lungi and the provinces; the airport has also been massively rehabilitated. The catalytic and multiplier effects of these roads could not be well felt in the rural economy without an accompanying feeder roads development programme, which the government has equally, massively embarked upon in the last four to five years with sustained assistance from development partners.

[4] Same source as mentioned in footnote 2.

Given the geography of Sierra Leone with about 403 km coastline and a huge inland river transport potential, the government has also supported the construction of jetties to take advantage of this endowment to intensify rural socio-economic activities. Jetties have been constructed in various locations across the country: at Gbondapi, in Pujehun District in the south; Gbangbatoke in Moyamba District in the south; Yargoi in Bonthe District in the south; Port Loko in Port Loko District in the north; Rokupr, Kassiri, Kychon and Mambolo in Kambia District in the north. To intensify economic activities within cities and district headquarter towns, the government continued to embark on road programmes to boost transportation services in these settlements. Indeed, the government roads programme has been well distributed across the country and this is expected to give rise to balanced growth and development, and sustainable poverty reduction.

On the ***agricultural*** front, one of the flagship programmes of the government in the last one to two years has been the implementation of the Smallholder Commercialisation Programme (SCP) within the National Sustainable Agricultural Development Programme-cum-the Comprehensive African Agricultural Development Programme. The government conceptualises the sector as a recipe for ensuring macroeconomic stability through supporting private sector participation to increase productivity, developing the agricultural supply value-chain, and supporting commercial agriculture in general. Already, about 490 Farmer-Based Organisations (FBOs) and consequently 180 Agricultural Business Centres (ABCs) have been established nationwide. About 2,800 hectares of inland valley swamps have been rehabilitated, while 800 more hectares are going through rehabilitation to boost the local production of the staple grain, rice.

Acute ***energy*** shortages, especially inadequate electricity supplies, had badly affected the economy of Sierra Leone. Therefore, the government has been relentless in pursuing and following up with programmes in this sector. As shall be discussed in detail below, it has continued to massively upgrade the country's energy infrastructure and supplies. For instance, the capital city of Freetown, which had only 5MW electricity wattage by the end of 2007, now enjoy at least 76.5MW, up from 50MW in 2009 following the completion of the Bumbuna Hydro

Power project. This has been made possible through scaling up supplies with the installation of thermal plants at various locations in the capital. The Bo-Kenema Power Station has been rehabilitated and plans are underway to upgrade the Dodo Dam to increase the wattage to 12MW to expand access to electricity in the two districts of Bo and Kenema. Construction of mini-hydro projects is ongoing at various parts of the provinces; in some districts, new thermal plants have been installed, while others rehabilitated; and solar photovoltaic electricity is being experimented and currently enjoyed by several rural communities.

The government had recognized and continues to recognize that a major set back to improving the country's human development index has been a protracted decline in the ***health*** and ***education*** system of the country. This has led to its aggressive and bold pursuit of various programmes in these sectors. It has put together a new health strategic framework—the National Health Sector Strategic Plan (2010-2015). It has successfully implemented the Free Healthcare Policy in the last two years, engendering an increase in the number of under-five outpatients to 250 percent since its inception in April 2010; and there is a host of other accompanying health initiatives as shall be discussed in detail below. Major reforms have also been embarked upon to increase service delivery and productivity in the educational sector. The government has continued to increase access to education by all, ensuring for instance, the award of grand-in-aid to all disabled students gaining admission into tertiary institutions, continuing to pay fees for public examinations at primary and secondary level; developing a new national policy on Teacher Training and Development; establishing a Teaching Service Commission to efficiently manage the manpower needs in the educational system; and significantly reviewing the school system on account of poor performance in pubic examination that brought about the Gbamanja Commission to advise strategies for enhancing the educational system.

1.3 Economic Management

The improvement in the average welfare situation of the country owes largely to the astute efforts by the state to rationally manage the economy amid trying economic and financial times that are linked to global realities. The government ensured strategic shift in expenditure decisions in favour of development

programmes and it has sustained its support to local councils for the delivery of locally designed development projects with assistance from the international community. Total expenditure on capita projects increased from Le 257.1 billion in 2008 to Le 540.6 billion in 2011(an increase of 110 percent). The country is currently rated the second hottest economy in the world, projected, according to the IMF, to grow by 21.3 21.3 percent[5] by the end of 2012, the growth rate measured at 6 percent in 2011. Gross international reserves increased to US$382 million as at end June 2012, already in excess of reserves reported for 2011 (US$377 million).

1.4 Key Lessons to Success and Challenges

There has been great improvement in the production of tangible development results during the implementation of the agenda for change. This largely emanates from sustained monitoring of projects across the country. The Ministry of Finance and Economic Development played a critical role here, in collaboration with the Office of the President and other state institutions. A reasonable change was induced in the public service performance culture and the performance of public work contractors towards the realization of the results achieved from public investments. The most required resource for development is a strong political will and commitment from the government, which was demonstrated and reflected in the successful implementation of programmes such as the Free HealthCare Initiative; there was active participation of private investors in agriculture and a continued support from development partners.

Serious constraints remain, however. The government continues to be challenged by the need to ensure a better coordination of development activities amongst the various actors to foster synergies and reduce and prevent wastage of scarce resources. The seemingly downward stickiness of rural poverty heralds a formidable challenge ahead as we move into a new development plan phase—the Agenda for Prosperity, which is the third generation poverty reduction strategy. It is pertinent and critical that the government is already aware of and sensitive to this, and the preparation of the successor PRSP is reflecting on such issues as the need to ensuring "inclusive", "shared" and "green" growth;

[5] Government of Sierra Leone, 2012, "Moving on the Agenda for Prosperity: Five Years of Change and Transformation ", State House, Freetown.

ensuring the efficient management of the natural resources and enhancing sustainable development in the coming years. This is particularly crucial if the projected double digit growth rate of the country over the coming years could be made to reflect drastic improvement in the lives of the masses, especially those living in the rural areas.

The government has been further challenged by the need to enhance its capacity to raise local revenue above current performance threshold, given (i) that the international financing sources continue to remain unpredictable in the light of growing international economic hardships and competition of the available development assistance; and (ii) that the government has huge carryover capital projects plus new ones. There is also the challenge of boosting the capacity of local councils to generate internal revenues to release strains on the national budget. Prioritization and sequencing of interventions is critical to sustainable delivery of services, and the monitoring and evaluation system of the government has to be further strengthened and institutionalized to increase the achievement of planned results for the people.

1.5 Report Preparation Process

Data for writing this report were culled from various sector reports. A two-day technical working session was organised to firm up sector status updates on the strategic priorities of the PRSP II. Other sources of information used include the initial data sets from SLIHS 2011, economic reports produced by MoFED, and sector papers submitted for the preparation of the third generation PRSP.

1.6 Structure of the Report

The rest of the report is organised as follows: Chapter Two presents macroeconomic performance during January 2011-June 2011. Chapter Three presents progress on the implementation of the Government's strategic priorities—energy, roads, agriculture, education, health and sanitation and gender. Chapter Four indicates progress made in the implementation of the pre-conditions for achieving the strategic priorities, including issues relating to the promotion of good governance, peace and security. Chapter Five concludes the report.

Chapter 2: Macroeconomic Performance

2.1 Gross Domestic Product

The economy of Sierra Leone continued its strong recovery in 2011, recording a real growth rate of 6 percent from 5 percent in 2010 and 3.2 percent in 2009. The impressive growth owes largely to increased activities in agriculture, construction and services. The agricultural sector continued to support economic growth during 2011 and 2012. The report of the Economic Assessment Survey conducted early this year suggests that the area cultivated under food crops such as rice, cassava, sweet potato, maize and groundnut had increased. This could be linked to Government's support to the Smallholder Commercialisation Programme, the Rural and Private Sector Development programme, and a host of other agricultural initiatives. The performance of the construction industry has been evaluated based on the production level of cement. Production of cement increased by 11.5 percent in the first half of 2012 relative to production level in 2011, which had increased by 3.3 percent from 2010. This can be correlated to the increase in public and private construction works witnessed during the period under review.

The services industry has also been thriving. For the transport sector, contribution to the economy has been assessed based on (i) the number of vehicles licensed, assuming any vehicle has direct or indirect effects in supporting socio-economic transactions and yields revenue to the state through the licenses issued that can be utilised in the provision of public services; and (ii) the number of passengers on international flights to and from Sierra Leone. The number of renewed vehicle licenses in 2011 was 50,443, representing an increase of 4.3 percent from 48,355 licenses renewed in 2010. The number of newly registered and licensed vehicles was 26,498 in 2011, representing a 48.2 percent increase from the 17,876 in 2010. During 2011, about 96,825 passengers departed the Lungi international Airport in Freetown, while 97,701 arrivals were reported—this serves as a baseline since data is not available for

previous years to measure actual progress. The telecommunications services have intensified in Sierra Leone. There are currently six licensed GSM operators with three in active operations—the Africell, Airtel and Comium. The total number of mobile phone subscriptions stood at 3,039,522 in July 2011 compared to 1,752,607 in 2010—an increase of 73 percent. The expected positive implication of this goes beyond stimulating economic transactions; it would also enhance the provision of vital information to support healthcare, education and related social services. Internet service provision also increased remarkably, although it is currently highly skewed towards the urban centres. Tourism opportunities are on the increase as prospects for economic growth increase, and peace and stability continue to prevail. A total of 52,442 tourist arrivals were recorded for 2011 compared to 38,615 in 2010—an increase of 33.2 percent. Over 600 rooms were added in the hospitality industry in 2011 compared to a stock of 3,700 rooms that existed in various classes in 2010. Restaurant services have also improved tremendously in the country. With regard to the banking industry, the number of commercial banks remained at 13, but the number of bank branches increased to 87 in 2011 from 80 in 2010. Deposit taking and lending activities by commercial banks expanded significantly. Total deposits held in commercial banks increased to Le 2,035 billion in 2011 from Le 1,640 billion in 2010—an increase of 24 percent. Credit to the private sector by commercial banks increased to Le 1,072 billion in 2011 from Le 894.3 billion in 2010—an increase of 22 percent. The expansion in credit covered various sectors including agriculture (registering a credit growth of 29 percent).

On a year-on-year basis, broad money grew by 8.7 percent in June 2012, a slower rate of growth compared to 43 percent for the same period in 2011. Similarly, reserve money increased by 15 percent year-on-year at end June compared to 27 percent for the corresponding period in 2011. Compared to end December 2011, broad money grew by 1.0 percent while reserve money fell by 0.7 percent. The slow growth in money supply reflected the decline in Net Foreign Assets and the slow growth in domestic credit to government and private sector from end December 2011. Overall, Net Foreign Assets (NFA) declined by 1 percent. NFA of the BSL grew by 3.7 percent while NFA of commercial banks fell by 6.8 percent.

While it faced competition from the international market, the country's manufacturing sector continued to recover during the period under review. Goods locally produced included cement, paint, beer, stout, soft drinks, confectionary, soap, oxygen, and acetylene. The manufacturing sector continued the recovery in the first half of 2012 with increased production of maltina, soft drinks, cement, confectionery and common soap increasing. Beer and stout remained at almost the same level at 433,000 metric tons as in the first half of 2011. However, paint, acetylene and oxygen declined during the review period. Production of maltina increased by 22.8 percent, soft drinks by 15.4 percent, cement by 11.5 percent, confectionery by 1.5 percent and common soap by 91.6 percent. However, production of paint fell by 8.9 percent, acetylene by 11.5 percent and oxygen by 17.4 percent. The continued improvement in the performance of the manufacturing sector reflected the increased availability of electricity and improved domestic demand.

There has been renewed economic hope in the mining sector, although the industry's performance for the period under review shows mixed results. Despite the resumption of iron ore production in the last quarter of 2011, the performance of the mining sector during that year was generally weak relative to the sector's output levels in 2010. The sector recorded a fall in output levels for all minerals with the exception of bauxite. Bauxite output saw a significant improvement, from 1.08 million metric tonnes in 2010 to 1.5 million metric tonnes in 2011, a growth rate of 35.2 percent; diamond production fell by 19.68 percent, from 438 thousand carats in 2010 to 352 thousand carats in 2011. The fall in the production of diamonds was in part due to the disruption of production in Tankoro after a brief period of civil unrest as well as scaling back of production during the renegotiation of the Koidu Holdings Agreement. Rutile output was stagnant at 68 thousand metric tonnes in 2011 as in 2010. The collapse of the main dredge and lack of spare parts for the existing dredge was responsible for the low production levels. In spite of the increase in world market prices, gold production slowed down in 2011, registering an output of 5,284 ounces from 8,179 ounces in 2010—an decrease of 35 percent. The mining of iron ore had only resumed in 2011 after nearly four decades. About 339,000

dry metric tonnes of iron ore was exported in the last quarter of 2011[6], production hoped to grow exponentially in the coming years.

Mineral output started to recover during the first half of 2012 following the slump in 2011. The production of diamond, rutile and ilmenite increased while output of bauxite and gold declined during the period. Output of diamond grew by 20.1 percent due to expansion by Koidu Holdings Limited, rutile by 56.9 percent on account of the investment in plant, equipment and workforce and ilmenite by 114.8 percent while bauxite output fell by 39 percent and gold 11.4 by percent in the first half of 2012 relative to the corresponding period in 2011. A total of 3.2 million metric tons of iron ore was exported in the first half of 2012.

The improvement in the electricity supply could have substantially contributed to the economic growth recorded for the period under review, in addition to the massive infrastructural development pursued by the government.

22 Fiscal Operations

The thrust of the fiscal policy in 2011 was to create fiscal space to boost infrastructure investment to enhance economic growth. While domestic revenue collection was better than expected, expenditures, largely driven by huge infrastructural outlay, far exceeded the revenues collected during the year.

Domestic Revenue

Total domestic revenue increased in nominal terms to Le 1.462 trillion in 2011 from Le 1.008 trillion in 2010—an increase of 45.1 percent. The 2011 revenue collection was Le 305.5 billion above the original budget. Its share in GDP was 11.6 percent compared to 9.9 percent of GDP in 2010. Total domestic tax revenue, comprising income taxes, Goods and Services Tax, and customs and excise duties, increased by 32.9 percent in 2011 from Le 879.3 billion in 2010.

[6] The volume quoted (339,000 dry metric tonnes) includes some non-iron ore substance.

Taxes on income[7] increased to Le 473.2 billion (3.7 percent of GDP) in 2011 from Le 303 billion (3 percent of GDP) in 2010—an increase of income tax of 56.1 percent largely reflecting the payment of PAYE by mining compnies during the period. This performance is attributable to the increase in personal income taxes, which more than compensated for the weak performance in corporate taxes. The government was effective in the enforcement of the provisions of the income tax law, and field audits were conducted to facilitate the recovery of backlog payments of PAYE from large companies. The increase in the salaries of civil servants also contributed to the higher collection of PAYE taxes in 2011. The weak performance of corporate taxes is explained by the decrease in the profit levels of large companies as they expanded their operations and encountered increased overhead costs. Non-payments of withholding taxes on contracts by large mining companies also contributed to the poor performance of this revenue stream. Revenue from the Goods and Services Tax (GST) increased to Le 351.4 billion (2.8 percent of GDP) in 2011 from Le 246.4 billion (2.4 percent of GDP) in 2010—an increase of 42.7 percent, owing to improved compliance rate. Import GST increased from Le 136.7 billion in 2010 to Le 243.6 billion in 2011 while domestic GST increased from Le 109.7 billion Le 131.6 billion over the same period.

Customs and excise duties increased to Le 343.7 billion in 2011 (2.7 percent of GDP) from Le 329.9 billion (3.2 percent of GDP) in 2010—an increase of 4.2 percent, despite weak performance in excise duties on petroleum products. The relatively weak performance in excise duties is attributed to the non-payment of excise duties on petroleum products by oil marketing companies, which is tied to the Government's subsidy on petroleum products. The government provided indirect subsidies in the form of forgone excise duty on petroleum products in order to keep the pump price of petroleum products at Le 4,500 per litre during the course of 2011. The total revenue forgone from this source is estimated at Le 43.7 billion.

[7] Such as corporate tax, personal income tax, and withholding tax on contracts.

