

## IDA AT WORK

## Sierra Leone: From Conflict to Democratic Rule

Seven years after the end of a brutal civil conflict, Sierra Leone is now a peaceful and stable country. It has already had two successful elections for President, Parliament and Local Councils, including the 2007 elections where political power passed peacefully from one party to the other.

Sierra Leone's civil war destroyed infrastructure, businesses and the most basic social fabric of the society. Near the end of the war, the average citizen survived on the equivalent of 38 cents (US) a day, and 2 million people, nearly a third of the population, had been displaced.

But solid macroeconomic performance following the cease-fire led to strong economic rebound. Income rose substantially—from an annual average of US\$150 per capita in 1999 to US\$287 by 2007. International support helped restore many basic services such as education which saw a 146 percent rise in primary school enrollment between 1999 and 2007. The last United Nations (UN) peacekeepers withdrew in December 2005, leaving full responsibility for security with domestic forces. A civilian UN office remains to support the government.

Country Indicators	1999	2005	2007
GDP per capita (US\$)	150	220	287
Real GDP growth (%)	-8.1	7.3	6.4
Inflation rate (%)	34.1	12.1	11.7
External debt (% of GDP)	194	132	32.1
Poverty incidence (%)	—	70	66
Gross primary school enrollment rate (%)	65	160	135
Infant mortality rate (per 1,000)	170 (1999)	170 (2002)	159
Under-five child mortality (per 1,000)	286 (2000)	283 (2004)	270
Population (millions)	4	5.5	5.8

Sources: World Bank and UNICEF.

The International Development Association (IDA), the World Bank's fund for the world's poorest countries, has been at the core of the international partnership working with Sierra Leone as it emerged from conflict, helping it to set priorities for recovery and rehabilitation. International assistance was crucial to delivering tangible benefits to the population to consolidate the peace and helped pave the way for reconstruction and public sector reforms.



## COUNTRY ACHIEVEMENTS

### Sierra Leone is emerging from the ravages of war.

#### Eleven years of civil war.

Civil conflict between 1991 and 2001 concluded with a 1999 peace agreement, followed by UN peacekeeping support and a formal declaration of peace in January 2002. IDA had ceased lending for new projects and programs in 1997—following the breakdown of the first peace agreement and the ensuing *coup d'état*—but had retained a presence during the conflict years, keeping ongoing development projects afloat where possible. A crisis point was reached in January 1999 when the resurgent rebel forces invaded Freetown, leaving thousands dead and devastating the capital before being driven out by West African regional forces (ECOMOG).

In May 1999, the rebels agreed to a cease-fire and in July signed the Lome Peace Agreement. In November, the arrival of UN troops proved to be the turning point in consolidating the peace and returning to stability. The UN troops set the stage for new IDA support focused on the root causes of the conflict—alienation and corruption.

#### Return to democratic rule and stability.

Recent political events provide reason for optimism that a sustainable pluralistic demo-

cratic system is gradually being established. The international community commended the successful presidential and parliamentary elections held in September 2007, which saw the former ruling Sierra Leone Peoples Party (SLPP) conceding defeat and handing over power peacefully to the then opposition All Peoples Congress (APC) party that had won the elections. Under the new APC leadership, the local council elections held nine months later in July 2008 were heralded as peaceful and successful by the international committee.

A peace and reconciliation process, including a special court, has largely completed the task of bringing closure to the atrocities of the conflict period. However, the situation remains fragile, as demonstrated by repeated clashes in urban centers between SLPP and APC supporters.

#### Post conflict economic progress has been robust.

Sierra Leone's GDP per capita fell to 38 cents (US) a day near the end of the conflict in 2000. Following the peace accord, it grew rapidly to US\$287 per capita by 2007. Sierra Leone's recovery, which began in 2000, continued for nine unbroken years into 2008, when GDP grew by an estimated 5.5 percent despite an unusual simultaneous spike in the world prices of food and fuel commodities. The average real growth rate for the period 2000-2008 was 10 percent while the population grew at a rate just over 2 percent per year.

The main sources of growth have been agriculture and services. Agriculture employs about 70 percent of the population and accounts for about 44 percent of the GDP. However, food-poverty and unemployment remain pervasive, with little reduction in unemployment. Growth in agricultural output remains constrained by a poor transportation especially access roads.

Sierra Leone has also broadened its exports—moving away from an almost exclusive reliance on diamonds to include rutile, bauxite, and cash crops.

Sierra Leone's fiscal performance has improved in the past seven years, but growth in recurrent spending caused in part by a temporary subsidy to the power sector as well as higher international food and fuel prices led to a high fiscal deficit in 2008 (4 percent of GDP).

### **Governance is improving.**

The task of building an efficient and capable state in Sierra Leone is a major challenge, following the erosion of institution during the years of conflict. Good governance continues to be a key underlying principle of the second Poverty Reduction Strategy Paper (PRSP II), launched in June 2009.

