

EVALUATION OF THE COMMISSION'S SUPPORT TO
SIERRA LEONE
- COUNTRY LEVEL EVALUATION -

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Final Report (3rd and final draft)

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0. Executive Summary

0.1 Evaluation objectives and methodology (Chapter 1)

This Evaluation of the European Commission's country strategy for Sierra Leone has been undertaken by DG DEV D/2 in response to a request by the relevant Commission Services of the EuropeAid Co-operation Office.

The main objective of this evaluation is to analyse the Commission's past and current assistance to Sierra Leone and to provide the Commission with an analysis and an assessment of its co-operation strategy with Sierra Leone. In particular, the evaluation focuses on the extent to which the Commission's interventions in the different areas of co-operation have produced their results, achieved the intended impact with respect to the co-operation strategy.

The main coverage of the evaluation is:

- The Commission co-operation strategy with Sierra Leone, and its implementation over the period 1998 to 2007, including 8th and 9th EDF, but with a main focus on the years 2000 to 2005;
- An analysis of the relevance, logic and coherence, as well as the intended impacts of the Commission co-operation strategy for the period 2003-2007.

The evaluation methodology is based on an initial description of the development cooperation context in Sierra Leone and includes an overview on the overall political, economic and social situation in Sierra Leone, a summary of the country's policies and strategies for development, as well as the Commission's response strategy with the various strategies and programmes for Sierra Leone.

The Commission's intervention logic is then analysed and presented in logical diagrams (Annex 7), which allow identification of the main sectors of intervention and of the hierarchy of the Commission's co-operation strategy objectives at the different levels of intervention.

On this basis, Evaluation Questions were formulated, which refer either to the five evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability), to the 3Cs (coordination, coherence and complementarity), or to cross-cutting aspects. For each Evaluation Question, Judgement Criteria were selected which show the point of reference, against which the interventions are assessed. Finally, each Judgement Criterion is validated on the basis of quantitative and qualitative indicators which are the main performance measures.

The evaluation was initiated in February 2006 and the Desk Phase completed at the end of the same month. A field mission was organised in March 2006, followed by a drafting period in April. The results were presented on July 26, in a workshop in Sierra Leone, allowing for final consultations with main stakeholders and a wider public.

0.2 Context of development cooperation Sierra Leone and the Commission's response strategy

After a decade of civil war, which ended officially in 2002, the GoSL of Sierra Leone's policy agenda has been largely determined by the needs and priorities resulting from severe effects of this devastating period.

With a GDP per capita of US\$ 140, Sierra Leone remains one of the poorest countries in the world. It is estimated that in 2003 seventy percent of Sierra Leoneans have been living under the local poverty line of less than 0.70 US\$ a day. The country's economy has been further depressed by the preceding civil war. The agricultural sector engages still more than two-thirds of the working population, largely on subsistence basis. Unemployment, in particular among the youth, is considered a huge challenge.

Sierra Leone's economy continues to be highly dependent on donor support.¹ Private investment with the prospect of creating the jobs needed to escape the poverty trap and engaging ex-combatants and other youths, remains insufficient.

Sierra Leone ranked last on the UNDP Human Development Index for several years and was in 2005 on the second last place. It continues ranking with countries having the worst social indicators in the world.

The PRSP, under application since the beginning of 2005, addresses the poverty challenges and agreed to anchor the GoSL policies and strategies on three main pillars, namely:

- Pillar 1: Promoting good governance, security and peace;
Pillar 2: Promoting Pro-poor sustainable growth for food security and job creation;
Pillar 3: Promoting human development.

The EC is the biggest source of funding support to development in Sierra Leone, responsible for about a quarter of all ODA to Sierra Leone in 2005. After the ongoing shift of the USA aid towards Liberia, the EU Member States and the Commission provide more than 75% of ODA to Sierra Leone, with the WB being the only additional relevant source of funding.

¹⁾ Donors, with grants and loans, contribute approx. half of total government revenue in 2004 and 2005.

As the logical diagrams in Annex 2 show, there is continuity between the intervention logic of the 8th EDF and the 9th EDF. Likewise, there is large coherence between the underlying logic of the CSP with the PRSP.

Under the Lomé Conventions (4th to 8th EDF), some 400 M€ have been allocated to Sierra Leone. The allocations have steadily increased since 1975 from an allocation under Lomé I (4th EDF) of some 29 M€ to an indicative amount of 144 M€ of the 9th EDF under the Cotonou Agreement (A-envelope of present NIP). The one exception is a reduced allocation under Lomé IV^{bis} of some 78 M€, owing to Sierra Leone's ineligibility for receipt of the second tranche of funds.

The EC's response strategy and its allocation to focal and non-focal sectors according to the 9th EDF CSP / NIP can be summarised as follows

- Focal Sector N° 1 - Rehabilitation of Priority Infrastructure (initial allocation: € 70 mio)
- Focal Sector N° 2 - Good Governance & Institutional Support (initial allocation: € 19.0 mio);
- Focal Sector N° 3 - Macroeconomic support (initial allocation: 50 mio)

0.3 Evaluation questions, main Findings and Conclusions (Chapter 3 & 4)

03.1 EVALUATION QUESTION 1: Coherence of EC policies and strategies

The main findings in this area show that

- the Commission's strategy is consistent with the objectives of the PRSP, the MDGs and the strategy of the CSP;
- the focus of the PRSP on pro-poor growth (Pillar 2), while receiving most of EC's ODA to Sierra Leone, is not yet achieving the required and sustainable impact on poverty reduction;
- Areas like agriculture, fisheries and services, like tourism, do not receive enough attention, with regard to pro-poor growth;
- Capacity to ensure appropriate targeting of beneficiaries is not always sufficient in Ministries concerned by EC interventions;
- EC interventions during transition period (2000-2005), mainly through ECHO and later through Envelope B funded activities, have substantially contributed to GoSL efforts for peace, reconciliation and rehabilitation as well.

03.2 EVALUATION QUESTION 2: Achievement of social and economic development

The main findings in this area show that

- Indicators to measuring aid effectiveness are not yet consistently applied by GoSL and its major development partners;
- Envelope B funded interventions during and after the transition period 2000-2005 have been implemented successfully to a large extent and have made important contributions to rebuild the basis for sustained social and economic development;
- Envelope A funded interventions are mostly committed, but implementation has for the large part not yet started, or is delayed;
- Objectives in the health sector have broadly not been reached. Physical social infrastructures are likely to be realised with delays;
- Sustained economic growth and stability of the currency are important results, achieved through support by EC interventions concerning Public Finance Management, thus creating the basis for enhanced regional integration;
- Beyond road infrastructures (not yet accomplished!), no strategic intervention towards regional integration has been planned (except EPA negotiations, which is an obligation from DG Trade);
- Capacity needs to be improved to strengthen Sierra Leone's role and participation in fora relevant to regional development.

03.3 EVALUATION QUESTION 3: Impact of interventions in social and transport infrastructures

The main findings in this area show that

- EC interventions concerning transport infrastructures are limited to main roads at present. The feeder road project, is with high potential impact, but is about to be implemented in the years to come;
- Strategic & "integrative" improvements, e. g. allocation of part of funds for construction of jetties, have been missed out under the 9th EDF, while they have the potential to further increase the impact of investments in rural roads;
- Decentralisation related to road maintenance is not yet effective. SLRA capacity building with WB support planned;
- Impact of EC interventions for increasing access to and quality of social services is very still limited;

- HSSP planning not aligned with decentralisation process; capacity for provision of equitable and efficient social services at district level not yet available. Need for alignment of EC interventions in districts with decentralisation process;
- More efforts need to be provided to reach the poorest of the poor, e. g. improve targeting, build capacity.

03.4 EVALUATION QUESTION 4: Policy support for economic & public finance

The main findings in this area show that

- Budgetary support under 8th EDF has been targeted, is now untargeted under 9th EDF to give full ownership to GoSL;
- Capacity of GoSL is weak to ensure use of resources according to required international standards and conditions;
- Important need for capacity building for public financial management; Budgetary management in line Ministries also needs important improvement;
- Application of indicators is not yet consistent and rigorous. Much work needs to be done with important coordination efforts by GoSL to reach systematic application of a harmonised set of realistic and transparent indicators;
- Budgetary support by definition should not be sustained; however, if national revenues can not be increased substantially by national revenue authority, then the exit strategy is questionable;
- Sustainability of GoSL policies, in particular of decentralisation and Local Government, is at risk, due to persisting lack of potential to raise revenues. Thus, economic growth is the major condition *sine qua non* for success of the PRSP as well as the CSP.

03.5 EVALUATION QUESTION 5: Broad based economy

The main findings in this area show that

- EC interventions have been effective and beneficial in the area of rutile mining;
- EC interventions have also contributed to broadening of areas of interventions in the mining sector;
- Social services provided by mining company are example of “good practice” in SL;
- No evidence for sustainability of SMEs through EC interventions. Contracts related to implementation of EC programmes only lead to temporary employment, e. g. in construction enterprises;
- Fostering a conducive operating or investment environment has been initiated by EC. DfID and WB take part in these efforts, and a WTO IF DTIS has been conducted, focusing particularly on these issues.
- Business environment and national economic capacity not yet attractive for large EIB funding of investments.

03.6 EVALUATION QUESTION 6: Appropriateness of implementation mechanisms

The main findings in this area show that

- The flexibility in using different mechanisms to facilitate implementation of interventions is increasingly a strength of the EC system;
- ECHO interventions brought relief at short notice and at a broad base;
- Additional indicator for ECHO efficiency is the successful exit strategy;
- Envelope B proved to be very effective as a tool for bridging from emergency and rehabilitation to development; however, planning was, and implementation is relatively slow and still ongoing;
- Trust Fund as a funding mechanism, as used for the Decentralisation programme, reduces transaction costs substantially, but requires good coordination, strong monitoring tools and application of a set of appropriate indicators;
- The funding mechanism used to facilitate funding of rehabilitation and operation of the rutile mine is innovative and has mobilised resources; could be replicated on future opportunities;
- Programme preparation for the 9th EDF has been slow in general. Funds are committed now, but implementation still to start in main areas of focal sectors. The major reasons are the staffing problem at the Delegation combined with a weak absorption capacity;
- Quality of design of individual programs, e. g. HSSP, as well as quality of contracts, e. g. for the regional road, need to be improved and quality better be managed;
- Concerning NAO's role and mandate, further capacity building needs to be done to ensure skills transfer at short and medium term and to increase overall capacity.

03.7 EVALUATION QUESTION 7: Interventions and promotion of cross-cutting issues

The main findings in this area show that

- Envelope B and interventions funded through EC budget lines have integrated cross-cutting issues in general;
- Macro-economic support pays poor attention to cross-cutting interventions. Relevant indicators are not applied systematically, while Annex B of the FA for the Budgetary Support Programme mentions "environnement" as a cross-cutting issue;
- EC Monitoring reports don't cover cross-cutting issues sufficiently;
- In the decentralisation programme cross-cutting issues are effectively part of design and strategy. In reality, gender criteria is not applied efficiently and environment is not mainstreamed sufficiently into LG development plans;
- Feasibility studies for EC funded roads comprise standard environmental impact assessment. In fact, application of environmental standards is not yet consistently promoted by SLRA;
- Envelope B is effectively used to support capacities of NSAs;
- HIV/AIDS is not sufficiently integrated into EC funded interventions.

03.8 EVALUATION QUESTION 8: Promotion of peace, reconciliation and good governance

The main findings in this area show that

- Envelope B funded interventions efficiently supported the peace & reconciliation process; allowed for fast track support projects through international & local NSAs;
- Funds for Decentralisation support programme under 9th EDF are committed, but implementation still under preparation;
- No evaluation made of the WB supported Decentralisation programme, before EC commitment to Trust Fund;
- No EC contribution to preparation of policies and strategies; this increases risk for EC interventions;
- No explicit role of EC within PRPS process related to good governance. Lead roles are occupied by WB, UNDP and DFID;
- Budgetary support has the potential for an excellent tool to promote governance in financial management

03.9 EVALUATION QUESTION 9: Application of the 3Cs: Complementarity, coordination, coherence

The main findings in this area show that

- EC plays a leading and well respected role in CG, mainly through the leading role in the MDDBS;
- Coordination of interventions with EU member states (almost exclusively DFID) in different programmes is generally effective;
- Coordination is facilitated due to limited number of development partners; however, coordination with WB is difficult: sector specialists are based in USA; WB country director based in Ghana;
- Trust Fund mechanism promotes coordination and complementarity;
- In the case of governance, as well as concerning support to the coming elections, a complementary approach with DFID is applied. However, DFID is scared that delays in provision of EC funding will again occur, as it was the case for the elections for Local Government in 2004;
- DEPAC is a good interface between Government and development partners;

03.10 EVALUATION QUESTION 10: Sustainability of interventions

The main findings in this area show that

- There is still a long way to go to reach sustainability at the macro-economic level. Hence, high risk and volatility are characteristic for interventions;
- Efforts towards sustainability through procedures, processes and systems in view of transparent public financial management are working, but more efforts and time are required;
- Sustainability is not yet in view for interventions in the social sector, which is still heavily dependent on external funding, partially supplied through budgetary support;
- Notwithstanding the present level of budgetary support and ODA (more than 50% of public investments and spending), social service delivery can not meet PRSP objectives;

- Decentralisation and Local Government are not sustainable and largely depending on external funding. Extremely low level of local economy and national revenues will not allow for sustainable local governance and related services in the short to medium term;
- The road fund is far from reaching required levels of sustainability regarding infrastructure investments and maintenance;
- Additional factor impeding on sustainability is lack of “maintenance culture”; change management at SLRA promoted through WB support;
- To ensure sustainability of peace, more focus will be needed on the economy and in particular on sustained growth, including increase in household income and employment;
- Potential drivers of sustained growth are mainly agriculture, fisheries, mining and eventually also services, like tourism;
- There is need for “new blood” and capacity building in the mining sector, at SLRA and for decentralisation and local government to sustain current programmes and EC interventions;
- Sustainability of EC interventions is to a good part also linked to positive results in the Public Sector Reform, Decentralisation and a strengthened role of NSAs and civil society at large. Important joint efforts and programs with DFID are required to attain sustained impact.

04 Recommendations (Chapter 5)

The main recommendations of the mission can be summarised as follows

- EC interventions to promote economic growth need to be broadened ;
- EC should insist that future PRSP be more realistic, more concrete and will be providing realistic benchmarks and targets for social and economic development according to agreed timelines;
- Vision 2025 should be revised to be agreed on by GoSL and its development partners. Future PRSP should directly be linked to vision 2025, thus setting realistic long term GoSL targets;
- Sector policies and strategies should build the basis for PRSP planning and projections. EC needs to strengthen its contributions for development of sector policies and strategies, defining realistic and measurable objectives;

A further major recommendation is, that the preparation of 10th EDF should be based on comprehensive reassessment of situation of Sierra Leone in particular regarding the following areas

- Security and its direct links with social cohesion;
- Potential for and opportunities regarding regional integration;
- Potential for public and private sector driven sustained pro-poor growth;
- Institutional and human resources capacity needs for sustained and autonomous development, comprising promotion of change in the Public Sector, as well as for private sector driven development.

CHAPTER 1 – EVALUATION METHODOLOGY

1.1 Scope and Objectives of the evaluation

The Terms of Reference (ToR) for this country programme evaluation follow the general good practices in this domain and state its specific purposes and main objectives, which are input to a programme cycle and to shaping of the country strategy. More generally, this country evaluation is forward-looking, while it shall provide an overall review of “lessons learned”.

The main objective of this evaluation is to analyse the Commission’s past and current assistance to Sierra Leone and to provide the Commission with an analysis and an assessment of its co-operation strategy with Sierra Leone. In particular, the evaluation focuses on the extent to which the Commission’s interventions in the different areas of co-operation have produced their results, achieved the intended impact with respect to the co-operation strategy’s objectives and whether they have done so in the most efficient and effective manner.

The ToR clearly specify the goals of the country programme to be evaluated. Those goals have, during the emergency situation, of which Sierra Leone came out in 1999 after a decade of civil war, been directly related to the programme Linking Relief, Rehabilitation and Development (LRRD) and they have then been linked to the Interim PRSP since 2003, while they are now directly linked to the full PRSP, which has been approved beginning of 2005. These programmes provide the main criteria and indicators, e.g. poverty reduction and growth in certain sectors, but also peace and security as well as food security, against which country programme success or failure must be judged. These goals are also taken as a compulsory reference by the EC Country Strategy Paper (CSP). The country evaluation will in this context have to examine the way, goals have changed over time and it shall address specifically the relationships (complementary or contradictory) between goals at different stages of the period of the last 10 years under examination.

The evaluation will also have to consider the influence of systemic issues, *i.e.* policy and administrative constraints affecting the programme. This is particularly important in the case of Sierra Leone, and appropriate expertise, time and resources shall be allotted to these issues during the evaluation mission.

According to the ToR the main objectives of the evaluation are:

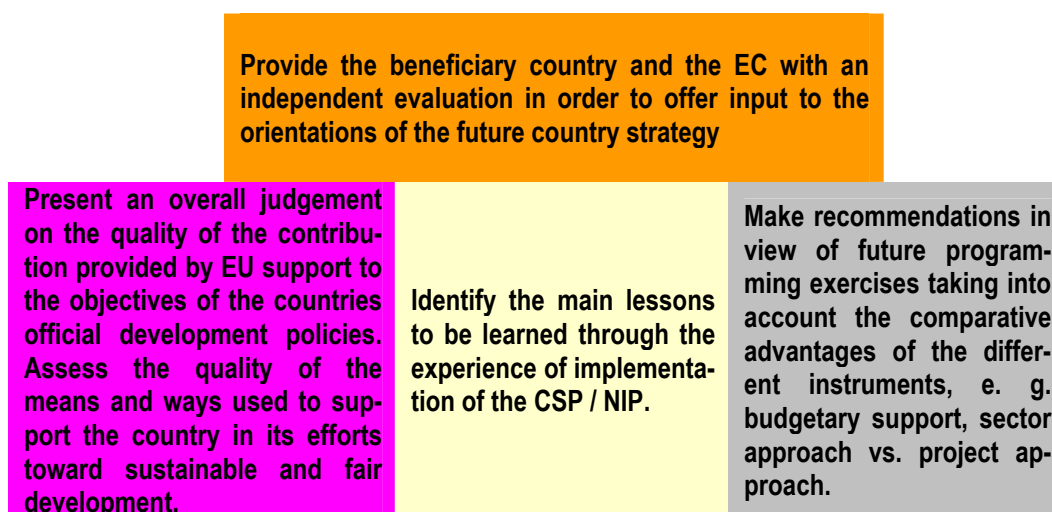
1. to provide the beneficiary countries, the relevant external co-operation services of the EC and the wider public with an overall independent evaluation of the Commission’s past and current assistance to Sierra Leone; providing the Commission’s policy-makers and managers with a valuable aid both for the implementation of the current Strategy and Indicative Programmes, and for future programming;
2. to identify key lessons from the Commission’s past co-operation;
3. to present a general overall judgement of the extent, to which the Commission’s strategy and activities have contributed to the progress towards the country PRSP objectives.

The ToR also specify the scope of the evaluation as follows:

- on the current EC Country strategy (CSP) and, if possible, on its implementation in Sierra Leone. In particular, the progress over the period of the current programming cycle;
- on the past EC co-operation strategies with the country, and their implementation covering the two previous programming cycles;

- on the coherence between actions undertaken at national level and those supported in relevant regional initiatives affecting the country, with special regard to the capacity of regional institutions and to economic integration and trade (see relevant Regional Indicative Programmes).

The main objectives and the scope of the evaluation may be summarised in the following image:



The evaluation of past and current assistance is meant to promote a lesson learning culture throughout the Commission. Particular attention will be devoted to impact in the context of greater concentration on results-based management and of helping the Government of Sierra Leone (GoSL) in policy design. The main coverage of the evaluation is:

- The Commission co-operation strategy with Sierra Leone, and its implementation over the period 1998 to 2007, with a focus on the years 2000 to 2005;
- An analysis of the relevance, logic and coherence, as well as the intended impacts of the Commission co-operation strategy for the period 2003-2007.

The present report is structured in a way to present first the context, in which the CSP / NIP is implemented. This includes an overview on the overall political, economic and social situation in Sierra Leone, a summary of the country's policies and strategies for development, as well as the Commission's response strategy, with the various strategies and programmes for Sierra Leone.

The main output of the evaluation is concentrated in chapter 3, where the findings are presented, based on a relevant analysis providing the responses to the Evaluation Questions on the basis of the relevant Judgement criteria.

This output is further summarised in Chapter 4, which is providing detailed conclusions. They have been organised by clusters following the topics of the evaluation questions. The conclusions comprise a synthesis of the related findings and express a judgement on the aspect of the EC support considered. This part also includes an overall assessment on the EC support to Sierra Leone.

The final chapter of the report presents recommendations, which are again organised by clusters and clearly linked to the conclusions.

The main methodological feature of the evaluation is that the evaluation questions need to be put into the frame of GoSL policies and strategies, as well as the MDGs. This is the basis for the required relevance and coherence of the entire EC country programme (CSP/NIP).

The full PRSP summarises the GoSL strategy with the image of three pillars, on which its overall strategy for poverty reduction, sustained growth and peace and stability is founded. Those three pillars are

- Promoting Good Governance, Peace and Security;
- Promoting Pro-poor sustainable Growth;
- Promoting Human development.

The evaluation has been organised in different phases:

- a short Desk Phase, with only two of the consultants involved;
- a field phase in Sierra Leone with a team of five consultants for the duration of 14 days;
- a relatively short reporting phase of 10 days, during which all the analytical and writing had to be accomplished;
- a dissemination workshop in SL, during which the results have been presented to main stakeholders and a broader public. Thus the lessons learned should be fed into the programming of the 10th EDF.

The evaluation team wishes to take the opportunity to spell out a “caveat”: it has been of extreme importance to align the expectations concerning the likely outcome of the evaluation between the clients, e. g. the different services of the EC mainly, and the evaluation team. We have to speak it out explicitly, that the sectoral specialists have had only a very limited time period allocated to their work, mainly limited to the field work period of 15 working days. During this time the team leader and the sectoral specialist have had to collect and analyse all the relevant documents and additional information received through the interviews. At the same time, they needed to coordinate their work in the team and with the client, make presentations of their results, and eventually carry out some site visits. Finally, the team was expected to draft reports of good quality, based on sound and thorough analysis.

The team of this country evaluation has taken up this challenge and is confident that it has been able, within the given context, to provide high quality services with a highly reasonable output that is at the level of the client’s expectations.

CHAPTER 2 – CONTEXT FOR DEVELOPMENT CO-OPERATION

2.1 Strategic context in Sierra Leone

2.1.1 Political situation

Sierra Leone's policy agenda has been largely determined by the needs and priorities resulting from a decade of civil war. It is still facing a difficult post-conflict situation and puts high emphasis on security, recovery, rehabilitation and restoring the economy.

The Revolutionary United Front (RUF), led by Foday Sankoh used amputations and mass rape to terrorize the population and gain control of the country's diamond mines. Charles Taylor,² then President of neighbouring Liberia backed the insurgency providing arms and training to the RUF in exchange for diamonds.³ The pro-government Civil Defence Force (CDF), under Sam Hinga Norman, also committed serious offences. In 1999 the UN brokered the Lomé Peace Accord between the warring parties.

The security situation has been globally stable since the end of the civil war in 2001 but remains fragile. By the end of 2003, some 11.500 UN peace keeping troops were still in the country. However, several events undermining security occurred in the course of 2003, including the attack on a military warehouse in Freetown that was part of an alleged coup attempt attributed to former junta leader, Johnny Paul Koroma. Threats to the constitutional order were also perceived from disgruntled elements of the Civil Defence Force, a former pro-Government militia, whose former leader and ex-Minister for Internal Affairs, Hinga Norman is still on trial at the Special Court.

Since the end of 2001, the human rights situation in Sierra Leone has dramatically changed for the better. In general terms, Sierra Leone now shows a largely improved human rights record, marked by the respect of fundamental freedoms, the absence of political killings and politically motivated detention and torture. However, there are still reports of occasional human rights violations. Such cases are generally pursued by national authorities and lead to legal charges. Prolonged pre-trial detention and occasional arbitrary arrests continue to exist, but seem to be addressed by the government. Freedom of expression and of the media is generally respected in Sierra Leone,⁴ and human rights organisations can operate freely. There are no restrictions on political activity, public meetings or access to the internet.

The Government has cooperated extensively with international organisations and NGOs involved in the protection of refugees and the reintegration of child soldiers.

In January 2002, the UN approved the Special Court for Sierra Leone (SCSL) based in Freetown mandated to try those who bear the greatest responsibility during the civil war. It was created to bring to justice "those who bear the greatest responsibility" for war crimes and crimes against humanity committed during the civil war. Starting to operate in mid-2002, the Special Court issued the first indictments in March 2003. Hearings started in late 2003 and trials began in June 2004. Funding of the SCSL remains a problem as pledged funds, stemming from voluntary contributions of the international donor community, are only sufficient until mid-2004. The UN has announced its intention to fund the Special Court's budget to close the existing funding gap.

² He has been in exile in Calabar – Nigeria, from where he tried to escape by the end of March 2006.

³ It was on March 19, three days before this mission achieved its field phase in Sierra Leone, that Charles Taylor was captured in Nigeria and brought to the international Court in Freetown.

⁴ The case of "For di people"-editor, Paul Kamara, sentenced to a fine of approx. €20.000 for libel in October 2003 and temporarily detained, raised wide international attention, though.