The non-tax revenues[8] increased to Le 293.8 billion (2.3 percent of GDP) in 2011 from Le 128.3 billion (1.3 percent of GDP) in 2010—a remarkable increase of 129 percent. The sharp increase in non-tax revenues was accounted for by the receipt of signature bonuses from the sales of oil blocks to potential investors in the petroleum sector amounting to Le 186.2 billion. Road user charges fell to Le 22.9 billion in 2011 from Le 52 billion in 2010 due to a reduction of and maintenance of petroleum pump price at Le 4,500 per litre.

For the first half of 2012, total domestic revenue collected increased to Le 870.7 billion (5.8 percent of GDP) from Le 672.1 billion (5.3 percent of GDP) in 2011—a performance increase of 30 percent. This exceeded the original budget by Le 71.8 billion, due in part to a more than expected performance in income tax collection. Income taxes collected amounted to Le 441.7 billion (3.0 percent of GDP), exceeding target by Le 135.5 billion and reflecting advance payment of PAYE by mining companies (the African Minerals Limited and the Sierra Rutile Limited). The overall GST amounted to Le 207.7 billion (1.4 percent of GDP), exceeding the original budget by about Le 5.5 billion. Import GST exceeded target by almost Le 26.8 billion. Customs and Excise Department collected an amount of Le 132.5 billion (0.9 percent of GDP), but fell below the target of Le202.4 billion for the same reason of maintaining the petroleum pump prices, coupled with the granting of large number of duty waivers. Duty waivers for the first half of 2012 amounted to Le 315.7 billion of which duty waivers to mining companies accounted for 61 percent. Mines Department collected Le 55 billion (0.4 percent GDP) relative to a target of Le 113.9 billion, a revenue shortfall that could be attributed to an unexpected shortfall in royalties from iron ore. Other Government Departments collected Le 31.9 billion (0.2 percent of GDP). Road User Charges and Vehicle Licenses collected Le 5.1 billion (0.2 percent of GDP) compared to a target of Le22.7 billion, due partly to the policy of maintaining petroleum pump prices at Le 4,500 as aforementioned.

[8] This comprises licenses and royalties on minerals and fisheries, fees, other charges collected by MDAs, and road user charges.

External Revenue

Foreign grants received in 2011 amounted to Le 708.7 billion (5.6 percent of GDP) compared to Le 543.9 billion (5.4 percent of GDP) received in 2010—an increase of 30 percent (**Table 3**). Of the total foreign grants, programme grants amounted to Le 255.4 billion (2 percent of GDP) while project grants amounted to Le 276.3 billion (2.2 percent of GDP). The programme grants received in 2011 include budget support amounting to Le 219.6 billion (1.7 percent of GDP), salary support to the health sector from the Global Fund of Le 13.9 billion, support from the Peace Building Fund of Le 24.9 billion, and debt relief under the enhanced HIPC Initiative of Le 21.9 billion. Sustaining the increase in grants cannot be guaranteed, since the country has graduated from being a 'fragile state' low-income country, to a low-income country.

During the first half of 2012, grants amounted to Le 243.4 billion (1.6 percent of GDP) compared to a projection of Le 345.1 billion—programme support standing at Le131.1 billion (0.9 percent of GDP), while the project support standing at Le 112.3 billion (0.8 percent of GDP).

Table 3: Domestic Revenues, 2010-June 2012

In millions of Leones	Actual 2010	Budget 2011	Revised Budget	Actual 2011	Actual June 2012
Total revenue and grants	1,550,581	1,747,566	2,183,177	2,170,759	1,115,680
Domestic revenue	1,007,637	1,156,570	1,425,703	1,462,100	872,315
Tax revenue	879,319	955,939	1,117,244	1,168,334	778,662
Income tax (Personal and Corporate taxes)	303,026	269,568	419,891	473,150	441,705
Goods and services Tax	246,362	299,045	335,339	351,449	207,726
Customs and excise	329,931	387,326	362,014	343,735	129,231
Non tax revenue	128,308	200,631	308,460	293,765	93,653
Mines Department	24,191	64,667	185,517	202,344	55,018
Other Department	52,145	71,164	73,919	68,520	33,497
Road User Charge	51,972	64,800	49,024	22,901	5,138
Grants	543,934	590,996	757,475	708,659	243,365
Total GDP	***10,161,000***	**-**	**-**	***12,698,000***	***14,931,000***

Government Expenditure

Total expenditure and net lending increased to Le 2.752 trillion in 2011 (21.7 percent of GDP) from Le 2.074 trillion in 2010 (20.4 percent of GDP)—an increase of 32.7 percent (**Table** 4). The increase owes to the expenditure shift in favour of capital projects that has been witnessed since the start of the implementation of the Agenda for Change. In nominal terms, recurrent expenditure increased to Le 1.603 trillion in 2011 from Le 1.286 trillion in 2010—an increase of 24.6 percent, slightly falling, as a percentage of GDP, from 12.7 percent in 2010 to 12.6 percent in 2011. The Government wage bill increased from Le 535.7 billion (5.3 percent of GDP) in 2010 to Le 681.3 billion (5.4 percent of GDP) in 2011, following the increase in the salaries of public servants by an average of 32 percent, consistent with the Government's Pay Reform Policy for the medium-term. Non-salary, non-interest recurrent expenditure grew by 13.5 percent but remained within the budgeted amount. Whilst spending on Goods and Services fell, the unbudgeted fuel subsidies amounted to Le 95.4 billion. The increase in grants to the tertiary educational institutions contributed to the increase in non-salary non-interest expenditure. Transfers to Local Councils amounted to Le 76.1 billion in 2011 (0.6 percent of GDP), 6.9 percent lower than the budget of about Le 81.7 billion, compared to Le 87 billion (0.9 percent of GDP) in 2010. The reason for the shortfall of Le 5.7 billion was partly due to the late submission of returns by local councils and procurement-related issues.

Total interest payments increased from Le 159.2 billion (1.6 percent of GDP) in 2010 to Le 250.2 billion (2.0 percent of GDP) in 2011. This was mainly due to higher than budgeted interest payments on domestic debt; Government borrowing from the domestic banking system increased and was done at higher domestic interest rates. Total capital expenditure in 2011 amounted to Le 1.149 trillion (9 percent of GDP), which was 15.5 percent above the revised budget of Le 994.9 billion, compared to Le 787.3 billion (7.7 percent of GDP) in 2010. As in the previous years, public investment in economic and social infrastructure continued to increase in 2011 due to the implementation of several projects,

mainly in the areas of roads, energy and water supply. Capital projects financed by foreign loans and grants amounted to Le 787 billion (6.2 percent of GDP) in 2011 compared to Le 432.2 billion (4.3 percent of GDP) in 2010. There was an overspending on capital projects from domestic resources by Le 125.9 billion on account of higher than anticipated spending on the rehabilitation of streets in Freetown; those in district headquarter towns; rehabilitation of Lungi International Airport; and strengthening of district healthcare services.

During the first half of 2012, total expenditure and net lending amounted to Le 1,368.1 billion (9.2 percent of GDP), falling below the budget by Le 23.8 billion. Of the total expenditure, recurrent expenditure amounted to Le 920.6 billion or 6.2 percent of GDP. Of this, wages and salaries amounted to Le 444.8 billion or 3.0 percent of GDP and were below the revised budget by Le 2.6 billion. Although there was an increase in wages and salaries over the targets for health workers and teachers as a result of the recruitment of 1,589 Junior Staff (Grades 1 – 6)[9], the savings made from the retirement of Senior Management Staff compensated for the increase in wages and salaries, hence the less than budgeted spending on wages and salaries. Non-Salary, non-interest recurrent expenditure amounted to Le 347.6 billion or 2.3 percent of GDP compared to the revised budget of Le 392.8 billion, leaving an under-expenditure of Le 47.5 billion for first half of 2012. Capital expenditure was Le 448.5 billion or 3.0 percent of GDP compared to the revised target of Le 536.6 billion, leaving an under-spending of Le 88.0 billion. Domestic capital expenditure amounted to Le 216.1 billion or 1.5 percent of GDP compared to a revised target of Le 187.8 billion during the first half of this year.

[9]Recruitment was done mainly in the Ministries of Health and Sanitation (Health Workers) and Education Science and Technology (Teachers).

Table 4: Expenditure figures, 2010-June 2012

In millions of Leones	Actual 2010	Budget 2011	Revised budget 2011	Actual 2011	Actual June 2012
Expenditure and net lending	2,073,764	2,240,671	2,558,450	2,751,942	1,368,403
Recurrent	1,286,477	1,356,796	1,563,556	1,602,816	919,850
Wages and salaries	535,669	566,472	650,317	681,346	444,807
Transfer to Local Council	86,956	86,956	81,733	76,056	26,146
Fuel subsidy		1,007	95,444	95,444	0
Total interest payment	159,171	172,231	237,186	250,219	127,480
Capital	787,287	883,875	994,894	1,149,126	448,553
Foreign	432,178	651,878	758,651	786,979	232,464
Domestic	335,109	231,997	236,243	362,146	216,089
Total GDP	***10,161,000***			***12,698,000***	***14,931,000***

2.3 Inflation

The high inflationary pressures experienced in 2010 continued into the first half of 2011, owing mainly to the upsurge in the international prices of food and fuel and their pass-through effects on domestic prices. The continued rise in oil prices resulted in an upward adjustment of domestic pump prices of petroleum products to Le 4,500 per litre (i.e., Le 22,500 per gallon) in May 2011, from Le 17,500 per gallon in April of the same year. As a result, national year-on-year inflation rose to 17.8 percent in May 2011. Domestic prices declined in response to the decline in international prices of food and fuel in the remaining period of the year, a downward pressure catalysed by the implementation of tight fiscal and monetary policy, including efforts to stabilise exchange rates. Consequently, inflation fell to 16.7 percent in December 2011 compared to 17.8 percent in December 2010. Annual average inflation was 16 percent in 2011 compared to 16.8 percent in 2010. Trends in inflation for the items in the CPI basket at end 2011 were mixed. While inflation for food and non-alcoholic beverages increased to 23.8 percent in 2011 from 14.5 percent in 2010, inflation for housing, water, electricity gas and other fuels declined to 7.3 percent from 17.3 percent in 2010.

The first half of 2012 saw a further decline in inflation. Year-on-year inflation declined to 12.5 percent in June this year from 16.7 percent in December 2011. The stability in the exchange rate, combined with a slower monetary growth contributed to the fall in inflation. The government also adopted various

measures to ensure there were no pass-through effects on domestic pump prices. These measures included the total removal of import and excise duties on petroleum products and payment of petroleum subsidy to oil marketers. Hence, the pump prices of fuel products remained unchanged, thereby contributing to the stability of consumer prices.

2.4 Poverty Related Expenditure

During 2011, poverty related expenditure exceeded the budgeted amount by 24 percent, although on yearly basis, it fell from Le 635.09 billion in 2010 to Le 617 billion in 2011—a decrease of 2.8 percent. Overspending was experienced mainly in the roads, health and education sectors. Expenditure on roads increased to Le 172.8 billion in 2011 from Le 139.3 billion in 2010—a 24 percent increase; expenditure on education increased to Le 81.5 billion in 2011 from 2010 by 17.2 percent; and expenditure on health increased to Le 58.6 billion in 2011 from 2010 by 41 percent.

For the first half of 2012, total poverty expenditure amounted to Le 365 billion. Of this, Le 102.1 billion went to road projects, an amount 90 percent higher than roads expenditure during the same period in 2010. Spending on education rose by 67.6 percent to Le 62.4 billion compared to Le 37 billion for the first half of 2010; health spending amounted to Le 13.9 billion, and agriculture Le 14 billion, both of which exceeded spending for the first half of 2011 by 25.3 percent and 71.1 percent respectively.

2.5 Managing Budget Deficit

The overall budget deficit on a commitment basis (excluding grants) was estimated at 10.2 percent of GDP (Le 1.290 trillion) in 2011, compared to 10.5 percent of GDP (Le 1.066 trillion) in 2010 (**Table** 5). Including grants, the overall budget deficit is estimated at Le 581.2 billion (4.6 percent of GDP) in 2011, compared to Le 522.2 billion (5.1 percent of GDP) in 2010. The basic primary budget deficit, which is the overall deficit net of interest payments and foreign financed capital expenditures, was estimated at Le 227.8 billion (1.8 percent of GDP) in 2011 compared to Le 474.8 billion (4.7 percent of GDP) in 2010. On a cash basis, the overall deficit including grants, which is also the total

financing requirement, was Le 549.6 billion (4.3 percent of GDP) in 2011, compared to Le 637.2 billion (6.3 percent of GDP) in 2010. The overrun in recurrent and capital expenditure, which outstripped domestic revenues and external programme grants, accounted for the higher budget deficit in 2011 compared to 2010.

During the first half of 2012, the overall budget deficit including grants amounted to Le 255.1 billion (1.7 percent of GDP). Excluding grants, the budget deficit reached Le 498.4 billion or 3.4 percent of GDP during the first half of this year. The basic primary deficit was Le 137.8 billion or 0.9 percent of GDP.

Table 5: Budget deficit figures, 2010-June 2011

In millions of Leones	Actual 2010	Budget 2011	Revised budget 2011	Actual 2011	Actual June 2012
Overall deficit (including grants)	522,181	493,106	375,273	581,182	252,723
Overall deficit (excluding grants)	1,066,135	1,084,101	1,132,747	1,289,842	496,088
Basic primary balance	474,773	215,604	92,523	227,787	136,144

Unlike the situation in 2010 in which the budget deficit was largely funded by domestic borrowing, the 2011 budget deficit was largely funded by foreign borrowing in the form of project and programme loans amounting to Le 304.6 billion (2.4 percent of GDP). Domestic financing of the deficit amounted to Le 154.9 billion (1.2 percent of GDP) in 2011 compared to Le 446.2 billion (4.4 percent of GDP) in 2010. Of the total domestic financing, Government borrowing from the banking system was Le 66.6 billion (0.5 percent of GDP) in 2011, a decreased from Le 454.7 billion (4.5 percent of GDP) in 2010. Government borrowing from the Bank of Sierra Leone amounted to only Le 9.9 billion (0.1 percent of GDP) in 2011 compared to Le 391.6 billion (3.9 percent of GDP) in 2010.

Total financing requirements for the first half of 2012 was Le 330.0 billion or 2.2 percent of GDP financed by both foreign and domestic sources including project and programme grants. Foreign financing was Le 188.7 billion or 1.3 percent of GDP while domestic financing amounted to Le 124.8 billion or 0.8 percent of GDP. Of the domestic financing, bank financing amounted to Le 68.3 billion or 0.5 percent of GDP. Financing from commercial banks amounted to Le 162.7 billion or 1.1 percent of GDP. Non-bank financing amounted to Le 56.5 billion or 0.4 percent of GDP.

As alluded to earlier, the Central Bank pursued a stringent monetary policy in 2011, a key reason for the decline in domestic deficit financing in 2011 to maintain price stability consistent with sustainable economic growth. Growth in monetary aggregates slowed down in 2011 as Governement borrowing from

both the Bank of Sierra Leone and the commercial banks decreased significantly.The Central Bank was effective in the implementation of the provisions of the Bank of Sierra Leone Act 2011 relating to the limit on Government borrowing from the Central Bank and other specific spending control measures to ensure a healthy macroeconimc environment while growth was not compromised. (for details on the monerary developmens during the period under review, please refer to the Bank of Sierra Leone Bulletin 2011 and the Economic Bulletin produced by the Ministry of Finance and Economic Development 2011/12) .

2.6 Balance of Trade and Foreign Reserves

Despite the significant increase in mineral and agricultural exports and re-exports, the trade deficit widened. The total imports far exceeded total exports due to the surge in the importation of machinery and capital equipment by the mining and construction companies. Total exports amounted to $349.7 million in 2011 (12 percent of GDP), an increase of 2.5 percent from the previous year. The increase came mainly from the expansion in *mineral exports*: non-industrial diamonds (17.8 percent), bauxite (25.6 percent), ilmenite (67.4 percent), and zircon (193.8 percent), in addition to the first export of iron ore in several decades (ibid). Performance was downward in the exported value of industrial diamonds, rutile, and gold. Minerals continued as the lead export earner, sharing 68.8 percent of total exports in 2011; the share of diamonds alone stood at 54 percent. Agricultural exports (including fish and shrimps) grew by 20.3 percent; the rest of the "other exports" performed badly, dropping by 62.9 percent. Far in excess of exports, the total value of imports amounted to $1.717 billion in 2011 (58.8 percent of GDP), a significantly large increase of 122.6 percent from the previous year's imports ($771 million). This can be explained by the expansion of mining and construction activities in the face of rising international prices especially of fuel and food.