The government has enacted key legislation to support the decentralization process, and significant responsibilities have devolved to district councils. Public financial management has been strengthened through the introduction of modern budgeting and accounting systems. Government has also adopted a new Chart of Accounts and requires donors to use it for regular reporting. However the government still struggles to attract and retain skilled staff.

### **Progress in human development.**

Achievements in human development have included a significant increase in primary school enrollment, especially of girls, and success in limiting the prevalence of tuberculosis and HIV/AIDS. A significant number of schools and clinics have been rehabilitated after the war, and are now providing services. Access to primary education has increased, and 70 percent of primary and junior secondary schools reach basic operational level. A new education sector strategy is under implementation and has received support from EFA-FTI. Health care has improved, but remains short of some targets established in the Sierra Leone's Country Assistance Strategy (CAS). Access to a primary health center within 5 km has increased to 58 percent. Immunization levels, use of treated bed nets and treatment of TB have all improved, but only the targets for TB cases cured and HIV/AIDS prevalence among youth are likely to achieve CAS objectives.

The poverty headcount has fallen by 5 percent between 2005 and 2007 (although the recent food price increases may have reversed that progress). Government budget allocations to education and health are now around 20 percent and 40 percent respectively, a significant increase. However, budgetary limitations in 2007 resulted in significant cuts in real transfers to these sectors. The country is near the bottom in international Human Development Index indicators.

### **IDA CONTRIBUTIONS**

IDA continues to be a major contributor to not only maintaining the country's post-conflict recovery momentum and accomplishments, but also in supporting a number of projects

and advisory services that help with the transition from fragility to development and cushion the effects of the global financial crisis.

This support has come through various specialized Trust Funds provided by the country's key development partners. As of July 20 2009, IDA's portfolio in Sierra Leone included eight operations (7 projects and one technical assistance operation) for a total commitment amount of US\$219.5 million. This was complemented by Trust Fund commitments of US\$64.2 million.

### **Promoting post-conflict recovery.**

IDA re-engagement following the 1999 Peace Agreement focused on: (i) supporting the return of displaced people and ex-combatants to their communities and helping them reestablish normal economic and social activity; (ii) quick-disbursing budget support, policy reform, and capacity-building; and (iii) improving access to health and education services.

IDA's partnership with Sierra Leone helped consolidate peace through various operations including a multi-donor trust fund that financed the disarmament and demobilization of 72,000 ex-combatants. Building on UN peacekeeping efforts, IDA was at the center of a closely coordinated effort among development partners to support the government's efforts to rehabilitate community schools, health clinics, markets, and roads. The rebuilding effort created the conditions for the return of internally displaced persons, refugees, as well as former combatants.

### **Empowering vulnerable communities in remote rural areas.**

IDA has been successful in strengthening and empowering communities and local govern-

ment through community development initiatives and income generating activities. IDA's National Social Action project sought to assist war-affected communities restore infrastructure and services, and to build local capacity for collective action. By the end of 2008, 600 micro-projects had been approved; 908 housing units had been built and nearly 161 km of feeder roads had been rehabilitated. In addition, 145,000 person-days of employment had been created on the rural roads component of the public works program. Because the beneficiaries drive and manage these activities, many communities in project areas now demonstrate higher levels of trust and more effective collective action.”

### **Supporting governance and decentralization.**

IDA has supported the fiscal decentralization and devolution of state service delivery functions through the Institutional Reform and Capacity Building project (ICRBP), co-financed by the United Kingdom and the European Commission the National Social Action project as well as general budget support. Transparency of funding local councils is maintained through an openly publicized allocation formula.

IRCB provided intensive training, technical assistance and investment to help build the management capacity of local councils and establish a transparent and accountable governance process. Since the election of local councils in 2004, local governments have adopted basic budgeting, procurement and accounting procedures. Starting in 2005, several services have been devolved to local councils including: fire prevention, education, youth and sports, solid waste management, health care, social welfare, gender and children affairs, agriculture and food security,

fisheries and marine resources. Access and citizen satisfaction with primary education and health services improved between 2005 and 2007, and a large number of community sub-projects have been implemented as part of a strengthening of local initiatives.

All elected local councils received assistance to develop three-year rolling development plans prepared through participatory processes; and all local councils prepared FY07 budgets that complied with the content requirements of the Local Council Act of 2004.

### **Promoting education and health.**

IDA has continued to support operations co-financed by other development partners that focus specifically on education and health.

**Education.** IDA's Rehabilitation of Basic Education Project has helped many students acquire a basic education in Sierra Leone. The primary gross enrollment ratio (GER) increased from 64 percent in 2004 to 101 percent in 2007. Enrollment in junior secondary school reached 44 percent in 2007. The percentage of girls enrolled was 47 percent in primary and 41 percent in junior secondary schools. This success is attributed primarily to the abolition of school fees, the introduction of school feeding programs in selected areas, and improvements in educational infrastructure. IDA has supported the government in rebuilding and operating schools in areas of high demand (about 100 schools by the end of 2008), and in establishing teacher-training programs. IDA also helped strengthen the capacity of the Ministry of Education to plan and manage the delivery of education services to rural areas.