The Truth and Reconciliation Commission (TRC) is another important institution⁵ established after the Peace Agreement. It was set up to facilitate national reconciliation. The TRC took more than 8.000 statements from victims and perpetrators, organised public hearings and prepared the final report. Its 1,500 pages report was issued in October 2004, but was made available to the public only during the first week of January 2006. In turn, an audit report on the TRC that became available pointed to serious problems relating to the management and handling of resources.

A National Human Rights Commission is expected to be created to ensure the follow-up of the recommendations of the TRC.

One of the main positive developments in 2003 was the completion of the national Demobilisation, Disarmament and Reintegration programme for more than 51.000 ex-combatants.⁶ There is, however, concern as to whether the comparatively short professional training offered to ex-combatants in various trades will prove to be sufficient to provide sustainable livelihoods. Also, some risk relating to "migrating" mercenaries in the sub-region cannot be ruled out, particularly if economic re-integration of ex-combatants were not fully successful.

Assuming a stabilising security situation and capacity building activities of the Sierra Leonean army, the UN peace keeping force UNAMSIL has completed its withdrawal at the end of 2005.

The humanitarian situation has largely improved since 2000. By the end of 2003, most of the remaining refugees, who were out of the country had returned to their places of origin in Sierra Leone. However, continued fighting in Liberia led to the influx of approx. 55.000 Liberian refugees now staying in 8 refugee camps. There are no more Sierra Leonean refugees living in neighbouring Liberia.

As the largest part of the huge migratory moves of IDPs and returning refugees has come to an end, the focus of the government and international aid agencies has been shifting since 2002 from humanitarian relief and protection to assisting local communities in rebuilding their infrastructure and livelihoods. Specific approaches ("LRRD", "4Rs") have been implemented by the EC in an attempt to link emergency relief and rehabilitation to long-term development programmes and broader sectoral policies.

Last Presidential elections - largely judged free and fair - were held in May 2002 and resulted in the re-election of President Ahmad Tejan Kabbah for a 5-year period. The next presidential and parliamentary elections are due in May 2007. The political situation is marked by internal competition within the main parties, which held their conventions during the first week of September 2005, to determine the candidates to the presidential elections of 2007. Vice-President Solomon Berewa seems to be forerunner to succeed President Kabbah, who is not running for a third term.

A recent statement, by the UK, France, USA and the EC, issued locally to express concern about certain events following the party conventions in preparation of the elections in 2007 triggered a displeased reaction by the Sierra Leone Ministry of Foreign Affairs. In a recent statement President Kabbah urged the Political Parties Registration Commission to "embrace inclusion" and, if necessary, "err on the side of registering more political parties rather than excluding them".

⁵ Established to create an impartial historical record of violations and abuses of human rights and international humanitarian law and: to address impunity; respond to the needs of the victims; promote healing and reconciliation and prevent repetition of the violations and abuses suffered.

⁶ The Commission contributed €12,2m to the DDR multi-donor trust fund from 8th EDF resources.

Political devolution has also progressed with the enactment by Parliament in January 2004 of the Local Government Act 2004, as the legal basis for the decentralisation policy. Local government elections were held in May 2004, the next are due in 2008. Nineteen local councils were installed and after extensive consultations with line ministries and other stakeholders including local communities, Government prepared a comprehensive plan for devolving central government functions to the local councils. The Devolution Plan also specified the sequencing of the devolution process.

Implementation of this policy is expected to bring about a major shift in the overall governance structure of the country, resulting in more popular participation in public affairs at district level, improved delivery of social services and increased accountability of elected councillors towards their constituents.

The fight against corruption has seen less progress than expected and Corruption is still rampant and pandemic, according to diverse public sources. While the Anti-Corruption Commission (ACC) has intensified its initiatives after the nomination of a new deputy commissioner, the latest report of the issued in August 2003, showed that very few cases submitted by the ACC to the Attorney General have been brought to court, and that the cooperation of state institutions in the fight against corruption is widely seen as insufficient. The government decided in 2003 to recruit additional expatriate personnel to enhance the capacity of the judiciary and the Attorney General's office, resulting in a number of cases coming to trial by the end of that year. More immediate results along with more political will and resolve on the part of the government will be needed to cope with the crucial challenge of corruption and to enhance the credibility of its policies.

2.1.2 Economic and social background

2.1.2.1 Economic situation⁷

This chapter summarises briefly the evolution of key economic indicators⁸ during and after the civil conflict.

On average, real GDP contracted by 5 percent annually during the conflict years 1991–2001. The breakdown in law and order, destruction of key economic installations, and rebel occupation of the mining and agricultural areas dampened business confidence and production.

With the signing of the Lomé peace accord in July 1999, and the deployment of UN troops in rebel-held territory in 2001, the economy began to recover. Real GDP rose by 14½ percent annually, on average, during the post-conflict period 2002–2004 mainly as a result of the reestablishment of government control and authority and the extensive rehabilitation and humanitarian activities in liberated areas.⁹

Inflation fluctuated sharply during the conflict period and remained high at 30 percent, on average. Loose policies as well as cost-push pressures emanating from exchange rate depreciation and an increase in imported rice prices contributed to the high inflation. The monetisation of the fiscal deficit, through the transmission of money supply, fuelled year-on-year rates of inflation of more than 100 percent in 1991. Relatively tight fiscal and monetary stances during 1993–1996 kept inflation rates at lower levels. After the signing of the peace

⁷ More detailed information can be found in Vol. 2 Annexes, where several sheets with data and indicators are provided, mainly under Annex 4. The principal data sources on the web are those of UNDP, WB and the IMF, where data are updated frequently.

⁸ Principal data source is the latest IMF report.

⁹ The recent growth rates are based on a revised GDP series that captures informal activity more extensively.

accord, inflation fell sharply from 34 percent in December 1999 to -1 percent in December 2000, as macroeconomic policies were tightened, the supply situation improved, and the exchange rate appreciated. Inflation remained low in 2001 and 2002 (with annual average rates of 2.6 and -3.7 percent, respectively) owing to further improvements in the supply situation, increased trade competition, and relatively stable exchange rates. However, it rose in 2003 and 2004 as a result of higher fuel prices, monetary expansion, and exchange rate depreciation.

The overall fiscal deficit (excluding grants) as a percent of GDP increased during the conflict period, from 9 percent in 1991 to about 17 percent in 2001. Budgetary management came under pressure because of the need for increased military outlays, government losses on petroleum import operations, and civil service pay increases. Furthermore, domestic interest payments rose substantially during the conflict, driven by the large funding requirements of the government that pushed up interest rates. During the post-conflict period, the overall deficit (excluding grants) remained relatively high, reflecting substantial expenditure needs as well as revenue weakness.

The external current account deficit (excluding grants) widened during the conflict period, from 5 percent of GDP in 1991 to 22 percent in 2001. The deficit reflected growing domestic imbalances. On the trade side, exports were limited, while imports fell sharply due to a trade embargo and curtailment of official assistance. The deficit has remained significant since the end of the conflict, averaging about 15 percent during 2002–2004, reflecting the sharp increase in commercial and humanitarian relief imports, as well as the country's limited export capacity.

Before the war¹⁰, subsistence agriculture engaged about two-thirds of the working population, but following the end of the war in 2002, there has been substantial labour movement to other productive sectors, especially diamond mining. However, output in cash crop production (coffee, cocoa, groundnuts, and palm kernels), particularly in the country's east, has recently increased. The mining of diamonds, bauxite, and rutile provides the major source of hard currency. The official registered output of diamonds in 2003 expanded by 44 percent over the 2002 total of 352,000 carats. Recorded manufacturing output fell in most categories in 2003 except cement production. The dollar value of registered merchandise exports jumped by 90 percent in 2003 to US\$92 million, almost all on the strength of official diamond exports, which reached about US\$78 million, compared to US\$42 million in 2002.

The history of post-independence Sierra Leone has been marred by extremely poor governance, gross economic mismanagement, and war. After growing 4 percent annually in the 1960s the economy deteriorated sharply the next two decades as a result of rampant corruption, massive state intervention, concentration of state spending on the non-poor, dismantling of local government, and economic policies that held back overall economic activity and heavily taxed agriculture and the rural population. Real GDP per capita peaked in 1970; between 1971 and 1989, GDP per capita dropped 37 percent. By 1990, 82 percent of the population lived below the poverty line, and Sierra Leone had one of the most skewed income distributions in the world (a Gini Index of 66).

During the three years ending March 1994, Sierra Leone successfully implemented an adjustment program supported by the IMF. The rate of inflation declined from over 100 percent to 20 percent, and real GDP growth recovered gradually, rising to a positive rate in 1994, after several years of economic decline.

After rebel activities were brought under control at the end of 1995, the democratically elected government adopted in 1996 a new economic recovery program supported by the

¹⁰ The main source for this chapter is the World Bank webpage on Sierra Leone.

IMF with a second annual arrangement under the Enhanced Structural Adjustment Facility (ESAF). Despite the fragile security situation, the 1996 program was implemented, and economic performance improved markedly, with real GDP growth rising to 5 percent in 1996 and inflation declining to about 6 percent.

Cessation of hostilities and restoration of security following the Lomé Peace Accord in July 1999 ushered in an era of post-conflict reconstruction in Sierra Leone. The government completed its disarmament, demobilization, and reintegration (DDR) program for ex-combatants in February 2004 through an impressive program financed by numerous donors and supported by local communities.

Despite the impressive post-conflict improvements, the country still faces many challenges. A national risk assessment focused on the high levels of extreme poverty and youth unemployment. Further studies points to the need to deal with conflict-related challenges, such as poor governance, regional disparities, weakened coping strategies of the poor, and the lack of inclusion for certain segments of society.

Fiscal performance remains mixed largely because of the public sector's high dependence on external revenue. Loss of external finances leads to recourse to domestic credit and monetary growth with consequential inflationary pressures.

Saving and Investment rates are low. Anecdotal evidence indicates that the rates of savings and investment are too low to sustain growth rates in excess of 5 percent. The very low rates of saving reflect the low income level as well as institutional weaknesses to support the saving process, including the existence of a large informal sector.

The investment rate is too dependent on the external funding. The investment rate in the public sector is highly dependent on the external financing, and that in the private sector is low owing to low private savings. Policies to enhance greater foreign investment are necessary to increase growth and subsequently higher and positive domestic savings.

The Sierra Leone Poverty Reduction Strategy Paper (SL-PRSP), which was completed in February 2005, outlines the strategies and priorities the government intends to employ to address the country's main development challenges. It addresses the long-term causes of conflict and poverty and relates explicitly its poverty reduction goals to the Millennium Development Goals (MDGs).

The SL-PRSP underscores the need to achieve high and sustained broad-based economic growth, particularly in rural areas where agricultural development and increased food production are central; to provide essential social and economic services and infrastructure to the poor; to create job opportunities for the large and growing number of young people; and to improve governance. It also recognizes that continued broadening and deepening of reform on several fronts will ensure that growth translates into improved poverty and human development outcomes.

The government estimated that overall costs of programs to support the PRS could reach US\$1.7 billion for 2005–07. After taking into account projected domestic revenues and identified financing from donors, this left a resource gap of US\$922 million. The recent Consultative Group meeting in London confirmed disbursements of about US\$800 million over the same period.

Sierra Leone's future, in view of the above, rests on two main pillars: peace and economic reform. With the main political objectives of the post-conflict transition now coming to fruition, Sierra Leone is at the potentially important stage for sustained growth.

Growth prospects in the medium term are encouraging based on the expansion of the mining sector, agricultural expansion and service related activities. Real growth is projected in

the range of 6-7% for 2005-7, reflecting these activities and the country's post conflict phase. Sustainable growth will be underpinned by a stable macroeconomic environment supported by prudent fiscal and monetary policies.

2.1.2.2 Social indicators and trends¹⁵

With regard to official data on MDGs and related indicators, available information shows a picture of significant improvements as compared to levels during the conflict. The proportion of the population living on less than 1 \$US/day is reported to have dropped from 85% in 2002 to 70% in 2003, thus indicating a very significant positive change.¹⁶

The humanitarian situation in Sierra Leone is still quite grim.¹⁷ Sierra Leone, still recovering from the aftermath of the devastating civil war, ranks second last in the UNDP human development index. Its infant mortality and maternal mortality rates are the highest in the world. Life expectancy at birth was only 34 years in 2002 compared to an average of 46 years for sub-Saharan Africa and 65 years for all developing countries. The high levels of sexual violence associated with the war may have laid the basis for a high level of HIV/AIDS.

The war had also a major negative impact on health and education. The large-scale devastation of education and health infrastructure during the civil war virtually stopped key social services outside Freetown. War-related closure or destruction of many provincial schools and colleges left much of the rural population without access to education. Sierra Leone's literacy rate, at 36 percent, is among the lowest in the world, and much lower than the average for sub-Saharan Africa (63 percent). However, the school enrolment ratio has increased in recent years, and is now even slightly higher than the one for sub-Saharan Africa. The displacement of more than 2 million civilians during the conflict (half of the country's population) overwhelmed an already weak health care system.

The civil conflict in Sierra Leone during 1991–2001 worsened an already severe humanitarian situation and significantly set back economic development. Three out of four people in the urban zones outside Freetown do not get the minimum nutritional requirement consistent with the food poverty line. The UNDP estimates that only about 43 percent of the population has access to clean drinking water.

Notwithstanding, current data on education show a positive trend in net primary enrolment rates, but remain at a low level in absolute terms (59% in 2002). Significant progress in closing the gender gap in secondary education since 2000 (+ 35%) can be observed. This positive trend, however, is offset by a sharp drop in the female proportion in tertiary education, from 55% in 2001 to 40% in 2003.

Under-five-mortality rate stands at a dramatically high rate of 316 per 1000 live births and the maternal mortality rate at 1.800 per 100.000 live births. Life expectancy at birth is 34,2 years (projection 2000-2005), thus even lower than it was in the first half of the 1970s (35 years). Malaria remains the most common morbidity pattern and outbreaks of hemorrhagic fevers (Yellow fever, Lassa fever) are still frequent. According to the most recent estimates,

¹⁵ Detailed presentation of statistical data and indicators can be found in Vol. 2, Annexes, mainly Annex 4.

¹⁶ These data need to be confirmed.

¹⁷ The following data are taken from the IMF statistical update.

the HIV/AIDS prevalence rate stood at 3.4% by the end of 2003 but reliable figures and detailed trends and patterns remain scarce.

Overall data availability on access to social services and the quality of delivery is patchy but expected to improve as part of the PRSP process. As regards the composition of public spending for social sectors, the end-September targets for poverty-related expenditure were met while the 2004 budget anticipates a further increase in allocations to the social sectors.

Trends of social indicators (source: UNDP reports)

	1992	2000	2003
HDI Rank	173/174	173/173	171
Life Expectancy (years)	39	38.9	37
Adult Literacy Rate¹⁸	28,7 %	36 %	39,7
Access to safe water	37 %	34 %	57%

During implementation of the I-PRSP and the NRS, Government allocated a significant amount of budgetary resources, including HIPC debt relief, to fund critical poverty reduction activities especially in the social sector comprising of health, education, water and sanitation. A number of safety net programmes were developed for supporting the variety of war victims, including children, women, amputees, wounded soldiers (WIAs) and the surviving families of soldiers killed in action (KIAs).

In the health sector, the increase in allocation was to enhance such areas as maternal and child health care, the school health and expanded immunization programmes as well as the purchase of drugs and medical equipment.

In the education sector, the increased allocations catered for implementing the universal primary education programme through the provision of additional teaching and learning materials for primary schools, payment of examination fees, and the provision of textbooks to all secondary schools.

¹⁸ The fact that the adult literacy rate seems to have substantially improved during the time of the Civil War, shows the general lack of reliability of these data.

²⁰) This figure can be related to the amount of overall disbursements of EDF funds in 2001 (14.3 M€).

2.2 The Government of Sierra Leone Development Strategy

2.2.1 The Interim Poverty Reduction Strategy Paper (I-PRSP) and the National Recovery Strategy (NRS)

Right after the civil war, specific approaches (“LRRD”, “4Rs”) have been implemented in a first attempt to link emergency relief and rehabilitation to long-term development programmes and broader sectoral policies.

In the first period after the civil war, GoSL’s policy agenda has been based upon the National Recovery Strategy (NRS) launched in June 2001 and the Interim Poverty Reduction Strategy Paper (I-PRSP) dated July 2001. The policy agenda focused on security, recovery, governance, and restoring the economy, including food security. The I-PRSP distinguished two phases: a post-conflict transitional phase for 2001 and 2002, and a medium-term phase from 2003 to 2005. In the transitional phase (2001-2002), emphasis was placed on: (i) restoring national security and good governance; (ii) re-launching the economy; and (iii) providing basic social services to the most vulnerable groups. The medium-term (2003-2004) would focus on good governance, revival of the economy and social sector development. The main objectives set were (a) the restoration of security for life and property, including the protection of human rights, (b) the re-launching of the economy and (c) the provision of basic social services to the most vulnerable groups together with better access to productive assets.

Whereas 27 of precise benchmarks prepared at the November 2002 CG meeting were defined for the transitional phase, only few operational objectives were defined for the medium-term phase. The 2002 CG created the Development Partners Committee (DEPAC), mainly to discuss and monitor the achievement of jointly agreed benchmarks covering the areas of security, poverty reduction, governance justice and human rights, economic performance and production and also aid flows. The DEPAC encouraged development partners to appreciate the efforts of the Government of Sierra Leone to redress the post war period and provided a mechanism to review sector policies, and to discuss and assist line ministries to conceptualise programmes.

The interim phase focused on improving the situation of the most vulnerable groups, including returnees, internally displaced persons (IDPs) and other victims of the war, as well as on the urgent reconstruction and rehabilitation of basic infrastructure.

This gap was partly closed by the preparation of the National Recovery Strategy (NRS), presented at the donor round table in November 2002 in Paris. The National Recovery Strategy (NRS) was prepared and launched in October 2002 on the basis of detailed district assessments and local recovery plans. The NRS focused on: (i) the consolidation of state authority and peace-building; (ii) promotion of reconciliation and enforcement of human rights; (iii) facilitating resettlement and reintegration and rebuilding communities; (iv) facilitating access to previously inaccessible areas and expediting service delivery; and (v) stimulating economic recovery.

The NRS was an outcome of the combined efforts of the Government and its development partners, particularly UNAMSIL and UNDP. The strategy was people-centred, seeking community empowerment and participation and was seen as a bridge between emergency humanitarian assistance and longer-term development challenges.

Both, the I-PRSP and the NRS, were successfully implemented during the 2001-2004 period. With the full support of the international community, considerable progress was made in restoring security and consolidating peace throughout the country. Following the conclusion of the disarmament and demobilisation programme in February 2002, the ex-combatants were reintegrated and virtually all IDPs and refugees resettled. A National So-

cial Action Programme, implemented by the National Commission for Social Action (NaCSA) was launched with the intention to rebuild the social and economic capital at community level. The entire country is now accessible to Government and development partners, while business and consumer confidence has been substantially strengthened.

In terms of lending fiscal support to I-PRSP and the NRS implementation, Government allocated a significant amount of budgetary resources, including HIPC debt relief, to fund critical poverty reduction activities especially in the social sector comprising of health, education, water and sanitation.

The pace and quality of the implementation of this policy agenda, and the necessary reforms vary from sector to another. Progress is discussed between GoSL and its partners under the umbrella of bi-monthly meetings of the high level Development Partners Committee (DE-PAC) chaired by the Vice President of Sierra Leone. After each such meeting, the achievement of the CG benchmarks is published. To date, 18 of the 27 have been successfully completed but few within the timeframe indicated at the 2002 CG meeting. Adequate information sharing and consultation between the partners is ensured through the Development Assistance Coordination Office (DACO), also in the office of the Vice President. The placement of this function under the VP is intended to be an interim solution awaiting for the functional reviews of the ministries and the GoSL decision on the location of the PRSP Secretariat.

2.2.2 The Full-Poverty Reduction Strategy Paper (SL-PRSP)

By the end of 2004 the final draft of the SL-PRSP has finally been adopted and has become official GoSL policy at the beginning of 2005. It is fully aligned with the MDGs.

The PRSP is based on a standard assessment of the poverty profile of the country. It addresses the poverty challenges and agreed to anchor the policies and strategies on three main pillars, namely:

- Pillar 1: Promoting good governance, security and peace;
- Pillar 2: Promoting Pro-poor sustainable growth for food security and job creation;
- Pillar 3: Promoting human development.

The PRSP thus considers a number of short to medium-term challenges. The two major challenges are promoting food security and job creation through (i) achieving high and sustained broad-based economic growth particularly in rural areas where agricultural development and increased food production are central; (ii) providing essential and economic services and infrastructure to the poor; and (iv) improving governance. Consolidation of peace and security is also essential if the country is to attract the kind of investment necessary to break the cycle of poverty. Continued broadening and deepening of reform on several fronts will ensure that growth translates into improved poverty and human development outcomes.

In addition to these aims, the PRSP also considers a number of short-term challenges that need to be met immediately. These challenges include the impact of the spread of HIV/AIDS and other diseases such as malaria, typhoid and wide-ranging communicable diseases, the need to ensure affordable shelter for those households that are still deprived of it, the process of re-integration, and the need of labour-intensive approaches to sector programmes, especially public works, mining and agriculture.

The GoSL has fully adopted the key principles underlying the development and implementation of poverty reduction strategies. In this sense, the strategy has to be: "(i) country-owned,

community-owned, involving broad-based participation by key stakeholders; (ii) results oriented, focusing on monitorable outcomes that benefit the poor and vulnerable; (iii) comprehensive in recognizing the multidimensional nature of poverty and vulnerability; (iv) prioritised so that implementation is feasible and impacting, in both fiscal and institutional terms; (v) partnership oriented, involving coordinated participation of development partners (bilateral, multilateral, and non-governmental); (vi) based on a long-term perspective for poverty reduction; and (vii) aligned with the MDGs.”

During the CG Meetings the EC representative has made clear that core issues to the EC concerning PRSP implementation are:

- Government Ownership is as a key element in making the PRSP a success;
- Continuous commitment to the principles of good governance and the need to find ways to build capacity of the civil service in a sustainable manner;
- Development and application of a comprehensive PRSP Monitoring and Evaluation Framework in order to track progress made is also crucial;
- Increased and sustained involvement of the civil society ensures success of Government initiatives.

It is important to notice that on the basis of urgent suggestions made by the development partners, the GoSL has presented in 2005 an Activity Matrix to the Consultative Group Meeting. This Activity Matrix has the further advantage to bring the originally presented financing gap of the PRSP to a more manageable and realistic level.

In the European Commission's opinion the presentation of this information would have been clearer if recognition had been given to the already ongoing development activities. However, the activity matrix in its current form does give an indication of the Governments development priorities.

The activity matrix shows, that the Government is already allocating funding to core poverty reducing activities and the international community, including many of the donor partners present, are already allocating support for the PRSP. However, it becomes also clear that the funding gap remains to be a reality. It is likely that even with additional resources further prioritisation needs to be done on the basis of a clear and outspoken strategic vision. With this regard it is important that all available resources are used in an effective way and towards the commonly shared priority goal of poverty reduction. The EC considers it key for the Government to show leadership in the resource allocation and in prioritisation of activities.

Therefore, the GoSL will need to further prioritise the priority poverty reduction programmes and align these with the available resources. This is necessary in order to safeguard the implementation of the core poverty reducing activities. In addition, this implies for prioritisation of interventions and programmes between competing priorities, combined with the urgent need for effective use of available resources. The GoSL will need to show determination and willingness to make difficult decisions regarding prioritisation.

The Results Framework presented to the 2005 CG meeting, will guide the continuous review or results in PRS implementation. However, it should be kept in mind that a comprehensive PRS Monitoring and Evaluation Framework still needs to be developed, in order for the Government to make better informed policy decisions and for the international community to be able to monitor and eventually review the achievements of the Government.

Among the important areas of progress that will be monitored through the Results framework, some essential issues have been highlighted by the EC. Those concern

- decentralisation.
- fight against corruption.
- Public Finance Management.
- implementation of the recommendations of the Truth and Reconciliation Commission.
- private sector development.
- development of infrastructure.
- issues relating to ownership and capacity building.

In the CG Meetings the EC representative further stressed the importance of innovative and efficient funding mechanisms, particularly as substantive funding gaps in different priority areas of the PRSP remain. With this regard, a discussion was initiated by the EC. Several financing mechanisms have been mentioned with this regard,

- a Multi Donor Budget Support Framework, which is being created between development partners who are able to provide direct budgetary support;
- Joint Trust Fund which would create a predictable and manageable funding source for core PRSP activities.

Another key issue brought on the agenda is the ongoing need for harmonisation within the international community and the obligations they have signed up to, most recently in the Paris declaration in 2005.

2.3 The European Commission's response strategy

2.3.1 Framework and principles of EC-ACP cooperation

In accordance with Article 177 of the Treaty establishing the European Community (the "Maastricht Treaty"), Community policy in the sphere of development co-operation shall foster:

- The sustainable economic and social development of the developing countries and more particularly the most disadvantaged among them.
- The smooth and gradual integration of the developing countries into the world economy.
- The campaign against poverty in the developing countries.

These objectives have been confirmed and reinforced in Article 1 of the ACP-EC Partnership Agreement, signed in Cotonou, on 23 June 2000, which puts the main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between the Community and Sierra Leone shall pursue these objectives, taking into account fundamental principles laid down in Article 2 of the Agreement – especially the principle of encouragement of the development strategies by the countries and populations concerned- and essential and fundamental elements as defined in Article 9.

In the statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value. In December 2000, the objectives of the original treaty, which came into force 1st May 1999, were reprioritized and specified that the *overriding objective* of the EU Development Policy must be "to reduce and eventually eradicate poverty".