The total gross foreign reserves of the country grew by 9.1 percent in 2011 at $377.0 million (12.9 percent of 2011 GDP) compared to 2010, which was 2.6 months of the year's imports. The 2.7 months' imports equivalence was a decline from the 2010's of 3.4 months, although total reserves increased. As

reported earlier, the fall in the months of import cover mainly came from the sharp increase in imports during 2011. The outlook for the first half of 2012 has been more encouraging, gross international reserves already amounted to US$ 382.7 million, equivalent to 3 months of imports cover over and above the 2011's performance in both estimates. Major inflows during the first half of 2012 were coming from mining companies, and external development assistance.

2.7 Public Debt

The stock of outstanding external debt at the end of 2011 stood at $868.5 million (29.9 percent of GDP)—an increase of 9.8 percent from 2010. Although the stock of debt was higher in 2011 than in 2010, the economy had grown relatively faster than the debt stock in 2011 since the share of debt in GDP for 2010 was 32.7 percent. Multilateral agencies continued to have the largest share of debt (61.7 percent), followed by commercial creditors (26.3 percent). While it had the least share (12 percent), the bilateral component grew the fasted. Projected to terminate by the end of 2012, assistance under the HIPC Initiative amounted to $5.6 million in 2011. Debt service slightly fell from $17.5 million in 2010[10] to $17.3 in 2012. External debt stood at US$911.59 million in June 2012, with the shares remaining similar for the three types of creditors at 61.9, 24.8 and 13.3 percent as in 2011 respectively. Owing to the large stock of HIPC debt that was anticipated for the end of 2012, the World Bank had launched a new support operation early in 2012 following the closure of the global debt buy-back facility in December 2011. It should be noted that completion of the multilateral HIPC debt relief and the commercial debt buy-back are two separate processes.

2.8 Challenges in Maintaining Macroeconomic Stability

The major challenge in maintaining macroeconomic stability during the period under review was the volatility in the international price of essential commodities especially rice and petroleum products. The increase in the prices of rice and fuel on the international market resulted in Government adopting a number of measures so as not to allow a full pass-through into domestic prices, thereby cushioning the effects on the population. These measures included the removal

[10] Debt service for 2010 was reported at 19.4 percent in the previous progress report of June 2010-2011.

of customs duty on rice and fuel, significant reduction of excise duty on petroleum products and the provision of subsidy to oil marketers. The above measures eroded a significant part of the revenue base of Government and placed a huge burden on the budget in the form of subsidy provision and Government purchase of fuel. Moreover, iron ore prices on the international market fell below what was anticipated. This resulted in less revenue collection than anticipated, thereby reducing fiscal space in executing the budget.

2.9 Medium-Term Macroeconomic Outlook

Economic growth is projected to be robust in the medium term supported mainly by the mining sector especially iron ore production and export. Non-mining GDP growth will also be strong averaging around 6 percent in the medium term driven mainly by expansion and commercialisation of agriculture as Government and Development Partners continue to provide needed support to the sector. Monetary policy objective will continue to be the maintenance of price stability. Inflation is expected to continue to moderate over the medium term and remain in single digit reflecting the easing of food inflation, continued tight monetary policy, stability in the exchange rate and implementation of prudent fiscal policy. Export performance will be stronger as iron ore export increases substantially while import growth will moderate following the sharp rise experienced in 2011. Domestic revenue will increase over the medium term (2012–2014) and average about 12.4 percent of GDP. Total expenditure and net lending will average around 18.6 percent over the same period. The Bank of Sierra Leone will continue to maintain a flexible exchange rate system. Interventions in the foreign exchange rate market will be limited to transactions aimed at smoothing fluctuations. It will remain attentive to challenges arising from the management of foreign currency denominated government revenue.

Chapter 3: Progress in Strategic Priorities By Sector

3.1 Energy

The government has stayed the course of increasing energy supplies in the country to fulfil the objectives set out in the Agenda for Change. Excluding private generation, the national electricity generation capacity was estimated at 90MW for 2011, exceeding the target of 78.26MW. The status for the first half of 2012 is not yet available. Electricity supply in Freetown rose from 60MW in 2010 to 76.5 MW in 2011, a sustained progress from the 5MW wattage in 2007. This was made possible by the commissioning of the 50MW Bumbuna Hydro Power Project, stepped up by the JICA funded 10MW plant at Kingtom Power Station, as well as the power plants installed in Eastern Freetown (Blackhall Road Power Station) with a capacity of 16.5MW.

The Bo/Kenema power station thermal plants have been rehabilitated, while preparations are ongoing to upgrade the Dodo Dam for the supply of 12 MW to expand power coverage in the two districts. As reported in the last progress reports, the government had started pursuing programmes to electrify all major provincial towns and cities through thermal and mini-hydro technologies. Makeni city is now considerably enjoying electricity supply, while works on the installation of thermal plants are at advanced stage in other locations including Lungi, Koidu/Sembehun, Port Loko/Lunsar, Moyamba, Kailahun, Bonthe, Pujehun, Kabala, and Kabia/Rokupr. Construction works have commenced on Mini-Hydro projects in Bankasoka, Charlotte and Makalie, while preparations are underway to commence such works in Yele and Moyamba. To specifically target the rural communities, the Government embarked on the development of solar photovoltaic electricity. Today, several homes in the rural communities are benefiting from solar home systems. The Government commissioned a Bare Foot Solar Engineers Training Centre at Konta Line Village in Port Loko District, the first ever in Africa to improve access to power and energy in rural communities.

Transmission and Distribution

While the country had suffered from inadequate power generation capacity for many years, the transmission and distribution of the available power generated had also been problematic. Thus, the improvement of T&D within the energy sector was another. In 2011, the World Bank supported efforts to scale up transport capacity of the T&D network from 30MW to 45MW in the Western Area, in addition to an IDB-funded project to strengthen and extend the medium and low voltage networks in the region. To reduce revenue losses due to electricity theft and default in the payment of electricity bills, pre-paid meters were introduced.

Challenges

A major challenge facing the government is the sustainability of the massive energy projects embarked upon in the light of the limited domestic revenue base of the country. The roads programme of the government, as discussed below, is one key competitor for the available resources that will constrain allocations to the energy sector. The immediate remedy is to scaling-up efforts in the mobilisation of local resources, as external sources are expected to reduce; ensuring probity in the use of public resources, and improving the overall governance landscape of the public sector. Most of the challenges reported in the last progress report still hold, including the lack of a national grid to facilitate rural electrification, provide security of supply and give access to imported energy supplies to meet our energy needs countrywide.

3.2 Transport

Road Network

The government has continued to implement its long term strategic vision of improving the quantity and quality of Sierra Leone's infrastructure to stimulate the economy, attract investments, and improve the standard of living of the people. The list below shows the bituminous, all weather trunk roads completed since the beginning of the implementation of the Agenda for Change to date:

- ✓ Reconstruction of Bo-Masiaka Road

- ✓ Reconstruction of Freetown – Conakry Road
- ✓ Construction of the Freetown Ring Roads—Wilkinson Road
- ✓ Construction of 12 Street Access Roads in Freetown
- ✓ Rehabilitation of 7 Street Access Roads in Makeni City
- ✓ Rehabilitation of 6 Street Access Roads in Bo City
- ✓ Rehabilitation of 4 Street Access Roads in Kenema City
- ✓ Rehabilitation of 4 Street Access Roads in Magburaka Town

The list of those being constructed or rehabilitated is shown as follows:

- ✓ Construction of 8 Street Access Roads in Freetown
- ✓ Reconstruction of 13.82 Km roads in Port Loko, Kambia and Lunsar Townships Reconstruction of23 Km roads in Moyamba, Pujehun, Mattru Jong and Bonthe Townships
- ✓ Reconstruction of 30.89 Km roads in Kono, Kailahun and Kabala Townships
- ✓ Construction of the Freetown Ring Roads—Hillside Bypass Road, Hill Cot Road, Spur Road, Spur Road, Regent-Grafton Road
- ✓ Construction of the Tokeh – Lumley Road
- ✓ Reconstruction of Kenema – Koindu Road
- ✓ Rehabilitation of the Lungi – Port Loko Road

Roads for which studies have commenced, contractors identified or contracts signed are listed as follows:

- ✓ Reconstruction of Freetown – Monrovia Road
- ✓ Bo– Bandajuma – MRU Bridge
- ✓ Reconstruction of the Matotoka – Koidu Road
- ✓ Reconstruction of the Makeni – Kabala Road
- ✓ Widening of seven bridges on the Masiaka – Bo Road
- ✓ Reconstruction of Lumley Beach Road and Rue De La Paix
- ✓ Reconstruction of Makeni – Kamakwie – Fintonia Road
- ✓ Bandajuma – Pujehun Road
- ✓ Taiama – Njala University Road
- ✓ Mange – Mambolo Road
- ✓ Barmoi Luma – Rokupr Roads
- ✓ Reconstruction of Magbele, Mabang, Kpangbama Bridges
- ✓ Moyamba – Moyamba Junction Road

- ✓ Freetown coastal roads (inner ring and outer ring)
- ✓ Grafton Cline Town Road

The government has also continued its feeder roads programme with assistance from development partners, including the World Bank, African Development Bank, the Islamic Development Bank, the International Fund for Agricultural Development, the European Union, and the German kfW [11]. Efforts in this sub-sector are expected to improve the linkage between the remote areas and the urban centres.

Air and Sea Transportation

The government has done a major rehabilitation and upgrading to the country's only International Airport at Lungi, Freetown. This has enhanced the overall infrastructural outlook and operations of the Airport. Works completed include: overlaying and widening of the runway; improving the water supply system and electricity supply; and enhancing the security system.

A challenge to the utilisation of the full development potential of the Lungi Airport has been the poor connectivity between the facility and the City of Freetown. The African Development Bank has played a significant role in addressing this concern and has supported discussions on the consideration of different options over the construction of a bridge to increase the connectivity and ease the flow of traffic between Lungi and Freetown.

With regard to the development of water transport, the government has been keen on modernising and ensuring a well functioning seaport. A concession was granted to a French Company for the management of the container terminal, with the objective of transforming the country into a transhipment hub in West Africa. Supported under the World Bank financed Infrastructural Development Project, the modernisation of the port is expected to yield high revenues to the

[11] For details on the various types of feeder road projects, refer to the 2009 Annual Progress Report on the Agenda for Change—PRSP II obtainable from the Ministry of Finance and Economic Development, or view the website www.mofed.gov.sl on the page of Central Planning Monitoring and Evaluation; also refer to the various quarterly M&E reports for 2009 & 2010 on the same page on feeder road works.

state and re-brand the country as an investment destination within the sub-region. The government through the Maritime Administration constructed several jetties across the country in the following locations:

- ✓ Gbondapi, in Pejehun District in the South;
- ✓ Gbangbatoke in Moyamba District in the South;
- ✓ Yargoi in Bonthe District in the South;
- ✓ Port Loko in Port Loko District in the North;
- ✓ Rokupr, Kassiri, Kychon and Mambolo in Kambia District in the North.

In summary, the government's infrastructural programme has been well distributed across the country and this is expected to give rise to a balanced growth and development, and sustainable poverty reduction. Many settlements are expected to benefit from these developments, both in coastal and non-coastal location. The multiplying effect from these interventions are imminent, assuming that there will be effective maintenance plan to improve the durability of the structures.

Lessons and Challenges

- ✓ It is important that the Government has played a significant role in financing infrastructural project for sustainability purposes;
- ✓ The procurement processes have been well defined in the selection of contractors and this has yield expected results in most cases;
- ✓ A clearly defined maintenance policy is essential for a very good road asset;
- ✓ There has been technology transfer from foreign contractors to the indigenous Sierra Leoneans on all major road projects;
- ✓ One of the challenges is the inadequacy of the Road Fund and the difficulties in its collection and disbursement;
- ✓ Overlapping of laws among key stakeholders in the road industry is another;
- ✓ Limited number of qualified contractors at the initial stage and thus some contractors were seemingly overloaded with several contracts.

Moving Forward

The list below presents plans for the roads sector intended for implementation within the Agenda for Prosperity—the third generation poverty reduction strategy (2013-2017).

- ✓ Connecting Freetown with the neighbouring capital cities with tar marked roads within the framework of the Mano River Union/ECOWAS Roads;
- ✓ Connecting the capital Freetown with all provincial and district headquarter towns with tar marked road;
- ✓ Construction of a national ring road
- ✓ Mobilising resources for the Road Maintenance Fund
- ✓ Construction of Weigh Bridges to ensure that axle load control is enhanced
- ✓ Encouraging the development of toll roads

Road that are on the plan for construction or reconstruction during 2013-2017:

- ✓ Reconstruction of Kailahun – Koindu – Guinea Border Road
- ✓ Construction of Kabala – Guinea Border Road
- ✓ Construction of Sefadu – Guinea Border Road
- ✓ Reconstruction of Bandajuma – Pujehun Road
- ✓ Reconstruction of Kenema – Joru – Zimmi Road
- ✓ Reconstruction of Taiama – Njala University Road
- ✓ Reconstruction of Rokupr Spur
- ✓ Rehabilitation of Mange – Mambolo Road
- ✓ Reconstruction of Makeni – Kamakwie Road
- ✓ Rehabilitation of Blama Loop
- ✓ Rehabilitation of Mile 91 – Yonibana Loop
- ✓ Reconstruction of Bo – Yele - Matotoka Road
- ✓ Reconstruction of Mile 91 – Robol Junction Road
- ✓ Reconstruction of Bo – Mattru Road
- ✓ Reconstruction of Njala – Sembehun Junction Road

3.3 Agriculture

Agriculture has remained a key priority of the government with the objectives of increasing agricultural productivity; promoting commercial agriculture through private sector participation; improving agricultural research and extension delivery systems; and promoting efficient sector resource management. Progress on the implementation of sector programmes is discussed as follows.

Rice and Other Food Crop Production

The level of domestic rice productivity has had serious socio-economic implication, rice being the staple grain of the country with no close substitute. The crop is crucial to both poverty reduction and maintaining macroeconomic stability in relation. Its production has nearly doubled since the end of the previous PRSP, increasing from 588 metric tons in 2007 to 1,078 metric tons in 2011; the milled equivalent has also trended upwards (**Figure 3**). But it is estimated on average that the domestic price of rice has been increasing less than inflation since 2007, and while domestic production has been increasing, the proportion of rice imports as a percentage of total rice consumption (at 35%) is still high. This has the effect of discouraging local production. The cost of imported rice has been lower and there are continued constraints bordering the supply and distribution of domestic rice. Labour costs remain high for small scale rice processing and bottlenecks such as poor road conditions and lack of access to transport hamper access to markets. This makes it costly to market small quantities of domestic rice, thus the imported rice is still cheaper than domestically produced rice (see **Figure** 4).

Figure 3: Domestic rice production (in thousands of metric tonnes), 2007 &2011

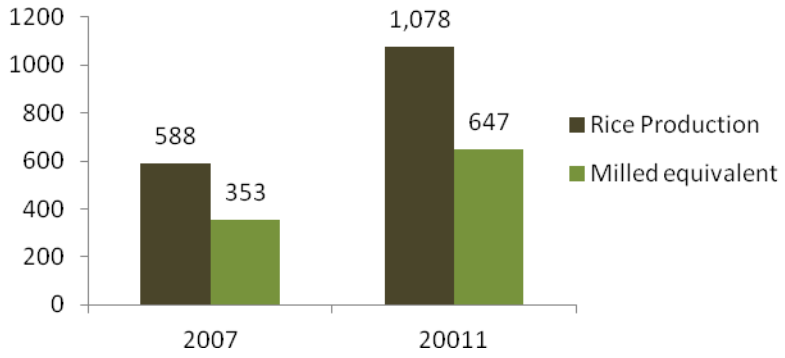
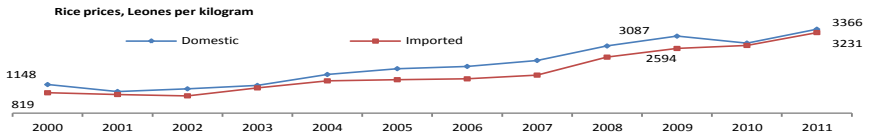


Figure 4 : Rice prices – Domestic and Imported, 2000-2011



The growth in the production of other food crops is also crucial to meeting food security and fighting poverty. Although some had marginally declined in output from 2010 to 2011, there was an increase in all levels of production of cassava, maize, sweet potato and groundnut from 2007 to 2011, as there was for rice (**Table 6**); the performance of sweet potato has not be as encouraging as others, perhaps due to low demand and market constraints.

