

STATUS REPORT

on

PREPARATORY ACTIVITIES FOR THE FULL

**POVERTY REDUCTION STRATEGY PAPER
(PRSP)**

FOR

SIERRA LEONE

Prepared by PASCO on the 12th February 2003.

A. Introduction

1. In June 2001, the Government of Sierra Leone submitted its Interim Poverty Reduction Strategy Paper (I-PRSP) to the World Bank, the International Monetary Fund and its other principal development partners. In September of that same year, the I-PRSP was endorsed by the Joint Executive Boards of the IMF and the World Bank. Despite the constraints posed by a relatively fragile security environment partly because of the ongoing civil unrest in neighbouring Liberia, the implementation of the transitional phase of the I-PRSP was successfully executed by end December 2002.

2. The preparatory activities for the full PRSP were initially planned to start in June 2001 and the document completed in December 2002. However, effective work on the preparation of the PRSP was substantially delayed due to a number of exogenous factors not envisaged at the time. These include the delayed completion of the disarmament and demobilisation of ex-combatants, the uncertainties relating to the conduct of presidential and parliamentary elections, the lags in the provision of external financial and technical assistance, and administrative bottlenecks in the creation and establishment of the National Poverty Alleviation Strategy Coordinating Office (PASCO). In this regard, the completion dateline for the full PRSP was revised to June 2003. Consequent on some unforeseen circumstances both administrative and technical, a consensus was reached at the Consultative Group meeting held in Paris in November 2002 to defer the completion dateline from June 2003 to end December 2003.

3. Despite substantial delays, significant progress has been made in the preparation of the full PRSP. The governance and institutional arrangements proposed in the I-PRSP for the preparation of the full PRSP have all been set up and are currently functioning. A National Poverty Alleviation Strategy Coordinating Office (PASCO) was established in March 2002 and key staff appointed. Preliminary activities for the commencement of the Sierra Leone Integrated Household have been completed and data collection is ongoing. The final draft terms of reference for ten sector reviews have been prepared and circulated to our principal donors and all relevant stakeholders for their review and comments. A proposal on the participation and consultative process of the PRSP has been prepared and implementation of activities is scheduled to commence immediately after the formal launching of the PRSP process in early March 2003.

4. In November 2002, the Coordinator of PASCO was relieved of his duties and a care taker committee was temporary appointed to oversee the management of PASCO. This development temporary slowed down the pace of programme implementation. However, an interview for the post of a new Coordinator for PASCO as well as two (2) Poverty Experts was held in January 2003 and formal appointments to fill these positions are expected to be made shortly. This report outlines the various stages in the preparatory activities for the full PRSP as well as highlights the key constraints that may affect completion of the document against the proposed date of December 2003.

B. Progress to Date

Participation and Consultative Processes

5. Consultations for the full PRSP were delayed until the completion of full disarmament demobilisation, the resettlement and reintegration of IDPs, refugees, and ex-

combatants and other war victims and the holding of elections. This is to ensure that adequate mechanisms are developed to include the views of key stakeholders, including parliament, the media, the poor and marginalized in rural communities, and other interest groups throughout the country.

6. In the meantime, preparations are underway for nation-wide consultations and participatory data collection using both the established Strategic Planning and Action Process (SPP focus group discussions methodologies and the newly introduced third generation Participatory Poverty Assessments (PPA) methodology. The national consultative activities will commence immediately after the formal launching of the PRSP and will encompass regional, district and chiefdom levels. The consultative activities will also include a campaign of publicity and workshops for stakeholders at national, district and chiefdom levels to enhance the public's understanding of the PRSP process and their role and participation in it.

7. An Introductory field-based Training Workshop on the "third generation" PPA Methodology was conducted in March 2002 in some parts of the Rural Western Area and a follow-up workshop was held in the headquarter town of the Northern Province, Makeni and Freetown during August 2002. The training involved soliciting peoples' perception of poverty and the extent of poverty in their communities. The PPAs will be conducted in about 43 (forty three) communities at mainly chiefdom levels. The objective of the PPA is to enrich both the analysis and diagnosis of poverty. A collaborative arrangement between PASCO and the Social Fund (the National Commission for Social Action (NaCSA)) has been initiated to ensure a sustainable institutional context for the PPA approach.