Consequently, six priority areas were identified, in which the Commission wishes to concentrate its assistance and in which the Commission believes it has particular added value. It concerns the following six priority areas:

- a) Link between trade and development;
- b) Regional integration and co-operation;
- c) Support for macroeconomic policies and promotion of equitable access to social services;
- d) Transport;
- e) Food security and sustainable rural development;
- f) Enhanced institutional capacity building.

The same Statement also specifies that in line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services.

The Treaty establishing the European Community also foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries.

Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following thematic or cross-cutting themes: gender issues, environmental issues and institutional development and capacity building.

The EU has also made commitments as regards policy coherence for development. It has identified several fields of policies other than development cooperation in which measures will be taken to help developing countries to achieve the MDGs. These include trade, the environment, climate change, security, agriculture, fisheries, the social dimension of globalization, employment, migration, research and innovation, the information society, transport and energy.

The above objectives and principles constitute the starting point for the formulation of the EC's response strategy and the Country Strategy Paper, in accordance with the principle of national ownership of development strategies.

At the ACP level, the EU has organised its political and economic relations with the ACP States since 1975 by the Lomé Conventions, which traditionally provided for:

- Specific ACP/EC trade preferences
- Development assistance.

The Lomé IV Convention promoted human rights and respect for democracy as key elements of the partnership, but since 1995 also stated as new objectives the enhancement of the role of women and protection of the environment. Another important feature that emerged was the strengthened role of civil society in the development process.

The Cotonou Agreement was signed on 23 June 2000 and entered into force on 1 April 2003. This document strengthens the political dimension of the partnership, provides for more flexibility in the co-operation and entrusts the ACP states with additional responsibilities. Article 9 of the agreement lays emphasis on the fact that respect for human rights, democracy and the rule of law is a fundamental and essential element of the agreement. The increasing importance of trade requires that new trade agreements are to be negotiated and made consistent with WTO rules. Trade between the EU and the ACP states will be liberalized, putting an end to the system of non-reciprocal trade preferences, with the aim to enable the ACP states to participate fully in international trade.

2.3.2 Strategy and implementation of the EU support

Appropriate appreciation of the 9th EDF CSP/NIP, which covers the period from 2003 to 2007, must take into account that it has been designed with and for a country that has just a year before received an elected government under President Kabbah, and after an almost decade long civil war between 1991 and 1999. Hence, this strategic document has been prepared in an emergency situation without operational government structures on the Government side. In addition, the EC Delegation has not been adequately staffed due to serious and continued security concerns.

It has also to be mentioned that at the time the CSP/NIP has been drafted, Sierra Leone development strategy has been based on an Interim PRSP and the NRS mainly. It was only by early 2005 that the full PRSP has been adopted. The evaluation will have to look at this issue to understand the way the EC has manoeuvred during this time of shifting reference documents.

Within the particular context of Sierra Leone and with an explicit reference to the country's Poverty Reduction Strategy, the CSP / NIP and its inherent support strategy is focussing on support to the Government's efforts to rehabilitate the country's basic infrastructure on the one hand, and on good governance and institutional strengthening on the other. The continuation of budgetary support has also been chosen a priority with the arguments of the need for the country to re-launch the functioning of its administration and the provision of social services.

As the country has been emerging from a decade-long armed conflict, the CSP/NIP for the 9th EDF also aims at the establishment of an efficient link between short-term relief and rehabilitation efforts towards long-term development cooperation. Assuming that security and the humanitarian situation will further improve, humanitarian relief was expected to be phased out by 2004. The 9th EDF support strategy is thus designed to relay out-phasing short-term relief and resuming 8th EDF financed programmes in the area of rehabilitation with support for more long-term oriented development.

Sierra Leone has been selected a focus country under the European initiative for Democracy and Human Rights for the period 2002-2004. Specific projects in this sector, complementary to the present support strategy, are thus expected to continue, as well as the financing by the food security budget line. Support for the Truth and Reconciliation Commission as well as the Sierra Leone Special court has also been envisaged.

Interventions in the food security sector have been co-ordinated with UN agencies, particularly the WFP, to which the EC remains an important contributor.

2.3.3 Summary of past and ongoing cooperation

Under the Lomé Conventions (4th to 8th EDF), some 400 M€ have been allocated to Sierra Leone. The allocations have steadily increased since 1975 from an allocation under Lomé I (4th EDF) of some 29 M€ to an indicative amount of 144 M€ under the Cotonou agreement (A-envelop of present NIP). The one exception is a reduced allocation under Lomé IV^{bis} of some 78 M€, owing to Sierra Leone's ineligibility for receipt of the second tranche of funds.

By September 2002, the 7th EDF had been committed up to 90%, with secondary commitments reaching 58% and payments 48%. The 8th EDF programmable resources have been committed up to 87% but secondary commitments remain at 24% and payments at 17.7%. On 7th and 8th EDF commitments, more than 100 M€ had still to be disbursed, stemming from preceding indicative programmes²⁰⁾.

Under the 7th EDF, Community support had focussed on the road and power sectors, rural development and various ad hoc technical assistance, fisheries and micro-projects programmes. Under the 8th EDF, funds have been concentrated on the following sectors:

- Support to Public Sector Reform, Good Governance, Democratisation and Human Rights (20%);
- Rehabilitation and Development of Social Sectors (35%);
- Infrastructure (30%).

The emphasis of the 8th Indicative Programme, signed in 1998, was put on post-war reconstruction of infrastructure, particularly in social sectors, and on economic recovery. Since the last major attack of the RUF on Freetown occurred shortly after the signature of this programme, its implementation has been delayed and rehabilitation works in certain districts could only be envisaged under the 9th EDF programme.

Sierra Leone has substantially benefited from non-programmable resources. For the 1993-1996 period, Stabex funds amounting to some 10.0 M€ (under 7th EDF) and 4.8 M€ (under 8th EDF) have been allocated to Sierra Leone for losses incurred in the coffee and cocoa sectors. The 8th EDF transfer remains committed, but were allocated later.

Allocations under the Structural Adjustment Facility have reached 12 M€ under the 7th EDF and 30.4 M€ under the 8th EDF and mainly been allocated as Post-Conflict Budgetary Support (PCBS).

Since early 2001, the disbursements under the macro-economic support programme have been suspended in light of the negative results of an EDF-funded audit that was carried out in early 2001 and covered past Stabex programmes as well as 7th and 8th EDF budgetary support. Essentially, some €6.1m was deemed to have been ineligible expenditure for EDF funding. Negotiations on this issue have been held in Freetown in October 2002, resulting in an agreement for the reimbursement of the funds concerned and the implementation of a matrix of corrective measures allowing to resume budgetary support. The second tranche of the PCBS programme (18.0 M€), not disbursed until then, has thus be disbursed in late 2004 and early 2005.

History of EC Funding

EDF allocations to Sierra Leone from 1975 to 2007 in Euro				
CONVENTION		NIP	OTHER	TOTAL
Lomé I	EDF 4	29,095,022	5,208,165	34,303,187
Lomé II	EDF 5	40,100,000	8,400,000	48,500,000
Lomé III	EDF 6	65,500,000	9,674,914	75,174,914
Lomé IV	EDF 7	83,600,000	43,826,702	127,426,702
Lomé IV bis	EDF 8	78,050,000	35,529,227	113,579,227
Cotonou I	EDF 9	144,000,000	76,000,000	220,000,000
TOTAL		440,345,022	178,639,008	618,984,030

Related to the armed conflict and the resulting humanitarian crisis, substantial amounts of non-programmable Community-funded aid have been allocated to Sierra Leone, including humanitarian relief action, implemented by the Commission's Humanitarian Office (ECHO), and other instruments. The activities funded have mainly been implemented by international NGOs and specialised UN agencies. Under the of relief and emergency programmes in the framework of the LRRD approach implemented by the Commission, emphasis was put on linking relief, rehabilitation and development programmes financed by the Community and other donors.

From 1999 to 2002, ECHO provided humanitarian aid worth about 44 M€ in support to war-affected populations in Sierra Leone. The ECHO programme concentrated on water & sanitation, health & nutrition, the supply of non-food items to support the resettlement process. Child protection and overall coordination efforts as well as database mapping were also supported. Projects included support to UNHCR for resettlement of Sierra Leone returnees and a Liberian refugee caseload. For 2003, an additional allocation of 9 M€ has been made. Following the steady improvement of security and living conditions, ECHO phased out its humanitarian aid to Sierra Leone progressively until 2004.

Over recent years, the Commission's food aid budget line has implemented a number of significant projects to re-launch agricultural production, namely by distribution of seeds and tools in resettlement areas. From 1996-2002, 9.2 M€ have been allocated to Sierra Leone via international NGOs, whereas some 18.0 M€ have been used in the same period to finance food distribution and related activities implemented by the World Food Programme (WFP).

In addition, the European Initiative for Democracy and Human Rights (EIDHR) is presently financing a range of projects promoting democracy and the respect of human rights (approx. 5.0 M€). These projects include support to the reintegration of child soldiers and of victims of torture²¹⁾. For the coming three years, an indicative amount of another 6M€ is earmarked for EIDHR projects in Sierra Leone, including support to the Truth and Reconciliation Commission (TRC).

Since inception of the Lomé Convention in 1976, the European Investment Bank (EIB) has granted finance for only one operation in Sierra Leone, in the form of two loans (€ 7.5m under Lomé III and € 8.0m under Lomé IV both signed in 1992). The intervention was in favour of the National Power Authority for the rehabilitation of the Kingtom Power Plant and the Freetown distribution network, with co-financing from the WB and the EDF. Since 1999, the Investment Facility (IF) managed by the EIB has been made the instrument of the Cotonou Agreement for long-term finance. It is structured as a revolving fund aiming at long-term financial sustainability and disposing of an array of instruments, such as loans, equity or quasi-equity participation, and the provision of guarantees. The IF targets borrowers in the private sector or the commercially run public sector and foresees only a couple of well-defined cases where a subsidy element might be granted. The Bank's approach in supporting long-term investment continues to be demand-driven and therefore commitment of long-term resources largely depends on the establishment of a positive investment climate in the country.

Based on an agreement between the EC and GoSL signed in 2002 under the overall umbrella of HIPC debt relief, the EIB started proceeding on the clearance of arrears of up to €21,45m (of which € 8,58m during the HIPC interim period), incurred by GoSL. In the course of the year 2005 the GoSL cleared the backlog of arrears due to EIB.

GoSL submitted to the EIB for a loan to complete the construction of the Bumbuna Hydro Electric Plant. A review was conducted, but it did not lead to EIB financing. No loan requests have been submitted to the EIB during 2004 by private investors. So far, the general investment climate does not attract sufficient foreign investment. During an EIB mission to Sierra Leone in October 2004, no immediate financing perspectives were identified, but preliminary discussions were held on opportunities in the energy sector.

Under the Sysmin Funds for Lomé IV, another potential operation in the mining sector (Sierra Rutile) was identified, but could not be implemented. The EC had to discontinue its activities in Sierra Leone due to the civil war and later, in 1997, due to accumulating govern-

²¹⁾ See appendix 6 for ongoing and scheduled projects financed by EIDHR.

ment payments arrears. As of September 2001 government arrears stood at € 6.3m (€ 4.0m EIB and € 2.3m EDF special loans) and EIB cooperation with the public sector in Sierra Leone had been suspended until full settlement of arrears in 2004.

2.3.4 The response strategy under the 9th EDF

Taking into consideration the political, social and economic context of Sierra Leone and on the basis of the cooperation Strategy, designed in accordance with the provisions of Article 4 of Annex IV to the Cotonou Agreement, the response strategy has been drawn down in the Indicative Programme that supports the CSP. Following the recent MTR some adjustments have been made.

The breakdown of the allocations intended to cover long-term development activities (Envelope A), as well as emergency measures (Envelope B), is presented below:

Envelope A	Initial indicative allocation		Indicative allocation after the MTR	
	Million €	% of total	Million €	% of total
Rehabilitation of Priority Infrastructure	70.0	48.6	81.7	49.7
Governance & Institutional Support	19	13.2	28.0	17.0
Macroeconomic support	50	34.7	50	30.3
Non focal sectors	5	3.5	5	3.0
TOTAL	144	100	164.7	100
Envelope B	72.7	100	62.7	100

Balances remaining from previous EDF at the date of entry into force of the Financial Protocol, as well as de-commitments made at a later stage, have been added to the above mentioned indicative allocation. These funds have been used for projects and programmes already identified under Indicative Programmes of preceding EDFs, for which no financial decision was taken before the entry into force of the 9th EDF. Remaining balances should have been used to support projects and programmes in line with the priorities set out in this Indicative Programme.

The Indicative Programme of the 9th EDF includes also the “Investment Facility” as a financing instrument managed by the European Investment Bank. The Investment Facility does however, not form part of the Indicative Programme and will be treated adequately by the evaluation.

Due to the specific situation of Sierra Leone the various Community budget lines, including, inter alia, NGO co-financing, decentralised cooperation, European Initiative for Democracy and Human Rights, food security and disaster prevention, and humanitarian and emergency assistance, play an important role and will have to be analysed with particular attention.

In the following paragraph, the EC's response strategy and its allocation according to focal and non-focal sectors according to the CSP / NIP will be summarised,

Focal Sector N° 1 - Rehabilitation of Priority Infrastructure

The overall objective pursued in the 1st focal sector is to improve access to markets and social services²²⁾. Two main areas are to be targeted by the program: Road transport infrastructure and social sectors, namely health and education.

The following specific objective shall be pursued: improved access to markets and social services, particularly in the north and east of the country.

Rehabilitation of priority infrastructure has been chosen the first focal sector of country strategy, thus contributing to re-launch Sierra Leone's economy and re-establish basic social services. Re-establishment of links and communication between regions has been seen a paramount political priority to reconstitute national integrity.

Road transport throughout the country, making markets and basic social services accessible again, are considered as key for economic rehabilitation and for the reduction of marginalisation and regional disparities. Moreover, rehabilitating infrastructure should contribute to ease problems of youth unemployment.

The strategic approach for the intervention in the area of road infrastructure is based on policies and priorities as established by the Government in its National Transport Strategy and Investment Plan for the 2003-2007 period. A second main orientation concerns the rehabilitation of rural feeder roads, improving the conditions for the re-launch of the agricultural sector, presently hampered by difficult access to inputs and high transport cost for marketed surplus. Finally, it is intended to improve regional integration by a financial contribution to a regional road project, i.e. the completion of the Freetown – Conakry highway project.

It has to be stressed that the contribution of 9th EDF resources are supposed to pursue and complement ongoing 7th and 8th EDF programs providing financial and institutional support to the national Road Authority (SLRA). For all works concerned by the programme outlined above, Community-funded operations have to be designed to promote labour intensive working methods, involving local governments, and private sector participation. Special attention have to be paid to the improvement of Sierra Leone's long-term capacities to ensure road maintenance from recurrent funding stemming from the road fund.

As far as the social sector infrastructure is concerned, the CSP aims at completing the ongoing rehabilitation programs of priority social infrastructures (RRP) as well as the health sector support programme that includes a rehabilitation component. Specific projects were to be determined according to Government priorities, in close coordination with other donors.

Achievement of this objective is supposed to contribute to the re-launch of Sierra Leone's economy and to the re-establishment of basic social services. It should also enhance income and living standards in the poorest communities. Three major results are expected from the programme:

- (i) Rehabilitation and maintenance of a selected road network;
- (ii) Improved access to rural areas and markets;
- (iii) Rehabilitation of priority rural health and education infrastructure.

²²⁾ The existing national policies within the transport, education and health sectors are to outlined in appendices 7(a), 7(b) and 7(c) of the relevant CSP/NIP.

Initially, approximately €70 million have been reserved for this sector. The major interventions foreseen are:

- Rehabilitation and maintenance works: The National Transport Strategy and Investment Plan 2003-2007 details the network requirements as prioritised by the Sierra Leone Road Authority (SLRA). The support programme should have been conceived to be complementary to the activities carried out under the ongoing 7th and 8th EDF support project to the SLRA and support by other donors.
- Overlaying of a section of the Freetown–Conakry Highway as a part of the Trans West-African-Highway. The rehabilitation of the road (gravel standard) is being financed under the 8th EDF.
- Rehabilitation of rural roads. Studies funded under the 8th EDF have commenced to identify up to 600 km of prioritised rural roads for rehabilitation. Prioritisation had to be done as a function of projected benefits from increased agricultural production induced and social indicators such as improved access to health centres.
- Rehabilitation of priority social infrastructure. The 9th EDF programme intends contributing to the rehabilitation of health and education related infrastructure in rural areas, in accordance with Government priorities and complementary to ongoing health sector programmes supported by the Community and other donors.

According to the CSP/NIP, the major policy measures, to be taken by the Government as a contribution to the implementation of the response strategy in this sector, are:

- a. GoSL implements the Transport Strategy and Investment Plan 2003-2007, approved in August 2002;
- b. GoSL ensures appropriate national funding of the Road Fund, including appropriate adaptation of the fuel levy, and its efficient and transparent operation.
- c. GoSL implements annual programmes for the maintenance of the life-line network (approx. 2000 km) and ensure long-term financing.
- d. GoSL implements its policy of subcontracting maintenance and promotion of labour-intensive technologies.
- e. GoSL continues its policy of improving the capability of local contractors.

Focal Sector N° 2 - Good Governance & Institutional Support has been designed to support the efforts of the Government to consolidate a decentralised democratic system characterised by an effective social service delivery throughout the country and participatory, transparent and accountable governance with a strong civil society watchdog function. It shall thus contribute to the creation of an institutional framework that enables sustainable economic and social development.

The second focal sector directly addresses the governance reform programme as outlined in the medium-term phase of the I-PRSP. The overall objective of EC intervention in this sector has the potential to make a significant contribution to restore civil authority throughout the country, to consolidate democracy and to establish a participatory, transparent and accountable system of governance.

Since restoration of performance and reliability of public administration are crucial for economic recovery, delivery of social services and confidence into government institutions, a set of institutional support activities are envisaged under this focal sector of the 9th EDF support strategy. The activities foreseen include support to the restoration of civil authority through-

out the country, to the improvement of public finance management including auditing, and support to Sierra Leone's policy of decentralisation of administration and local governance.

Main interventions in this area of support consist of institutional strengthening (including training and equipment), technical assistance, studies and audits, as well as support to key institutions such as the existing Anti Corruption Commission.

EC support will build on the specific experience acquired in these areas in SL, including its long term support to the Ministry of Finance and the Accountant General under preceding EDF.

The following specific objective shall be pursued:

- ⇒ improved governance and financial management in PRSP priority areas.

Initially, approximately € 19.0 million have been reserved for this sector.

The major interventions foreseen, according to the relevant CSP/NIP, are:

- Support the restoration of civil authority at central and peripheral level in crucial ministries and support to deconcentration of services in social sectors;
- Support the establishment of an accountable public finance management system, in particular through the support to the Accountant General's office;
- Support specific initiatives considered as high priority for the period of the 9th EDF such as the Anti Corruption Commission;
- Support the decentralisation process and the organisation of local elections;
- Strengthen accountability mechanisms at state level and in civil society;
- Support the office of the NAO.

The major policy measures, to be taken by the Government, as a contribution to the implementation of the response strategy in this sector, are:

- a. GoSL commits itself to fight corruption and strengthen state accountability and control institutions;
- b. GoSL does not restrict governance-related activities of non-state institutions;
- c. GoSL remains committed to re-establishing a democratic decentralised system and to deconcentrate the provision of social services.

Focal Sector N° 3 - Macroeconomic support shall support the efforts of the government to rebuild the economy of the country and to improve social service delivery.

Sierra Leone is and will remain heavily depending on external (budget) support in order to finance the restoration of civil administration and public services, as well as investment for reconstruction. To assist the Government in this effort, direct budget support has been mobilised as part of the 9th National Indicative Programme. The main objective of this measure is to contribute to poverty reduction by enabling the Government, via corresponding budget allocations, to deliver basic social services such as education and health to the poor segments of the population.

The Community's support is designed to intervene as a direct aid to the State budget over an initial 3-year-period, accompanied by close monitoring of performance indicators, intended to measure the effectiveness of the implemented policies in the social sectors. Indi-

cators have been designed to reflect the PRSP indicators and will serve as benchmarks for the related monitoring process.

Financing agreements and their implementation will have to be closely co-ordinated with reform programs supported by the BWI and other donors in order to assure coherence and sound phasing of EC's budget support. Joint assessment of the reform process and of performance in budgetary management are envisaged as a part of donor coordination in this crucial area.

Initially, approximately € 50 million have been reserved for this type of support. The major policy measures, to be taken by the Government, as a condition to the implementation of the response strategy, are:

- a. GoSL maintains a close policy dialogue with the BWI and the EC;
- b. GoSL is committed to remaining on track with IMF-funded reform programmes;
- c. GoSL is committed to increasing expenditure in social sectors, consistent with (a) its Poverty Reduction Strategy and (b) requirements to reduce poverty and to build capability;
- d. GoSL remains committed to increase transparency and accountability of its public finance management system, in line with the recommendations of the country financial accountability assessment;
- e. GoSL reinforces the mandate, independence and resources of the Auditor General's Office.

The Community's contribution in **non-focal sectors** includes support to the strengthening of the civil society, to the negotiation process of Regional Economic Partnership Agreements (EPA) and to regional integration matters. It also comprises financing of studies, evaluation and audits not related to the focal sectors or of general interest for the EC – Sierra Leone cooperation.

Special initiatives or actions in support of the regional peace process, of conflict prevention or aimed to improve the human rights situation in Sierra Leone are also eligible for funding under this headline.

In addition, other instruments of Community-funded cooperation are expected to continue to support projects in Sierra Leone. This applies particularly to the Human Rights and the Food Security budget lines of the Commission. Finance from these instruments will however be decided in accordance with the Community's procedures for the budget-line concerned and will depend on the availability of funds. Activities financed have to be in line with the relevant government policies.

A transfer of 8th EDF Sysmin resources (€ 25m) to the B-Envelope is included in the Indicative Programme outlined further on and will allow Sierra Leone to re-launch its rutile (titanium dioxide) mining sector, thus contributing to the generation of employment, budget revenue and foreign exchange.

A fishery agreement between Sierra Leone and the Community could be complementary to the overall co-operation strategy and further improve its impact. An eventual fisheries agreement would also contribute to some creation of employment and generation of budget revenue that could make an additional contribution to the implementation of Sierra Leone's Poverty Reduction Strategy.

Concerning regional integration, Sierra Leone is member of ECOWAS, which intends to establish an effective free trade area and to determine a common external tariff. ECOWAS has

decided to negotiate an Economic Partnership Agreement (EPA) with the EU, and negotiations have begun in 2004 only. The CSP 9th EDF has therefore provided for support to the Ministry of Trade in formulating and implementing trade policies, both at regional and multi-lateral levels, and in the context of the EPA. Consequently the EC has offered assistance through a global funding envelope, commissioned an impact study and is planning to offer technical assistance to the EPA negotiations.

An indicative amount of € 5.0 million is allocated to activities and projects in non-focal sectors and can be mobilised for the following purposes:

- Evaluation and audit of programme implementation within the focal sectors and unforeseen studies in non-focal sectors;
- Strengthening the capacities of the civil society including women groups;
- Contributions to regional projects and programmes;
- Assistance to the negotiation of Regional Economic Partnership Agreements;
- A reserve for insurance against possible claims and to cover cost increases and contingencies.
- Evaluation of the fisheries resources and, in particular, of the fishing possibilities which could be offered to the EC in the framework of a SL/EC Fisheries Agreement, and assistance to the negotiation of such an Agreement.

The principal instrument of the Cotonou Agreement for long-term investment finance is the Investment Facility managed by the EIB. It is structured as a revolving fund aiming at financial self-sustainability and disposing of an array of instruments, such as loans, quasi-equity participation, and the provision of guarantees. Operations will be financed, as a rule, on market-related terms.

The participation of the EIB to the economic and social development of Sierra Leone in the framework of the Cotonou Agreement could consist in providing long-term finance to promote growth of the private sector and to help mobilise domestic and foreign resources for this purpose. Upon clearance of government arrears, public entities have become eligible for EIB financing, providing they are commercially run and the projects they promote are conducive to the expansion of the private sector.

The Bank's approach in supporting long-term investment has been and will continue to be demand driven. The extent to which the Bank will be able to commit long-term resources to Sierra Leone's economy, therefore largely depends on the measures taken by the Government of Sierra Leone to create a positive investment climate.

In the following paragraphs a brief overview on the current status of the EC support programme and its implementation is presented, including an overview on budget allocations and adjustments made.

Implementation of the 7th and 8th EDF projects and programmes has been slowed-down due to the civil war, and many 7th and 8th EDF projects have been re-launched only at the time of the signature of 9th EDF. Consequently, the number of on-going projects at the moment is significant. At the same time, the Delegation is still suffering from major human resource problems.

The main 7th and 8th EDF projects that are still on-going are the Population and Housing Census (5,5 M€), the Ministry of Finance Support Program (4,5 M€), the support programme

to the SIERRA LEONE Roads Authority (20,5 M€), the Rehabilitation of the Freetown–Conakry Highway (17.8 M€) and the Health Sector Support Project (28 M€).

At the same time, the main 9th EDF projects that are underway or will soon be started are the Poverty Reduction Budget Support (50 M€), the Decentralization Capacity Building Programme (10 M€), the Road Infrastructure Programme (42 M€), Rehabilitation of 650 km of Rural Roads project (9.5 M€), the Re-opening of Sierra Rutile Mine (25 M€) and TA to the Ministry of Mineral Resources (1 M€).