Table 6: Food Crop Production

	Baseline 2007 Mt	2008 Mt	2009 Mt	2010 Mt	2011 Mt	% Change (2007-2011)
Rice	588,004	680,097	888,417	1,026,671	1,078,005	83
Cassava	1,893,865	1,988,561	2,814,576	3,250,044	3,412,545	80
Maize	22,848	23,533	44,461	51,388	53,597	135
Sweet	110,172	113,478	176,969	206,189	115,581	5
Groundnut	57,448	59,172	70,049	81,457	85,530	49
Total	**2,672,337**	**2,864,841**	**3,994,472**	**4,615,749**	**4,745,258**	**78**

Cash crop performance

The production of all three export crops, cocoa, coffee and oil palm increased from 2010 to 2011 as shown in **Table 7**; they maintained an upward trend during period 2007-2011. Cocoa registered the highest percentage change, mainly due to the efforts by government and partners to support under-brushing and value addition which made cocoa attractive and fetching good prices for

producers. Export of the traditional cash crops, cocoa and coffee, have been trending upwards (**Figures 5&6**), but despite this growth, the performance has remained low by international standards; there is significantly more potential in this sub-sector, as only 25 percent of total cocoa production and 6 percent of coffee production is recorded in terms of exports.

Table 7: Trends in Cash Crops

	Baseline 2007 Mt	2008 Mt	2009 Mt	2010 Mt	2011 Mt	% Change (2007-2011)
Cocoa Production	35,523	40,851	93,083	107,899	112,454	217
Coffee Production	88,441	101,709	116,852	134,693	141,428	60
Oil Palm Production	1,627,991	1,822,099	2,928,794	3,382,633	3,551,675	118
Total	**1,751,955**	**1,964,659**	**3,138,729**	**3,625,225**	**3,805,557**	**231**

Figure 5: Cocoa Exports (Mt)

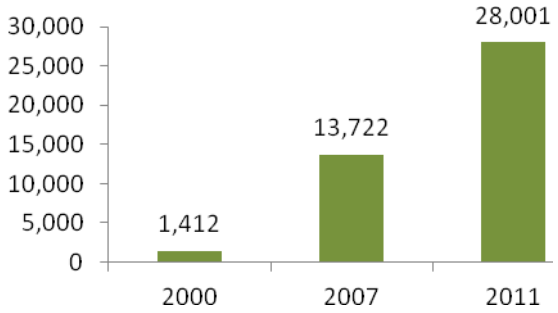
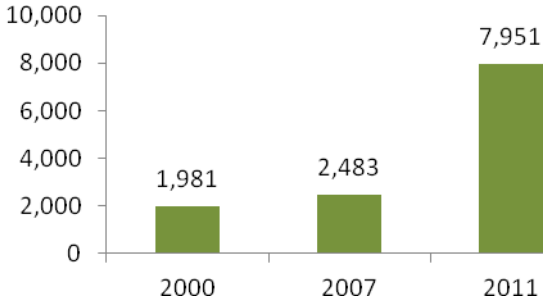


Figure 6: Coffee Exports (Mt)



Revenue from Agricultural Export Including Fish

Revenue from cocoa, coffee and fish export increased from 2010 to 2011 as shown in **Table 8**. For the period 2007-2011, the total revenue is estimated to have increased by 396% from all three sources. Cocoa registered the highest percentage change during this period, mainly due to the efforts by government and partners to support under-brushing and value addition which made cocoa attractive and fetching good prices for producers as aforementioned. Fish products are the second highest because increased processing fish.

Table 8: Trend Agricultural Export Revenue

	Baseline 2007 (Mn' Le)	2008 (Mn' Le)	2009 (Mn' Le)	2010 (Mn' Le)	2011 (Mn' Le)	% Change (2007-2011)
Coffee Exports	5,539	4,419	42,727	7,863	8,695	57
Cocoa Exports	33,926	44,807	66,385	145,657	190,188	461
Fish Products Exports	1,325	6,128	52,627	591	3,269	147
Total Agric Exports	**40,790**	**55,354**	**161,739**	**154,111**	**202,152**	**396**

Livestock and Nutritional Needs

Production of livestock has also be encouraging as **Table** 9 shows, cattle, sheep, goats, chicken and others increasing in output from 2010 to 2011, and all showing upward trend for the entire period 2007-2011. However, problems still remain in this sub-sector in terms of veterinary supplies and services, and marketing outlets which are inadequate to meet the needs of both large scale holders and smallholder farmers. Under the definition of the IMF and World Bank, Sierra Leone is no longer classified as a fragile state, although important fragilities remain. The majority of the population currently has a low level of protein in their diet. Using household food consumption as a proxy indicator of the current food security situation in Sierra Leone based on the Food Security and Vulnerability Assessment conducted in 2010 with WFP support, approximately 45 percent of the population is food insecure. Among them about 6.5 percent were severely insecure and 38.5 percent were moderately food insecure[12]. Based on a nutritional survey conducted by UNICEF in 2010, 34.1 percent of children were stunted, with 9.5 percent suffering from severe stunting; 18.7 percent were underweight, and 4.3 percent severely underweight; while over 5 percent were wasting[13].

[12] World Food Programme (2010) 'Sierra Leone Comprehensive Food Security and Vulnerability Analysis (CFSVA) 2010', p. 9.
[13] IBID. p. 3.

Table 9: Trends in Livestock Production

	Baseline 2007 Number	2008 Number	2009 Number	2010 Number	2011 Number	% Change (2007-2011)
Cattle	325,532	390,638	470,000	517,000	542,870	67
Sheep	392,000	470,400	620,000	682,000	716,100	83
Goats	458,458	550,162	730,000	830,000	843,250	84
Chicken	5,202,293	6,502,867	8,600,000	9,460,000	9,933,000	91
Ducks	486,374	607,967	729,560	802,516	842,462	73
Rabbits	7,391	9,239	11,087	12,196	12,806	73
Pigs	28,706	35,882	43,058	47,364	49,732	73

Institutional and Infrastructural Support to Agriculture

The government remains relentless to ensuring that agriculture play its expected role in the socio-economic development of the country. Huge potential still exists in agriculture—a large amount of arable land (66 percent) is untapped and agriculture-derived GDP per capita remains low; crop production is still primarily in the hands of smallholders with poor practices. Thus, the government is vigorously implementing the National Sustainability Agricultural Programme (NSAP), prioritising the Smallholder Commercialisation Component of the NSAP amongst others. The Ministry of Agriculture, Forestry and Food Security (MAFFS) has been collaborating with Non-governmental Organisations (NGOs) to support the rehabilitation and new planting of cacao, coffee, cashew and other tree crops. Private organisations have worked with tree crop farmers, especially those in cocoa production, on organic farming and fair trade certification which has increased the volume of export earnings from cocoa exports. There has been increased participation of private investors in the sector; large investors have focused on oil palm, sugar cane, rubber and fruit investment. These investments are expected to gain more currency during the successor PRSP phase (2013-17)—the Agenda for Prosperity. To date, the total capital investment in the sector is estimated at $400m since 2007.

Farmer-Based Organisations (FBOs) and Agricultural Business Centres (ABCs) are being established countrywide. Already, about 490 FBOs and consequently 180 ABCs have been established nationwide. The rehabilitation of 907km feeder

roads was targeted to 96 ABCs to improve their connectivity with production centres and markets, expected to increase to 1,060km by the end of 2012. A total of 36 Financial Services Associations (FSAs) and 7 new Community Banks (CBs) were established in the last three years; an additional 15 FSAs and 13 CBs are expected to be established by the end of the year. About 2,800 hectares of inland valley swamps have been rehabilitated, while 800 more hectares are going through rehabilitation to boost the local production of the staple grain, rice. Cumulatively, since the implementation of the current PRSP started in 2008/09, the Government has distributed to farmers 265 tractors, 410 power tillers, 244 rice threshers, 42 rice reapers, 119 medium rice mills, 235 mini rice mills, 123 de-stoners, 28 giant rice mills and 263 cassava graters. Strategies have been formulated to increase national food and nutrition security, while efforts have also been made to increase agricultural related health services, including the complete rehabilitation and re-operationalisation of the Teko Central Veterinary Laboratory.

Lessons and Challenges

Encouraging private sector participation was critical to securing the requisite investment funds for agricultural development. Having decentralised system was also crucial to ensuring the effective implementation of agricultural strategies. Above all was the sustained commitment from the government towards agriculture which encouraged the participation of non-governmental and donor organisations in the implementation process. However, huge challenges remain:

- ✓ Despite the expected increase in value addition, there are still significant value chain bottlenecks that inhibit growth in the agricultural sector. The lack of cold chain infrastructure leads to poor quality produce and high post-harvest waste. A lack of a consistent power and water supply makes investing risky and costly.
- ✓ There are no clear-cut land development plans; as a result there have been occasional conflicts between communities and large-scale land investors, thereby increasing the risk faced by the latter.
- ✓ The management of large private investments in the agricultural sector is yet fragmented and *ad hoc*. No framework yet to adequately monitor

investments in the sector. *A step towards addressing this problem is the development of a private investment management strategy coordinated by MAFFS, expected to involve both the central and local governments in the management of private investment in the sector.*

- ✓ Strategic planning is currently weak or absent at the district level and there are limited strategic linkages between national and district institutions. Coordination structures at district level are not clearly defined. *A key step to addressing this problem is the implementation of an Ausaid supported Strategic Planning and Analysis Team project, with technical assistance from the FAO to ensure the successful implementation of Smallholder Commercialisation Programme in all districts.*
- ✓ The traditional role of the Planning, Evaluation, Monitoring and Statistics Division (PEMSD) in MAFFS has not been recognised. There is currently no process that ensures that policies and projects pass through PEMSD for robust analysis, and there is little capacity within MAFFS to carry out robust economic analysis on policies and projects.
- ✓ Agricultural business financing is limited as there is no specific institution established to support agricultural enterprises.

Moving Forward

In the next successor PRSP, starting from 2013, the government intends to pursue the following objectives in the agricultural sector:

- ✓ Increasing staple food crop production levels such that production exceeds domestic demand;
- ✓ Increasing the commercialisation of cassava production;
- ✓ Tailoring agricultural strategies to better target the needs of food insecure people; specific nutritional implementation strategies include:
    - Promotion of production and consumption of diversified food;
    - Linking nutrition education to agriculture;

- Promoting research on nutritious foods and appropriate technologies and disseminating results through agriculture extension services;
- Helping establish nutrition-friendly school gardens in primary and secondary schools to promote demand for diversified nutritious foods, including poultry and small ruminants.

✓ Improving the output of the livestock sub-sector

✓ Producing high quality cocoa and coffee products for export (50,000 and 20,000 tonnes per year respectively, by end 2017), and to diversify the export base to include oil palm, rubber, cashew, kolanut, sugar cane, rice, cassava and ginger.

✓ Having efficient infrastructure that enables commercialisation of agricultural output, and to improve the capability of Government institutions to better plan, coordinate, and evaluate its agricultural policies.

3.4 Education

School Enrolment

Significant strides have been made in the educational system, but the government continues to be challenged by the goal of achieving Universal Primary Education by 2015. About 20 percent of children of primary school age are still out of school. Sensitization of parents on the need and benefit of educational investment was stepped-up, combining the efforts of the Ministry of Education, Science and Technology, the Local Councils and development partners. Yet, participation in school by children has not been up to the desire level. Gross primary school enrolment declined from 1,324,968 in 2007/08 to 1,194,503 in 2010/11. This could partly be explained by a possible reduction in the participation of pupils out of primary school going age, and partly by an increase in the dropout rate during the course of primary schooling. Gross junior secondary school (JSS) enrolment has only increased by 25 percent during the last four years, from 195,215 in 2007/08 to 244,489 in 2010/11 respectively, a 6 percent annual increase during the period. Insufficient provision of JSS school

structures may have significantly restricted children to participate beyond primary level, especially those in remote areas. The 2010/2011 school census report reveals that there are currently 5,931 primary schools, 888 junior secondary schools, and 208 senior secondary schools. Whilst access is relatively good at the primary level, it is unsatisfactory at both the junior secondary and senior secondary levels; the same is true for pre-primary. Enrolment at the primary level is far greater than enrolment at the other levels combined (**Table 10**). In 2010/2011, about 75 percent of all enrolment at school level is due to enrolment at the primary level. The pre-primary, junior and senior secondary accounted for 2, 15 and 7 percent respectively of school level enrolment[14]. More JSS schools are needed, and there is need to ensure a fair spatial distribution of these schools to reduce the gap between the primary and JSS enrolment. The number of children at JSS is currently less than 25% of those at primary level; many children of JSS school age are reportedly out of school. This level of education should be prioritized so that compulsory basic education as stipulated in the 2004 Education Act will be enforced.

Table 10: School Enrolment—School Census 2010/2010

	Pre-Primary			Primary			Junior Secondary			Senior Secondary		
	Male	**Female**	**Both**	**Male**	**Female**	**Both**	**Male**	**Female**	**Both**	**Male**	**Female**	**Both**
East	3,239	3,380	6,619	135,479	134,342	269,821	28,076	22,057	50,133	11,841	5,523	17,364
North	2,769	3,054	5,823	222,581	200,567	423,148	42,764	31,207	73,971	16,472	7,569	24,041
South	3,044	2,963	6,007	150,986	144,795	295,781	25,909	20,283	46,192	13,804	7,883	21,687
West	9,195	9,707	18,902	102,558	103,195	205,753	37,347	36,846	74,193	25,166	19,985	45,151
National	**18,247**	**19,104**	**37,351**	**611,604**	**582,899**	**1,194,503**	**134,096**	**110,393**	**244,489**	**67,283**	**40,960**	**108,243**
Girl/Boy Ratio		**1.05**			**0.95**			**0.82**			**0.61**	
% at level	**2%**	**3%**	**2%**	**74%**	**77%**	**75%**	**16%**	**15%**	**15%**	**8%**	**5%**	**7%**

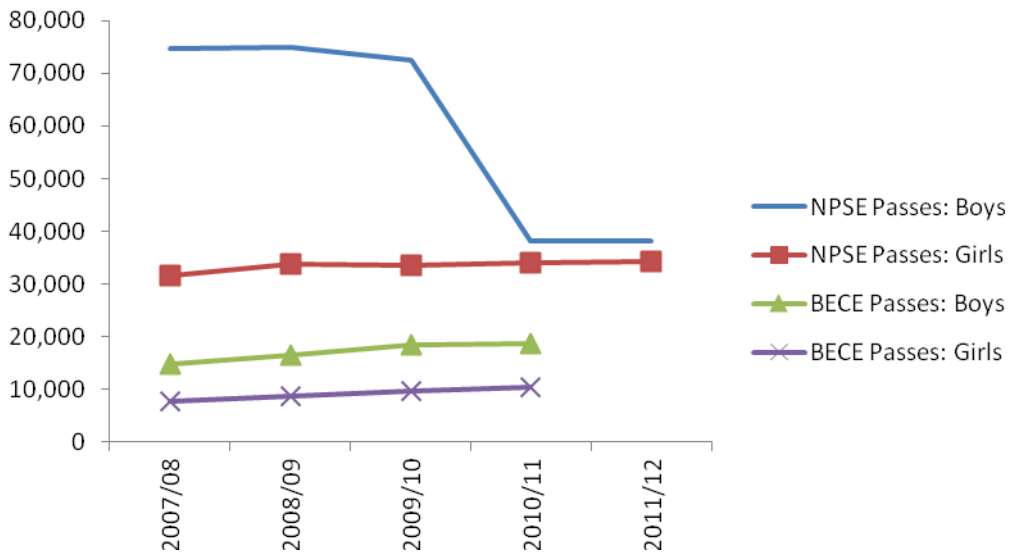
Examination Passes

Trends in examination passes at both the National Primary School Examination (NPSE) and the Basic Education Certificate Examination (BECE) have not be encouraging on average since 2007/08 as shown in **Figure 7,** passes by the

[14] See Report of the School Census 2010/11 conducted by the Ministry of Science and Technology.

boys showing a declining trend at the NPSE. This could be explained by a number of factors—socio-economic, political, and so on—including the inadequate supply of qualified teachers.