8. To ensure a more effective participatory process for the full PRSP, the SPP Focus Group Discussions (FGDs) would be sharpened, specialised and custom-designed for particular contexts and decision-making bodies such as parliament. Furthermore, the coverage of the FGDs would be expanded to encompass chiefdom and village settings. Steps will be taken to ensure that focus group discussions are organised with homogenous groups such as IDPs, refugees, ex-combatants, women and youth and Gender biases will also be addressed during consultations.

C. Poverty Analysis and Sector Reviews

9. Despite initial financial constraints, participatory and non-participatory data and information collection has commenced. Preparations for the 2004 National Population Census have begun and preliminary activities are progressing satisfactorily. Technical assistance has been provided by the World Bank to conduct the Sierra Leone Integrated Household Survey (SLIHS) to generate baseline information for planning and providing critical information for the PRSP process. A "User-Producer Workshop" was held in August 2002 and the survey instruments were developed.

10. Six survey teams each consisting of a supervisor and six enumerators were deployed for the start of interviews on the 25th of November 2002. The activities of the field staff are monitored by the Survey Coordinator and Field Officer. These team members include staff members of Statistics Sierra Leone. However, as a result of logistics problems the first cycle of data collection, which should have lasted for 35 days, was extended to over sixty days.

11. An international Consultant from Ghana Statistical Services arrived in December 2002 for a two week assignment to set up the data entry system for the survey and provide training for data entry personnel (1 Database Manager, 1 Database Supervisor and 6 Data Entry Operators). The task was completed and all the personnel are now in place waiting for the first set of questionnaires from the field.

12. However, given that the last household income survey was conducted in 1989, it was agreed that to get good baseline poverty data, a survey of the type conducted in Ghana, the Living Standards Measurement Survey (LSMS) be conducted for the Sierra Leone case. The Sierra Leone Integrated Household Survey (SLIHS) was formally launched in November 2002. An interim report is expected by April 2003. The delayed start of the survey also impacted on the revised timeline for the completion of the PRSP.

13. The poverty and social impact analysis (PSIA) will await the update of current data on the poverty situation. Meanwhile, staffs of the Ministry of Finance have attended training workshops at the Joint African Institute on Macroeconomic Modelling for Poverty Analysis. Assessments of the impact of macroeconomic and structural policies on poverty will focus on analysing the impact of key variables, such as the exchange rate, tariff reforms and changes in the prices of petroleum products. Poverty analysis for the full PRSP will distinguish between conflict induced and structural poverty.

14. Several sector policy reviews that will inform the PRSP have either been completed (e.g., CFFA, the Transport Sector Strategy and the Micro finance strategy) or are being planned. Sector policy reviews have commenced for the key sectors including Agriculture, Mining, Education, Health and Gender. The various Poverty Reduction Working Groups (PRWGs) have submitted the draft terms of reference (TORs) for these studies to PASCO, which are being reviewed prior to submission to donors for funding and technical assistance. Assessments of the impact of HIV/AIDS will also be conducted within the framework of the recently initiated Sierra Leone HIV/AIDS Response Project (SHARP). With support from IDA and AfDB, the proposed Basic Education Sector Project will greatly improve the management of the education sector and policy. Specifically, the project will assist participating schools to achieve basic operational levels; and build up the capacity of the Ministry of Education, Science and Technology (MOEST) to plan and manage the delivery of education services.

15. Technical assistance provided by the World Bank for the mining sector review, including the preparation of a draft policy document is at an advanced stage. The mining sector strategy includes maintaining civil order in the mining areas and establishing a sound regulatory framework for mining and marketing. The aim is to ensure that the sector supports the increase in GDP by improving the livelihood of the mining communities through income and employment generation in the rural artisanal mining areas as well as fiscal revenues for the Government from large industrial mining.

16. Microfinance is one of the sectors with a huge potential to efficiently and quickly absorb the large numbers of the economically active population. To date, as observed in the JSA on the I-PRSP, microfinance has been a relatively small sector with widespread experimentation by various players, including Government, using various models. To address these problems, a microfinance specialist from the World Bank visited the country in June 2002 and conducted a structured review of microfinance activities, while placing this experience within an international context.

17. A Microfinance Policy document has been prepared by a National Task Force following a structured training by some members of the Task Force at Naropa University in Boulder, Colorado. The policy framework will adhere, delineates the roles and responsibilities of the different institutions and identify strategies to be supported by Government, donors and MFIs. The National Task Force for the microfinance policy has recently been transformed into a National Coordinating Committee to oversee the implementation of the new policy.