Regarding the 9th EDF CSP/NIP, which was signed in Freetown in July 2003, the volume of funding provided initially was at € 144 mio for Envelope A (+ 76 M€ B envelope) allocated to three focal sectors as follows:

- Rehabilitation of infrastructure (70 M€) and
- Good governance (19 M€),
- budget support for the implementation of Sierra Leone's Poverty Reduction Strategy (50 M€)

For the non focal sectors a budget of 5 M€ is allocated.

Following the Mid-Term Review transfers from the B-envelope (10 M€), as well as de-commitments have been made to raise the A-envelope to 165.5 M€, out of which 32.2 M€ are still to be committed (19.4 % of the envelope). This sums up to a total of 220.0 M€ for the entire CSP/NIP 2003 to 2007.

This means that the allocation for the 9th EDF B-envelope has mostly been committed for Re-opening of Sierra Rutile Mine (25 M€), LRRD (25 M€) and Health LRRD (7 M€). Funds still available under the B-envelope, following the commitments and transfers to A envelope, amount to 5.7 M€ including 3,6 M€ reserved for ECHO activities. The ECHO relief programme phased out in 2004, however it was linked to long-term development support by 2 LRRD programmes (totalling 32 M€) funded from the B-envelope.

CHAPTER 3

The Evaluation Matrix: Evaluation Questions and relevant answers

3.1 Introduction & comments on methodology

This final report of the country evaluation mission summarises the output of the evaluation with its principal results. The main results based on the analytical approach of the evaluation are presented in this chapter, which is bringing together the answers to the Judgement Criteria, as they have been determined by the Evaluation matrix (cf. Annex 7) on the basis of the approved Evaluations Questions (EQs) and the respective indicators.

In the Desk report we presented (a) the explanations and reasons that shaped the overall methodology of the evaluation with its main characteristics, as well as (b) the tools that have been applied during the field phase.

The evaluation team had developed and applied a methodology meeting the requirements and expectations for the evaluation as set out in the ToR. Some of the challenges were linked to the determination of causal inferences that can be captured by the following questions: What results are actually attributable to EC's investments? To what extent can external factors, so called systemic factors, be discounted, e.g. economic upturns, other investments or donor support?

The evaluation methodology had to enable the determination of ties between results, the investments made and the interventions funded, thereby eliminating other explanations. This was done, in a classical evaluation technique, through assumptions, logical arguments and empirical analysis.

The evaluation matrix therefore allowed conceptually to link

- a) Answers to the Evaluation Questions, with;
- b) Judgements according to the predefined Criteria (JC) as the basis for making evaluation judgments and allowing as accurate as possible assessments of achievement of goals and objectives;
- c) Verification on the basis of the performance indicators that were used to measure progress towards the attainment of results;
- d) The most relevant and practical sources of information for determining evaluation results.

Thus, the evaluation matrix had established the logical framework for responding to the evaluation questions. It facilitated systematisation of the approach to the evaluation, summarising what had to be measured and how the measurement has been carried out in a straightforward matrix format.

The biggest challenge for this country programme evaluation has been to derive analytical tools to guide and structure the conclusions. The evaluation has finally to provide a description and interpretation with a high degree of plausibility of the links between the interventions and any results, outcome and impacts that have been achieved. The validity of the report will have to be judged, amongst other criteria, on the basis of the logic and consistency of the arguments; the strength and quality of the evidence provided, the degree of cross-checking of findings and the quality of the methodology applied.

The challenge was to apply indicators that are SMART: simple, measurable, accurate, reliable and timely. Meaningful real numbers for efficiency are also presented throughout the

analytical part of this report, wherever possible.²³ While it is hard to derive measures of effectiveness, it proved to be extremely difficult, within the constraints of our evaluation exercise, to obtain measures of impact. The measurement of impact is certainly the problematic element of any country programme evaluation.

While it is virtually impossible to measure the true impact of macro-level interventions in terms of real numbers, there is always the “temptation” to assume that positive outcomes were the result of the aid designed to achieve these outcomes.

On the other hand, the EC may have contributed significantly to Sierra Leone’s peace and stabilisation as well as to the country development through important, but unquantifiable interventions.

The evaluation has to discern, whether the impact of the CSP / NIP is rather at the macro-economic level, or at the micro and meso level. Within this context, the evaluation has to judge the relevance of the country programme to Sierra Leone real needs, identify outputs, where possible, and assess the logic of the conceptual link between these programme outputs and the intended impact. Particularly at the macro-level and particularly where the aid is in the form of technical assistance or programme assistance, impact evaluation depends heavily upon the issue of *attribution*. The macro-level objectives or goals achieved but, given the number of endogenous and exogenous factors that influence macro-economic performance or institutional change, cannot be clearly related to the actions of a given donor.

While it is very hard to *measure* the impact of a country programme in an accurate and meaningful way within the limits drawn for this country evaluation, it is considered to be possible and useful to make reasoned judgements about impact. As usual in this kind of evaluation, mainly qualitative, but logical and consistent methods of categorisation will be used.

The evaluation team makes systematic decisions about project performance (effectiveness or impact) to be able to achieve greater consistency with the judgements, e. g. so that “good” means the same in all cases. However, the team is aware that it will generally not be able to acquire the depth of knowledge required to make an informed judgement of each and every element within the country programme portfolio.

It has not been possible to undertake primary research. Detailed analysis of impact is always desirable, but it is certainly beyond the scope of this country programme evaluation. The present country evaluation is designed in a way that we will limit ourselves to what is feasible and justifiable with the given resources. It should be acknowledged, that a comprehensive and thorough impact evaluation would be possible only at a prohibitive cost.

The aim is to focus on the evaluation questions, distil what we can learn and develop accurate, credible and useful results that measure what has been achieved relative to what was expected to be achieved by the investment. When formulating our findings, conclusions, recommendations and lessons learned, it is important to take the broadest view of the value offered by the information collected. Every effort will be made to reduce bias, error and misinterpretation in developing our results.

Thus, double check of contradictory evidence (classical “triangulation”) has been applied consistently and gives more weight sources ensuring that significant information is verified. It is our professional conviction that this country evaluation will only realise real value, when our work contributes to lessons to be learned and to more effective and informed decision-making and eventually improve programming of the 10th EDF.

²³ As we will see, however, availability of reliable data is extremely limited.

Final comments to this chapter should refer to the specific stage, in which the evaluation of the CSP / NIP programme has been undertaken. The CSP / NIP has been drafted in the first years after the war, which factually ended in 1999, but has been officially closed in a declaration of the President in 2002. In these years of transition the GoSL, supported by the main development partners, focused its efforts on rehabilitation and reconstruction. The current CSP / NIP runs from 2003 to 2007, and hence programming of the interventions started in a period that was characterised by (a) difficulties with staffing at the EC Delegation, (b) a backlog of rehabilitation and reconstruction measures and (c) weak capacity within GoSL and civil society institutions. As an example, we should mention that the biggest bi-lateral partner, the UK, with its DFID, was, in agreement with officially approved needs and priorities of GoSL, focusing almost exclusively on (a) security, (b) governance, and (c) budgetary support to facilitate re-establishment of operational administrative and public management structures.

This explains a backlog in programming of “normal” Envelop A funded activities and a concentration on programmes supporting IDP return and LRRD implementation combined with budgetary support to facilitate re-establishment of operational administrative and public management structures.

This delay in programming and consequently implementation of the 9th EDF CSP/NIP leads to a situation, in which most of the activities, at least by numbers, can not yet be evaluated, because they are just being started. This also implies that no evaluation reports are available that could have been used during the present country evaluation.

3.2 Evaluation Question 1:

Coherence of EC policies and strategies

The European Commission acknowledges that policy coherence²⁴ for development is important to improve effectiveness of its development aid. However, in the case of Sierra Leone, with its quasi absence on the international and trade areas, the risk for particular contradiction with the principal of “coherence” is actually low.

On the other side, and more closely looking at the issue of aid effectiveness and harmonisation, the EU, together with her partners in the OECD/DAC, agreed to strongly align with and support UN attempts to accelerate progress towards the achievement of the Millennium Development Goals. In the Paris Declaration of February-March 2005, the High Level Forum confirmed the resolve for “Ownership, Harmonisation, Alignment, Results and Mutual Accountability”. In December 2005, the European Council confirmed this policy in its Communication on the “European Consensus on Development”, thus strengthening the EU’s commitment to support the developing world in its efforts towards reaching the Millennium Development Goals (MDGs) by the year 2015.

²⁴ This determination for application of a policy of “coherence” has been subject of a communication from the Commission to the European Parliament and the European Economic and Social Committee on 12.04.2005. The OECD has proposed to define the concept of policy coherence for development (PCD) as follows:

Policy Coherence for Development means working to ensure that the objectives and results of a government’s development policies are not undermined by other policies of that same government which impact on developing countries, and that these other policies support development objectives where feasible”.

The European Council defines that “within the broad context of EU policy making coherence is a multidimensional commitment which needs to take place within the overall framework of the EU sustainable development strategy. Non-development policies should respect development policy objectives and development cooperation should, where possible, also contribute to reaching the objectives of other EU policies”.

In practice, this quest for aid effectiveness requires alignment of the CSP/NIP with the PRSP and the MDG goals. Concerning monitoring of interventions this also implies common use of indicators of the PRSP and the MDGs.

On the basis of this commitment for coherence, the present evaluation had to closely look on the way the alignment was put into practice in a coordinated way with GoSL and the other development partners.

The present evaluation can confirm that, in general, the EC has followed the criteria of alignment with the PRSP and the MDGs, as the relevant GoSL policies..

The CSP/NIP 2003-2007 was prepared on the basis of the Interim PRSP (I-PRSP), which was mainly aimed at responding to the most urgent priorities of the post war transitional period. The “*re-launch of the national economy*” (second pillar of the I-PRSP) was mainly focused on macroeconomic stability, providing only short term support for the major productive sectors (agriculture, mining, basic infrastructure). No medium-long term economic strategy was clearly defined at that stage.

The Full PRSP (F-PRSP) 2005-2007, presents a more articulated proposal for sustaining and re-launching the national economy. Nevertheless the EC CSP/NIP still rather reflects the transitional approach of the I-PRSP, and no substantial EC activities are presently undertaken to support strategic economic areas, like agriculture, fisheries and the private sector in general.

Concerning STABEX resources, a Framework of Mutual Obligations (FMO), prepared by GoSL, was put in place since December 2004, submitted to Brussels for approval and further revised in late 2005. The new FMO was expected to be approved by March/April of 2006, and the funds will have to be used in 2006-2010 for the rehabilitation of coffee and cocoa sectors in areas devastated by the war. Enhancement of rice production and marketing is also foreseen. Additional studies shall assist to improve the capacity of the Ministry of Agriculture in sector strategy formulation, data collection, information management and extension services (see *Cooperation between the European Union and the Republic of Sierra Leone, Draft Joint Annual Report 2005, Freetown, 25 February 2006, ch. 4.3, pag. 31.*).

The youth unemployment remains to be a crucial political concern, with “job creation” as the major objective of the PRSP, linked to sustainable growth and national food security. Unemployment is also considered a possible factor of social instability²⁵. The reconstruction and rehabilitation of roads, health and education infrastructures - funded by the EC through the 7th, 8th and 9th EDF - helped alleviate temporarily the wide spread unemployment at national level, but no parallel or subsequent initiatives have been promoted so far for long term, community based and self-sustainable economic growth and permanent employment.

During the transition period (2000-2003), the EC funded interventions mainly through ECHO and later through Envelope B funded activities. Those have substantially contributed to GoSL efforts for peace, reconciliation and rehabilitation as well;

ECHO funding was designated to contribute to a transition context and ensure a sufficient, but clearly targeted presence before a LRRD programme has been made available. At the same time the Food Security budget line operated with ongoing projects (for a list of ECHO funded initiative until 2003, see Annex 3).

²⁵ “The difficult reintegration of thousands of ex-combatants and massive unemployment still threat Sierra Leone’s stability and the withdrawal of the UN peacekeeping force (UNAMSIL) on 31 December 2005 increases the risk for the country to sink back into turmoil” (Minutes and conclusions of the Ouagadougou meeting, Karina Dzialowska (AIDCO), 8-10 March 2006.

The ECHO relief programme phased out in 2004, but it was linked to medium-term development support by 2 LRRD programmes (totalling 32 M€) funded from the B-envelope. The concept of the LRRD has been developed, and successfully applied in Sierra Leone, to be able to bridge from the emergency state of a country leaving a situation of extreme distress behind it and starting to move to “normal” development efforts.

The current remaining B-envelope is M€ 5.7 (of which M€ 2.1 for emergencies in Sierra Leone and M€ 3.6 reserved for ECHO).

Under the European Initiative for Democracy and Human Rights (EIDHR), funds were provided for:

- supporting the media to promote human rights (Talking Drum);
- conflict mapping and support of the local legal community with regard to the Special Court (No Peace Without Justice),
- the promotion of reconciliation via the Truth and Reconciliation Commission (TRC) and the support for the reintegration of war-affected children into their communities (UNICEF), as well as
- support to the victims of torture (Mary Stopes International).

In 2003, two additional partners received grants from EIDHR (Care Netherlands and IEP Bordeaux), for activities in the field of support for democratisation, good governance and the rule of Law.

The transport infrastructure

With regard to coherence of the CSP/NIP with GoSL policies concerning the transport sector, it may be worthwhile to quote the following paragraphs from the PRSP to provide indications on the role the transport infrastructure is to play within the overall PRSP strategy.

- a) The key objectives of the road and transport sectors are: a) to improve physical access to rural and riveraine communities and markets through an improved and sustainable trunk and feeder roads system and coastal and river transport networks; and b) ensure access to affordable basic transport services for the movement of persons, goods and services, especially for the rural areas. The strategy will be to use labour intensive methods in order to generate jobs for the youth.
- b) The roads and transport sectors have tremendous potential and capacity for generating growth and economy-wide benefits. Their development, along with the energy sector, is a pre-condition for overcoming the major constraints facing the country’s economy because of the strong link between these sectors and the rest of the productive and social sectors. Government will therefore focus on expansion of the feeder road network, especially in the food and export crop production areas for accessibility to both farm inputs and outputs. Coastal and river transportation will also be given higher priority than before.
- c) In the urban areas, improvement of the road network in the populated areas and provision of transportation and lorry parks with storage facilities will be part of the strategy to address congestion problems in Freetown and providing for some of the urgent needs of the major townships in the country.”

It should be noted that, apart from transport infrastructure, the PRSP also lists the following supportive infrastructure elements that fall under Pillar 2.

- Improving Energy and Power Supply;

- Building Information and Communications Technology;
- Improving climate for Private Sector Development.

These sectors have remained largely untargeted during the 8th and 9th EDF.

A brief overview of transport infrastructure Sierra Leone, that the great majority of transport activities takes place via the road network (11,000 km), while some 600 km of inland waterways and rivers are also navigable. The railway sector has practically disappeared, and all tracks have been removed, except for one, currently unused, stretch of 85 km, linking the northern bauxite mines with the port of Pepel.

The transport policy of the Government of Sierra Leone is based on the National Transport Strategy and Investment Plan 2003-2007, which has been prepared with support from the World Bank. It foresees, over this period, a total amount of investments of almost 375 mio US\$, of which 83% (US\$ 312 mio) is earmarked for Road Network Management.

Table: National Transport Investment Programme 2003-2007

Component	Estimated Cost (US\$ M)			
	Total	Local Funding	Donor Commitment	Donor funding sought
Road Network Management	312		112	200
Road Transport	4	0.4		3.6
Port Development	21.3	3.1		18.2
Maritime Administration	8.6	0.2		8.4
Airport Development	25	4.2		20.9
Civil Aviation	0.5			0.5
Overall Coordination	3.1			3.1
Total	375	7.9	112.4	254.4

Source: National Transport Strategy and Investment Plan 2003-2007, Final Draft Report, April 2002.

The Government of Sierra Leone has put great emphasis on the rehabilitation of the road network, which has severely suffered from the war related activities, and the lack of maintenance during that period. This emphasis is also repeated in the PRSP, where the improvement of the road infrastructure is considered to be considerably contributing to the objectives of Pillar 2.

Regarding transport infrastructure, the increasing attention for (rural) road development adopted by the EC, is in line with the country strategy adopted. Nevertheless a situation paper that clearly describes the specific needs for the infrastructure development as well as the transport sector as a whole does not exist. The lack of activity in other (transport) sec-

tors, notably inland waterways, deviates from the general European transport policy which is clearly aiming at moving cargo transport from the road to other modes.²⁶

The volume of EU funding in the road and infrastructure sector of SL is bigger than those of any other donor. In this way, the EU has a large quantitative comparative advantage. It is however rather doubtful, whether the quality of the EU contributions, as well as its leading role in coordination is subsequently also higher than that of other donors.

One of the tangible advantages compared to other donors is the permanent presence of EC staff in the country. The World Bank and the Middle Eastern Donors, and even the African Development Bank (AfDB), have no permanent resident specialists. The DIFD infrastructure expert deals at present mainly with housing and other buildings.

To make full use of the comparative advantage, the sustained availability of EC-Staff and technical expertise, which are capable of dealing with the subject matter in a highly professional way, is imperative.

The transport related activities of the EU are spread over the country, with the aim to foster country wide economic development. The activities under the 7th and 8th EDF dealt with the main arteries of the road network, while on top of continuing with investments in the main road network, the inclusion of rural road network development under the 9th EDF is geared to feed traffic into the main road network.

As stated earlier, one of the key objectives of the PRSP relating to transport reads: *“to improve physical access to rural and riveraine communities and markets through an improved and sustainable trunk and feeder roads system and coastal and river transport networks”*.

The EC has not played an active role in the selection of the infrastructure activities as presented in the PRSP. The decision of the EC to go for a considerable contribution in the infrastructure related activities and in particular to concentrate on the road network, took already place before the PRSP was presented. The motives for concentrating EU transport infrastructure activities on the road sector only, have not clearly or explicitly been stated.

3.3 Evaluation Question 2:

Achievement of social and economic development

The GoSL is putting, since the end of the war, considerable effort in improvement of the social and economic situation at all levels.²⁷ The population is frustrated from a history of mismanagement and corruption with extremely low social and economic windfalls. Sensitive improvements are required in the short run to stabilize the political situation in a sustainable way and to promote a tendency towards growth and welfare.

Regarding economic growth, special attention was paid to evaluate whether the present level of intervention is sufficient to initiate sustainable and country driven dynamics of growth. The evaluation exercise focused on the national economy as a whole, as well as on sectoral economic strategies in agriculture, mining, fisheries and trade.

In view of the importance of the agricultural sector for the economy (food, income, employment), the evaluation analysed the reasons why the EC cooperation strategy is not engaged

²⁶ This is a point, where EC development policies for SL are obviously in contradiction to the principal of “coherence” adopted by the EU Council in 2005. cf. chapter 3.2.

²⁷ The important role of investments to improve general welfare and in particular social and economic conditions of the population has already been stressed in the NRS.

more decisively in promoting rural development and improving productive conditions in the rural areas.

Another important issue considered in answering to EQ 2 is concerning the potential for attaining equitable growth within the given context in Sierra Leone.

The GoSL's bold determination, just after the end of the civil war (1999), focused on recovery of peace and reconstruction. The National Recovery Strategy and the I-PRSP (2001) determined the GoSL's political agenda and the priorities of the international aid.

In a first (transitional) phase (2001-2002), the three pillars of the GoSL were: (i) restoring national security and good governance; (ii) re-launching the economy, with emphasis on macroeconomic stability; and (iii) providing basic social services to the most vulnerable groups.

The medium-term action (2003-2004) focused on good governance, revival of the economy and social sector development. The main objectives set were (a) the restoration of security for life and property, including the protection of human rights, (b) the re-launching of the economy and (c) the provision of basic social services to the most vulnerable groups together with better access to productive assets.

The F-PRSP (2005-2007) is aligned with the Millennium Development Goals and gives continuity and coherence to the previous action, in view of a lasting peace and a sustainable economic and human development. The three pillars of the PRSP are: (i) the promotion of good governance, security and peace; (ii) the promotion of a "pro-poor" sustainable growth for food security and job creation; and (iii) the promotion of human development.

The PRSP was welcomed by the national and international community as an important step forward stability and growth, based on an ambitious policy agenda with an estimated overall cost of US\$1.7 billion for 2005-07. The resources required for implementing the PRSP are far beyond the SIERRA LEONE financial capacity. *"On the basis of identified financing, the PRSP indicates that only US\$785 million out of a total PRS cost of US\$1.7 billion for 2005-07 is covered by domestic revenues and identified external aid flows consistent with the medium-term framework. This currently leaves a large financing gap of US\$922 million"*²⁸.

The PRSP (2005-2007) sets a number of indicators related to monitorable targets for many PRSP objectives. Nevertheless the targets for some PRS goals are either missing or not sufficiently developed (e.g. (i) unemployment and notably (ii) youth unemployment, (iii) achievements in food security, etc.).

The PRSP (see PRSP, 8.4) devices an appropriate mix of intermediate input/output indicators, which are supposed to be under the control of the implementing agencies and final outcome/impact indicators, mainly under control of GoSL (see Annex B).

The first PRSP progress report is presently under preparation and is expected to be issued during the second half of 2006. Therefore, no information is presently available on the achievements and the effectiveness of the whole strategy.

As already mentioned in chapter 3.1, the Envelope B funded EC interventions during the transition period 2000-2005 have been implemented successfully to a large extent. By this fund, the contribution to a lasting peace and stability was accompanied also with remarkable contributions to create the basis for sustained social and economic development.

28 The World Bank, Report No. 31775-SIERRA LEONE, REPUBLIC OF SIERRA LEONE - JOINT IDA-IMF STAFF ADVISORY NOTE ON THE POVERTY REDUCTION STRATEGY PAPER, April 13, 2005

The original allocation of the B envelope under the current CSP was 76 M€, (57 M€ committed so far), out of which 7 M€ are allocated for the "Health LRRD". In addition, the Mid-Term Review of the 9th EDF transferred 10 M€ from the B to A envelope. The remaining balance of the B envelope is 5.7 M€.

Two LRRD (Linking Relief to Rehabilitation and Development) projects were funded under the 9th EDF B envelope²⁹. These programmes have aimed at (i) promoting food/livelihood security, water and sanitation in returnee areas, refugee camps and their host communities, and (ii) ensuring a smooth transition after the withdrawal of ECHO and complement some activities already in place under the HSSP, in those areas where MoHS capacity remains weak. Other projects in the Health sector were funded under the EC budget lines and executed by both national and international NGOs.

The mining sector

A brief, EC biased look at the mining sector shows that the mining sector is the largest contributor to the country's foreign earnings. Before the conflict, the sector generated about 20 percent of the GDP, 90 percent of the registered exports and about 20 percent of fiscal revenues. The most valuable commodities are diamonds, platinum and gold. SIERRA LEONE has a strategic share of global rutile production (Titanium Dioxide) and the cessation of exports of this mineral in 1997 caused a price hike of 50% in the trading value of rutile. Furthermore limited quantities of bauxite were exported prior to the hostilities. The export of iron ore stopped in the 70ies.

The current mining policy of the Government of SIERRA LEONE is based on the Core Mineral Policy, produced by the Ministry of Mines in December 2003. This document describes the conditions for (future) mining activities, one of the key issues being that development of the mining sector will be left to the private sector, whereby the GoSL plays the role of regulator and facilitator. The GoSL has also committed itself to apply the criteria of the Kimberley process for its diamond and gold production.

The interventions in the mining sector support the poverty reduction policy, while they are also in line with the emphasis on infrastructure and mining, which were prioritised in the CSP.

The beneficial experience gained with the indirect financing, as practised to support reopening of the rutile mine, should be taken as a lesson learned and analysed in its basic mechanism to eventually allow for reproduction for different purposes or in different contexts.

The EU intervention to support Sierra Rutile Mine has resulted in activities in the southern districts, where the deserted mining facilities have been reopened, creating a medium term sustainable development (based on the current reserve estimates). However the mining companies involved here have also started to look at the potential to re-open mines in the North western region and to enter into further exploration activities.

The EU was not actively involved in developing the core mineral policy due to lack of staff in the delegation in 2001-2002, but has been actively contributing to bringing back foreign investments into the sector.

²⁹ The €25 mio programme "Transitional Support to Former IDPs, Returnees, Refugees and Hosting Communities in Sierra Leone" (9 ACP SIERRA LEONE 4) and the €7M "Transitional Support to the Health Sector" (Health LRRD, 9 ACP SIERRA LEONE 13).

The Stabex instrument was closed down under the Cotonou Agreement, but residual funds (from Stabex 1996/99, € 3.3m, and reimbursements from GoSL, €1,2m) are still in the pipeline for Sierra Leone.

The EC funded investments (under Envelope A) for social and economic infrastructures, were mainly focused on the “Rehabilitation of priority infrastructures” and the *budget support* to macroeconomic stability and PRSP implementation (€ 50M). As is illustrated in Ch. 3.4, the funds for these investments are mostly committed, but the corresponding activities have started only during the latest implementation period in 2005. Therefore the effectiveness of the implemented actions is not yet measurable and the expected impacts are still far to be achieved.

Other rehabilitation and construction activities, which have been started under 7th and 8th EDF (i.e. RRP) are still under way, but are expected to acknowledge delays regarding their accomplishment beyond the planned deadline of 2006. For more details see Ch. 3.4.