Figure 7: Trends in Examination Passes, 2007-2012



The Gender Dimension

As depicted above, much progress has been made in the achievement of gender parity at the primary level, as the ratio of boys to girls is almost 1:1; in fact, there were more girl pupils than boys at pre-primary level according to the 2010/2011 school census. During the first PRSP (2005 -2007), the enrolment figures for primary education for the 2006/2007 school year were 693,730 boys and 628,508 girls—a disparity of 65,222 (or 10 percent) in favour of boys. By 2010/11 in the Agenda for Change—current PRSP—this had significantly dropped, at boys and girls enrolment figures of 611,604 and 582,899 respectively—parity of 28,705 (or 5 percent). But this is not as pleasing since the enrolment of both the boys and girls dropped from 2006/07 to 2010/11, although there may have been a reduction of enrolment of out-of-school age children who were highly reported in the immediately post-conflict period.

Institutional Support to Education

- The government has continued to consider the expansion of the School Feeding Programme to encourage participation children in school and increasing their cognitive and intellectual ability. Not much has been done in the Agenda for Change compared to the first PRSP in this area.
- However, de-worming of primary school children has effective, combining the efforts of the Ministry of Education Science and Technology (MEST) and the Ministry of Health and Sanitation (MOHS). The number of children that received the de-worming tablets rose from over 600,000 in 2011 to 1.2 million in 2012 covering all the 149 chiefdoms and 13 districts in the country, compared to national coverage of six districts in the first PRSP. The scale-up is expected to improve the nutritional status of school children.
- In-service training for teachers continues to receive the attention of government with hundreds of teachers in the primary sub-sector receiving in-service training. A few secondary school teachers also benefited from in-service training.
- The Ministry of Education with support from JICA conducted a survey to ascertain the status of the quality of teaching Mathematics and Science at the Junior Secondary School level. The report has been published and will help in planning appropriate strategies to promote Math and Science Education.
- School Management Committees in primary schools have similar functions as Board of Governors in secondary schools. To improve efficiency and effectiveness primary school management, The Ministry of education trained 700 SMCs.
- The government continued to pay examinations fees at primary, JSS and SSS levels.
- A new national policy on Teacher Training and Development was developed, and a Teaching Service Commission to efficiently manage the manpower needs of the educational sector established.

Lessons and Challenges

A key lesson derived is that, increasing primary level enrolment is critical but insufficient for meeting the educational needs of the population to walk out of poverty. There is need for a matching plan at the JSS and higher education level to absorb graduates from the primary level. The decentralised system of national government has been key in the delivery of services. Government commitment is a strong catalyst for partner investment in education, and strengthening capacities across all levels of the educational system from schools to colleges is always critical.

Some of the remaining challenges are:

- ✓ Poor staffing and capacity in some District Education Offices;
- ✓ Lack of junior secondary schools in some localities;
- ✓ Lack of qualified teachers in remote areas;
- ✓ Only a few schools have accommodation facilities for teachers.

Moving forward

There are high expectations that the educational situation of the country would be improved drastically in the coming years as we enter into a successor poverty reduction strategy programme starting from 2013. The need to have education atop the national agenda was clearly expressed at the Sierra Leone Development and Transformation Conference concluded early this year, resulting to the articulation of Vision 2035. Some of the next steps are as follows:

- ✓ Establishing more JSS in Chiefdoms;
- ✓ Classrooms and other structures constructed to meet demands of the 2010 White Paper on Education to implement the Gbamanja Commission Report on the poor performance of pupils in school;
- ✓ Phasing-out of the school shift system to increase the contact hours, as part of the recommendations of the White Paper;
- ✓ Higher Education loan scheme established;
- ✓ Curriculum reformed and more relevant at all levels;
- ✓ Established learning assessment framework;
- ✓ National Examinations revisited and modified together with reporting of scores;

- ✓ More well trained teachers / lecturers in the system;
- ✓ Pupil Teacher contact time increased;
- ✓ Teachers regularly appraised;
- ✓ Education Media and Broadcasting Unit established;

3.5 Health Care

Attention in the health sector continued to be focused on the provision of Integrated Reproductive and Child Health Services, Nutrition, Malaria Control, STI's/HIV/AIDs and Tuberculosis, Non-Communicable Diseases and Mental Health, Water and Sanitation and Hygiene Promotion, Provision of Infrastructure for Primary and Tertiary institution, Human Resources, Health Financing and Development of Management systems. Progress on key performance indicators for 2011 is reported in the **Table 11** below compared to update in the previous reports. Out of 10 indicators reported for 2011, target was met on six: antenatal coverage; HIV-infected pregnant women receiving a complete course of antiretroviral prophylaxis (more details on HIV/AIDS below); proportion of children receiving Penta-3 before 12 months of age; prevalence of underweight among children 6-59 months; proportion of children under five years of age who slept the previous night under an insecticide treated net; and proportion of households with access to improved sanitation. The remaining four were only marginally unmet as the table shows. This implies on the whole, that tremendous achievement was made in the delivery of health services during 2011.

Table 11: Progress Update

Priority Indicators	Baseline (Year)	2011 Target	Status 2011	Comments
Proportion of deliveries taking place in health facilities	17.8 (2008)	55%	54.00% (HMIS 2012)	Even though target was not met, improvement is encouraging
Increasing ANC coverage from 74.3% to 85%	74.3% (2008)	85%	98.8% (HMIS 2012)	Target met
Proportion of deliveries attended by skilled birth attendance	42% (2008)	55%	47.2% (HMIS 2012)	Reported target includes only public facilities
Contraceptive use (CPR)	8%	12%	11%	Although still low, the use of contraceptives has increased

Priority Indicators	Baseline (Year)	2011 Target	Status 2011	Comments
HIV-infected pregnant women receiving a complete course of antiretroviral prophylaxis for PMTCT	642	1,000	1,221 (HMIS 2012)	Target met.
Percentage of children receiving Penta-3 before 12 months of age	54.6% (2008)	70%	83.80% (HMIS 2012)	The number of children going to facilities for Penta-3 increased by one-fifth
Prevalence of underweight among children 6-59 months	6.5% (2008)	4%	6.9% (Smart Survey 2010)	Target unmet. A key priority in A4P
Percentage of children under five years of age who slept the previous night under an insecticide treated net	38.3% (2008)	70%	73% (MIS 2011)	47.0% increase in use of LLITNs represents a very much improved progress.
Percentage of households with access to improved sanitation	5%	25%	40% (MICS 2010)	Sanitation has markedly improved
% of population with access to safe drinking water	50%	60%	57%	Unmet. Safe drinking water will be a key priority in A4P

At the impact level, the Demographic and Health Survey (DHS) 2008 indicates a respective decrease in infant and under-five mortality rates at 89 and 140 deaths compared to 170 and 286 deaths per 1000 live births according to the 2005 estimates. The DHS also indicate a decrease in maternal mortality rate at 857 deaths compared to 1800 deaths per 100,000 live births in 2005[15]. While this has shown an improvement in healthcare, the ratios as reported in the DHS still remain some of the worst in the world and sub-Saharan Africa as **Figures 8&9** show[16]. However, in the light of the numerous health interventions current pursued, it is highly hoped that the next round of the health sector survey will show a better picture at the impact level, as relayed by the intermediate indicators presented in **Table** 11 for 2011. There has been a renewed government's commitment to increasing the support provided to the health sector. A case in point is the Free Health Care Policy and others highlighted in the next section.

[15] The 2005 estimates for infant, under-five and maternal mortality rates were derived from the Multiple Indicator Cluster Survey of 2005 (MIC3).
[16] Figures coming out of MIC5 (2010) in fact indicate worst ratios for infant and under-five deaths in Sierra Leone at 128 and 217 deaths respectively compared to DHS (2008).

Figure 8: Infant Mortality Rate of Sierra Leone (DHS2008) compared regional and global average

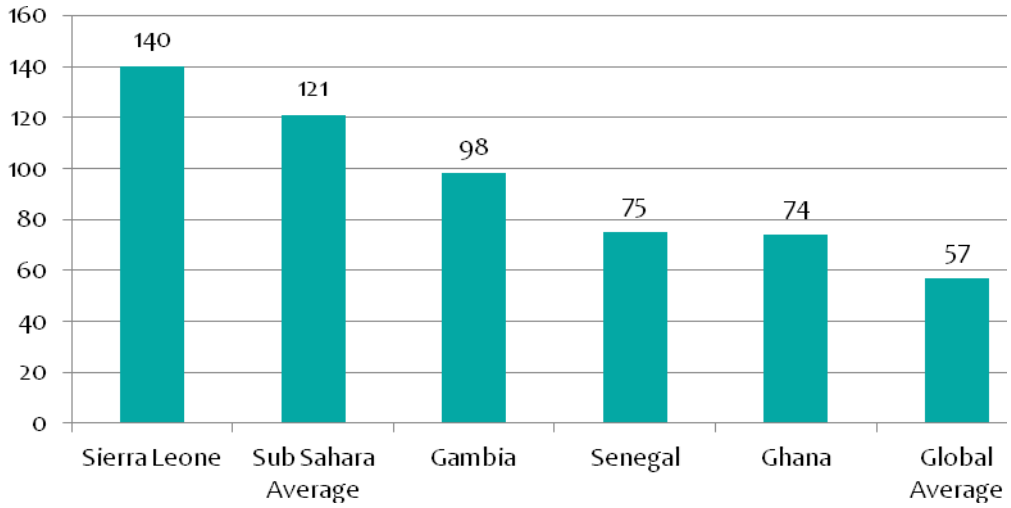
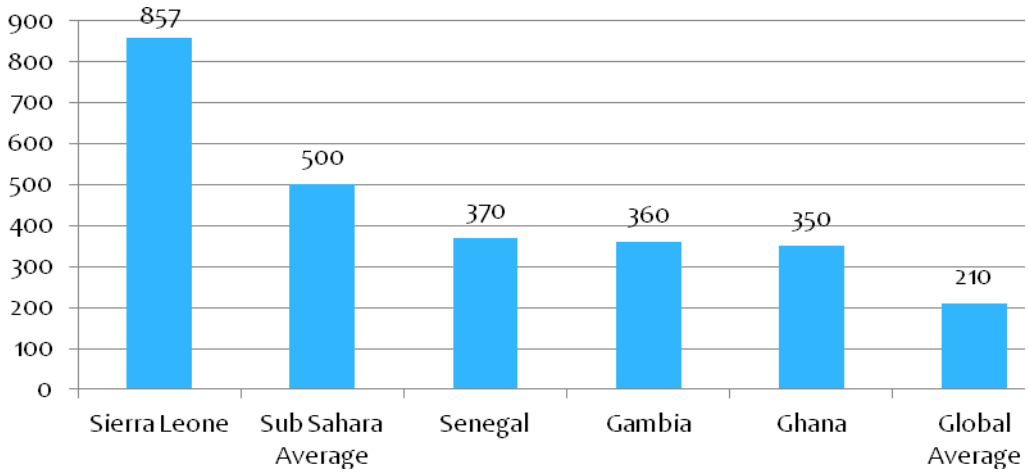


Figure 9: Maternal Mortality Rate of Sierra Leone (DHS2008) compared Regional and Global Average



On the Free Healthcare and Other Milestones

The implementation of the Free Health Care Policy has resulted to more than 250 percent increase in the number of under-five outpatient consultations compared to the period before the launch of the policy in April 2010. Between April 2010 and March 2011, there were two million new under-five consultations at different centres; over 39,000 more women delivered babies at health facilities; 12,000 maternal complications were managed at health facilities far more than ever before, leading to a decline in associated fatality cases by 60

percent; and admissions at the main maternity hospital—The PCMH—in the country increased from 800 to 12000 between April 2010 and April 2012.

The government massively scaled up procurement and distribution of healthcare supplies, trending from US$9m worth of supplies in 2008, to US$16m and US$19m in 2010 and 2011 respectively, a periodic increase of over 100 percent in four years. Storage facilities were increased during this period—13 District Medical Stores were constructed across the country in addition to a new Central Medical Store constructed in Freetown. It is estimated that, over 80 percent of essential drugs are now available at all times in health facilities; and an increase of over 60 percent attendance at hospital and peripheral health units has been recorded for pregnant women, lactating women and under-five children.

A total of 1,190 health facilities are currently functional compared to 843 in 2006/07. Maternity wards were built in Kabala, Kono, Bo and Kenema government hospitals to facilitate the operations of skilled personnel. And Basic Emergency Obstetric Care centres have been built in each of the 13 provincial districts.

Another key milestone is the completion of the regional referral hospital located in the northern regional city of Makeni in the Bombali District, and the rehabilitation of hospitals in Moyamba, Kono and Kabala, while several others are at various stages of completion. A school for the training of mid-wives is now fully functional in Makeni City.

Lessons and Challenges

In summary, it is expected at the impact level that, the country would drastic experience a reduction in infant, under-five and maternal mortality in the near future, with the sustainability of government's current strides. A key lesson learned (and it continues to remain a challenge) is that better coordination enhances health service delivery in terms of improvement of both effectiveness and efficiency; this was a serious institutional bottleneck encountered vertically and horizontal in respect of the role of the central government, the local government, and the non-governmental organizations including donors. The tremendous successes highlighted above are predicated on a strong commitment from the government during the implementation of the Agenda for

Change, a commitment that played a significant role in catalyzing the spirit of development partners to invest more in the health sector.

The other challenges include inadequate infrastructure for delivering quality health care; inadequate technical staff with the right skills; and irregular supply of drugs and other medical commodities.

Moving forward

- ✓ Rolling the Free Health Care Programme into the next PRSP—the Agenda for Prosperity (2013-2017);
- ✓ Development of the Human Resources, increasing drugs supply and improving its management;
- ✓ Addressing the infrastructural bottlenecks for quality health care delivery;
- ✓ More neonatal wards constructed across the countries;
- ✓ New health facilities constructed in hard-to-reach areas;
- ✓ National Pharmaceutical and Procurement unit established;
- ✓ Supply chain management system established at both national and district levels;
- ✓ Post-graduate training facility established for training of health specialists in Paediatrics, Gynaecology and Surgery;
- ✓ Web-based information system for service delivery, human resources and logistics management established; and
- ✓ National Health Insurance scheme established;

3.6 HIV/AIDS

Through the National HIV/AIDS Secretariat, the government has stayed focused on the fight against the HIV/AIDS pandemic. The objectives have remained to provide treatment, care and support, as well as, mitigate the socio-economic impact caused by the disease. Over the years, the National AIDS Secretariat (NAS) has intensified its activities towards the attainment of the goal of namely Universal Access, the UN General Assembly Special Session on HIV and AIDS (UNGASS) and the Millennium Development Goal 6. Sierra Leone has been exemplary in the response to HIV/AIDS, and it has been recognised globally. In

2010, Sierra Leone won the MDG Award in halting and beginning the reverse of HIV/AIDS. In 2012 Sierra Leone was selected with Zimbabwe to represent the African continent on the UNAIDS Programme Coordination Board for three years effective January 1, 2013.

Progress in the implementation of the HIV component of the Agenda for Change has been measured on four key indicators: (i) the number of PLHIVs who received ART in the last 12 months; (ii) the number of condoms distributed; (iii) the number of pregnant women receiving complete course of ARV prophylaxis; and (iv) the HIV/AIDS prevalence among antenatal clinic attendants. Progress during 2011 and first half of 2012 is summarized in **Table 12**, compared to progress in the previous years.

