



# DE BARRAY

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## HIGHLIGHT OF CHALLENGING DEVELOPMENT UPDATES

### Reflecting on two years of decentralization gains

Yongmei Zhou, the Task Team Leader of Sierra Leone's Institutional Reforms and Capacity Building Project (IRCBP), released a presentation in mid-May 2006 reflecting on two years of World Bank support to governance decentralization in Sierra Leone, which has been the main pre-occupation of IRCBP.

Yongmei's presentation unraveled practices that worked well during the entry stage into the project, and what has so far worked well during two years of progress in project implementation and the accompanying challenges.

Her presentation affirmed that supporting devolution as an entry point for governance reform was indeed the right choice made by the Bank and this has generated needed reforms in other areas such as budget and public service human management reforms.

Yongmei also affirmed that the use of the rapid results approach in devolution, the empowering of local councils to show results, the use of such results to expand support for devolution, promoting peer learning and competition among local councils, and continuously monitoring, evaluating, learning and adjusting are key practices that had so far worked well.

However, she said, there still remains the challenge of consolidating the support of traditional authorities for the decentralization process ●

### Stabilizing the economy through additional PRGF

The IMF disclosed on May 24 that Sierra Leone has asked for a new three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) and for the disbursement by IMF of about \$43.53m (an amount equivalent to SDR 31.11m or 30% of quota) in support of the implementation of this medium-term program covering the period 2006-2008.

The main pillars of the program, reflecting the government's poverty reduction objectives, are the promotion of macroeconomic stability through prudent fiscal and monetary policies; strengthening fiscal management to channel resources toward poverty-related spending; and the reform of the financial sector to promote saving, investment and growth.

According to the Letter of Intent and Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding submitted by Sierra Leone's Finance Minister, John Benjamin, the first review of the program would be in August 2006.

The IMF established the Poverty Reduction and Growth Facility (PRGF) in September 1999 to make the objectives of poverty reduction and growth more central to lending operations in its poorest member countries. PRGF-supported programs are framed around comprehensive, country-owned Poverty Reduction Strategy Papers (PRSPs). PRSPs are considered by the IMF and World Bank as the basis for concessional lending and debt relief under the joint Heavily Indebted Poor Countries (HIPC) Initiative ●

### Ensuring accountability in HIPC-funded projects

The Civil Society Alternative Process (CSAP) in Sierra Leone released on May 26 its appraisal report on HIPC-funded projects between 2002 and 2005 in the country, with recommendations which it said are "to promote transparency and accountability in the design and implementation of public programs and projects and for communities to get value for the projects meant for them". The CSAP recommended the following:

1. *That the country's Anti-Corruption Commission (ACC) and Police be mandated to investigate the unfinished HIPC-funded projects, and bring to book contractors who did not deliver or complete their contracts by default;*
2. *That Government ban all Members of Parliament, local authority councilors, chiefs and civil servants from getting any contract for public projects either directly or otherwise*
3. *That DFID, the World Bank, IMF, African Development Bank, the European Union etc. monitor projects they support and popularize their findings on monitoring exercises.*
4. *That development partners such as the World Bank provide capacity building support to civil society for effective monitoring.*
5. *That civil society organizations engage in sensitizing the communities on the need for them to participate in policy dialogue.*
6. *That civil society groups advocate to policy makers to promote the execution of pro-poor policies" ●*



'De Barray' is a typical gathering point in Sierra Leone where, mostly, critical issues are discussed to inform decisions.

To know more about the World Bank activity in Sierra Leone visit [www.worldbank.org/sierraleone](http://www.worldbank.org/sierraleone)

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## KEY WORLD BANK GROUP RELEASES OF THE MONTH

### Awarding winners of the 2006 Dev. Marketplace

In a press release dated May 9 2006, the World Bank President Paul Wolfowitz announced the 30 winners of the 2006 Development Marketplace (DM) Global Competition from 22 countries all to share US\$5 million for initiatives to provide clean water, hygienic sanitation, and access to energy.

Africa was the biggest winner with 14 of the 30 winning projects coming from the region. The largest number of winners from a single country was India, with five winners, followed by Benin, Cambodia, Kenya, and Senegal with two each.

Titled "*Innovations in Water, Sanitation, and Energy Services for Poor People*," this year's 118 finalists were selected from more than 2,500 applications, for their new approaches to the delivery of water supply, sanitation, and energy.

*"From the jury's point of view, it was a difficult task to decide on the winners. It took us about three hours to reach consensus on the winners and a broader consensus was that everyone here was a winner,"* said **Kathy Sierra, Vice President of Infrastructure who co-chaired the jury.**

The Development Marketplace started in 1998 as an internal Bank competition to fund innovative ideas that were not picked up through the usual funding system. Over the last seven years it has evolved into a global event that has awarded about US\$42 million for 1,000 projects in more than 70 countries through Competition ●

### Showing dramatic growth in a global carbon market

The sixth annual World Bank carbon market intelligence study was released with a press statement on May 10 at CARBON EXPO, 2006, showing a dramatic growth in the global carbon market, led by strong activity in the European Union's pilot Emissions Trading Scheme (EU ETS).

