

Sierra Leone: Joint Staff Assessment of the Poverty Reduction Strategy Paper Preparation Status Report

The attached Joint Staff Assessment (JSA) of the Poverty Reduction Strategy Paper Progress Report for **Sierra Leone**, prepared by the staffs of both the World Bank and IMF, was submitted with the member country's Poverty Reduction Strategy Paper (PRSP) Preparation Status Report to the Executive Boards of the two institutions. A JSA evaluates the strengths and weaknesses of a country's poverty reduction objectives and strategies, and considers whether the PRSP or IPRSP provides a sound basis for concessional assistance from the Bank and Fund, as well as for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) Debt Initiative. The Boards then decide whether the poverty reduction strategy merits such support.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org.

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**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

Sierra Leone

Joint Staff Assessment of Poverty Reduction Strategy Paper

Preparation Status Report

Prepared by the Staff of

the International Monetary Fund and the International Development Association

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April 8, 2003

1. The Sierra Leone authorities issued their interim poverty reduction strategy paper (IPRSP) in June 2001. The paper was discussed by the Executive Boards of the World Bank and the IMF in September 2001. Since that time, preparations have been underway for the full PRSP. As the document was not finished within one year after the issuance of their IPRSP, the authorities have produced, for presentation to the Executive Boards of the IMF and the World Bank, a status report, indicating progress made to date and the tasks ahead.
2. As indicated in the authorities' status report, progress in the preparation of the PRSP has been slow. Consequently, the original completion date of end-December 2002 envisaged in the IPRSP was not attained, and the new target completion date is end-December 2003. The delay has been due to the slow pace in implementing the disarmament exercise, the conduct of general elections and administrative and financing difficulties. The pace of the peace process was cited as a potential risk in the joint staff assessment of the IPRSP, as the completion of the disarmament and resettlement of the displaced population were a necessary condition for the country wide consultative and participatory activities required for the full PRSP. Similarly, the conduct of the household income and expenditure survey required complete access to all areas of the country and a resettled rural population.
3. The status report sets out the main activities undertaken to date and reviews steps planned for preparing the PRSP, including a description of the participatory processes. The report provides a timetable for the remaining work in broad terms, including the setting of

public policy priorities. However, staffs are of the view that the authorities should have provided a more detailed roadmap based on the assessment provided in the JSA for the IPRSP. With government authority restored throughout the country, return and resettlement of a large part of the displaced population, accessibility of the countryside, and technical assistance from key donors, the prospects of participatory consultations are good. As noted in the JSA of the IPRSP, the authorities have taken key steps to ensure the availability of relevant, reliable and timely socio-economic information on the poverty situation. Preparations for the 2004 National Population Census have begun and the conduct of the Living Standards Measurement Survey (LSMS), that would underpin poverty analysis, is advanced. While the results from the census may not be available for the first full PRSP, it is expected that preliminary findings from the LSMS will provide a critical input into poverty assessment. Several sector policy reviews that will inform the PRSP have been completed (country financial accountability assessment or CFAA, transport sector strategy, microfinance policy framework, mining sector review) and several other sector reviews, including governance diagnostic work and a public expenditure review (PER) focusing on service delivery for poverty reduction, have been initiated with technical assistance from bilateral and multilateral development partners. Staffs have discussed with the authorities on ways to exploit more fully the potential synergies between the governance diagnostic work, the PRSP preparation and the PER. The governance diagnostic work has a large analytical component on public service delivery that could be used, jointly with the Baseline Service Delivery Survey, as background for the PRSP and the PER. Support in the health and education sectors (through grant assistance from IDA and other donors) is expected to build capacity and improve the management of these sectors and assist the Government in restoring the most essential functions of the health and education delivery system in several war-torn and underserved districts.

4. The staffs believe that the broad areas of work identified are appropriate and consistent with the IPRSP. Staffs agree with the measures identified by the government to address the key poverty reduction policies, including enhancing the population's capacity to undertake income generating activities, maintaining economic stability and improving access to basic social services. The government proposes to expand the monitoring indicators from the limited number presented in the I-PRSP to include qualitative indicators which will be identified during focus group discussions and participatory poverty assessments as well as quantitative indicators identified under the sector reviews. Staffs encourage the government to limit the number of targets and monitoring indicators to those that are meaningful and that can be adequately monitored within the capacity constraints that the country faces. In light of the evident capacity constraints, the JSA of the IPRSP had highlighted the need for appropriate technical assistance, to be obtained in a timely manner, to avoid further delays. Technical assistance is required for a number of key tasks including poverty diagnostics, sector reviews, poverty social impact analysis and public expenditure reviews. Assistance with capacity building of civil society organizations and members of the PRSP Core Technical Committee is also needed. This should be aided by the establishment of the Development Partnership Committee (DPC) set up to coordinate development assistance, including mobilizing support for the PRSP process.

5. Such action was taken at the Consultative Group (CG) meeting held in Paris in November 2002. The Government's poverty reduction strategy was discussed at the meeting. At that time, the authorities outlined the progress made in implementing the first phase of the IPRSP and also sought financial support from the donors to fill any remaining funding gaps for the identified activities and capacity building needs to finalize their PRSP. The Government and its partners are working together within an agreed "Results Framework" to continue the path from an immediate post-conflict situation to one that will allow the development and implementation of the full PRSP. The introduction of district budgetary committees since 2001 has been a useful vehicle for involving the local population in the budgetary process, by providing valuable feedback on poverty outlays, on the quality of rural public service delivery and on the accountability for use of poverty funds. Progress on implementing this framework was to be discussed at the first meeting of the DPC on March 20, 2003 (Staffs are still awaiting a report on this meeting. However, given the amount of work that remains to be done in terms of completing the poverty baseline survey, launching of remaining sector diagnostics, and getting approval of the much needed technical assistance in a timely manner, it seem to the staffs that the proposed target date of completion is ambitious and finalization of the document may slip into early 2004.

6. Although the PRSP preparation has been subject to significant initial delays, the staffs of the World Bank and the IMF consider that, taking into account Sierra Leone's post-conflict circumstances and limited capacity at the beginning of the process, progress on the development of the full PRSP, as evidenced by the PRSP Preparation Status Report, is satisfactory and provides a sound basis for continued access to Fund concessional assistance and IDA adjustment lending. The staffs recommend that the Executive Directors of the World Bank and the IMF reach the same conclusion.