Table 12: Progress Trends in the fight against HIV/AIDS, 2009 - 2012

Outcome Indicator	Baseline Dec. 2009	YEARLY TARGETS AND PERFORMANCE					
		2010		2011		2012	
		Target 2010	Actual 2010	Target 2011	Actual 2011	Target 2012	Actual 2012 (Jun. 2012)
Number of PLHIVs who received ART in the last 12 months	6,592	8,242	5,978	8,688	8,115	9,823	8,064
Number of condoms distributed	7,000,000	9,000,000	8,973,640	12,898,846	13,718,864	18,518,864	16,797,526
Number of pregnant women receiving complete course of ARV prophylaxis	3,286	3,338	4,201	3,991	5,332	6,612	5,929
HIV/AIDS prevalence among antenatal clinic attendant	3.5%	3.0%	3.2%	3.0%	3.2%	3.0%	3.2%

The following has been noted in the fight against HIV/AIDS in Sierra Leone:

- ✓ The epidemic has stabilized around 1.5% with declining trends among pregnant women from 3.5% in 2009 to 3.2% in 2011;
- ✓ HIV prevalence is higher among specific groups such as sex workers, men having sex with men (MSM) and intravenous drug users (IDUs);
- ✓ There has been an increase in the coverage rate of ART prophylaxis for HIV positive women from 58% to 74%;
- ✓ ART coverage increased from 33% to 42% among eligible adults and children;

- ✓ There has been an increase in survival rate among PLHIV (83%);
- ✓ The percentage of Infants born to HIV-infected mothers has been on the decline and currently stands at 9%.
- ✓ The level of comprehensive knowledge of HIV/AIDS issues (Male 29.9%/Female 19.5%) and condom use (Male 24.1%/Female 13.5%) has increased among young people aged 15 - 24 years.

Lessons and Challenges

- ✓ The successes recorded in the implementation of the HIV/AIDS programmes drew heavily on an efficient and effective institutional arrangement and a strong political Commitment at the highest level. This highly contributed to the marshalling of support from development partners.
- ✓ The forging of partnerships in the process synergized the national response; responsibilities were shared within the multi-sectoral framework approach adopted by the government in responding to HIV/AIDS.
- ✓ The promotion of integrated programmes involving sensitization and advocacy on sexual reproductive health and rights , including HIV prevention has been critical for sustainability.
- ✓ The introduction of Free Healthcare Initiatives for pregnant, lactating and under-fives contributed to increased accessibility of PMTCT services.
- ✓ Decentralization of HIV implementation increased nationwide coverage.
- ✓ The involvement of people living with HIV/AIDS in programme implantation improved societal acceptance and recognition of people living with HIV/AIDS.
- ✓ A key challenge facing the government relates to the collection, management and utilization of information on HIV/AIDS related issues.
- ✓ Sustainability of the national response is a key challenge as 90% of the total financing of the national response comes from external sources mainly the Global Fund, KfW and UN partners.
- ✓ Limited male involvement in HIV prevention, care and support activities.
- ✓ Early sexual activity among the adolescents and young adults; the age of sexual debut among adolescents has been on the decrease.

3.7 Gender

The state has remained committed to the pursuit of gender equality within the national development frameworks. As before, progress has been made mainly in having the right institutional arrangement and environment to support programmes including capacity building as summarised below:

- ✓ Drafting of a Comprehensive Strategy/National Action Plan on Gender Based Violence in 2011 through stakeholder consultations across the country. The plan was reviewed and validated in May 2012. It is currently with the printers in readiness for official launch, dissemination and implementation.
- ✓ Cabinet approved the Sexual Offences Bill in 2011. This was strengthened early this year, with input from the Rules of Court Committee, Law Officers Department, Law Reform Commission and other stakeholders, and passed into law by Parliament in August 2012. The next steps will include the Presidential Assent and developing implementation plan for its full implementation.
- ✓ Reviewed and finalized the National Referral Protocol for victims/survivors of SGBV in 2011 and 2012.
- ✓ With support from UNWOMEN, the National Training Centre in Bo for social workers and gender officers was resuscitated. The centre will officially be handed over to the Government on the 1st October 2012. Recruitment of staff, and curriculum development is currently on course. The centre is expected to undertake admissions for the first crop of students before the end of the year.
- ✓ The government has been active in the mobilization of resources to support gender development programmes.

Lessons and Challenges

- ✓ Most of the gender issues that were mainstreamed eventually lost there importance during implementation as the coordination and monitoring mechanisms were weak;

- ✓ Political commitment is essential in mainstreaming gender in the development plans;
- ✓ Limited financial support to fully implement the policies, plans and legislations;
- ✓ There is limited technical capacity in the Ministry of Social Welfare, Gender and Children's Affairs;
- ✓ Weak implementation and enforcement of Gender laws, policies and plans;
- ✓ Weak coordination amongst relevant actors for the implementation of gender programmes;
- ✓ Legislation and establishment of an independent Gender/Women's Commission;
- ✓ Absence of gender responsive budgeting at national and local levels; &
- ✓ Resources were not tied to activities stated in the agenda for change.

Moving forward

- ✓ Government is having Gender and Women's Empowerment as a stand alone Pillar in the successor PRSP being prepared—the Agenda for Prosperity—to overcome the current challenges.

Chapter 4: Progress on the Implementation of the Preconditions for Achieving Strategic Priority

The achievements discussed above have been made possible through the implementation of national governance enhancing initiatives including capacity building programmes. Progress in the implementation of some of these programmes is discussed in this chapter to highlight successes, gaps and suggest next steps.

4.1 Public Financial Management (PFM) Reform

Sierra Leone has witnessed sustained efforts from the government and development partners to improve the financial management landscape of the country. As reported in the previous progress report, focus in the second phase of the reform process—the Integrated Public Financial Management Reform Programme (IPFMRP)—has been on four major components: (i) strengthening macrofiscal coordination and budget management; (ii) reinforcing control systems for improved service delivery; (iii) strengthening central finance functions; (iv) assisting non-state actors' oversight; and (v) project management. Achievements for 2011 are highlighted as follows.

Legal and Regulatory Framework

Various legal and regulatory frameworks have been put in place to guide the PFM processes. The government has remained flexible and adopted adaptive approach in the implementation of these frameworks to ensure sustained prudence and probity in the use of scarce public resources. Update on this framework is as follows:

- ✓ ***Government Budgeting and Accountability Act, 2005 and Financial Management Regulations, 2007*:** These frameworks were reviewed in 2011 with the participation of various stakeholders under the guidance of consultants. In May of 2011, an initial revision to the GBAA to incorporate the proposed 'Public Investment Programme' was passed by Parliament.

- ✓ ***National Debts Law:*** To ensure sustainable debt management, a National Debts Law was passed in March 2011. This lays out the framework for public sector borrowing and debt management and clearly defines sub-national borrowing limits and procedures. The processes for on-lending, issuing Government guarantees and monitoring of contingent liabilities have also been regulated. Plans were underway to draft a regulation supporting the Debt Law and procedures manual to guide the day-to-day management of public debts and risks involved.
- ✓ ***Customs and Finance Acts***: During 2011, Customs Act and Finance Act were legislated in order to guide the process of revenue assessment, recording and reporting.
- ✓ ***Public Procurement Act, 2004 and Procurement Regulations, 2006:*** There have also been reviews of the **c**ountry procurement processes, starting from 2011 to end December 2012.

Strengthening the Macroeconomic Fiscal Framework and the Medium Term Expenditure Framework (MTEF)

***Macroeconomic Fiscal Framework*:** The Macrofiscal Section within the Economic Policy and Research Division in MoFED has been functional and continued the drive towards generating reliable and consistent macroeconomic fiscal projections to facilitate credible and reliable forecasting of revenue flows. The Sierra Leone Integrated Macroeconomic Model (SLIMM) was reviewed by an independent consultant and recommendations made were adopted to improve the effectiveness of the model. Training was conducted for key users of the model to strengthen their analytical skills and the application of the model. The model aided the development of the budget framework paper for 2012 financial year as well as the macro-economic and fiscal framework for the 2012-2014 MTEF budgets. Economic survey data have been fed into the model for carrying out economic forecasting and planning.

Medium Term Expenditure Framework (MTEF): The government through the MoFED has continued to strengthen the medium term expenditure framework. More training was conducted in 2011 for key stakeholders (from central government, local councils and non-state actors) on the operations of the

budget with regard to the implementation of the strategic priorities outlined in the Agenda for Change. The MTEF Guidelines have been revised and plans were considered for the revision of the budget calendar.

Improving Public Financial Accounting and Recording

There has been tremendous progress in the public financial accounting and reporting since the end of the first PRSP in 2007. The Accountant General's Department was able to produce the financial statements for the year ended 31st December 2010 by 31st March 2011 in accordance with the Government Budgeting and Accountability Act 2005. These financial statements have subsequently been audited and the report produced by the Auditor General. The in-year statement of fiscal operations (consolidated fund) for period January – September 2011 were published on the MoFED website: www.mofed.gov.sl.

Progress has also been made in the area of managing financial records. In May 2011, a three-day seminar on the management of financial records was held with the objective of ensuring that records were complete, credible and accessible to support audit and other financial accountability requirements. The seminar raised the awareness with regard to linking paper and electronic based records, and ensured that financial and personnel records were closely merged to increase the effectiveness of payroll controls.

Human Resource Management

To increase the capacity for ensuring efficient delivery of results in the public sector and to improve the incentive system in the process, the government continued to pay attention to and implement initiatives in the following areas.

- Manpower Planning and Budgeting Hearings for MDAs
- Teacher Payroll Verification/Records
- Review of Civil Service Codes, Rules and Regulations
- Pay Structure and Compensation Scheme
- Deepening Performance Contracts
- Development of Professional Cadres

- Information Dissemination
- Verification of Employees and Conducting Management and Functional Reviews in MDAs

Details of some of these are discussed in the section on the Civil Service Reform Programme below.

Integrated Financial Management Information Systems (IFMIS)

The IFIMS has greatly aided the public accounting and reporting practices within the government system. The PFM coordinating unit in MoFED, the Public Financial Management Reform Unit (PFMRU), has continued to provide technical and operational support to IFMIS rolled-out MDAs. In 2011, MoFED received team from the Ministry of Liberia to understudy the Sierra Leone IFMIS on account of the successes made in the implementation of the system in the country. A draft Chart of Accounts Manual was prepared for circulation to key stakeholders in the budget preparation process to improve the application of the MTEF and Strategic Planning.

Financial Management in Local Councils

The local councils have also benefited from the implementation of the second phase of the public financial management reform programme. In continuation of the implementation of the IFMIS in the local councils, the Petra Accounting Package was rolled out to seven additional local councils in January 2011, in addition to eight Petra rolled-out local councils earlier. The seven new were: Bo City Council; Pujehun District Council; Bombali District Council; Tonkolili District Council; Port Loko District Council; Koidu New Sembehun City Council; and Kenema City Council. As a result, all local councils were able to submit Financial Statements for 2010 by 31st March 2011 to the Auditor General in accordance with the Local Government Act 2004. The roll-out of the system was followed by a series of refresher training to all stakeholders concerned. And Functional Reviews were conducted in 2011 for the Finance Departments of Freetown City, Kenema City, and Kenema District Councils to realign roles and responsibilities

of finance staffs and improve posting of transactions to the Petra financial package.

Other Areas of PFM Reform

Other financial management areas supported under the IPFMRP include aid coordination, improving ICT in MoFED, internal audit, monitoring and evaluation, public expenditure tracking survey, external oversight involving Auditor Generals Office, Parliament and Non-State Actors. (See Update Report on the IPFMRP 2011, PFMRU, in the Ministry of Finance and Economic Development for details on the implementation of all components, or visit www.mofed.gov.sl.).

Lessons and Challenges

The key challenges relate to the insufficient availability of the professional set of skills to undertake the PFM reform activities. The heavy reliance on contract staffs to undertake key reforms over the past years suggests that this category of employees is crucial to achieving the PFM objectives. The IPFMRP includes substantial training and capacity building initiatives with an exit strategy designed to ensure the sustainable supply of the requisite human skills within the Ministry of Finance and Economic Development as contract staffs decline overtime. Careful consideration must be given to bringing this to fruition to ensure that gains made over the past years are well-consolidated and targets set out for the ensuing years remain achievable.

4.2 Civil Service Reform Process

In 2011, the Public Sector Reform Unit (PSRU) in the Office of the President focused on the development and institutionalization of systems and processes for improved service delivery across MDAs. The reform programme was reviewed in 2011 and the original eight thematic components were maintain to ensure consistency and efficiency in the reform process, while emphasising certain areas during 2011. The eight compoments are: (a) The Strategic and Structural Alignment; (b) Staff, Pay and Incentives; (c) Improvements in

Systems and Tools; (d) Improvements in Service Delivery; (e) Capacity Building; (f) Gender and Anti Corruption; (g) Attitudinal and Behavioural Change; and (h) Public Service Reform Coordination and Management. Under Component (d) above, namely, "Improvements in Service Delivery", a new area of focus was on "Performance Management and Contracting".

The Strategic and Structural Alignment of Ministries, Departments and Agencies

Under this component, the PRSU continued to carry out management and functional reviews (MFRs) of MDAs for improved public service delivery. Management reviews, strategies and processes do not lead to static products. They must be undertaken periodically to ensure that new initiatives are accommodated, so that initiatives that do not add value to MDAs are discarded. In 2011, MFRs were conducted and finalised for the Immigration Department and National Commission for Democracy (NCD). The exercise was also conducted for the Ministry of Finance and Economic Development, and the Ministry of Fisheries and Marine Resources.

Recruitment and Selection

The government undertook a restructuring exercise of the Public Service Commission. The Commission underwent series of transformation, leading to the development and validation of a Strategic Plan to enhance its capacity to ensure effective and efficient service delivery. It has emerged from being the traditional institution with responsibility for appointments, promotions, control and discipline in the public service to a more dynamic, strategic and forward-looking modernised establishment. Its role now extends to the development and application of frameworks, as well as the monitoring and evaluation of the implementation of key policies in the public sector reform programme including recruitment and selection, training, public sector pay, and performance appraisal.

Public Sector Reform Coordination and Management

The success of any development institution derives heavily from its strategic partnership with other functionally related institutions both within the government and non-governmental system. Thus, the PSRU strengthened its collaborative arrangement with line government MDAs, such as the Public Service Commission and the leadership of the Civil Service, notably the Offices of the Secretary to the President, Chief of Staff, Cabinet Secretariat, and the HRMO. These partnerships recorded significant progress with respect to the implementation of Public Sector Reform initiatives in areas including enhancing merit-based recruitment process, creation of personnel files, and commencement of teachers' verification across the country, finalisation, printing and dissemination of the Civil Service Code, Regulations and Rules, and several other activities[17]. The partnership forged with development partners also significantly contributed to the achievements recorded. The PSRU organised a capacity building training session supported by the Governance and Institutional Development Division of the Commonwealth Secretariat for politicians and Civil Servants at both central and local Government levels. The EU, The World Bank and DfiD have been major donors to the public service reform process.

Improvement in Systems and Processes for Improved Service Delivery

Performance management has been strengthened in the public sector of Sierra Leone, gaining momentum since 2008. Performance contracts (PCs) were initially signed between the Head of State and Ministers. However, these contracts have been rolled out to other duty bearers across the public system and down the chain of responsibility. In 2011, some 67 senior officials, consisting of Permanent Secretaries, Professional Heads and Directors drawn from seven pilot MDAs signed performance contracts. Three pilot districts and councils and 17 government-owned corporations, commissions and agencies also signed contract. More strategic officials were expected to enter into

[17] See Annual Progress Report on Public Sector Reform 2011, PSRU, Office of the President, Freetown, for detail on programme implementation: also visit www.publicsectorreform.gov.sl.

performance contracts in 2012, with pilot Ministries increasing from senev to eight in the first half of the year. Performance contract Guidelines are being reviewed and updated by a joint SPU/ HRMO team. The PCs shall complement the traditional performance appraisal mechanisms, which were not effective. The HRMO has developed comprehensive guidelines for the individual performance appraisal process, which will be used for the majority of the civil service in Grades 6 and below.