18. Preparations for the conduct of Public Expenditure Review (PER) are underway. During the IMF Review Mission, Government met with missions from the World Bank and DfID and discussed issues relating to the proposed PER. A task force has been established to oversee the conduct of the PER. The theme of the PER is "Improving Service Delivery" and will cover the following sectors; Education, Health, Agriculture, Rural Water Supply, Social Welfare, Housing and Feeder Roads. An action plan for the implementation of the results of the Country Financial Accountability Assessment (CFAA) has been prepared. A draft of the Organic Budget Law has been prepared and submitted to government for review and approval.

19. A Consultative Group (CG) meeting for Sierra Leone took place in Paris, France on 14th-15th November 2002. The meeting was convened by the World Bank and the UNDP. The CG meeting was preceded by a Road Show from 15th to 30th October 2002. The CG with the theme "An Agenda for Peace and Recovery" provided an opportune time for Sierra Leone to discuss the Government's post conflict agenda with its principal donors and the international community. With security, prosperity, good governance and corruption high on the agenda in the country, the Government and donor partners discussed the key policy issues facing the country and donors pledged to continue to provide the expected financial support to the country.

D. Public Policy Priorities

20. The I-PRSP recommended a phased strategy distinguishing between the more immediate needs related to conflict and peace building, leaving the longer-term structural poverty agenda to be defined during the preparation of the full PRSP. In particular, the I-PRSP emphasised that creating a secure environment contributes to a sustainable framework for poverty reduction. In this regard, the Government with assistance from the United Kingdom has undertaken a Security Sector Reform as part of a Governance Reform Programme.

21. In 2003 and beyond, the broad policy objectives of Government will emphasize measures to: i) enhance the population's capacity to undertake income-generating activities; ii) maintain economic stability; iii) raise productivity and employment; iv) secure the resources needed to fight poverty; v) deliver quality public services for the benefit of all Sierra Leoneans to improve the quality of life and living standards; vi) improving access to basic social services, especially health and education; and vii) support to private sector development including privatisation and microfinance activities.

E. Targets, Indicators and Monitoring

22. The I-PRSP focused on a small number of realistic and meaningful indicators and targets, including the number of ex-combatants and child soldiers demobilised and reintegrated. However these monitoring indicators will be expanded during the preparation of the full PRSP to include qualitative indicators, which will be identified during the FGDs and PPA consultations. Additional targets and indicators will be identified during Sector/ Public Expenditure Reviews.

23. A complimentary participatory tracking process, the Public Expenditure Tracking Survey (PETS) was introduced in October 2001 to track the efficiency and effectiveness of public expenditures and assess the perception of service delivery especially in rural areas based on the "Report Card" approach originally used in the Philippines. This approach was introduced within the Medium-Term Expenditure Framework (MTEF). The first PETS report for the tracking of the first half-year expenditures of 2001 was published in 2002 and has been widely disseminated. The results of the first PETS were fed into the annual budget process for 2002 by introducing new budget and accounting codes showing the distribution of resources by region and activity to facilitate the tracking process. The second PETS was conducted in 2002 for the second half-year expenditures of 2001. The report was submitted to cabinet for endorsement and approval and will soon be printed for dissemination.

24. Community representatives participated in the formulation of the policies and distribution of the resource envelope in 2002 as part of the strategy to increase their responsibilities for monitoring budget execution. For the 2003 budget discussions, the representation of community participants will be broadened to include district and chiefdom representatives. Budget oversight committees have also been established throughout the country to monitor the execution of the national budget.

25. For the full PRSP, a system of participatory monitoring at the community level including "grassroots monitoring indicators" is being developed. Intermediate indicators are being developed to track the implementation of poverty-related programmes funded from both public resources and HIPC debt relief. Government has also introduced the preparation of management plans by all ministries, departments and agencies (MDAs) as a requirement for the use of public resources. For the 2003 budget discussions, MDAs are required to publish Public Service Agreements (PSAs) agreed during budget discussions. The PSAs will specify the exact outcomes that each MDA will deliver with resources provided it, irrespective of source of financing. The Government will monitor progress, through semi-annual reports, which will also provide the public the opportunity to evaluate progress.

F. Timetable and Capacity Building

26. The revised timetable for the preparation of the full PRSP and a tentative budget is attached as an annex to this report. Major constraints in the preparation of the PRSP relate to funding gaps for a number of activities, the non-receipt of some earlier donor pledges (from AfDB, EU, Dutch Trust Fund and FAO) technical assistance and capacity building. In particular, technical assistance is required for a number of key tasks including poverty diagnostics, sector reviews, poverty social impact analysis and public expenditure reviews.