A brief description of the Commission’s relevant interventions in the transport sector shows that during the 8th and 9th EDF, the EU has committed itself to major rehabilitation works in both, the core, as well as the feeder road network. During the 9th EDF, a residual amount from the 7th EDF was used for further technical assistance to the Sierra Leone Road Authority (SLRA) and for main road rehabilitation. During the 8th EDF the rehabilitation of the main road Freetown-Conakry was financed (the works are still ongoing), while under the 9th EDF the main road connections from Masiaka to Bo and from Songo to Moyamba are being rehabilitated and more TA to SLRA is provided. An important 9.5 M programme for rehabilitation of feeder roads in 4 districts is about to start and operated jointly with SLRA and the World Bank.

Concerning the mining sector and with the aim to facilitate the resumption of rutile mining activities in SL, the EU, with its 9th EDF (B-envelope), provided a grant of 25 MEuro to the GoSL, which has been passed on as an (interest bearing) loan to Sierra Rutile, the mining company. Furthermore, the Ministry of Mines is receiving out of the 9th EDF funding to “non-focal sectors”, funding of €1 mio. for technical assistance.

It is worth to mention at this stage, that GoSL policy aims at attracting private sector investment. There is a strict regulation that state companies will not be involved in mining.

The transport sector benefits from the EU investments in transport infrastructure at a national scope. The National Transport Strategy of the GoSL states the goal of the transport sector as follows: “to contribute to Sierra Leone’s poverty reduction and economic development programme by providing the most efficient, affordable and sustainable transport systems possible”.

According to this National Transport Strategy, this goal has to be achieved by:

- Ensuring maximum physical access for the population to services, markets and revenue generating opportunities
- Lowering Transport cost
- Increasing efficiency in the delivery of transport services.

The transport related interventions improved the main road network, which in general provides a basis for support to the macro economic framework.

The impact of the mining interventions is more direct and has resulted in a tangible increase in foreign currency earnings, due to restart of bauxite and rutile exports.

Sound preparation of infrastructure projects is taking a considerable amount of time. This requires respect of a tight schedule. Concerning 9th EDF investments, substantial delays occurred. While the FA for the rural road development programme was signed a year ago, the tendering phase is starting mid 2006. Furthermore, the implementation of the Freetown-Conakry Highway rehabilitation project is behind schedule.

The EC funded interventions aim to contribute to poverty reduction, while improving access to basic essential services. However, no systematic surveys or assessments have been carried out indicating precisely the expected impact of the investments in the road sector. For some parts of the road network initial surveys would indicate, that after the improvement of the road network travel decreased, while at the same time travel costs and tariffs, also for those who use public transport, decreased.

The direct effects of the resumption of the mining activities have created new direct employment (approximately 2000 jobs), even more than anticipated, as the bauxite mine has also come on stream, creating another 800 jobs. The indirect effects for the regions concerned, and the entire country, will even be significantly larger, with windfalls for the local economy.

Through the funding of interventions in the road transport sector, the EC aims to promote strategies contributing to integration of national and regional economic areas. The chosen road sectors link up some of the main districts, while the creation of arteries in individual districts resulted in increased national integration. The improvement of the Freetown-Conakry road connection offers the potential to support regional economic relations, which will be further enhanced, if the West-African-Highway will link up with Monrovia.

In the mining sector no direct regional impact can be observed, although some mineral deposits (diamonds and bauxite) are border crossing.

It is the aim of the EC to promote strategies and interventions contributing to specific sectoral objectives. In this sense, the GoSL National Transport and Investment Strategy defines the sector-related main goals and development objectives as follows:

“To ensure physical access to basic social services and markets through an improved and sustainably maintained road network. Within this overall goal, the development objectives of the SLRA’s investment plan are to rehabilitate and sustainably maintain the road network, through enhanced local capacity, both in the public and private sector”. (see Page xi of the executive summary of the National Transport and Investment Strategy).

The EC strategy and interventions closely follow these lines and contribute to the achievement of the objectives set.

3.4 EVALUATION QUESTION 3:

Impact of interventions in social and transport infrastructures

Starting from an extremely low level of development, provision of basic social services must be a priority for the GoSL. Also, the fulfilment of these needs is essential for human development in general.

In view of the enormous need, coverage and allocation are main criteria of our evaluation. In a situation, where the needs are largely exceeding the capacities, it is of importance to set priorities right and to target interventions equally and strategically.

Furthermore, the decentralisation efforts are taken here into consideration, as they will have to be supported through these measures to provide for equal access for the population living in rural as well as urban areas.

Ownership and private management will be required in the long run to achieve sustainability. Therefore, these aspects should be built into the design at an early stage. Maintenance is a crucial issue for sustainability of transport infrastructure and relevant provisions should be part of the design. These principal issues were consequently analysed and evaluated in detail.

3.4.1 EC funded interventions in social infrastructures

The following analyses of Government, as well as EC policies and strategies, and the relevant answers to the evaluation questions, are based on the judgement criteria presented in the Evaluation Matrix.³⁰

Health

The National Health Policy (NHP of 2002) defines the overall objective for the health sector “*To maintain and improve the health of all Sierra Leonean residents within the country, to be provided in equitable manner*” and defines ten national health priorities: (i) Malaria, (ii) Sexually transmitted diseases including HIV/AIDS, (iii) Tuberculosis, (iv) Reproductive health including maternal and neo-natal mortality, (v) Acute respiratory infections, (vi) Childhood immunisable diseases, (vii) Nutrition related diseases, (viii) Water, food-borne diseases and sanitation, (ix) Disability and (x) Mental illness.

The NHP also defines a large range of strategies, consistent with the MDGs and the PRSP.

The strategic elements proposed by the PRSP (2005-2007) for Health and Nutrition Services are based on a broadly adequate quantitative and qualitative poverty diagnosis derived from an extensive household survey conducted in 2003-04 and a number of qualitative surveys including a Participatory Poverty Assessment, focus group discussions and participatory learning forums.

The strategy is focused on: (i) further decentralization of health care delivery, especially through the expansion of the district-based health care network composed of primary health care centres and first-referral hospitals; (ii) the provision of cost-effective packages designed to deal with priority problems; and (iii) improved availability of essential inputs to health care, including health sector personnel, pharmaceuticals, infrastructure, and equipment³¹.

Education

The PRSP puts emphasis on improving the quality of basic education. The PRSP identifies some of the most serious obstacles to reach this objective, in particular the status of physical facilities and the shortage of skilled teachers. It also correctly targets vocational, technical and tertiary education institutions, which are currently in a poor state.

In official BWI documents it was observed that “*the strategy also needs to be extended to address weak institutional capacity, financial sustainability, the impact of mushrooming enrolments at the senior secondary level (a consequence of the explosion at the primary level), the worrisome trend away from scientific and technical fields, and the low internal efficiency*”

³⁰See our Desk Report.

³¹Nutritional gains will be achieved through supplementary feeding and maternal and child health programs as well as the promotion of positive changes in people behaviour with respect to nutrition.

as signalled by high drop out rates. There may also be opportunities to better link the educational curricula to the specific needs of the economy”³².

The most relevant EC interventions related to the Health and Education sectors considered in the evaluation exercise are the following:

- The Resettlement and Rehabilitation Programme (RRP 2002-2005 extended to end 2006) has been financed on 7th, 8th and 9th EDF, for a total amount of € 30M;
- The Health Sector Support Project (HSSP, 2002-2007), € 28M;
- The two LRRD projects: “Transitional Support to Former IDPs, Returnees, Refugees and Hosting Communities in Sierra Leone” (9 ACP SIERRA LEONE 4) and “Transitional Support to the Health Sector” (Health LRRD, 9 ACP SIERRA LEONE 13), for a total amount of € 32M;
- Post conflict Budget Support (8th EDF , € 34.75M) and macroeconomic Budget Support (9th EDF, € 50M).

For a comprehensive list of all EC projects of the last 10 years in the Health and Education sectors, see **Annex 3** to the present report.

A summary of interventions in the social sectors must first look at the *The Resettlement and Rehabilitation Programme (RRP)*.

The Rehabilitation and Resettlement Program (7 ACP SIERRA LEONE 87, 8 ACP SIERRA LEONE 7), RRP, is financed with 30M€, of which 10M€ falls under 7th and 20M€ under 8th EDF, respectively. The Program was signed in 2000, but, due to the lasting effects of the civil war, could commence in 2002 only. In 2000, Rider 1 was signed reducing the Programme budget by € 10 million³³. The Technical Assistance (TA) contract started in July 2002. The RRP was expected to be completed by the end of June 2005 but an extension (with no financial adjustment) until December 2006 was requested and obtained.

Since the period from 2000 to 2002 was almost completely lost, the implementation of the Financial Agreement and specific commitments has been slow and an extension until 30/06/07 of the FA was agreed. During 2004, 96 projects were completed, under 8 ACP SIERRA LEONE 7) with a total budget of 4.2M€.

Under *RRP III (9 ACP SIERRA LEONE 7)*, with €10M funding, all the planned projects have started, contracts have been awarded, and tendering for the remaining funds provided through specific commitment, is ongoing in the first half of 2006.

Concerning the quality of design of the RRP funded with 7th, 8th and 9th EDF resources, we confirm that the Programme was (and still is) fully relevant and coherent with the national planning. Due to its ambitious Programme design RRP has suffered of serious resource constraints and logistic problems in the first period of its implementation.

The project Logframe was revised after the first implementation phase but with no changes in the matrix of indicators. The LF remained too generic and the lack of a solid baseline limited the project management in the monitoring and on-going evaluation activity. A full revision of the LF, with appropriate indicators took place only during the preparation of the 9th ACP RRP first Programme Estimate. “*The Logframe approach has been applied to every*

³² The World Bank, Report No. 31775-SIERRA LEONE, REPUBLIC OF SIERRA LEONE - JOINT IDA-IMF STAFF ADVISORY NOTE ON THE POVERTY REDUCTION STRATEGY PAPER, April 13, 2005

³³ 10M€ were used from the 8 ACP SIERRA LEONE 7 to fund the Disarmament, Demobilisation, and Reintegration (DDR) program, and later were replenished through the 10M€ program (9 ACP SIERRA LEONE 7) approved in 2003.

single project of the imprest account part of the Programme, which is an especially commendable development" (EC Monitoring Report, Nov. 2005).

Concerning efficiency of implementation, it is understood that the security and political situation during 2000/02 delayed the start and implementation of the RRP Phase 2. The planned projects had been mostly completed "*with the majority of the planned results delivered being of a reasonable quality*", according to last EC monitoring reports, Nov. 2005. However, four specific commitment projects of the RRP 7 - 8 EDF, are still ongoing. Among the main constraints to the efficiency of the RRP the following must be mentioned: (i) difficulties in providing true cost estimates in rehabilitation works, (ii) unpredictable increase in building materials and fuel costs, (iii) mismanagement in works calendar planning, (iv) unclear assignment of responsibilities (v) EC regulations excessively burdening the implementing partners, (vi) delays by the ECD in signing/endorsing some contract(s), (vii) inadequacy of the TA in the beginning of the Programme Phase 2. The Programme counts now with an efficient TA and good national staff and should finalise at the end of 2006. Nevertheless it is, the opinion of the Head of the EC TA (interviewed) that an extension of 6 months with no financial implications is likely to be applied.

At the end of the implementation of the RRP (all phases included) it is estimated that 550 classrooms in primary schools will be rehabilitated, 150 primary health care facilities will be strengthened and made operational along with the construction and rehabilitation of some 1300 water sanitation sites.

The Health Sector Support Project (HSSP)

Concerning the health sector, the EC concentrated the bulk of its funding in the *Health Sector Support Project HSSP (8 ACP SIERRA LEONE 12)*. HSSP was funded in 2001 with a budget of 28M€ and a planned duration of 5 years. The overall objective of the project is to improve the health status of the population of rural districts of Sierra Leone. Three selected districts (Kailahun, Pujihun, Kambia, complementing WB and ADB interventions) should benefit from improved accessibility, affordability and quality of primary and secondary health care services. HSSP is also intended to strengthen the capacity of the MoHS and the decentralised structures to manage both financial and human resources, being training to the community health workers, procurement and cost-effective drugs distribution complementary components of the project.

Concerning the quality of design we should bear in mind that the HSSP was designed as a post-emergency programme with the overall objective of improving the health conditions of the Leonean rural population. The strategy mostly relies on an institutional strengthening approach (HSSP direct target is the health system with medium and long-term objectives). The programme is ambitious, but contains several weaknesses:

- The programme covers a too large range of activities to be implemented at both, central and district level, including planning, management, decentralisation, human resources policy, health financing, budget and accounting, training, drug procurement and distribution, etc.
- The programme does not take in consideration the limited local absorption and implementation capacities mainly at district level.
- The programme was based on the assumption that its implementation should have been fully aligned with the decentralisation process, which was supposed to become effective in parallel, but the Local Government Act was passed in 2004 only.
- The role of the community in the health system is not recognised and supported.

- The different programme components are not well related to each other.

The analysis of this evaluation is confirmed by the recent MTR of the programme: “*Surprisingly, despite these obvious weaknesses –lately underlined by AIDCO- the programme has been validated by the EC compromising the chances of success from the start*” (Mid-term Review of the EDF-funded Health Sector Support Project (HSPP)– SIERRA LEONE/7017/000, November 2005).

Concerning efficiency of implementation, we observe that implementation of the first PE started with approximately one year delay. Most of the activities planned in the first PE have been postponed to the second PE, started in 2005. The technical assistance has performed poorly during the initial phase of the programme. More than 50% of the technical assistance team has been replaced since the beginning of the programme. The implementation relied on complex and not flexible administrative mechanisms. The budgetary lines did not match the components of the programme as described in the FA. The mechanisms planned to release the DSF are not compliant with the EDF procedures.

The conclusions of the mid-term review (2005) were very critical and accompanied by the recommendation of a substantial restructuring of the project, if not its closure. After several preparatory meetings with national counterparts and stakeholders, a workshop to agree on a revised Logframe was held in February 2006 and a rider and request for extension should be submitted by mid-2006.

Two LRRD projects (B Envelope)

The most important intervention funded in the social sector after the end of the war is concerning the “*Transitional Support to Former IDPs, Returnees, Refugees and Hosting Communities in Sierra Leone*” (9 ACP SIERRA LEONE 4). It was signed in 2003. It was designed to consolidate peace and stability, economic support and social development. The project operates in key districts on the borders with Guinea and Liberia. The main areas of intervention are (i) promotion of food/livelihood security and water and (ii) sanitation. In returnee areas and refugee camps and their host communities, special measures to enhance the protection of vulnerable populations were integrated into the focus activities. Cross-cutting issues such as gender, environment and HIV/AIDS are taken into account.

“*Transitional Support to the Health Sector*” (Health LRRD, 9 ACP SIERRA LEONE 13) is aimed at ensuring a smooth transition after the withdrawal of ECHO. The project expected results are complementing other ongoing assistance programmes and government policies: (Component 1) Sustainability of the Extended Programme of Immunisation (EPI) in peripheral and remote areas; (Component 2) Reinforcement of technical capacity of the Ministry of Health and Sanitation (MoHS) staff at district level; (Component 3) Transitional support to the strategic location of Kenema; and (Component 4) Improvement of coordination. The technical assistance only started in November 2005.

Concerning the quality of design of the “*Transitional Support to Former IDPs, Returnees, Refugees and Hosting Communities in Sierra Leone*” (9 ACP SIERRA LEONE 4), we can confirm that this programme is consistent with the relevant national policy and fits into the EC strategy aimed at establishing a link between out-phasing relief action, on-going rehabilitation programmes and long-term development objectives. The programme design is relevant and in line with the LRRD approach.

One sub-programme of the LRRD has been the “*Transitional Support to the Health Sector*” (Health LRRD, 9 ACP SIERRA LEONE 13). The project logic is appropriate. It is centred on the consolidation of benefits of emergency assistance whilst establishing the basis for sustained and structural development. Logframe indicators and assumptions are accurately

prepared. The implementation schedule is reasonable. The clarity of the planning documents and the overall coordination of the Technical Assistant under (component 4), enable the project to be consistently monitored.

The present evaluation also analysed the efficiency of implementation of the "*Transitional Support to Former IDPs, Returnees, Refugees and Hosting Communities in Sierra Leone*" (9 ACP SIERRA LEONE 4). We understand that both, national and international implementing partners have been selected and 12 contracts were ongoing by the end of 2005. Three additional contracts have been signed from an existing balance funds and an additional contract is under preparation bringing the full commitment of the LRRD project to 100%. The last monitoring mission highlighted some critical points concerning (i) the absence of official counterparts at national and district level and a (ii) lack of consideration of the capacity building requirements of relevant national or local counterparts such as the newly-empowered district councils.

Concerning efficiency of implementation our analysis shows that the approval of the "*Transitional Support to the Health Sector*" (Health LRRD, 9 ACP SIERRA LEONE 13) took longer time than expected. The project was approved at the end of 2005. The most urgent activities (grant contracts) started in 2005 (MSF-F, IMC-UK, IRC, UNICEF, IFRC), while the technical assistance only started in November 2005. The programme counts now with a new TA focusing on the monitoring of the implementing partners and the reinforcement of the NGO-donor liaison unit of the MoHS. Remaining grants will be signed by mid-2006.

The role of Budget support (8th and 9th EDF) in support to the social sectors

An important role for the stabilisation of the country after the war was played by the *Post Conflict Budget Support (8th EDF)* disbursed in 2000 and 2004 a total amount of € 34.8M. The BUDGETARY SUPPORT was targeted on the Health and Education sectors with specific target on payment of salaries and subsidies for school fees. In mid 2005, a complete and exhaustive auditing report presented a detailed matrix of findings and recommendations mainly related to the performance of GoSL financial management.

The macro economic support to the PRSP (9th EDF 2005-2007) will allocate a total amount of € 50M. This new BUDGETARY SUPPORT (BS) programme is not targeted, but focused on supporting the GoSL in the PRSP implementation. The EC/GoSL FA subordinate the disbursements to a matrix of indicators related to both macroeconomic and socio-economic performance coherent with the PRSP and MDGs targets.

Some comments may be appropriate concerning the quality of design of the *Budget Support (8th and 9th EDF)*. The EC budget support has been characterised by a remarkable change of approach from 8th to 9th EDF. In a first phase (8th EDF) the BUDGETARY SUPPORT was targeted on specific sectors (Health and Education) with specific rules of spending to be applied by the ministries concerned. No matrix of social impact indicators on the two focal sectors was foreseen in this phase.

The 9th EDF BUDGETARY SUPPORT is untargeted and designed in coherence to the PRSP and the MDGs. Its implementation follows the new financial procedures of the EC.

Concerning the efficiency of implementation, we have to remind that the Post Conflict budgetary support was suspended in 2001 as a consequence of a critical audit report. An agreement on reimbursement and a "Matrix of Corrective Measures" to improve public finance management (PFM) was signed in early 2003. After the repayment and the implementation of the agreed PFM measures, the disbursement of the 1st tranche was carried out during 2004. Following positive results of the monitoring missions, in September 2004 it was decided to transfer the 2nd and 3rd tranches, with an amount of 18.18M€, to the dedicated coun-

terpart funds account in Bank of Sierra Leone. A final auditing report (June 2005) put in evidence both strengths and weaknesses of the mechanism and highlighted the need for more technical assistance to the MoF.

The 9th EDF budgetary support programme was started at the end of 2005 and no efficiency indicators are available so far.

A brief review of interventions, from 8th to 9th EDF, related to social sector shows us that the 8th EDF supported the social service sector under an emergency relief and reconstruction approach. The main EC actions were focused on the most relevant post-conflict national priorities, like (i) reconstruction and rehabilitation of health and education infrastructures, (ii) primary health care in the areas affected by the conflict and (iii) support to the national budget.

The move from 8th to 9th EDF made the EC action more focused on strengthening decentralisation and good governance of the social services, in the framework of a reinforced macroeconomic stability.

The activities of rehabilitation of abandoned agricultural areas carried out in the RRP under 7th and 8th EDF were no longer undertaken due to poor/negative results (see: EC/SIERRA LEONE RRP, Internal Monitoring & Evaluation mission, October 2004).

The link between ECHO projects and the new development oriented approach was assured by the two LRRD programmes. However, the relevant effort to give continuity and coherence to the EC support to the social sector has been hampered by delays in the start up of both HSSP and LRRD programmes and (mainly) by generally failed planning and poor management of the HSSP.

Regarding the contribution of EC funded interventions in the social sectors to sustained economic growth the *“Government (...) recognises that human resource development is the bedrock for poverty reduction and sustainable development”* (PRSP 5.4). The EC contribution to human development in SIERRA LEONE mainly focused on re-launching the social services (Health, Education and water sanitation) in the country, with a remarkable effectiveness in the rehabilitation and construction of the necessary infrastructures during the transition period.

However, as our analyses shows, the EC contribution to creating improved mechanism for service delivery and the relevant higher management capacity has been very limited, if any, the main reasons being the following:

- No relevant EC activities were funded in the Education sector support in the period considered. The 9th EDF budget support started only at the end of 2005 and is expected to produce positive results only in the next years.
- The EC action in the Health sector support was based on the unrealistic assumption of an accelerated decentralisation process of both administrative and management functions to the Districts authorities. This programme has been funded and supported by the WB and DFID. The implementation of the EC support to the decentralisation process is about to start in 2006.
- The LRRD initiatives were very effective in the short run, but not sustainable in the long term. The TA to the MoHS did not produce measurable results so far.

This indicates clearly that more efforts should be provided to

- (i) improve logic and coherence in the implementation agenda of the EC activities;

- (ii) align the EC activities to the second pillar of the PRSP (Pro-poor economic growth), and
- (iii) better harmonise the intervention measures/modalities within the donor community.

Concerning implementation of the on-field activities, it is also recognised that there is a strong demand for (a) improving contact and communication methods with the local communities and (b) for application of a broader and more complex participatory approach (see PRSP Coordination and Implementation Mechanisms).

Finally, we will also briefly make a critical review of the general impact of EC funded social sector interventions concerning overall human development and social protection at large.

The effectiveness and (consequently) impact of interventions for increasing access to and quality of social services is still very limited. A first, broad evaluation of the effectiveness of the joint effort of the GoSL and the donor community, should be linked to the first PRSP Progress Report, which is expected to be published by mid 2006.

However, in the meantime, a thorough impact assessment of the EC funded interventions to the social sector should be carried out at field level in the areas, where the EC activities were undertaken. We are aware that this exercise will be made difficult, because many social oriented EC projects and programmes were implemented without the preparation of adequate planning documents, accurate impact indicators and baselines (e.g. RRP, Phase 2, HSSP).

No impact assessment of the Post Conflict Budget Support (8th) was made possible because no socio-economic baseline and impact indicators were established before the budgetary support started. The efficiency and effectiveness of the budgetary support was evaluated in 2005 only from the Financial Management point of view. The poor data collection actually available in both, the Health and Education sectors, do not allow for any ex-post impact evaluation.

The social impact of the 9th EDF Budget Support should be measured on the basis of a limited number of indicators aligned to PRSP matrix of indicators including MDGs (see Annex on social indicators in Vol. 2 of the present report). The Budget Support FA allows for a possible future adjustment of the social performance indicators, in view of specific needs and improved capacity of the GoSL in statistical data collection and treatment.

In this evaluation we also wish to look on the contribution of EC funding of interventions in the social sector to the overall national social cohesion. We note, that *social cohesion* is never specifically mentioned in the CSP (2003-2007), as a strategic EC objective. In the PRSP the *social cohesion* is mentioned only as an example of potential benefit produced by sport in youth development (see PRSP 5.4.6). Nevertheless the PRSP encompasses several strategic criteria related to the broad concept of social cohesion, such as: (i) decentralisation and local ownership, (ii) equitable distribution of social services due to the wide disparity in the spatial/geographical distribution of poverty (PRSP 3.14) and (iii) appropriate fiscal policy and budget allocation as means for securing social services sustainability.³⁴

With regard to the issues mentioned above, the following considerations and analytical comments can be made by the present evaluation mission:

³⁴ "Fiscal policy will seek to continue the domestic revenue recovery, and improve expenditure management, re-orienting public expenditures in favour of security, social services, infrastructure and economic activities." (PRSP, Executive summary)

- Decentralisation is being implemented too late to support equitable and efficient provision of social services at district level. Planning assumptions of EC Health Sector Support were not realistic. The EC support to decentralisation is still in the pipeline and not implemented. Any impact to be achieved will take several, if not many years.
- The LRRD programme "Transitional Support to the Health Sector" (Health LRRD, 9 ACP SIERRA LEONE 13) was meant to support the MoHS in his institutional duty of coordination and monitoring of the Health service at national level, in view of an equitable nationwide distribution of access and quality to health care facilities. This programme is still in its first phase of implementation and no results are measurable to date.
- The Post Conflict budgetary support (8th EDF) was targeted on specific budget positions (salaries and subsidies) to secure basic functioning and continuity of the GoSL. However, no increase of public expenditure in the social sector was intended, as a possible pre-condition to disbursements.
- According to the EC/GoSL (9th EDF) Budget Support FA, "the satisfactory macroeconomic and fiscal performance will be assessed in line with the last IMF PRGF Programme Review" (budgetary support /FA, Annex A, 1). The Poverty Reduction indicators No. 8 and No. 9 are related to some % figures of budgetary allocations to Health and Education. These were 12.48% and 21.66% in 2005 and are expected to increase to 13.60% and 23.10% in 2008 respectively.

3.4.2 EC funded interventions for transport infrastructure

The initial focus of EC funded investments for infrastructure improvement has been on the major road network, not directly aimed at the poorest part of the population. The actual work on the rural road network, really aimed at the most vulnerable groups has yet to start. However improvement of the main network already contributes to those who are not living too far away from that.

The EU contribution is mainly related to direct infrastructure works. The structural reforms in the sector are mainly dealt with by the World Bank and to a lesser extent also by the EU. As the road sector is by far the most important transport component, structural reform activities concentrate on the Sierra Leone Road Authority (SLRA).