**Health.** Together with other development partners, IDA helped the government restore essential functions of the health delivery system, rehabilitating basic health facilities in priority districts of the country. The program provided improved equipment, supplies, and training for health workers in rural areas, especially in caring for pregnant women. IDA also helped the Ministry of Health improve its management efficiency. The ministry is now better able to assist district health teams that deliver key services such as tuberculosis control and distributing treated bed nets against malaria.

Data from 2005 and 2007 provide evidence of increased access to health care services and improved satisfaction with these services. Infant mortality and under-five child mortality rates have begun to decline but remain very high: for every 1,000 live births, 179 children died in infancy and 270 died before the age of 5 in 2007.

### **Promoting private sector development.**

IDA and IFC have been instrumental in promoting structural reforms for private sector development, notably the public enterprise reform and the Investment Promotion Act. To help Sierra Leone ramp up desperately needed export earnings, IDA focused on the mining sector, working with the government to revise its mining policy to promote formal activity and attract private investment. The Foreign Investment Advisory Service has been involved in a program aimed at reducing administrative barriers and export promotion. As a result, Sierra Leone's ranking in the Doing Business report for 2009 has improved in four key areas: starting a business; dealing with construction permits; registering property; and trading across borders.

## Improving energy access.

Sierra Leone's long-term strategy for increased power generation has been hampered by weak implementation. The production of power by the Sierra Leone National Power Authority (NPA) declined from a very low 14 megawatts in 2002 to 3.7 megawatts in 2008. In 2007 IDA was instrumental in supporting the rental of emergency power generators for 12 months. The emergency power project provided 15MW of continuous power through diesel generation in 2008, and was intended to bridge the delayed arrival of continuous power from the Bumbuna hydro-electric dam which is expected in September 2009. In close collaboration with other development partners, IDA funded the capacity and energy charges for the rental generators through a reallocation of credit proceeds of the Power and Water project.

## PARTNERSHIPS

Sierra Leone is a signatory to the Paris Declaration, and its PRSP provides the framework for alignment and harmonization of donor interventions. A Government Aid Policy document is currently being discussed with development partners and is due to be adopted before the end of 2009. Under a multi-donor budget support framework involving the Africa Development Bank (AfDB), IDA, the European Commission and the United Kingdom's DFID, coordination among members and with the government has improved. An integrated Public Financial Management program is being designed by the four donor partners. Sharing of analytical works among members has also yielded positive results.

IDA has also sought to coordinate the design and implementation of health and education

projects with its development partners. In addition, development partners co-finance a number of IDA projects through Trust Fund resources.

## CHALLENGES AHEAD

Although Sierra Leone has passed the immediate post-conflict phase, the country still faces daunting challenges. High unemployment, low literacy and some of the worst health indicators in the world contribute to a high poverty rate of 66 percent. Life expectancy is only 48 years. Sierra Leone, a country with vast agricultural and mineral resources, has a GDP of only about US\$1.7 billion. Sierra Leone continues to need substantial investments in order to build on its post-conflict recovery.

The country's challenges include:

**Meeting the MDGs.** Sierra Leone's maternal, infant, and under-five child mortality rates are among the highest in the world: 286 children out of 1,000 die before the age of five. To bring health indicators up to acceptable standards, the government will need to invest in water and sanitation, improve delivery systems, and upgrade infrastructure, particularly roads. Only 60 percent of urban populations and less than 15 percent of rural populations have access to clean water. Freetown's water system has not been expanded since before the conflict when the city was only a third of its present size.

**Infrastructure.** Lack of power, water and transportation also prevent the growth of the private sector and creation of jobs. In order to tackle these and other challenges, Sierra Leone has prepared its second Poverty Reduction Strategy Paper (PRSP II) covering the period 2008-2012. The focus of PRSP II is to

reduce poverty through increased economic growth, with an emphasis on private sector development.

The PRSP II emphasizes the following four priorities:

- i. providing reliable power supply in the country;
- ii. raising quantity and value-added productivity in agriculture and fisheries, emphasizing productive capacities of the poor and vulnerable;
- iii. developing a national transportation network to enable the movement of goods and people and thereby facilitate increases in investment and economic activity; and
- iv. ensuring sustainable human development through the provision of improved coverage of the basic social services and social protection needs of the poor and vulnerable.

In order to support Sierra Leone as it struggles to consolidate the hard-won gains of the past seven years and to advance its new development strategy, IDA and other partners will need to continue to provide sustained support in the crucial years ahead. The United Kingdom has offered to host a Consultative Group meeting with development partners in November 2009 in London.

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<http://www.worldbank.org/ida>