Capacity building of civil society organisations and members of the PRSP Core Technical Committee is also important.

27. In early 2002, some members of the PRSP Technical Committee in the Ministries of Finance, and Development and Economic Planning participated in training programmes on poverty design, monitoring and analysis in Accra, Ghana. A study tour, funded by UNDP and the Government, to Tanzania and Ghana respectively to gain first hand experience in the formulation and implementation of the PRSPs, especially in poverty analysis, monitoring and participatory consultations was undertaken in November-December 2002 for key staff of the ministries of Finance, and Development and Economic Planning.

28. In December 2002, three government officials from PASCO and the Ministry of Finance participated in a five-day workshop organised by the Joint African Institute (JAI) in Dakar Senegal. The training was on PRSP design and monitoring and evaluation. Also, a member of the PRSP Core Technical Committee from EPRU in the Ministry of Finance benefited from an Advanced Training in Poverty Analysis in Kampala, Uganda in January 2003.

29. As part of the World Bank and UNDP support to the PRSP process, office equipments and other supplies have provided for PASCO to facilitate the process.

G. Constraints

30. One of the major challenges facing the fieldwork for the Integrated Household Income Expenditure Survey is the provision of a 4WD vehicle for monthly quality control and motorcycles for supervisors. Already, SSL have been informed by PSMS that a vehicle was ordered on the 18th December 2002 and is expected to arrive by end February 2003. The Secretariat is still waiting for the delivery of the six motorcycles for which a second set of proforma invoices have been submitted to PSMS. On the issue of vehicle rentals to move the teams for a five-day period at the end each data collection cycle, the deal fell through as the company insisted on rental for at least a month for each vehicle. Statistics Sierra Leone indicated to PSMS that at the moment the teams are being moved by public transport and that this could continue to the end of the project since they only have to be moved every 35 days. As a result of this situation it has been observed that the cost will be significantly lower.

31. Interviews have been held to filled vacant positions in PASCO. There has been some delay in the issuance of the Bank no objection position for formal appointment by MODEP. There has been some delay in expediting technical and financial assistance for both the sector reviews and participatory process.

H. Budget

32. The total estimated cost for the preparation of the PRSP is US\$1.654 million. Funding pledges received so far from donor's amount to US\$1.628 million, leaving a funding gap of about US\$0.025 million. The funding gap is in respect of financing for the Review of Micro-enterprises.

I. The Way Forward

33. The preparation and implementation of the PRSP would exert strong pressures on the country's limited capacity and would require the early release of funds by donors for a number of activities and the provision of technical assistance. In particular, technical assistance is required for a number of key tasks including poverty diagnostics, sector reviews, poverty and social impact analysis and public expenditure reviews. To address some of the constraints in the PRSP preparation process, an inter-agency donor group to facilitate systematic support for the PRSP effort has been established with civil society partnerships. In the light of the planned workload and the slow pace of preparation to date, the completion of the full PRSP is now expected to conclude by December 2003. The national launching of the exercise is slated for March 2003.

TABLE 1. REVISED WORKPLAN FOR THE FORMULATION OF THE POVERTY REDUCTION STRATEGY PAPER

No:	ACTIVITY	TIME LINE
1.	Poverty Diagnostics Sierra Leone Integrated Household Survey Service Delivery Survey Governance/Anti-Corruption Survey Poverty and Social Impact Analysis	September 2002-May 2003 December 2002-May 2003 September 2002-March 2003 January 2003-June 2003
2.	Sector Policy and Public Expenditure Reviews Sector Reviews Public Expenditure Review Microfinance Sector Review	November 2002-May 2003 January 2003-May 2003 July-September 2002
3.	Participatory Consultations National launching of the PRSP process Participatory Poverty Appraisals Focus Group Discussions Sensitisation Activities Validation Workshop	March 2003 November 2002-March 2003 November 2002-April 2003 October 2002-June 2003 June 2003
4.	Monitoring and Evaluation Review of Existing Database Identify Targets and Indicators Establish Poverty Database Conduct PETS Public Service Agreement Reports	December 2002-April 2003 March-June 2003 December 2002-April 2003 August 2002-June 2003 December 2002-June 2003
5.	Formulation/Drafting of PRSP	July-September 2003