The report which covers the period from January 1, 2005 to March 31, 2006 records a booming global market worth over US \$10 billion in 2005, ten times the value of the previous year.

"To put that figure in perspective, the entire U.S. wheat crop in 2005 was valued at about US\$7.1 billion," says **Karan Capoor, Senior Financial Specialist, World Bank** and main author of the report.

The expert added "*The data makes it clear that carbon is now a financial commodity.*"

Capoor was referring to the fact that the price of carbon credits in the European Union dropped to a 12-month low after several European countries reported that their 2005 emissions were below quota, dampening demand for pollution-permitting carbon credits.

The 2006 State of the Carbon Market Report shows explosive growth in allowance markets, making them for the second year the main driver of growth of the market.

European Union trades dominated the carbon market in terms of value—75 percent in 2005, but *almost half of the total volume* of greenhouse gas (GHG) emission reductions came from the developing world ●

### Managing capital flows to developing countries

The World Bank issued a press release from Tokyo, Japan, on May 30 2006 quoting the 2006 *Global Development Finance* report which discloses that net private capital flows to developing countries reached a record high of \$491 billion in 2005, driven by privatizations, mergers and acquisitions, external debt refinancing, as well as strong investor interest in local-currency bond markets in Asia and Latin America. The surging flows, including record bank lending and bond issuance, among others, coincided with 6.4-percent economic growth in the developing world last year, more than double the 2.8-percent growth in developed countries.

The release says the sharp rise in private flows to developing countries came despite uncertainties caused by high oil prices, rising global interest rates and growing global payments imbalances.

Private debt flows to developing countries rose to an estimated \$192 billion, up from \$85 billion in 2003, driven by abundant global liquidity, steady improvement in developing-country credit quality, lower yields in rich countries, and expansion of investor interest in emerging market assets.

Many developing countries, the release asserts, have received credit-rating upgrades to accompany record-low spreads on their bonds, enabling them to raise a record \$131 billion in bond issues in 2005, up from \$102 billion in 2004. All these are taking place amid a persisting gap in access to international credit but with an encouraging trend of increased capital flows to developing countries ●





## Special Feature: How the World Bank Fights Corruption

### SUMMARY:

Over the past decade, the World Bank has worked together with other international groups and civil society to significantly raise the profile of corruption as a development issue. The Bank has progressed rapidly from taking an ad hoc, low-visibility approach to instances of fraud and corruption in member countries, Bank-financed projects, and among staff, to a leadership role among the multilateral development banks in all three areas. The Bank has taken a clear public stance – based on exhaustive research – that corruption is an impediment to growth and poverty reduction. It has also put in place a team of investigators that has quickly established a track record of success in uncovering those engaged in fraud and corrupt practices in Bank projects. The Bank's strategy calls for action on four fronts:

- Supporting good governance and anticorruption at the country level;
- Preventing corruption in Bank-financed projects;
- Addressing the private sector's role in public sector governance and anticorruption efforts; and
- Supporting global efforts to reduce corruption.

The growing attention the Bank pays to anti-corruption work, and more broadly to public sector governance and institutional reform, is reflected in its loan portfolio. In the 1995 fiscal year, only 0.6 percent of Bank lending went to support public expenditure, fiscal management, and procurement reforms, while as of the end of June 30, 2005, it had climbed to 4.6 percent. In the 2005 fiscal year, almost half of the new Bank projects had at least one component addressing governance, public sector or rule of law issues. The proportion of new projects with accountability/anti-corruption components jumped from 0.4 percent in the 1995-96 fiscal years to an average of five percent in the 2004-05 fiscal years.

As extensive research in the last ten years convincingly shows, the quality of governance has a significant, if not predominant, impact on economic growth and corruption distorts the allocation and use of public resources in ways that hamper poverty alleviation. Ensuring good governance has thus been a major focus of the Bank's anti-corruption initiatives.

### AT A GLANCE:

- World Bank lending for governance, public sector reform and rule of law - all key to poverty reduction - totaled \$2.9 billion in FY05. This represents approximately 13 percent of the Bank's total new lending. In FY05 almost half of the new Bank projects had at least one component addressing governance, public sector or rule of law issues.
- Governance and anticorruption measures are addressed in all Country Assistance Strategies, and are mainstreamed in country programs where corruption is epidemic.
- The Bank's work on governance covers anticorruption, administrative and civil service reform, decentralization, public financial management, tax policy, legal and judicial reform, and demands for good governance through media development, participation, and social accountability.
- The World Bank is also a leader in the development and application of governance diagnosis and indicators for over 200 countries. These are used for building capacity on governance and anti-corruption at the country level.
- To deliver results in fighting corruption, the Bank relies upon the Department of Institutional Integrity to investigate allegations of fraud and corruption – inside and outside the institution – and a Sanctions Committee to adjudicate cases and assess penalties.
- So far, more than 330 companies and individuals have been sanctioned from doing business with the Bank, and their names and sanctions posted on the Bank's external web site.
- The Bank today spends over \$10 million a year on investigations and sanctions, more than all other multilateral development banks combined.