Tat present, some technical assistance is being provided for the technical and accounting departments of the SLRA. Under World Bank financing a Road Sector Action Plan is currently being drafted, which will incorporate the following areas:

- Refining the establishment of the Road Maintenance Fund (for regular maintenance activities);
- Funding of all emergency road maintenance work will be a separate Government funding of SLRA;
- The privatisation of the existing SLRA Mechanical Services Unit which would ultimately operate as a commercial plant hire company;
- The ultimate restructuring of SLRA as a service provider/project management unit.

In the mean time, decentralisation of the SLRA to district capitals is being considered, but has yet to be planned and implemented.

The World Bank will provide further TA to the SLRA as part of a 44 M\$ grant programme, which has been presented in March 2006.

The EU financed interventions in the transport sector concentrated on the rehabilitation of the SIERRA LEONE Road Network. The total network consists of about 11,000 km of roads, of which 8000 km are classified in the National Road System and the remaining 3000 km are local networks and unclassified roads and tracks. As even many of the main roads are impassable during the rainy season, improvements are a first priority.

The rehabilitation of some of the main roads has already increased access to the markets, which is supposed to result in better living conditions. There are however no poverty related statistics available, which would positively confirm this. As the 9th EDF financed programme to develop district roads in 4 rural districts is only about to start now, it is not possible to make substantiated comments on possible impact.

Some of the rural roads now selected for further improvement end at river jetties. A programme to further develop and possibly reconstruct these jetties may increase the impact of the investment in the rural roads especially for the people living in coastal areas.

The emphasis of the EU activities has been put on road rehabilitation, rather than on road maintenance. However, it has been stipulated that rehabilitated roads will receive priority in regular maintenance, in order not to abandon capital investments. In particular gravel roads will quickly need maintenance after each rainy season. Regular road maintenance should in Sierra Leone be funded through the Road Fund, which in 2005 already generated an income of 6.7 MEuro. However, in view of the current condition of the road network, almost all of this money is spent on emergency repairs. It should however critically be noted that at present the expenditures of the Road Fund contain 30% administration costs.

The EC plays an active role in monitoring the commitments of SLRA relating to the implementation of works contracts. The Technical Assistance project to the NAO also provides expertise to the GoSL on the issues of road works and contractual aspects of road construction and maintenance, thus facilitating the contractual relationship between the NAO and the contractors.

Reportedly, the fact that EU contract standards deviate in some aspects from the more common FIDIC standards, contractors not familiar with the EU standards do not always understand their precise position vis-à-vis the SRLA. This concerns in particular the position of the Resident Engineer, which is bound by stricter rules, than required by those of the FIDIC.

The decentralisation of the activities of SRLA, in particular the establishment of district offices, will provide the regions better access to road maintenance services, under the condition that the district offices of SRLA have the authority and the funds to carry out such works independently from the central office.

The programme design and sequence chosen by the EU is sound, as it commenced with some main roads, spread over the country, and is now embarking on the rehabilitation of minor roads, in 4 selected districts. The selection of the main road sections to be improved was done in cooperation with the GoSL, while for the selection of the district roads a separate prioritisation study was carried out. Although the quality of that study left much to be desired, it was decided to follow the recommendations made.

It should be noted, that tendering results showed that budgets made available for the intended projects turned out to be lower than required. This has resulted in a reduction of activities under the rural road project (the intended 650 km have been reduced to 600) and a shift in the allocation of maintenance funds for the construction of the Masiaka-Bo Road under the 9th EDF.

The implementation of most of the works contracts went well, with a notable exception being the Freetown-Conakry Highway, financed under the 8th EDF, which is now at least one year

behind schedule. On top of that some of planned outputs for that project, (notably the border post building) will not be completed under the current contract, but will be constructed by another contractor. The main reason for the delay is underperforming of the contractor, and the absence of effective sanction options that will enhance his performance.

A summary review of EC funded interventions in transport infrastructure shows that under the 8th EDF the Road Sector was attributed 17.5 MEuro for the rehabilitation of the Conakry-Freetown Highway. with 9th EDF funding an asphalt overlay will further improve the road.

This followed upon the 20.5 MEuro from the 7th EDF, of which almost 17 MEuro have been spent and almost all of the remaining funds have been committed. The prioritisation study for the rural roads was also financed already under the 7th EDF.

The 9th EDF comprises the reconstruction of the Masiaka-Bo road, part of the West African highway (Conakry-Cotonou), which is of high priority for the GoSL. Part of the 9th EDF is also further TA to the SLRA, which was continued with funds left over from the 7th EDF. Continuity was secured and, after only a short interruption in the contract, the same contractor continued his activities. Further activities comprise the Songo-Moyamba and the 600 km or rural roads.

We also need to briefly look at the contribution of EC funded interventions in the transport sector to economic growth and to national and regional integration. The gradual opening up of the road network presents an opportunity to pursue activities that generate economic growth, in this case predominantly the agricultural sector and to a lesser extent the mining sector, that will only use limited parts of the network.

The creation of a road network, with all year round accessibility will stimulate mobility and therefore the possibility for better integration. The road links with Guinea in the North and Liberia in the south will open further options for regional integration.

However, with regard to sustainability, severe questions have still to be answered. The sustainability of the rehabilitation depends to a large extent on the willingness (and the funding) of regular maintenance works. It has to be accepted that once major investments have been made, the priority to keep these up to standard. Currently 70% of the maintenance funds (received through the Road Fund) go into the maintenance of recently rehabilitated roads. Whether this is enough right now cannot be established. The Road Fund income is generated via levies on fuel (80%) and via registration fees for vehicles (20%).

Sustainability will also depend on the capacity building within the road sector. There is a serious lack of middle level and younger road engineers that could assume responsible positions in the future.

The programme for road infrastructure development funded by the EU is coherent in terms of prioritisation. Being the largest individual donor the EU has taken the lead in the donor co-ordination in this sector. Results of this co-ordination are for instance the division between the EU, the World Bank and the Islamic Development Bank of districts for the rural road development, whereby also the phasing of the implementation has been established in such a way that it will not overstress the capacity of SLRA.

The road infrastructure projects have been supported by standard environmental impact analyses, but there is little attention for gender issues. The objective of the road improvements is to increase traffic and it should be noted that increased traffic on gravel roads will result in an increased dust problem, in particular in villages. It is therefore suggested to make the use of asphalt overlays in more populated areas an integral part of the road rehabilitation programmes.

3.5 EVALUATION QUESTION 4: Policy support for economic & public finance

3.5.1 EC contribution to the improvement of the macroeconomic framework³⁵

Macroeconomic context: Sierra Leone's post-conflict economic recovery has been fast and sustained. After a GDP growth of 4.3% in 2002, Sierra Leone's recovery continued into 2003 and 2004 when GDP grew by an (estimated) 9.3% and 7.4% respectively. Recovery has been mainly generated by agriculture and mining³⁶, donor-financed imports, reconstruction activities, growing remittances and investments by the Sierra Leone expatriate community and other investors.

The average GDP growth rate is expected to remain about 7% over 2005-07 period. This is considered "*the minimum growth rate needed to ensure that the number of poor people does not increase*".³⁷

Export grew at a rate of 27% in 2003 and 17% in 2004, mainly due to diamonds legal trading. The external current account deficit (including official transfers) shifted from 7.6% of GDP in 2003 to 4.9% of GDP in 2004, partially thanks to a 10% imports decrease in 2004. The current account deficit was mainly financed by concessional external assistance.

Delays in external budget support jeopardised the SL **fiscal performance** in 2003 and 2004. As a consequence, both domestic credit and monetary growth were higher than planned. This led to an estimated fiscal balance of -3.5% of GDP in 2004.

After a negative **inflation rate** in 2002 (due to renewed access to goods after the end of the civil war), the situation in 2003-2004 was more critical (7.5% and 14.2% respectively) due to external shocks, delays in aid disbursements and incomplete fiscal adjustment. The **exchange rate** depreciated to an average of 2,691 Le/US\$ in 2004.

Financing requirements for Sierra Leone between 2005 and 2009 are projected by the IMF to be US\$ 996 million, which are expected to come from US\$ 452 million in grants (including those for Heavily Indebted Poor Countries [HIPC] relief³⁸), US\$ 218 million in loans and US\$ 177 million in additional debt relief. This leaves a residual gap of US\$193 million to be filled by the expected Poverty Reduction and Growth Facility (PRGF) and other sources. "These numbers are consistent with the implementation of PRSP priorities under the macroeconomic framework agreed with the International Monetary Fund (IMF) on the basis of identified external financing. Implementation of the PRSP beyond core priorities will require additional financing"³⁹.

EC initiatives in the macroeconomic support: The first Budget Support programme (Post-Conflict Budget Support, PCBS) was signed in 1999 under the 8th EDF and extended until 31st March 2005. The PCBS provided a total amount of €34,75m.

The macroeconomic support was identified as a focal sector (A envelope) under the 9th EDF and considered a logical continuation of the areas of intervention of the previous National Indicative Programmes (NIP). The allocation of financial resource for the macroeconomic support to Sierra Leone under the 9th EDF was €50m.

³⁵ Main economic and social data are provided with different tables under Annex 4.

³⁶ The officially registered output of diamonds has grown considerably; offshore oil exploration is expected to get underway soon.

³⁷ Source: World Bank, Country Assistance Strategy for the Republic of Sierra Leone, FY2006/2009.

³⁸ In March 2002, Sierra Leone reached the HIPC decision point which made it eligible for US\$950 million in debt service relief (80% of the country's outstanding foreign external debt as of end-2000).

³⁹ World Bank, Country Assistance Strategy for the Republic of Sierra Leone, FY2006–2009, p. 7.

After the Mid-Term Review (MTR) of the CSP and NIP for Sierra Leone (2004) the A envelope was increased from €144.0m to €164.7m, with emphasis on “Governance & Institutional Support, but no extra-funds for macroeconomic support were allocated.

Quality of design and efficiency of EC macroeconomic support to SL: The Post-Conflict Budget Support (PCBS) was designed as a targeted BS. A first tranche of €16,57m was transferred in early 2001, but actually released in 2003 due to an unfavourable audit of EC budget support carried out in 2001. Other auditing missions were carried out in March/April 2004 and May 2004, revealing major weaknesses in funds management and transparency.

As a consequence of the auditing missions a new Memorandum of Understanding was signed in December 2004 regulating the release of the 2nd and 3rd tranches, amounting to € 16,58m and € 1,6m respectively. These tranches were targeted on wage and non-wage expenditure in the health and education sectors. In addition, the Government’s contribution to the Multi-Donor Trust Fund for Disarmament, Demobilisation and Reintegration (DDR) was declared eligible for the PCBS support.

The 9th EDF EC Budget Support is intended to contribute to the implementation of the Poverty Reduction Plan (Poverty Reduction Budget Support, PRBS). The main differences with the PCBS are the following:

- the PRBS is untargeted and regulated by a Financing Agreement signed between the EC and the GoSL in November 2005;
- variable tranches disbursement is subject to monitoring mechanism related to PFM indicators and poverty indicators. A scoring system plus an agreed assessment of possible exogenous effects on BS performance, regulate the actual amount of disbursements;
- nine (9) performance indicators are set out in the PRBS Financing Agreement. They refer to: (i) PFM (Records Management, Effective Internal Audit, Effective Payroll Management, Effective External Audit and Execution vs Allocation of Health and Education Exp. in National Budget, (ii) Poverty Reduction (Education service delivery in the poorest regions, Output of the Primary Education System, Gender dimension of output of the Primary Education System, Immunisation, Child Nutrition, Malaria Prevention, Rural Access, Budget Allocation to the Health Sector and to the Education Sector).

The selection of the indicators was adapted to the poor capacity of both the GoSL and the donor community in collecting reliable statistical data. The Annex B of the PRBS FA also mentions “environment” as a cross-cutting issue to be considered in the BS performance assessment, but no environmental indicators have been selected so far, due to the chronic lack of basic environmental base-line data and a reliable monitoring system at national level.

Among the measures ensuring sustainability, particular emphasis is made in the PRBS FA on the application of a strict anti-corruption policy and a radical improvement of the national Public Finance Management capacity. The EC funded project “Institutional Strengthening of the Ministry of Finance (ISMF)” is consequently a key complementary element in the PRBS design. As detailed in the following sections, the ISMF is not yet generating the expected results and the need for its re-orientation has been recently remarked by the mid-term evaluation mission (see 3.5.2). The present weakness of the ISMF is consequently regarded as a possible threat to the efficiency and effectiveness of the PRBS.

Efficiency: As far as the PCBS is concerned the following table shows a summary of the targeted budget items and the counterpart funds allocation, as presented in the audit report of June 2005.

Designation	Tranche 1			Tranches 2 & 3						Total
	Actual 2002	Targeted	%	Actual 2003	Targeted	%	Actual 2004	Targeted	%	
Ministry of Education	86 126.05	21 875.13	25%	101 224.28	33 984.10	34%	57 698.56	20 398.85	35%	76258.08
<i>Salaries and Wages</i>	43 262.14	19 585.56	45%	52 269.87	28 748.44	55%	29 514.76	14 757.38	50%	63 091.38
<i>Other recurrent Costs</i>	42 863.91	2 289.57	5%	48 954.41	5 235.66	11%	28 183.80	5 641.47	20%	13 166.70
Ministry of Health										
<i>Salaries and Wages</i>	7 741.80	3 504.85	45%	10 217.27	5 108.63	50%	3 827.14	1 913.57	50%	10 527.05
Grand Total CpFs	93 867.85	25 379.98	27%	111 441.55	39 092.73	35%	61 525.70	22 312.42	36%	86 785.13
DDR	N/A	N/A	N/A	N/A	N/A	N/A	8 000.00	6 831.00	85%	6 831.00

Source: Audit of Post Conflict Budget Support Tranches 2 and 3, Draft Report, June 2005

The 9th EDF Poverty Reduction BS programme started at the end of 2005 and no efficiency indicators are available so far. As the indicators set out in the FA are related to the progress of the I-PRSP, an evaluation of the efficiency of the EC PRBS will be possible only after the PRSP Mid-Term Evaluation will be issued in mid 2006. This indicates weak overall monitoring of the 9th EDF RBS programme.

For complementary comments on the social impact of the EC BS see also 3.4.1 “The role of Budget support (8th and 9th EDF) for support to the social sectors”.

3.5.2 EC contribution to the improvement of Public Finance Management (PFM)

Background: Since the end of the 90s the EC and the donors’ community have been investing in the improvement of the Public Finance Management (PFM) and transparency in SL. After the end of the civil war the reform of the Ministry of Finance has significantly progressed in terms of the legal and regulatory framework.

In 2002, the Medium Term Expenditure Framework (MTEF) was introduced as a permanent financial management tool. In 2005, there was a first attempt to align the METF to the PRSP.

In 2005, the new Chart of Account and the first set of modules of the Integrated Financial Management Information System (IFMIS)⁴⁰ were introduced in the MOF in order to match IFM standards and requirements.

⁴⁰ These modules included: General Ledger, Appropriation and Expenditure Control. Early 2006 it was introduced the Procurement, Revenue, Store and Budget Planning modules. Late this year it should be introduced the Payroll and Human Resources Management (HRM) modules and, after a testing period in the Police Department, the IFMIS shall be rolled out to the Auditor General and to Ministries of Health, Education, Public Work and Agriculture

The Public Procurement Act, approved in 2004, and the correspondent regulation, approved in 2005, require the establishment of procurement committees and units at all level of the administration. Still in 2005, the GoSL introduced Internal Audit functions (Budgeting and Accountability Act, GB&A). The Act gives mandate to MOF for supervising internal audit units established in selected Ministries, Departments and Agencies.

A comprehensive Civil Service Law is currently under preparation, while key staff management regulations are already in place. *“The efforts made towards the introduction of procedures, processes and systems (mainly through IFMIS) are promoting PFM efficiency, effectiveness and to certain degree transparency”* (Giovanni Morsiani, MTR of the EDF funded project “Institutional Strengthening of the Ministry of Finance in Sierra Leone, Draft Report, April 2006).

The recent improvements in PFM have reinforced donors’ availability to operate under a budget support approach, accounting today to about 50% of total aid. The achievements of PFM efficiency indicators are included in all donors’ BS financing agreements as pre-requisite for funds disbursement. The donors operating under a BS approach are presently attempting to define a common performance matrix of indicators.

It is generally recognised that the improvement of PFM procedures has been progressing during the last 6 years. On the other hand the internal auditing and the external reporting of the Public Administration remain largely not satisfactory. The Public Expenditure Tracking Surveys (PETS) implemented annually since 2002 by the Economic Planning and Research Unit (EPRU) of the MOF identified leakages and records errors on a regular basis. *“The payroll, which is about 20% of all GOLS expenditure, has been shown to be a major area of corruption in terms of ghost workers and out of scale payments and mismanagement in terms of late payments. The efforts made by the Governance Reform Secretariat and by the AGD of MOF (personnel file reconstruction and payroll validation) to improve the system has, till now, achieved poor results. Procurement, which represents about 50% of all GOSL expenditure, despite a number of training programmes extended to the Local Councils, is still largely out of control. The surveys carried out by the MOF Internal Audit Directorate (IAD) on seven key MDAs has reached very disappointing conclusions: only the Ministry of Health, the Police Department and the Ministry of Defence seem to be acceptably equipped to implement audit functions. On the other hand positive outcomes were observed for bank reconciliation which is progressing quite well in settling backlogs”* (Giovanni Morsiani, MTR of the EDF funded project “Institutional Strengthening of the Ministry of Fiancé in Sierra Leone , Draft Report, April 2006.)

The donors involved in the public finance management reform are the EU, the World Bank (presently funding the Institutional Reform and Capacity Building Programme, IRCBP), DFID, the AfDB and the UNDP.

The GoSL recently set up a Public Finance Management Oversight Committee and produced a Common Action Plan (CAP) related to all the PFM reforms. The CAP provides indicators and targets for donors’ assistance.

EC initiatives in the PFM sector: The EC identified the support to the institutional Strengthening of the Ministry of Finance as a relevant priority in the framework of the 8th EDF (1998-2002): “development and consolidation of democracy, good governance, transparency and accountability” (priority one). This issue remains relevant in the 9th EDF (2002-2007), where good governance and institutional support are identified as major elements of the focal sectors.

The objectives of the EC project named “Institutional Strengthening of Ministry of Finance” (ISMF) (the financial agreement was signed in November 2000 under the 8th EDF)

are in line with the Poverty Reduction Strategy Paper issued in March 2005. “*Strengthening public finance management*” is one of the priorities identified in the framework of Pillar One “*promoting good governance, peace and security*” and it is a pre-condition for the implementation of a second priority “*deepening decentralization and empowerment*”.

The ISMF project is also relevant to the implementation the EU untargeted Poverty Reduction Budget Support (PRBS). The PRBS underlines that “*particular weaknesses were highlighted by the audit mission in payroll management, lack of internal and external control, management of documentation related to financial transactions and management of school fee subsidies*”.

An effective PFM also allows donors to monitoring the public expenditure patterns and assess poverty spending. Five EC Budget Support performance indicators are actually related to PFM (see Annex B of the BS Financing Agreement)

An amount of Euro 2,500,000 is budgeted to provide assistance for strengthening public finance management in the framework of the EC PRBS.

Quality of design of EC assistance to PFM: The ISMF is aimed at building the technical and management capacity of the Ministry of Finance. The overall objective of the project is “*to achieve a more efficient and effective allocation and expenditure of public finance*” and the project purpose is to “*improve accountability and transparency in the management of the government finance*”. The expected results are as follows:

- Improved budget preparation;
- Improved control and management of budgetary expenditure;
- Improved accounting control, monitoring and reporting of expenditure;
- Reduction of fraud and waste;
- Sustainability of public finance service through institutional strengthening and capacity building.

The project document was considered poor and not sufficiently clear⁴¹. Main critical observations concern:

- poor detail of the project activities⁴² and without a logical sequence;
- poor identification of effectiveness indicators and targets;
- overtly detailed definition of the project input requirements with the adoption of an inflexible implementation approach;
- a default in the budget, which allocated only limited funds for international TA, thus prohibiting the utilisation of European expertise, while it overestimated the required fees for the local technical advisors (LTA);
- no provisions were made with regard to project management (Steering Committee and PMU).

⁴¹ MTR of the EDF funded project “Institutional Strengthening of the Ministry of Fiancé in Sierra Leone, Draft Report, April 2006.

⁴² The main elements of the project are as follows: (i) Financial planning and budgeting, (ii) budget execution, accounting and monitoring, (iii) internal control, (iv) institution building and ICT component including appointment and training of line function staff, and (v) procurement and maintenance of computer hardware and software.

On request of GoSL the implementation of the ISMF was suspended for revising the technical and administrative provisions. A rider was signed in 2002, but no substantial improvements were made for better detailing results, activities, indicators and targets. Main changes concerned the (i) Inclusion of new areas of actions (revenue generation, tax policy and privatisation and economic policy), (ii) new recruitment modality based on Project Estimate (PE) procedures for the identification of LTA, and (iii) setting up of a project Steering Committee, including the representatives of donors involved in the PMU reform to ensure more effective coordination.

Design problems were put in evidence also by the EC monitoring mission in November 2005. The project Inception Report was inadequate to amend the deficiency of the identification/formulation documents. *“Disregarding proper PCM terminology the IR created a new internal project’s structure without linking it to the one included in the Financing Agreement (...)”*⁴³. This deficiency was not corrected so far.

Efficiency of EC assistance to PFM: With a delay of about 12 months with respect to the FA timetable, at the beginning of 2005 the ISMF project has started to generate tangible contributions to the MoF. Local TA was recruited only in July 2005. At the end of 2005 a substantial delay still remained in the recruitment of the local TA and the procurement of the office equipment. *“Therefore, the TAs and MoF counterparts will only have available resources for less than 24 months of effective work on the project”*⁴⁴.

At the end of 2005 the monitoring mission assessed a progress of around 20 % having utilised about 35 % of the project time.

Effectiveness of EC assistance to PFM: The lack of indicators in the ISMF initial design impedes any real assessment of its progress related to the Project Purpose (PP). The existing PMU, according to a review of the Inception Report, is not adequate and not properly functioning. Regarding actual project effectiveness, the Mid-Term Review (MTR) concludes as follows: *“The achievements are in line with expectations. Main concerns are related to the limited transfer of know-how due to lack of counterparts and/or their limited skills. Increasing effectiveness would require increasing resources, in term of LTAs, to key PFM reform areas (budgeting, accounting and IFMIS rolling out, and internal audit)”*⁴⁵. The evaluation mission expressed also some concern with regard to MoF’s project ownership.

The main recommendations formulated by the Mid-Term Evaluation mission of April 2006 concern the following points:

- Enhancing ownership, transparency and coordination at all stages of project cycle management;
- Monitoring and coordination must be strengthened by organizing monthly meeting chaired by the Finance Secretary with the participation of department heads and projects TA;
- Ensuring a critical mass to put in motion changes in critical reform areas;
- Promoting sustainability;

⁴³ Idem, MTR, Draft Report, April 2006.

⁴⁴ idem, MTR, Draft Report, April 2006.

⁴⁵ MTR of the EDF funded project “Institutional Strengthening of the Ministry of Fiancé in Sierra Leone, Draft Report, and April 2006.

- Ensuring overall donor harmonization, monitoring of the reform process, effective projects coordination, and effective implementation of endorsed the recommendations;
- Ensuring smooth and effective communication between the project, the NAO and the Delegation.

3.5.3 EC and Member States contribution to mainstream public spending following PRSP criteria

The SL Government has so far established an impressive track record of successful reforms in public financial management, including the introduction of a Medium-Term Expenditure Framework to improve budgeting and planning, changes in expenditure controls and a series of Public Expenditure Tracking Surveys (PETS) initiated by DFID. The new Public Procurement Act came into effect in December 2004, and a new Budgeting and Accountability Act was passed in April 2005.

Taken together, these reforms led to a significant improvement in the World Bank's Country Policy and Institutional Assessment (CPIA) scores for Sierra Leone between 2001 and 2004. Amongst 15 post-conflict countries in sub-Saharan Africa, Sierra Leone rose from 11th to 5th place during this period, with particularly strong scores for Economic Management and Structural Policies.

Direct Budget Support to Sierra Leone

The re-establishment of government after the civil war has been critical to Sierra Leone's recovery and the improvement in the MDG outcomes. The PRBS has played a critical role in making this happen. The abolition of primary school fees, which has led to large increase in enrolment, would also certainly not been possible without PRBS. Domestic revenues were only enough to finance 46% of expenditures on average between 2002 and 2004. Budget Support from the EU, DFID, AfDB and World Bank thus has been crucial for the financing of a very demanding expenditure programme and for allowing the Government to undertake important reforms to core Government functions.

Table: Social Sector Trends since end of conflict⁴⁶

Expenditures	Outcomes
Education Recurrent spending on education increased by 110% in nominal terms to 2004. Sector to absorb largest share of budgetary resources (25%) by 2007.	Fees for Primary School abolished in 2002 Gross enrolment rates doubled from 65% in 2000 to 120% in 2003 Sustained increases in teacher and student numbers since 2001.
Health Recurrent spending on health increased by 118% in nominal terms to 2004 Consistently received around 10% of budgetary resources since war.	Child mortality rates on a steady decline (284/1000 in 1999 to 265/1000 in 2004). Child immunisation climbed to 50% in 2004 from 28% in 1997.

⁴⁶ Source: DFID International Development Committee Briefing.