Other Reform Efforts

The Teachers Records Management Improvement Programme commenced at the Ministry of Education, Science and Technology. During Phase 1 of the project the team reviewed over 120,000 files from which 35,305 Personnel Files were created, representing all teachers on the Accountant-General's payroll as at December 2010. Substantial progress has been made since the commencement of Phase II of the project in September 2011. The key objective of this final phase, which was due to end in May 2012, was to physically verify and capture biometric data and documentation for every teacher in government or government-assisted schools, so that payroll integrity is maintained. Physical verification began on 4th November 2011 In Freetown.

A new "Civil Service Code, Regulations and Rules" was finalised and approved by H.E. the President. This comprehensive official guide covers regulations for all aspects of the civil service including ethical principles; recruitment and appointment; promotion, transfer and secondment; salary; performance appraisal and training; and discipline.

I was recommended as part of the reform process that a Ministerial Handbook or Code of Conduct be developed to provide practical and ethical guidance to Ministers and Deputy Ministers for ensuring integrity and diligence in their work. Accordingly, a draft Code of Conduct was developed in 2011; it was submitted to the Minister of Political and Public Affairs who distributed it to all Ministers and Deputy Ministers for review.

Lessons and Challenges

A key lesson emerging from the successes recorded is the recognition of the strong political will and active partnership among the various actors that has made it possible to achieve the results discussed above. In spite of the gains, however, considerable resource and behavioural constraints were encountered along the road to success. These need to be addressed urgently. There are visible gaps in skills and competencies in key strategic areas across the public service. Especially lacking are skills in science-based professions such as medicine, psychiatry, agricultural science, nutritional science, engineering as well as those essential competencies for national development planning, including strategic management, policy development and analysis, and related areas of study[18].

4.3 The Decentralisation Process

Devolution

The devolution process has been continuing with remarkable success, although resistance from some MDAs have been commonplace. It is delightful to note that, the SLRA has devolved its feeder roads maintenance function to the Local Councils. Under its current leadership, the Ministry of Social Welfare Gender and Children's Affairs has demonstrated more interest in devolving its functions than ever. Already, an action plan has been prepared to support the successful transfer and effective performance of functions that will be devolved from this Ministry. The Ministry of Labour has also signalled readiness to transfer its functions to the Local Councils, while engagements are ongoing with remaining programmed MDAs to devolve their functions. To date, 48 out of 80 functions have been devolved to Local Councils.

Local Council Office Structures

It was decisive to improve the working environment to increase the speed of service delivery in the local councils. The government with assistance from

[18]Refer to footnote 22 for details on achievements, lessons and remaining challeneges.

development partners embarked on the construction of state of the art office building for all 19 councils. Additionally, old buildings were rehabilitated in some districts. Solar electrification was provided for six local councils that were not immediately tapping electricity from the national grid.

Monitoring and Evaluation

This has been a crucial aspect of the decentralisation process for the ascertainment of the readiness and capability of council to sustain the provision of services to the local community. In this regard, the Ministry of Local Government and Community Development (MLGCD) undertook the third round of the Comprehensive Local Government Performance Assessment System (CLoGPAS) in 2011, to identify gaps and develop further capacity building plans to support local councils. The Ministry has also been conducting perception surveys to determine the quality of service delivery at local level.

Chiefdom Governance

In November 2011, cabinet approved the Policy on Chiefdom Governance and Traditional Administration. Cabinet considered a memorandum submitted by the Ministry for which the object was to provide a clear direction for the Government in its pursuit of ensuring that the people in the various chiefdoms live in an environment that is conducive to peace, stability and respect for customs and traditions, social harmony and peaceful coexistence. This policy has also gone a long way to aligning chiefdom governance to the ongoing decentralization programme pursued by the Government of Sierra Leone. Through the Office of the Attorney-General and Minister of Justice, plans are underway to review the existing legislation governing chiefdom and tribal administrations, and to prepare a revised Act integrating the various laws on Chiefdom Governance and Traditional Administration.

Lessons and Challenges

The quality of the devolution undertaken by some ministries needs to be reviewed. A case in point is the devolution of functions from the Ministry of

Education, which the MLGCD is planning to engage to address the seeming lapses. Another concern is the issue of personnel devolution—there are imminent management challenges in this area and attendant debilitating implications for effective accountability.

4.4 Tourism

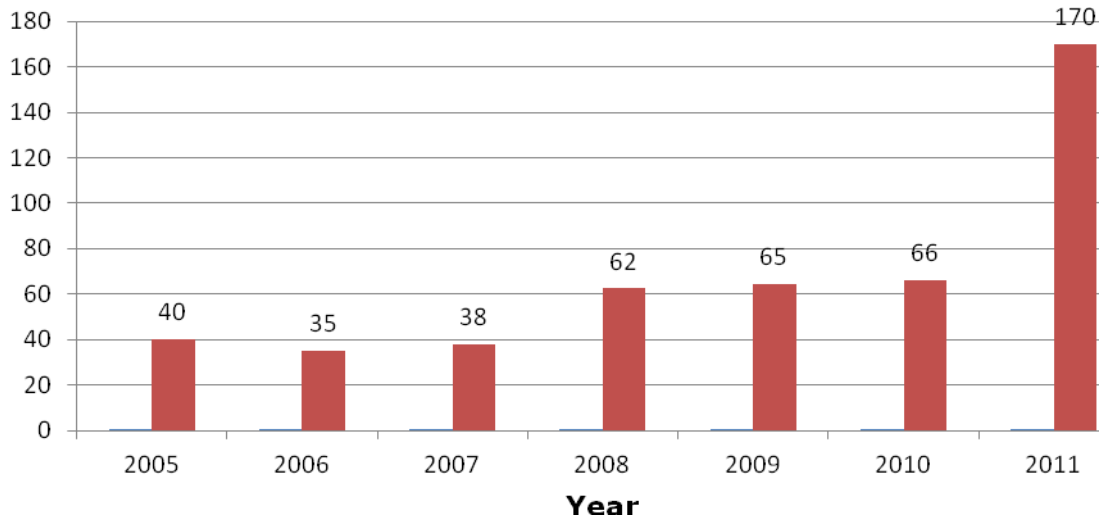
Substantial growth potentials have been identified in the tourism sector of Sierra Leone. Over the years, the development of the sector has been focused on the formulation of appropriate Policies and regulatory frameworks, pursuing an effective marketing strategy to present Sierra Leone as a unique and preferred Tourist Destination in the world, and ensuring the preservation and conservation of the physical and Cultural Heritage Sites in the country.

Figure 10 shows trends in the total number of tourist arrivals for the period 2005-2011. Arrivals declined from 40,023 in 2005 to 32,223 in 2007, before assuming a continuous upward trend from2008; there was a glaring rise in 2011 from 38,615 in 2010 to 52,442. The positive trend is expected to continue with the economic project to boom on double digit growths in the coming years. The number of total arrivals for the first half of 2012 is estimated at 32,501.

Figure 10: Total Number of Tourist Arrival, 2005-2011

The revenue trend mimics that of number of tourist arrivals (**Figure 10** and **Figure 11). T**he revenue earned from the sector increased from Le40 million in 2005 to Le170 million in 2011, projected to increase further as the economy booms and peace continues to prevail. The first half of 2012 already recorded about 94 percent of the whole of 2011 revenue at Le159 million.

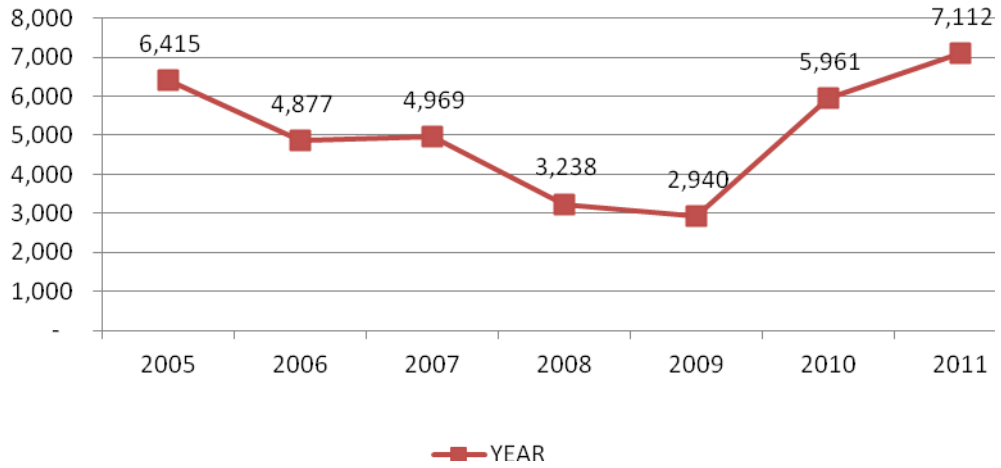
Figure 11: Revenue Generated from Tourism (Million Leones)



Employment in the Tourism Industry

Figure 12 presents the trend in the number of persons employed in the tourism industry during 2005-2011. The number decreased from 6,415 in 2005 to 2,940 in 2009, before picking up in 2010 at 5,961; it continued to grow to 7,112 persons in 2011.

Figure 12: Trends in Persons Employed in the Tourist Section, 2005-2011



Lessons and Challenges

- ✓ Rebranding the image of the country is critical to the attraction of visitors, as the perception of Sierra Leone as a conflict zone was a deterrent to the decision of many visitors from reaching the country.
- ✓ Thus, effective marketing strategies are crucial.
- ✓ The country if challenged by the inadequate infrastructure (electricity, road network, etc) to unlock the full potential of the sector. Other challenges include:
    - Inadequate resources to the Ministry of Tourism and Cultural Affairs;
    - Weak Institutional and Human Resource Capacity;
    - Mismatch between quality and quantity of available accommodation and the demand from the tourist markets;
    - Lack of awareness of the benefits and importance of culture and tourism;
    - Existence of outdated Tourism Development Act 1990;
    - Conflicts of roles with other MDAs and stakeholders.

4.5 Private Sector Development

Private sector development has been identified as a lead enabler of sustainable growth and development. The Government through the Ministry of Trade and Industry, and related institutions has embarked on the formulation and implementation of solid strategies to promote private sector investment in Sierra Leone. We are aware that sustainable and shared growth is a function of strong policy efforts geared at increasing the participation of both domestic and foreign investments guided by an effective and efficient institutional, regulatory and supervisory environment. Substantial strides have been recorded in this area to increase the attractiveness of the business environment.

Business Reforms

Amongst the key legislations and policies in force for business promotion include: the Incentive Framework and Finance Act; the Bankruptcy Act; the Credit Reference Bureau Act; the Copyright Act; the Goods & Services Tax; the Private Sector Development Strategy Policy, and the National Trade Policy. The passing of the Credit Reference Bureau Act has led to the setting up of a Credit Reference Bureau (CBR) section at the Bank of Sierra Leone to facilitate the easy access to lending from the commercial banks. The Bureau serves as a credit registry, producing credit reports in 24 hours. More specifically, the Bureau (i) collects data on business companies and individuals; (ii) it maintains both positive and negative business information; (iii) it maintains more than 12 years of historical credit information on individuals and businesses, irrespective of the size of the credit; and (iv) individuals are given the opportunity to inspect their information once every year. This can increase the efficiency of credit allocation and facilitate the targeting of credit to intended beneficiaries.

Registration of businesses has been immensely simplified. One form is required to be filled to register a business, and registering a business has been reduced from three days to one day; application forms for the registration of businesses are available at the OARG's website (www.oarg.gov.sl) with guiding notes; a

Fast Track Commercial Court is fully operational to resolve commercial disputes within a 92-day period.

To simplify the procedures for import and export business, the Individual Declaration Form and the Individual Declaration Report Form are no longer required. The National Revenue Authority (NRA) has introduced a Self Declaration Desk at the Port to speed up the clearance of imports and exports. There is a VPN access for taxpayers with internet facility to allow remote declaration and uploading of manifest from their business places; and there is Direct Traders Bureau at the Customs and Excise Department for taxpayers without internet facility. The ASYCUDA system has facilitated the implementation of the Customs, Green Channel which provides for the clearance of goods within hours.

The NRA has facilitated tax payment in all 13 Commercial Banks in Sierra Leone. Tax forms at the NRA have been simplified for business registration, to reduce completion time and improve the filing of tax returns. The forms can now be downloaded from the NRA website: www.nra.gov.sl. The management functional review of the NRA that saw the merging of two departments into the Domestic Tax Department has reduced tax payers' transaction costs in the processing and making their payments; and information on the tax obligations of business operators and other vital issues relating to the work of the NRA for the benefit of the public has been drastically improved with the institution at NRA of: a Call Centre; a Front Desk Service; Customer Relations for large tax payers; and so on.

A key challenge to business establishment and operations has been the complexity involved in the acquisition of land and the security of the property. Productive steps have been taken in this direction. There is now a complete modernization and automation of the Surveys Department in the Ministry of Lands; a land registration system has been developed for easy resolution of lands dispute, registration currently taking place for lands in the Western Area; now it takes only 14 days for the survey plans to be countersigned by the Director of Surveys and Lands.

The government has been embarking on the provision of incentives to encouraging local entrepreneurship. A local content policy has been launched, and a fund created for the promoting of small and medium scale enterprises (SMEs). Strategies are being put in place to ensure the active integration of local SMEs with foreign private investments. To encourage local business spirit, the government has launched the business "Bomba" competition.

According to the IFC business ranking for 2012, Sierra Leone is among the top 10 business reformers, although on the comprehensive ranking of Doing Business during the year, it is still far behind, placed 141th position, for instance, against 45th for Rwanda and 63rd for Ghana. This implies more needs to be done. Stride made in other sectors discussed earlier, such as the improvement in electricity supplies and road net work, are expected to provide further impetus to private sector development. The key challenges in this sector are highlighted next.

Challenges

- ✓ There is still fragmented incentives regime; land laws are a major issue for agribusiness; and labour laws are outdated;
- ✓ There is limited technical capacity in the Ministry of Trade and Industry (leading the private sector development process);
- ✓ Electricity generation is still far below demand; the current national generating capacity is 1/6 of the per capita KW generated in Ghana; road infrastructure is still far undersupplied in Sierra Leone, levels currently estimated at ½ of the per capita paved roads of Ghana; and in terms of ports operations, the Sierra Leone's is also 1/3 of the per capita port capacity of Ghana;
- ✓ Cost of credit is greater than a number of other countries in the sub-Saharan Africa; the interest rate is currently estimated at 25 percent compared to 16 percent in Nigeria, Rwanda and Liberia.
- ✓ A concern foreign investors have raised over the employment of local labour is their limited productivity—there is a lack of skilled labour; the country's literacy rate is among the 10 lowest in Africa; there are very few

and hardly aligned vocational institutes; and the linkage between universities and private sector is very weak.

- ✓ While there are high prospects for increased flow of foreign investment, the country has limited capacity to negotiate deals with foreign investors.

Moving Forward

Prospects for the development of the private sector are however bright with the consolidation of current efforts and implementation of planned strategies to be factored in the new poverty reduction strategy paper—the Agenda for Prosperity—as highlighted in the following.

- ✓ **Promoting exports/ Diversify export base**
  - Strengthen Sierra Leone Standards Bureau
  - Streamline export procedures at the Port and border posts;
  - Create specialized export promotion agency
  - Utilize ECOWAS regional trade Liberalization Scheme
- ✓ **Develop the Manufacturing Sector**
  - Establish industrial zones
  - Provide special incentives manufacturing activities
  - Establish technical / vocational schools to improve skills gap
  - Align Universities curriculum to skills needs
  - Provide incentives to promote investment in green industry
  - Create research and Development centres to promote value addition
- ✓ **Improving Doing Business Environment, with reforms specifically targeting;**
  - Procedures at the port to facilitate export and import trading
  - Issuance of licences and permits
  - Registration of property (standard deed of conveyance)
  - Fast track commercial court to expeditiously handle commercial disputes
  - Updating commercial laws
  - Implementation of electronic filing and paying system

- ✓ Increase access to finance
  - Improve capacity of the credit reference Bureau
  - Encourage competition in the financing industry
  - Expedite land reforms to enable more use of land as collateral
  - Collateralized credit registry
- ✓ **Provide adequate infrastructure for investors**
  - Improve port efficiency and capacity
  - Identify and build an industrial area with world class infrastructure
  - Improve roads for trade
- ✓ **Promote Small and Medium Enterprises (SMEs)**
  - Facilitate increased rural electrification for SMEs
  - Improve legal, regulatory and fiscal environment for SMEs
  - Conduct business planning competition for the private sector
  - Incorporate entrepreneur skills development in academic curricula
  - Construct and rehabilitate growth centers / provide managerial & skills for operators in growth centers
  - Create synergy in the form of co-management between growth centers and Agri-business centres (ABCs)
  - Establish incubators and SME funds

4.6 Mineral Resources

Mining has been the main source of foreign exchange earning for the state, revenue from diamonds having the largest share in the sector. But despite the resumption of the iron ore production in the last quarter of 2011, the performance of the mining sector during the period under review was generally weak relative to the sector's output in 2010. The sector recorded a fall in output levels for all minerals with the exception of bauxite. *Bauxite* production saw a significant improvement, increasing from 1.08 million metric tonnes in 2010 to 1.5 million metric tonnes in 2011, a growth rate of 35.2 percent. This impressive performance owes largely to a change of management in the bauxite mines administration, consequently leading to increased investment in machinery and mining equipment. However, *diamond* production fell by 19.68 percent, from 438 thousand carats in 2010 to 352 thousand carats in 2011. The fall in the

production of diamonds was in part due to the disruption of production in Tankoro after a brief period of civil unrest as well as scaling back of production during the renegotiation of the Koidu Holdings Agreement.