RELATED LINK: [World Bank Anti-Corruption Website](#) – click below

[Anti-Corruption website](#)





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# SUMMARY OF KEY COUNTRY QUESTIONS OF THE MONTH

### Is Yenga an issue or a non issue?

Minister of Internal Affairs, Pascal Egbenda, on May 20 2006 maintained that Yenga, a disputed border town in eastern Sierra Leone, currently occupied by Guinea, "is not an issue."

Egbenda said Presidents Kabbah and Lansana Conte had earlier made their positions clear that Yenga belongs to Sierra Leone, not Guinean territory.

He explained that during the war, Guinean forces that collaborated with the government of Sierra Leone forces asked for permission to use the vantage point of Yenga to ward off and arrest any rebel onslaught that may threaten both countries.

Following the end of the war in 2002, Egbenda said, Sierra Leone raised the matter with Guinea and so far all communiqués signed by both Heads of States clearly stated that Yenga belongs to Sierra Leone.

In spite of Egbenda's clarification and similar past explanations by government, the media had continued to report that Yenga was still in Guinean hands, and that the reason for such an occupation no longer existed because there were no more armed rebel threats in Guinea, Liberia and Sierra Leone ●

### Is Sierra Leone now food self-sufficient?

Mustapha Daboe, the World Food Program (WFP) Africa Regional Director, disclosed on May 22 2006 that "Sierra Leone was 60% self-sufficient."

Daboe who was speaking at a press briefing at WFP Country Office in Freetown said the Government of Sierra Leone had worked hard to ensure that a large number of the population have access to food.

"There has been tremendous progress on the Poverty Reduction Strategy Paper (PRSP) and the government is ensuring that Sierra Leoneans have access to food," he stated, adding that the WFP School Feeding Project was targeting 240,000 beneficiaries and among that number 106,000 were children.

He maintained that WFP is not a substitute to government.

"We have also assisted government to implement the emergency food project by working with UNICEF, Food and Agricultural Organization etc," he maintained that the government has done a lot in identifying vulnerable persons. He said Sierra Leone is a priority to WFP with a particular attention to vulnerable school going children ●

### Should W/A adopt a common approach?

Factiva reported on May 30 2006 that a regional meeting to tackle disarmament and post-conflict management in strife-haunted West Africa had begun in Ivory Coast.

Set up by the Club of Sahel and West African countries and the Organization for Economic Cooperation and Development (OECD), the meeting was a follow-up one a recommendation from the Defense and Security Council of the 15-member Economic Community of West African States (ECOWAS).

It examined ways of lifting West Africa out of crises through the development of a regional approach to disarmament.

Delegates shared lessons drawn from various disarmament exercises carried out so far in the region. The meeting aims to end with "the installation of a regional working group on ... (disarmament)", according to a statement from the organizers.

Participants were drawn from 11 West African countries, namely Burkina Faso, Ivory Coast, Gambia, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal and Sierra Leone. Experts in disarmament also took part in the meeting ●

### Does Taylor's arrest end war in W/Africa

Sierra Leone's *Cocorioko* online newspaper on May 31 2006 published an article by Bishop Boyabei, arguing that the arrest of Charles Taylor has ended all prospects for war in the West Africa sub-region. He said, most people never knew the dimension of the war (Taylor's war) in West Africa.

"There was such heightened aspiration and gross multi-faceted conspiracy on the war that only God could stop it. Taylor was not just another fellow coming on the scene of history. Taylor was an agent of Satan, recruited to tie in some ungodly covenants that will affect the people of SIERRABERIA (Sierra Leone and Liberia) and the rest of the sub-region".

The spilling of innocent blood, he continued, the secret societies, the drinking of blood/bathing with blood were all dynamics associated with Taylor's war. Many fighters in SIERRABERIA (Sierra Leone and Liberia) were indulged into ungodly covenants (always having to do with the shedding of blood), for empowerment to process the war.

These people consciously entered the war theatre not because of the soundness of war-ideologies (which never was), but because of satanic manipulations ●

This newsletter provides information to the Sierra Leone public, internal Bank staff and internet users interested in Sierra Leone on activities of the World Bank Group, and on developments about Sierra Leone that are of interest and of concern to the Bank Group; seeking also to relay feedback from Sierra Leone on the Bank Group's global strategies, policies, programs and projects.