During the last years the EU, DFID and the World Bank have made significant progress in developing a Multi-Donor Budget Support (MDBS) arrangement to support GOSL activities to reduce poverty. This aims to increase donor harmonisation and predictability of budget support to Sierra Leone, while also explicitly ensuring that each donor retains the right to determine the conditions and circumstances under which they provide their budget support.

Management of Risk and issues of Governance

Within this context, a substantial contribution has been the Public Expenditure Tracking Surveys (PETS), initiated by DFID, which have led to significant improvements in tackling leakage of health and education transfers. Earlier surveys had shown that leakages of transfer of school fee subsidies had been cut from around 50% to just 10%. The latest survey (published in June 2005) shows that, while in 2002 only 5% of the drugs being purchased centrally could be accounted for at local level, by 2003 district public health units received some 70% of the essential drugs distributed.

The PETS 2004 report has indicated that the PETS process itself is helping to improve record keeping of the flow of resources from the centre. In the meantime, DFID has done some work to complement the PETS with a six-monthly service delivery perception survey, conducted by a consortium comprised of GoSL and civil society representatives. This survey covers the same sectors as the PETS (health, education and agriculture), exploring flows of resources and services to the population through surveying the perceptions of citizens as service users. This is important innovation and will fill a critical gap, because PETS audit the flow of resources through the system, but they do not measure whether patients then have to pay bribes to receive treatment.

The EC, together with DFID and the World Bank has taken steps to help GOSL establish a PRS Monitoring and Evaluation system, which will allow close tracking of poverty indicators and outcomes against financial inputs. For this purpose, the Government has drawn up a PRS Results Matrix for years 2006 and 2007, which will act as the basis for the monitoring process. It is envisaged that the MDBS will also use this Results Matrix when assessing progress by the Government. In the meantime, a Progress Assessment Framework focusing on Public Financial Management provides additional benchmarks for 2006 and 2007.

3.6 EVALUATION QUESTION 5: Broad based economy

Background

Over the past years there has been a growing shift of awareness by GoSL policy-makers for the need to change from an emphasis on consolidating security and rebuilding public institutions to initiatives aimed at helping Sierra Leone to support itself and grow its domestic revenues. The importance of the private sector and its potential to be the primary source of growth and employment in the post-conflict period has been recognised by GOSL and the donor community for some time.

At present the majority of private sector activities are concentrated in the trading sector. Virtually all manufactured goods are imported. Historically, different ethnic communities have controlled different categories of goods and import channels. The vast majority of commercial activity is conducted in the informal sector.

Key Issues for the Private Sector⁴⁷

Infrastructure

Power provision, as well as supply of drinking water, is unreliable in Freetown and in the interior. Most homes and businesses which use electric power rely on diesel-fired generators. These are expensive to import, costly to operate, and difficult to maintain. The lack of adequate power supplies is a major deterrent to the establishment of any form of manufacturing and processing activity.

Transport

The road network was considerably damaged during the war years. Poor roads, together with a dilapidated road transport fleet (predominantly under private ownership), inhibit the movement of goods and services around the country.

The port is in substantial need of rehabilitation. Few facilities exist for efficient cargo handling. The logistical constraints are exacerbated by problems with the operations of customs.

Access to Land

Outside the Western Area (Freetown), land rights are vested in the office of tribal chiefs who retain the right to allocate parcels for use for undefined periods. New legislation allows for leaseholds to be granted for 21 years, but there is still no legislation, which allows for clear and unencumbered transfer of ownership. In the Western Area, transfer of title is in theory possible, but there is no central registry of land titles. Most property transactions are conducted on the basis of proof of previous conveyance. This often leads to multiple transactions for the same property being carried out simultaneously.

Until recently there was legislation in force which prevented non-nationals from owning property in Sierra Leone.

Regulatory Framework

Sierra Leone has a cumbersome and costly business licensing regime. Numerous licences are required (as well as the payment of fees) in order to register a new business. Company taxation is punitive and acts as a disincentive to declare revenues fully. The fiscal obligations associated with hiring full time employees are onerous, as are the restrictions on firing staff. All these act as a major barrier to new investment or on existing businesses from entering the formal economy.

The legal framework for commercial activity is extremely weak, although there have been significant advances in the last 2 years. In 2003, an Investment Code was enacted, which has paved the way for many other positive developments. A revision to the Companies Act is underway. There is new legislation governing insolvency and partnerships. New legislation is being prepared covering intellectual property rights and competition. However the institutions required to enforce this legislation are weak. At present disputes are dealt with privately, through traditional dispute resolution mechanisms, or at the High Court (where there is little capacity to deal with commercial matters). There exist no courts that would deal with small claims.

⁴⁷ Source: DFID International Development Committee Briefing.

Access to Finance

The leading commercial banks (Standard Chartered, Rokel Commercial Bank, Sierra Leone Commercial Bank) offer the most basic range of financial services. None offer term lending, working capital finance or other instruments, which might support capital investment. Typical requirements for repayment and provision of collateral against basic lending facilities act as a barrier to all but the already established businesses. At the banks, there is no shortage of funds, however. A significant proportion of bank funds are lent to government through the purchase of Treasury Bills. There are no investment banks able to offer project finance.

There are a number of micro-finance and micro-credit organisations providing seed-capital and loans to micro and small businesses, mainly in rural areas. These are operated and funded by donors and NGOs. The sector is highly fragmented, not well-regulated, and is largely focused on providing support to sole-traders in the informal sector.

Overview on key elements required to build a “broad based economy”

Growing confidence in a lasting peace and a political stability, joint to a high flow of external funds, resulted in an increase of private sector activities. The main sources of economic growth in Sierra Leone are agriculture and mining, complemented by services, trade, construction and manufacturing. Fishery and tourism are also considered to have a strong potential in the medium term, but little initiatives are being made at present in these sectors by donor support and foreign investors.

Agriculture sustains about 70 percent of the population and accounts for about 40% of the GDP. The mining sector accounts for 20% of GDP and contributes significantly to export earning. Diamonds, iron ore, rutile and bauxite played a significant role in determining the relative economic prosperity of Sierra Leone before the civil war.

The service sector (including transport, communications and Government) accounts for about 40% of GDP. The manufacturing sector is not actually relevant in terms of contribution to the GDP and employment generation (2 percent of the labour force). The manufacturing sector is mainly based on import-substituting industries, frequently managed by non-Leonean entrepreneurs (mainly Asian or Middle Eastern)

Main factors, that have been limiting the development of the private sector in SL, are the weakness of the regulatory framework, corruption in the public administration, unclear administrative procedures and property rights, etc⁴⁸.

After the end of the civil war, the EC and the donor community concentrated their main efforts on peace keeping, political and social stabilisation, rehabilitation and reconstruction of transport and social infrastructures, institutional building and social assistance. The PRSP focuses on the economic growth as a pillar of its political strategy and stimulates the donor community to allocate more resources on supporting the private sector development. The interviews carried out during the evaluation mission with the major donors (EC, DFID, WB) confirm a general awareness of the need for partial reorientation of the international support towards the private sector.

Agriculture: Improvements in crop production have occurred after the dramatic reduction brought about by the war devastation. Food production for self-consumption increased in the

⁴⁸ The Investment Promotion Act (2004) doesn't have any incidence on major private business constraints such as: lack of confidence in the juridical system, high interest rates, unavailability of long term finance and inadequacy of the necessary infrastructures.

resettlement areas of the returnees (mainly cassava, sweet potato and groundnuts), but rice production - the most important food crop – still remained below the pre-war levels in 2003.

Farmers belong to the poorest strata of the SL population. Low capital investment, lack of agricultural support services and credit facilities, poor transport infrastructures and vehicles limit dramatically the agriculture development potential and make SL a net food importing country and still a food aid recipient.

Both national (e.g. the National Farmers Association) and international NGOs play a crucial role in the agriculture and food security sector. **The EC and the donors community support** is directly or indirectly focusing on food security in rural areas (e.g. EC LRRD; EC Food security Budget Line; EC STABEX, USAID), but there is a clear need for a comprehensive sector strategy .

A priority objective of the GoSL is the promotion of a conducive economic environment for private investors in the agricultural sector. Cash crops, in particular coffee and cocoa, could play an important role in the recovery of the agriculture sector and the improvement of the balance of payment. Nevertheless, both the GoSL and the donor community are aware of the extremely difficult conditions that private investors have to face (such as unpredictable international prices, inadequate transport infrastructures, high cost of rehabilitation of the existing plantations and/or construction of new ones) and the consequence need for an international support to provide an initial boost to the sector.

The agricultural sector counts with an immense development potential and claims for more attention and more financial resources. Economic growth, food security and - more in general - poverty reduction largely depend of the investment in the rural areas. The preparation and implementation of a Sector Wide Approach Programme (SWAP) for agriculture should be consequently considered a priority by the GoSL, the EC and the donor community.

Trade: The promotion activities in the trade sector increased during the last two years by Sierra Leone going through a WTO Trade Policy Review in early 2005 and receiving a team for the Diagnostic Trade Integration Study (DTIS) within the Integrated Framework⁴⁹ during the last months of 2005. Discussion with development partners and the private sector has also been active.

The **EC activity** in the trade sector support was intensified during 2005, as the negotiations of the regional EC Economic Partnership Agreement (EPA)⁵⁰ have gained momentum. The GoSL and the EC have been preparing for the WTO Trade Negotiations, culminating in the Hong Kong meeting in December 2005. The EPA impact study for Sierra Leone was released in early 2006

⁴⁹ The Integrated Framework for Trade-Related Technical Assistance to least-developed countries (IF) is a multi-agency, multi-donor program that assists the least developed countries to expand their participation in the global economy whereby enhancing their economic growth and poverty reduction strategies. The IF program was first mandated by WTO Singapore Ministerial Conference in December 1996. The participating agencies are IMF, ITC, UNCTAD, UNDP, World Bank and the WTO.

⁵⁰ The negotiations on the Economic Partnership Agreement (EPA) between the African, Caribbean and Pacific (ACP) countries and the European Community (EC) were launched in Brussels on 27 September 2002. The opening Ministerial Conference decided that the negotiations would be conducted in two phases. In accordance with the relevant provisions of the Cotonou Agreement, the EPA shall enter into force no later than 1 January 2008.

The first phase of negotiations was conducted at the all-ACP level and covered horizontal issues of interest to all parties. On 2 October 2003, the ACP Council of Ministers and the EC Commissioners for Trade and Development declared the results of the first phase to be satisfactory in view of the high degree of convergence achieved.

The second phase of the negotiations, as far as West Africa is concerned, was launched in Cotonou on 6 October 2003.

The ECD “*played an active role in encouraging the GoSL to take advantage of global and regional envelopes available for support*” (see EC - “External Assistance Management Report for January - December 2005”).

Fisheries: This important sector of the SL economy has high potential and is presently receiving EC assistance under two EDF programmes:

- the Intra-ACP/OCT programme on strengthening the sanitary conditions of fish and fishery products, is presently ongoing and involving three other neighbouring countries. The relevant legislation that will allow the country to export fish to the EU is expected by June-September 2006. The implementation of this programme was positively evaluated by the EAMR 2005.
- another EC intervention in the fishery sector was approved in December 2005 by the Commission and concerns institutional support to relevant matters on fishery resource management. An assessment of fishery resources was foreseen to start by April 2006.
- A €5,0m regional programme aimed at harmonising fishery legislation, monitoring and controlling fishing activities in 7 Western African countries, including Sierra Leone, was expected to be presented by AIDCO/C/2 to the EDF Committee in 2006. Additional Intra-ACP funds (managed by AIDCO/E/6) are available in order to give further support to fishery management. “*The ECD advised relevant AIDCO services to work together for achieving relevance, effectiveness and sustainability of EC interventions in the sector* (see EC - “External Assistance Management Report for January - December 2005”).

Construction: Reconstruction and rehabilitation of transport (roads) and social infrastructures (see 3.4.1 and 3.42, EQ.3) is almost entirely depending on external funding. This process allowed national construction enterprises to extend their business, improve their know how and create jobs in the most remote areas of the country.

On the other hand private capital investment in the construction (including housing) sector is still very limited and not adequate to allow for long term and locally based sustainability of the national construction enterprises.

These considerations should stimulate an open debate at donor community level in order to consider long term initiative for sustaining the private enterprises of the construction enterprises and preventing from their collapse once the reconstruction period will finalise.

The **ECD – building on the fact that the EC is a leading donor in the road sector** - organised the first coordination meeting in the transport sector in 2005 with the active participation of both donors and GoSL. Regular information exchanges with the WB, DFID, GTZ, AfDB and other relevant donors in the transport sector are promoted by the ECD.

With regard to energy, there are no structured donor coordination meetings in the sector, as the main donors do not have sectoral staff based in Freetown. As the EC is currently not funding any energy sector projects, the Delegation is not planning to take a lead role in the coordination in this domain.

The mining sector

The mining sector as a whole is the largest contributor to the SIERRA LEONE economy, mainly on the basis of the value of diamonds marketed, officially and illegally. However, other minerals are taking over an increasingly prominent place.

Mining has not been a focal sector under the 8th and 9th EDF, and the only activities related to the re-opening of the Rutile mine, a feasibility study financed under the 8th EDF and a € 25 mio grant to the GoSL under the 9th EDF (Envelope B), together with a TA project worth 1MEuro (non-focal sectors). EU interventions have not taken place concerning the mining of diamonds. This area has been covered by World Bank and DFID assistance, and also the development of rural roads in the diamond districts will be part of the World Bank Grant.

The choice for support of the mining sector (and the way the support was implemented) has resulted in an almost immediate return on investment, taking into account the speed at which mining operations were resumed. At present, the EU still plays a secondary role in the mining sector, with a limited need for co-ordination. The strategic choice for EU funded interventions in this sector has been rational and reasonable and follows the principal of highest social and economic return on investment.

The resumption of the mining operations in February (Bauxite) and April (Rutile) of 2006, will allow the mining sector to re-take its prominent role in the SIERRA LEONE-economy as a primary source of foreign exchange. The effects will further increase on a local scale with the planned activities of the mining company, in terms of rebuilding hospital facilities, roads and schools. The direct employment generated by the mines will open up new social structures at the local level.

The revenues from the mining operations are considerable. On the basis of market prices of about 420-460 \$US per tonne, the current gross turnover of the rutile mine, based on anticipated annual production levels of 90,000 tonnes would be in the order of 40MUS\$, and with the coming on stream of a second dredger in 2007, this could eventual increase to over 60M US\$ per annum.

Bauxite is now exported at a price of 22 US\$ per tonne, and medium term contracts are in place for 1.2 mio tonnes per annum. Mining capacity in the south now stands at about 2 mio tonnes, allowing the remainder will be sold spot, where obtainable prices are now in the region of 30 US\$ per tonne. In this way the gross contribution of bauxite exports from the south may exceed 50 M\$ per annum.

EC funded institutional support to the mining sector mainly consists of providing TA regarding improvements in the appropriate legal environment to attract foreign capital and private mining companies. The Core Mineral Policy provides such a basic framework. The TA provided by the EU mainly concentrates on the rutile operations. However, it is questionable whether EC funded TA should be used to assist the mining company in energy saving activities. According to its mandate, the TA should further address "ad hoc" questions. This is rather vague. The TA's final activity is related to the use of the interest (as of 2007) and loan repayment (as of 2011) from the mining company.

The success of the support to the rutile mines was further enhanced by the resumption of the bauxite production which was not even foreseen during the considerations to restart rutile mining. A major benefit has to be seen in the fact that the foreign private operator has returned to SIERRA LEONE. Recently, this operator became also actively involved in the feasibility studies for resuming bauxite mining activities in the Northern Districts, as well as reopening the iron ore mines, which were closed in the mid-seventies.

The contribution to national integration of the mining sector is relatively limited. It would be advisable to develop transparent mechanisms that will allow the revenues from the mining sector to be more evenly spread over to other sectors in the country.

3.7 EVALUATION QUESTION 6: Appropriateness of implementation mechanisms

It is self-evident that this evaluation does not have the task to make a comparative assessment of the advantages and disadvantages of the different implementation mechanisms. However, this evaluation has brought forward some evidence on the increasing flexibility in application of different tools and mechanisms bearing the advantage of rapid response and increasing efficiency to specific situations in the country. Overall, this leads to the statement that the flexibility in using different mechanisms to facilitate implementation of interventions is increasingly a strength of the EC system.

On the other side, this evaluation mission is well aware and has provided evidence that in the case of Sierra Leone, the LRRD and eventually other emergency programmes have been attractive to the ECD in a situation, where she did not have the capacity and human resources to go through a thorough planning process, and where on the other side, the GoSL did not dispose of capacities to support implementation of programmes directly. So the ECD was rather relying on good faith, thorough experience on the side mainly of the European NGOs implementing these programmes and an additionally good portion of optimism. This approach has been chosen in an overall situation, where large scale and fast track operations have been hampered by overall lack of implementation capacity. Thus several LRRD programmes are still under implementation, some have only just been started. While Sector policies and strategies should build the basis for PRSP planning and projections, for the LRRD the strategies were delegated and built on the ground by the implementing agencies mainly. This leads us back to the remaining overall need for the EC to strengthen its contributions for development of sector policies and strategies.

Notwithstanding these risks and critical comments, we have to acknowledge that the ECHO interventions brought relief at short notice and at a broad base, just during and after the peace process, when the country was in a situation of distress and areas were liberated only progressively. The quality of ECHO intervention is further evidenced by the fact that ECHO, in close coordination the ECD, efficiently put into place a successful exit strategy to hand over to the LRRD process and to ECD management at relatively short notice.

The use of the Envelope B proved to be very effective as a tool for bridging from emergency and rehabilitation to development; however, planning was, and implementation is relatively slow and still ongoing. Again, the mission identified a tendency bearing an inherent risk, that Envelope B is used, because the ECD and the partner country do not have the capacities or the will to strictly work on Envelope A funded activities following the CSP, and with inherent and complex procedural and planning processes. Thus, the pretext of an emergency may be used for the reluctance to engage in a, sometimes cumbersome, planning and implementation process according to the rules that apply to Envelope A funded activities.

As a very positive result of engaging different partners in a joint process in SL, we must mention the use of a Trust Fund, as funding mechanism. The ECD has used this mechanism successfully regarding budgetary support, and will use it again concerning Decentralisation and Governance. However, this approach not only reduces transaction costs substantially, but also requires good coordination, strong monitoring tools and a set of appropriate indicators. This shift of attention and effort is not always properly followed by the ECD in SL.

Overall, we have to conclude that programme preparation for the 9th EDF programme has been slow in general. Most of the funds are only committed now, but implementation is still to start. In the understanding of this evaluation mission, the main reason for this low efficiency in programme implementation has to be linked mainly to the continuing staffing problem at the Delegation.

In a more specific way and with some focused comments, the mission wants to remind that in her understanding quality of design of programs, e. g. HSSP, as well as draft of contracts, e. g. for the regional road, need to be improved and quality better to be managed. This might have avoided delays and complex and frustrating negotiations with contractors.

As mentioned and presented in more detail in the previous chapter, concerning the NAO's role and mandate, further capacity building needs to be done to ensure skills transfer and to build the required support capacity for planning and monitoring of the EC programme at short and medium term.

In conclusion, we should also state, that the strong and lasting focus on the LRRD, with the probable intention to escape in this way the time and resource consuming planning and administrative process, should be scaled down with determination through a stronger focus of EC capacities to sector policies and strategies, in order to support and enhance the basis for thorough PRSP planning and projections. In this context the EC needs to strengthen its contributions for development of sector policies and strategies in SL.

The activities related to the transport infrastructure follow a logical path, whereby initial technical assistance was given to the Road Authority, together with the rehabilitation of parts of the major road network. Under the 7th and 8th EDF the interventions were focussing on the international connections (West African Highway), while at the same time TA continued. Under the 9th EDF both the main road network and the rural roads are now subject of interventions, again in connection with ongoing technical assistance to the Road Authority. This sequence of interventions is logical and rightly timed.

The interventions in the mining sector only started under the 9th EDF and very much focussed on one subject, the reopening of the Rutile mine. The funding mechanism used to facilitate funding of rehabilitation and operation of the rutile mine is innovative and has mobilised resources. This kind of support to the private mining sector was thus carried out in a laudable manner. The GoSL received a 25 mio Euro grant, which has been passed on to the Sierra Rutile Company (SRC) as a loan, with a holiday period up to 2011 and a 5 year pay-back period up to 2016. The interest rate is 8%, and interest payments will start in 2008, with interest payable from 2005 onwards which will be incorporated in the pay-back amount. The money that will be received back from SRC will be put into a revolving fund, primarily to be used to provide support to the mining districts and development of mining and environmental sectors. It is of great importance to monitor or even assist in the use of the revolving fund over the coming years, and although this forms now part of the ongoing TA to the Ministry of Mines, it may be useful to prepare a detailed plan for the activities to be developed under this fund.

It should be noted that a similar opportunity may arise soon after the completion of the feasibility studies for reopening of the bauxite and iron ore mines in the Port Loko area. This may require investments in the refurbishing of the railroad (85 km) from Port Loko to the Pepel export terminal. This terminal itself has also suffered from war damage and is in need for refurbishment. Providing funds in a similar way of for the refurbishing of the rutile mine production facilities could have the same beneficial effects as are now being observed for the first grant.

Some of the transport support programmes started under the 7th and 8th EDF. They were sometimes delayed, because of the aftermath of the civil war, but EC rules and regulations were generally respected. This is also valid for the implementation of the works, with one notable exception, being the Freetown-Conakry Highway, whereby the contractor is very late in implementing his activities, with no apparent reason other than that he wants to see more money upfront. There are no suitable retaliation mechanisms in place to solve this problem, without the risk of encountering even more substantial delays. In case of sacking the con-

tractor, the project would be frozen until all legal aspects have been dealt with, while during that time no replacement contractor could be appointed.

3.8 EVALUATION QUESTION 7: Interventions and promotion of cross-cutting issues

With the level of distress that has reigned over the country in the past decade, with resulting urgencies for reconstruction and recovery, there is a great tendency that cross-cutting issues are given lower priority.

The evaluation mission provided analytical efforts to understand to what extent and with which level of commitment these cross-cutting issues are taken into account and put into practice. The role of EC funding and support through thematic budget lines, ECHO and the non-focal sectors have been taken into account.

Over the last years the EC has worked intensively in deepening the efforts for integrating horizontal aspects into its programmes. At every stage of implementation of EC funded interventions, the EC rules require mainstreaming of cross-cutting concerns, comprising the promotion of human rights, equality between men and women, children's rights and the environmental dimension. Protection of the environment must be systematically included in the definition and implementation of all EC strategies, particularly in order to promote sustainable development.

Those cross-cutting topics are considered at once objectives in themselves and vital factors in strengthening the impact and sustainability of development cooperation efforts.

The EC also includes conflict prevention and crisis management into the cross-cutting issues that require systematic attention in view of the serious implications for the sustainability of EC funded interventions.

On the other side, it may be useful to recall that the PRSP focuses on 4 specific cross-cutting policies, which have to be mainstreamed into various sectors:

- a) Promoting a Child First Policy (see PRSP, 5.2.4.3) "The overall objective in the medium term is to ensure a Child-First approach for the survival, protection and development of children, including disabled and vulnerable children. The medium term strategy of government will focus on: a) developing a national framework to address the issue of children, b) improving on the services delivered to children in the social sectors, especially in education, health and nutrition, c) protection measures that support orderly development of children within the family and community, d) protection in the criminal justice system and e) child labour issues".
- b) HIV/AIDS Prevention and Control (see PRSP, 5.2.4.4) "Government's medium term objectives are to prevent and control the spread of epidemic and provide care and support for the infected population. This is consistent with the commitment to human resource development and the attainment of the MDGs. The strategies to achieve these objectives include a) focus on priority high-risk groups -youth and adolescents, commercial sex workers, uniformed personnel, migrant populations, truck and taxi drivers - for communication on behavioural change and adoption of safer-sex methods, b) use of social, political and religious structures to transmit awareness of the causes and prevention of HIV/AIDS. In the period 2005-2007, Government will endeavour to integrate prevention strategies in the reproductive health programmes focusing on young men and women, the education system, private sector, and the defence sector".

- c) Gender Equality and Empowerment (see PRSP, 5.2.4.5) “The overall objective is to work towards gender equality and equity, empowerment as well as the promotion and protection of the human rights of women in the process of achieving poverty reduction and sustainable economic growth. In recognition of their importance in all key productive, infrastructural, tertiary and human development sectors, gender-related issues have been mainstreamed into the various sector strategies and programmes under each pillar. Additional strategies will focus on establishing a legal framework to address gender-based violence, increasing their participation in decision making and reducing the exposure of women and the girl child in particular to sexual exploitation and abuse. Like all cross-cutting issues, government will develop a framework for coordination, advocacy and monitoring”.
- d) Better Environmental Management (see PRSP, 5.2.4.6) “Government’s specific objective and strategies in the medium term will be: a) to reduce the impact of environmental risks, b) formulate and implement sound environmental policies for land degradation, deforestation, biodiversity, erosion from road construction, urbanisation, mined-out lands, urban degradation and pollution”. Improvement in the institutional framework will be pursued “in order to achieve better coordination and planning among the stakeholders, establish an effective regulatory framework and enforce standards and guidelines. This will contribute significantly to the implementation of the National Environmental Protection Act, the existing National Environment Policy (NEP) and National Environment Action Plan (NEAP)”.

Concerning application and mainstreaming of cross-cutting issues through EC funded interventions, we should recall that the cross cutting issues considered in the preparation of the current EC CSP are coherent with the I-PRSP, i.e. gender, environment, youth and migration. These do not differ substantially from those indicated in the Full PRSP (2005-2007).