Output levels for *rutile* remained stagnant at 68 thousand metric tonnes in 2010 and in 2011. The collapse of the main dredge and lack of spare parts for the existing dredge is responsible for the low production levels. In spite of the increase in world market prices, *Gold* production slowed down by 35 percent from 8,179 ounces in 2010 to 5,284 ounces in 2011.

Iron ore mining resumed in 2011 after nearly four decades. Around 339,000 dry metric tonnes of *iron ore* was exported in the last quarter of 2011[19].

Mineral output generally started to recover during the first half of 2012 following the slump in 2011. The production of diamond, rutile and ilmenite increased although output of bauxite slowed down in addition to continued declined in gold production during the first half of this period. Compared to the first half of 2011, output of diamond grew by 20.1 percent due to expansion by Koidu Holdings Limited; rutile by 56.9 percent on account of the investment in plant, equipment and workforce; and ilmenite by 114.8 percent. Bauxite fell by 39 percent and gold 11.4 by percent in the first half of 2012 relative to the corresponding period in 2011. A total of 3.2 million metric tons of iron ore was exported in the first half of 2012—data on production is not available, hence export is used as a proxy for output.

On the Reform Front

Major reforms have taken place in the Ministry of Mines & Mineral Resources that is responsible for minerals policy formulation and oversight. The Mines and Minerals Act of 2009 has been in force to strengthen the administrative, social & environmental regulations regarding the mines operations. The establishment of the National Minerals Agency is underway to ensure the effective implementation of the Mines and Minerals Act and related frameworks, the necessary legislation already enacted by parliament.

[19] The volume quoted (339,000 dry metric tonnes) includes some non-iron ore substance.

The Mining Cadastral Office is fully functional, charged with the responsibility of processing, recording and monitoring of the application of licenses. The Office also serves as a repository of information in relation to the implementation of government obligations in connection with the EITI process. Information on licensing and mines revenues is now online.

The technical and professional capacity of the minerals sector is also being upgraded, with the recruitment of eight mining engineers, four administrators and one Monitoring & Evaluation staff that are currently posted in the Ministry of Mineral Resources.

Lessons and Challenges

The political stability in Sierra Leone coupled with the positive global developments in the mining sector rejuvenates the domestic mining sector and allows the emergence of new mines operators like the African Minerals Limited and the London Mining Company. A key challenge is ensuring the effective implementation of the existing regulatory frameworks to maximize benefit for our people from the sector and ensure economic and social stability.

Moving Forward

Figures 13 and 14 present projected returns from the mining sector for the period 2011-2025; they depict a promising outlook for increased state revenue to finance public investments. Both figures show a steep and continuous increase in government revenue up to 2020, with a slight trough in 2019, before sharply dropping down to 2022, a level it is expected to remain up to the end of the projection period, 2025. From Figure 13, the largest contributor to government revenue by income source types is corporate tax, followed by royalty and dividend withholding tax. The share from state participation in the sector is extremely minimal; this indicates a large scale liberalisation of the mining sector of Sierra Leone. By types of operators or mining leases (Figure 14), the African Minerals Limited is expected to be the largest contributor, followed by London Holdings and Sierra Rutile. As Figure 14 shows, the expected decline in revenues after 2020 is due to expected shock in prices for minerals at

the international markets, which the government requires to be guided against as of now in terms of revenue diversification.

Figure: 13

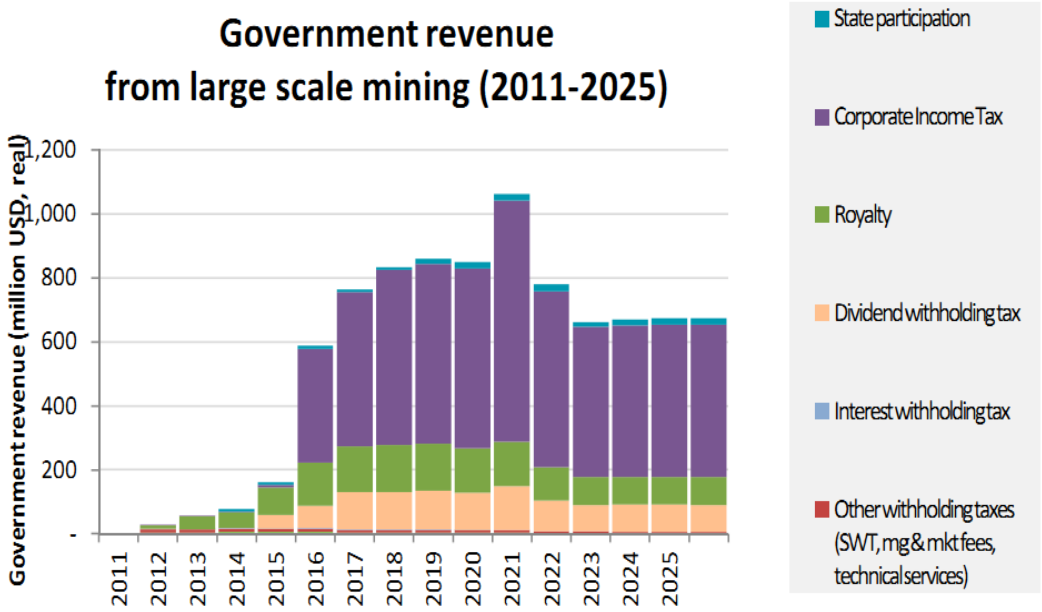
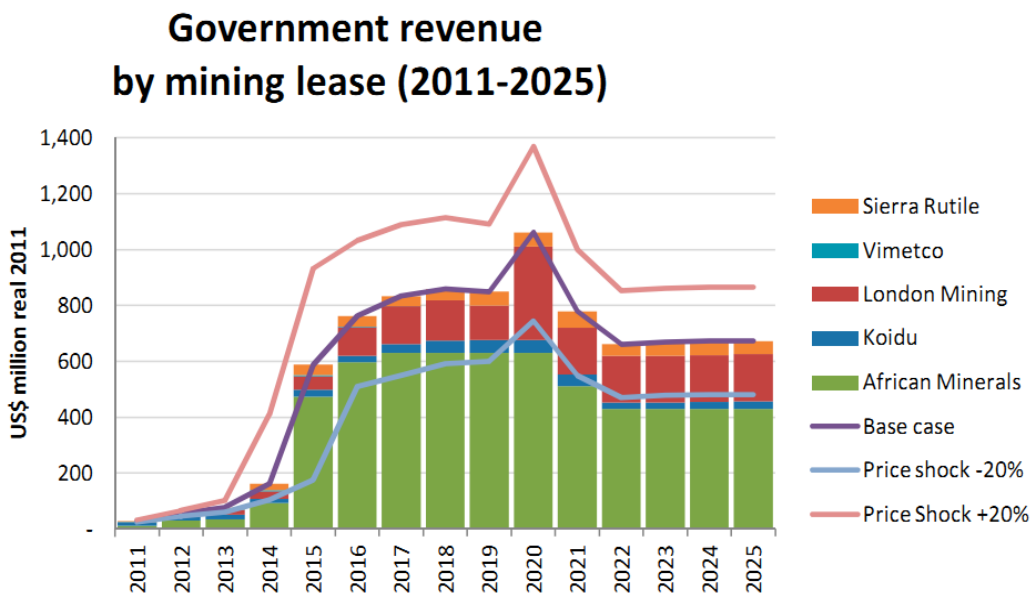


Figure: 14



Underway to improve operations in the mineral sector, as we move into a success PRSP, are the following:

- ✓ Cabinet approval is awaited of the regulations for guiding mineral operations in relation to the environment, health and safety.
- ✓ Cabinet approval is awaited of the Diamond Trading and Diamond Cutting and Polishing Act.
- ✓ Review shall be undertaken of the sector performance to meet international EITI standards.
- ✓ The National Mining Agency (NMA) shall be operationalised during 2013-2017; the process is already on course for the appointment of the NMA Board and the recruitment of staff;
- ✓ Stepping up capacity for policy formulation, implementation, monitoring and evaluation, and law enforcement.

4.7 Environment Management

Another key development milestone that the government has scored is the strengthening of the Sierra Leone Environmental Protection Agency, whose autonomy has been increased by situating the Agency outside mainstream Ministerial Structures and reporting direct to the Office of the President. This accords it the necessary political and policy impetus required to address the topical issues of natural resource management and the protection of the environment especially as the Sierra Leone economy has been projected to grow rapidly. The core function of SLEPA being to create, establish and maintain an efficient mechanism for sustainable environmental and natural resources management at the national, district and community level. The Agency has been focusing on:

- ✓ The formulation, coordination and implementation of environmental policies and regulations;
- ✓ Raising public awareness and promoting understanding of the essential linkages between the environment and development and encouraging individual and community participation in environmental improvement efforts.
- ✓ Ensuring the effective coordination and routine monitoring of all programmes and projects with potential negative impacts on the environment.

Challenges

- ✓ Limited capacity in dealing with emerging environmental issues especially the hydrocarbons sector involving oil, gas and biofuels;
- ✓ Acquisition of adequate office space to house the Agency and decentralization of operations at provincial and district level;
- ✓ Updating of existing national environmental policy and action plan (NEP and NEAP);
- ✓ Development of national communication, education and public awareness programmes on environmental issues and natural resources management; harmonization of sectoral environmental policies and legislations;
- ✓ Establishment of a state of the art laboratory and testing facilities for air and water qualities and noise levels;
- ✓ Involving the private sector and other organizations in environmental management activities.

Moving Forward

During the implementation of the successor PRSP programme, SLEPA will focus on overcoming the foregoing challenges in addition to:

- ✓ Stepping up the compliance with and enforcement of the Environment Protection Agency Act 2008 amended in 2010 and the environmental standards and regulation;
- ✓ Enhancing the coordination and integration of environmental issues with the national and local development plans;
- ✓ Developing and implementing a resource mobilization strategy for the effective implementation of environmental protection and management plans;
- ✓ Improving international cooperation and collaboration in the implementation of regional and global environmental agreements.

Chapter 5: Monitoring and Evaluation of the PRSP

Achievements

The people have started realizing the fruits of sustained monitoring of development projects. This is a result of the high premium that the Government has placed on the monitoring and evaluation (M&E) of the public service delivery processes. Since 2009, as reported in the progress report of 2010, there have been continued field visits to project sites to ascertain status of works completed on infrastructural investments as well as investment in social services; the Public Expenditure Tracking Surveys have been ongoing; and under the decentralisation programme, the performance of local councils have also been monitored in terms of service delivery. These efforts could be correlated to the initial indices coming out of the SLIHS Survey 2011 which suggests that the national poverty incidence is now below 60 percent. The Ministry of Finance and Economic Development has played a leading role in the continued efforts at monitoring projects, in collaboration with the Office of the President, line MDAs, and the civil society. As a result, there has been increased alignment of the perception and conduct of public works contractors towards effective results.

Virtually, the framework for the PRS implementation continues to stand as it was in the implementation of the first PRSP, with the quarterly Development Partners' Committee (DEPAC) meetings continuing to provide the overall policy guidance towards ensuring the smooth implementation of programmes—the DEPAC brings donors and government together to review progress on the PRSP and related development issues, and provides recommendations moving forward. It is therefore noteworthy that, the government has been successful in sustaining a very vital aspect of the coordination of development and its monitoring at the highest political and policy level since 2003.

Challenges and Recommendations

Nonetheless, huge challenges remain towards the achievement of better results. We are reminded of these challenges especially in the light of the lukewarm decline in rural poverty shown by the initial results coming out of the SLIHS2011. This implies there is no room for complacency and suggests a need to scale-up efforts at strengthening the coordination of national development planning and monitoring. This is constantly coming out from the ongoing consultative process for the preparation of the third generation Poverty Reduction Strategy Paper (The Agenda for Prosperity). As we move forward into a new phase of the PRSP, the principal challenge highlighted as the most crucial binding constraint to national development is ineffective coordination across the public system—there has been weak intra and inter institutional coordination at the centre and local level, and between the two national administrative levels. Resolving this is critical to a well functioning M&E system.

It is noted that MoFED has already made laudable efforts to conceptualize an organic structure aimed at rationalizing the management of the development process of the country to foster synergies and deliver better results through improved coordination for project planning, monitoring and evaluation. Earlier, in the last quarter of 2010, a capacity assessment (CAP-SCAN) for the delivery of development results was also conducted by MoFED with assistance from the World Bank, identifying gaps and suggesting strategies to better manage for development results. The timely implementation of these concepts and strategies is expected to tremendously improve the results landscape of the country. It is prudent, to this end, that the additional human resource requirement of MoFED in this area be addressed soonest possible as we enter into a new phase of the PRS process. Some of the recommendations provided in the progress report of 2010 are still alive:

- ✓ Improve sectoral development coordination, and coordination between the central and the local government.
- ✓ Strengthen the planning and monitoring coordination role of the Central Planning Monitoring and Evaluation Division in MoFED.
- ✓ Revive the sector working groups for the PRS implementation.

- ✓ Set up special fund for M&E in MoFED

Chapter 6: Conclusion

On the whole, there has been some significant progress in the implementation of programmes during the period under review, and in the fight against poverty in Sierra Leone since 2003 as the trends discussed have shown. More is hoped to be achieved with the consolidation of government efforts as it continues to pursue reforms and implement more tangible programmes. Prospects for a more drastic and comprehensive reduction of poverty are high with the commencement of new mines operations; petroleum production in the pipeline; several other growth areas identified; and the private sector booming generally. The greatest challenge is the translation of this expected growth into meaningful poverty reduction to avert any resource-curse implication of the existing opportunities. The general recommendations emerging from this report are as follows.

- ✓ Increase the productivity of the youth population. This is critical to poverty reduction and taking the advantage of the immense growth potentials looming in Sierra Leone. Education and demand-based skills training is crucial here, from the perspective of both the short, medium and long term poverty reduction.
- ✓ Increase the implementation of the regulatory frameworks in the minerals sector as the main source of export revenue for the state, and as a key source of employment for the young population. Increasing the state capacity to negotiate deals with potential investors in the sector in of paramount importance.
- ✓ Step up the financial and technical support towards the operations of the Sierra Leone Environmental Protection Agency.
- ✓ Increase the implementation capacity of the public service, and capacity for managing for development results.
- ✓ Strengthen the implementation and institutionalisation of the public financial management reforms.

- ✓ Develop a comprehensive and integrated monitoring and evaluation (M&E) system, linking all sectors at the central and local level. The development of an M&E policy would have a reinforcing effect on the existing M&E efforts made by the government.
- ✓ Prioritisation and sequencing of programmes is critical to the achievement of sustainable results.
- ✓ Step up the implementation of the recommendations from previous reviews aimed at strengthening national development coordination.
- ✓ Pay attention to all challenges highlighted under each of the sector discussed above, and the recommendations put forward to overcome.
- ✓ The government to continue to provide the political will and increase its commitment to the national development process.
- ✓ Improve the effectiveness and efficiency of public works contractors.