However, the analytical work of the present evaluation has shown that the EC support to the implementation of the four PRSP cross-cutting issues was mainly channelled through the funds of the Envelop B and the thematic budget lines. The role played by ECHO, LRRD initiatives and the *European Initiative for Democracy and Human Rights* (EIDHR) is described in Chapter 3.2. A summary of ECHO funded initiatives in SIERRA LEONE is shown in Annex 3 to the present report.

The EC budgetary support programme actually limits its priority cross-cutting issues to “gender equality” and “environment”, however with limited application of relevant indicators.

An overview and synthesis of information relative to mainstreaming of cross-cutting issues through EC funded interventions presents the following differentiated picture:

a) Envelope B and interventions funded through EC budget lines have integrated cross-cutting issues in general.

The activities funded under the Envelop B of the current EC CSP were identified before the issue of the F-PRSP (2005-2007). Nevertheless these are still coherent with the present policy of the GoSL.

Mainly the two LRRD projects under the 9th EDF (B envelope) include mechanisms to ensure that cross-cutting issues such as gender, environment and HIV/AIDS are taken into account.

The actions funded under the Envelope B involve local partners in the implementation and management of the activities. This approach offers a possibility to support the capacities of national Non State Actors (NSAs) and to mainstream cross-cutting issues directly through local partners.

b) Macro-economic support pays poor attention to cross-cutting interventions. Relevant indicators are not in use⁵¹

The present EC (untargeted) budget support pays limited attention to the cross-cutting issues. In Annex B of the Financing Agreement concerning the budgetary support programme only “gender equality” and “environment” are taken into account, but in the framework of the budgetary support Programme Performance Assessment Matrix, only one indicator refers to gender equality (% of girls’ enrolment at primary school level) and no indicators refers to environmental protection.

The weak statistical data collection capacity of the GoSL actually limits the adoption of a more detailed matrix of performance indicators and this justifies the present difficulty of the ECD in Sierra Leone to deal with a comprehensive budget support monitoring exercise.

c) EC Monitoring reports don’t cover cross-cutting issues sufficiently

The initial design of the EC interventions frequently omits to detail what specific activities are expected to be related to the cross-cutting issues. Those are mainly considered “management criteria” to be specified in the implementation phase.

Possibly as a consequence of this diffused planning approach, the monitoring reports are mainly focused on consistency, efficiency and effectiveness of the projects and don’t consider cross-cutting issues.

d) In the decentralisation support programme cross-cutting issues are effectively part of design and strategy. The planning exercise at district level is still at an inception phase and no comprehensive evaluation has been made yet. As far as the evaluation mission could ascertain, the only local development plan produced so far has been issued by the Moyamba District Council with important support by the WB. As a preliminary appreciation gender criteria is not applied efficiently and environment is not clearly mainstreamed into Local Government development.

e) Feasibility studies for EC funded transport infrastructure programmes comprise standard environment assessment. In fact, application of standards is not promoted by SLRA. No specific actions/plans have been developed that would be looking at cross-cutting issues in both the mining and transportation sector.

f) HIV/AIDS is not sufficiently integrated into EC funded interventions

The most recent countrywide survey⁵² shows a relatively low prevalence rate of 1.5 percent. HIV Prevalence among 15-49 year old pregnant women was estimated at 2.9% (HIV AIDS Secretariat). Unlike other West African nations, where women are twice as vulnerable as men, there was little difference in the infection rate between men and women. The survey also shows that ignorance about HIV transmission is

⁵¹ The evaluation team is aware that the PRBS instrument is not supposed to be a catch all instrument and that the list of indicators should rather be focused than broadened. The issue still remains that PRBS is an instrument considered to impact on budgetary allocations. Hence, indicators should be able to cover the different areas and sectors. This issue will become more urgent, when BS will become the main development cooperation instrument.

⁵² National Population Based HIV Seroprevalence Survey of Sierra Leone - 2005

still very high in Sierra Leone. Therefore prevention, including educational campaign, is urgently needed mainly among high-risk groups and in rural areas.

The National Aids Committee (NAC) oversees the development and monitoring of national HIV/AIDS policy, strategy and impact, and ensures resource allocation. It recently finalised the Sierra Leone National HIV/AIDS Strategic Plan 2006-2010. The National Aids Secretariat under NAC coordinates and manages the multisectoral WB funded project.

The Global Fund to Fight AIDS (plus Tuberculosis and Malaria) in May 2005 pledged US \$8.5 million over the following two years to undertake prevention programmes and help provide antiretroviral drugs (ARVs). Corresponding activities are only just starting. The World Bank has been involved since 2002 in a US \$15 million aid programme against HIV/AIDS.

As far as EC support to HIV/AIDS prevention is concerned activities are foreseen in the framework of the two LRRD projects under the 9th EDF (B envelope) and the HSSP.

In particular, the LRRD project known as "*Transitional support to former IDPs, returnees, refugees and hosting communities in Sierra Leone*", considers both HIV/AIDS and gender issues as "critical horizontal sectors".

The HSSP was designed to be complementary with other HIV/AIDS prevention programmes funded by other international partners, in particular with the World Bank (*HIV/AIDS support, SHARP 2003-2006 and the "Health Sector Reconstruction and Development Project", HSRDP*).

As already illustrated in answering to the EQ 3, the action of the HSSP produced a very limited impact (if any) so far, including in HIV/AIDS prevention.

HIV/AIDS prevention activities were not mainstreamed within the infrastructure rehabilitation and construction programmes funded by the EC, regardless of the fact that the workers involved (mainly men) represent a potential high-risk group, exposed to long term displacements away from their homes.

It must also be noted that the most recent ECD monitoring reports of the EC funded Health Projects/Programmes do not pay attention to the HIV/AIDS prevention components, even though this is expressively foreseen in the respective original design and the Logframe.

3.9 EVALUATION QUESTION 8:

Promotion of peace, reconciliation and good governance

Since 1996, the current government prepared a number of initiatives and relevant reports, strategies and plans, which are directly geared towards improvement of governance in Sierra Leone. The most important documents are the National Strategy for Good Governance of 1997, the Strategic Options for Public Sector Reform report of 2003, and the Poverty Reduction Strategy Paper of 2005.

The National Strategy for Good Governance, which was prepared in 1997, following the President's assumption of office in 1996, covers five broad areas of governance:

- Improving the ability of government to formulate and implement policies;
- Re-establishment of local government;

- Enhancing the capacity of people to participate in government;
- Improving the delivery of services, with transparency and accountability;
- Reinforcing judicial instruments for safeguarding the rule of law and individual human rights.

This strategy outlines a number of program activities, which include improving the effectiveness of the Presidency, civil service reform, training and human development, establishing a culture of transparency and accountability, decentralization. At this time, public financial management was not identified as a separate program.

The report on Strategic Options for Public Sector Reform was prepared in 2003 by a joint World Bank/GOSL team, and based upon consultations with stakeholders inside and outside government, in the districts as well as the capital city. Among the problems identified were:

- High vacancies in managerial and technical posts;
- Weak statistical base: lack of capacity and data at regional level;
- Weak internal and external auditing capacity, too few, too poorly qualified staff;
- Poor application of sanctions;
- Capacity constraints for audit and regulatory personnel at local level;
- Need to change structure of government to facilitate decentralised service delivery;
- M&E not taken seriously;
- Severe capacity problems in all agencies, including Parliament;
- Poor pay incentives.

The same report identified the strategic priorities for a ten year support program to Public Sector Reform and capacity building, as follows:

- Improve expenditure management and accountability systems and legal framework, and build associated capacity;
- Build local government capacity and make support to local government and decentralization of service delivery a major priority of future policies;
- Restructure ministries to focus on policy and monitoring and to deconcentrate their management of service delivery, and build capacity for new role;
- Increase funding for local government, as capacity is developed and performance improves;
- Develop partnerships between local government, NGOs and communities;
- Support mechanisms to increase the demand for better governance at the local level.

In the pursuit of direct continuity, the context for reform is presently set by the Poverty Reduction Strategy Paper, 2005-2007, with Promotion of Good Governance, Security and Peace as Pillar 1.

In this context, the EC has decided, with its second focal sector "Governance and Institutional support", to back the efforts of the Government to consolidate a decentralised democratic system characterised by an effective social service delivery throughout the country and participatory, transparent and accountable governance with a strong civil society. It intends thus to contribute to the creation of an institutional framework that enables sustainable economic and social development. The EC has thus identified in its CSP for the 9th EDF the following specific objective to be pursued: "Improved governance and financial management in priority areas".

The five key public sector governance policy areas of the PRSP, related to policy issues, and proposed responses as well as expected outputs, are summarized as follows:

PUBLIC SECTOR GOVERNANCE AREA	POLICY ISSUES	POLICY RESPONSES	PLANNED OUTPUTS
PUBLIC SERVICE REFORM	Efficient public service and enhanced institutional capacity for delivery of public services critical to achieving development challenges, including macroeconomic stability and poverty reduction.	<ul style="list-style-type: none"> Focus on delivery of important public goods and services that the state has to provide Reforming institutional design, organisational development, and process management to strengthen public expenditure management and the capacity for delivering those services 	<ul style="list-style-type: none"> Functional reviews of key Ministries Review of central policy making Establishment of new personnel management office, and new personnel regulations Review of civil service grading and pay structure Training policy and performance assessment system Creation of Senior Executive Service (SES)
DECENTRALISATION AND EMPOWERMENT	Antagonism between the marginalized and deprived majority, and the minority who control resources through absolute power and corruption, was a major contributor to the 10-year civil war.	<ul style="list-style-type: none"> Decentralisation and empowerment as a key policy for sustaining peace Mobilize population to identify, own and address local priorities 	<ul style="list-style-type: none"> Democratic elections of local councils Empowering local councils with substantive expenditure and revenue generation responsibilities Transparent and equity-based formula grant system to allocate central government transfers across councils Capacity building of local council delivery mechanisms, including clarification of roles and responsibilities of the paramount chiefs
PUBLIC FINANCIAL MANAGEMENT AND PROCUREMENT REFORM	Low level of transparency and accountability in the use of public funds, Low revenue generation capacity and lack of basic services for the poor have undermined confidence of the citizenry in the public sector's ability to meet the basic needs of the population.	<ul style="list-style-type: none"> Evaluations have been undertaken, and have identified priorities for reform Public Financial Management Committee to prepare time-lined action plans, and to supervise and monitor implementation of these reforms 	<ul style="list-style-type: none"> Improved legal framework for the budget process Improved policy making and budget planning Improved capacity for accounting and reporting on budget execution Improved effectiveness of monitoring and control systems Financial management systems for local government designed and supported Public procurement system reformed Capacity building for MoF, BSL, NRA
THE ANTI-CORRUPTION AGENDA	Corruption identified as a major factor that led to the civil war, and still assessed as the number one threat to national security	<ul style="list-style-type: none"> Anti-Corruption Commission established in 2000, and further strengthened in 2002 National Anti-Corruption Strategy developed 	<ul style="list-style-type: none"> Identification and focus on corrupt individuals at all levels Speedy and judicious handling of corruption cases through the legal system Coalition building with civil society, capacity building and expansion of ACC
EMPOWERMENT THROUGH STATISTICS	Critical need for data to create enabling conditions for policy development, and to empower public participation in the policy-making process	<ul style="list-style-type: none"> Statistics system assessed in 1998, and new legislative framework established in 2002 SSL established as an autonomous agency 	<ul style="list-style-type: none"> SSL participation in General Data Dissemination System Improved coordination among agencies and users, and wider dissemination of statistics

We reproduce this table also with the intention to recall the remaining challenges and the broad scope of the different sub-areas, on which work still needs to be done.

For indicative purposes, approximately € 19.0 million have been reserved for this sector in the 8th EDF. Following the JAR 2003, an additional allocation has been decided reaching an overall volume for this sector of €28 mio.

The initial budget for the CSP / NIP 2003 – 2007 has been presented as follows:

2ND FOCAL SECTOR (19.0 M €) Good Governance & Institutional Support	
- Support to the NAO's Office	7.0 M €
- Decentralisation	5.0 M€
- Institutional Support	7.0 M€

The major interventions foreseen within this focal are:

- Support the restoration of civil authority at central and peripheral level in crucial ministries and support to deconcentration of services in social sectors;
- Support the establishment of an accountable public finance management system, in particular through the support to the Accountant General's office;
- Support specific initiatives considered as high priority for the period of the 9th EDF such as the Anti Corruption Commission;
- Support the decentralisation process and the organisation of local elections;
- Strengthen accountability mechanisms at state level and in civil society;
- Support the office of the NAO.

The EC expected on the other side GoSL to take adequate policy measures to enhance the EC response strategy for this areas as well as implementation of EC funded interventions in this sector. Those measures are the following:

- a. GoSL commits itself to fight corruption and strengthen state accountability and control institutions.
- b. GoSL does not restrict governance-related activities of non-state institutions.
- c. GoSL remains committed to re-establishing a democratic decentralised system and to deconcentrate the provision of social services.

An overview on the situation at the time of the present country evaluation shows that the picture concerning progress made and results achieved in the different areas, is somehow mixed:

- a) Concerning the initiated *Assistance for Local Government Elections (9 ACP SL 12)* €2 mio funding have been made available to the beneficiary named IFES, an international specialised organisation. It has supported NEC with the preparation and carrying out of the previous elections.

IFES has not been able or willing to invoice the EC and did not comply with EDF procedural requirements. All procurement had been done prior to the signing of the agreement. In December 2005 the IFES explained that no payment would be requested. The ECD decided therefore the closure of the project and de-commitment of the funds.

The needed funding has in the meantime been secured by DFID, who has proven to be more responsive and less bureaucratic.

- b) Concerning the initiative to “*Support for the Restructuring and Operations to the National Electoral Commission*” the financing proposal has been prepared in the meantime and is awaiting approval by the EC QSG. The corresponding financing decisions is expected during the first half of 2006. The ECD had decided in view of lessons learned from past elections, to support restructuring of the National Elections Commission (NEC) to take place before the next elections in 2007. A clear lesson of the period 2001-2004 has been that capacity building of the NEC was not sufficient.

The 2007 elections will be the first elections in Sierra under a democratically elected government and without the presence of the UNAMSIL troops. It is therefore important for the EC to support these elections adequately.

The ECD, in coordination with other donors, has agreed to support the NEC reform through cost sharing via the mechanism of Basket Funding, in which the EC with €5 mio, the UK, also with €5 mio and the US are eventually to participate. The Trust Fund will be managed by UNDP. The UK has pledged €5 mio and bilateral aid from Norway, Denmark, Germany, Switzerland, and Ireland may contribute another €4 mio in total.

A joint formulation mission was carried out on 18-23 October 2005 by AIDCO/E/4, UNDP and IAPSO to decide jointly on the results matrix for this intervention. The PIF has been submitted to Brussels in December 2005.

- c) With regard to the *Capacity Building Programme for Decentralisation (9 ACP SL 016)*, the Financing Agreement was signed in December 2005. This was done consequently to a long consultation process among the ECD and related EC services as well as with other development partners involved in the decentralization process in Sierra Leone, mainly the WB and DFID. The 9th EDF funding is €10 mio, which together with DFID and WB funding will support the decentralization process in Sierra Leone with an overall amount of €37.6 mio.

This programme will be funded to complement the World Bank’s Institutional Reform and Capacity Building Programme (IRCBP), which is supporting the decentralisation process in Sierra Leone since more than 3 years now. This programme will use the mechanism of a multi donor Trust Fund managed by the World Bank funded and locally staffed IRCBP. DFID has well prepared its contribution to this programme, which it will channel through the same mechanism. This approach is intended to reduce transaction costs and to maximise complementarities.

The approved funding mechanism has the potential to improve donor coordination and to lead to a more consistent dialogue with the GoSL on decentralisation matters, as well as other governance issues such as the on-going public service reform.

In the responses to EQ 1, 2 and 3 mainly, we have detailed the critical analysis of the expected impact of this programme on service delivery at local level. The overall objective of this decentralisation capacity building programme is to provide efficient, transparent and accountable delivery of services to the poor through the establishment of local governance. The programme purpose is to facilitate the devolution of functions and enable the local councils to carry out their mandate in accordance with the Local Government Act and other applicable regulatory framework.

- d) Concerning the “*Civil Society Capacity Building and Local Accountability Mechanisms Project*” a mapping study (pre-feasibility study) of accountability mechanisms

in Sierra Leone was carried out in May 2004. However, comments from NAO/GoSL on this study were only received in October 2004. A PIF was subsequently prepared in 2005 and has been submitted in the first quarter of 2006. The NAO had agreed that the TA for the formulation phase to be recruited using the framework contract.

This project is intended to complement the "Support to Decentralisation" programme fostering the capacity of civil society to monitor their respective local councils concerning the quality of delivery of social services.

In addition, the programme hopes to contribute to civic education in view of the upcoming elections to be held in 2007-2008.

- e) The *Technical Cooperation Facility (9 ACP SL 14)*, which is supposed to complement the NAO support programme with a funding of € 1,872 mio was approved in May 2004. This fund aims at facilitating and supporting the implementation of the 9th EDF CSP in Sierra Leone, providing a Technical Assistance Facility (TAF), Training Support for Projects and Programmes (TSPP) and a Conferences and Seminars (CS) facility. It was mainly used in the instruction and formulation phase of the different programmes. Concerning Governance it covered the finalisation of the Financing Proposal for the Support to Local Accountability. The use of this fund will be managed by the TA team to the NAO, which has been recruited in September 2005 under the "Support to the National Authorising Office Project".
- f) The *Support programme to the National Authorising Office (9 ACP SL 11)* was approved in December 2004 and covers a three-year period with a budget of € 3.1 mio. The programme implementation started in September 2005. The team is composed of three consultants specialised in programming, M&E, contractual and financial project management, as well as monitoring of infrastructure projects.

Following the recommendations of the 2003 MTR of the 9th EDF CSP/NIP, the A envelope for focal sector 2 was increased from € 19m to € 28m (17% of the revised A envelope), with a view to strengthen the EC support to the fight against corruption. The latter should however been carried out through two projects already in preparation, respectively in the pipeline, i.e. Support to Decentralisation and Support to Local Accountability, by increasing the amounts initially foreseen for these two projects.

The National Anti-Corruption Strategy was finalised by GoSL and some very limited elements were supposed to be financed through the EDF, e. g. public complaint mechanisms. In the field of human rights and transitional justice, the Commission renewed its support to the Special Court for Sierra Leone by extending its funding until the end of 2006 under the European Initiative for Democracy and Human Rights.

These €25,8 mio represent about 15% of the adjusted total Envelope A of the 9th EDF.

9th EDF funding for focal sector 2: Good Governance and Institutional Support

	<i>Title of programme</i>	<i>Total funds</i> € mio	<i>Operational Start/end date</i>	<i>Status</i>	<i>Funding/management mechanism</i>
1	Technical Cooperation Facility	1,872	2004 - 2008	Under implementation	TA/projects
2	Support to the NAO	3	2004 – 2008	Under implementation	TA/project
3	Support to the Restructuring and Operations of the NEC	5	2006 – 2010	Committed/under preparation	Trust fund/UN managed
4	Decentralisation Capacity Building	10	2006 – 2010	Committed/under preparation	Trust Fund/WB managed
5	Civil society capacity building and Local Accountability	6	2006 - 2010	Identification	TA/PMU
	TOTAL	25,872			
X	Public Finance Management (incl. budgetary support)	50	2004 – 2008	Under implementation	Budget support, co-financing and TA

Previous EDF funded interventions concerning Governance & Institution building

Already under the 8th EDF the EC funded a project for *Institutional Strengthening of the Ministry of Finance (8 ACP SL 006)* with € 4.5 mio. The project started in July 2004 and the final closing date will be December 2007. The Financing Agreement has been signed in November 2000 already. The project aims to strengthen capacity in the Ministry of Finance to manage public finances, especially budget allocation and expenditure control, in an efficient, transparent and accountable manner. The purpose of the project is to improve accountability and transparency in the management of Government finances and to achieve a more efficient and effective allocation and utilisation of public finances. A service contract has been concluded with KPMG providing external TA to provide expertise to the Ministry of Finance.

The project has the following components

- strategic budget planning;
- deepening the MTEF budgeting ;
- establishing Internal Audits Units in line ministries;
- support to the Integrated Financial Management System (IFMIS) roll out through provision of computer equipment software licences;
- Training activities for local technical assistants (LTA) posted into various sections in the Ministry of Finance and the Accountant General's Department.

The TA team started work in July 2004 and has been integrated into the Ministry of Finance. Only since the beginning of 2005 the project has finally started making progress and tangible contributions have been delivered to the MoF. Thus, the implementation is delayed on average by about 12 months in comparison with the revised FA timetable. The actual project work started only in 2005 and first local professionals were recruited only in July 2005. There were problems with recruitment and there was a substantial delay in the equipment procurement component. The tendering process has been delayed and the equipment was not available before 2006. This meant that the TA and MoF counterparts had the means necessary for effective work during less than 24 months of the project duration. The Monitoring report also mentioned the high risk of absorption problems. Concerning the planning of the project, it was criticised that there are no OVIs to assess results based progress of the project. Concerning sustainability, limits were identified in the ability of the Ministry to effectively uptake the input made by the project, due to general lack of resources, required skills (accounting & analytical) and an attractive career path within the administration.

On the positive side, it has to be said that the team was involved in strategic budget planning and assisted MTEF deepening the MTEF budgeting and establishing Internal Audits Units in line ministries. The IT Expert has played a crucial role in interfacing between the FMAS and the new IFMIS systems. The project was supporting the Integrated Financial Management System (IFMIS) roll out, through provision of computer equipment software licences. The project funded 60 computers and related equipment to the Accountant General's Department and the 4 key line ministries targeted by the project.

Training activities were organised throughout implementation of the programme and ten local technical assistants (LTA) were recruited and posted to various sections in the Ministry of Finance and the Accountant General's Department. Recruitment of LTA was continued in 2006, as it proved difficult to identify qualified candidates to fill all the positions envisaged. The EC TA actively participated in the preparation of the budget process and helped MDAs to prepare their budget estimates for the next three years.

Under the 7th EDF the national Sierra Leone *Population and Housing Census* (7 ACP SL 100) programme, has been launched with a funding volume of € 5.5 mio. Starting date was in November 2003, with a scheduled ending date of December 2006.

The programme is intended to help ensure availability of a time-series of population data to support socio-economic development, planning and population programmes as well as to contribute to the development of capacity for statistics in Sierra Leone.

The organisation of the Census proved to be a difficult exercise for different reasons:

- delays in recruiting the PMU;
- lack of knowledge of EC rules and procedures by the recruited PMU;
- underestimation in the Financing Agreement of the need for management capacity and qualified personnel that the organisation of such an exercise would require.

The Census data collection phase took place on the agreed dates between 4th and 19th December 2004. The Census enumeration was completed on time. Provisional results were released in the first week of February 2005. The data processing phase of the census started in June 2005 and final results were expected by the end of the year.

Finally in February 2006, the Statistics Sierra Leone (SSL) published the first results of the "2004 Population and Housing Census". A team of national consultants are currently carrying out detailed analysis of each sector and analytical reports are expected to be presented in June 2006.

The support provided by the EC enhanced certainly the data processing capacity of Statistics Sierra Leone and this will enable GoSL to rely more upon a performing statistical agency for the monitoring of the PRSP. In addition, it was expected (a) to build Statistics Sierra Leone institutional capacity in the field of financial management and (b) to support the partial decentralisation of some of its activities at district level in line with the overall Decentralisation process.⁵³

These *ad hoc* expectations seem not to be well thought through, as (a) capacity building requires a medium to long term approach and as (b) the decentralisation process has yet to show sound and sustainable results before being able to shoulder new tasks related to statistics.

Nevertheless, the external monitoring mission of October 2005, rated the project highly relevant and expected positive impact on the socio-economic situation of the country. As can easily be understood, we do not share this optimistic and unrealistic point of view.

Budget lines in support of Governance and Institutional support

The table below summarises a number of projects, ongoing or signed in 2005, that has been funded through the European Initiative for Democracy and Human Rights (EIDHR) budget line concerning governance, civil education and education for democracy.

Partner	EC funding in €	Objectives/Comments
Search for common Grounds / Talking Drum Studio	€0.7m	Using media to promote human rights within the Sierra Leone peace process. Ensure that UN human rights declaration and Sierra Leonean human rights declarations and laws are accessible to all Sierra Leoneans.
Special Court (no peace without justice)	€0.8m + 0,7m	Support to the Special Court: outreach activities, protection of / psychological support to witnesses, support to information department, internship program
AFMAL	€0.6m	Reintegration of war-affected children and Youth ex-combatants – completed in October 2004
Amnesty International UK	€1.6m	Preventing the practice of torture through education (Regional project)
COOPI	€1.0m	Female victims of inhuman and degrading treatment support programme in Sierra Leone. Facilitate a process of reintegration of women, strengthen communities and institutions dealing with victims; facilitating the process of reconciliation and rule of law in Sierra
Care Netherlands	€1.4m	“Le Wi Lan”: Let us learn to respect human rights. Strengthen the capacity of civil society organisations, human rights training for public officials and enhance legal protection of human rights
CEAN -Institut d’Etudes Politiques de Bordeaux	€0.3m	Capacity building for human rights civil society organizations in Sierra Leone. To strengthen the capacity of civil society organisations in the field of human rights with special focus on the most vulnerable groups
Christian Aid	€0.8m	To strengthen democracy, good governance and the rule of law in four targeted districts of southern and eastern Sierra Leone,

⁵³ We understand now, that at least result (b) is far of being achieved.

		through greater inclusion of marginalized groups in decision-making and the reform of community power relations.
OHCHR	€ 1.0m	Support to Truth and reconciliation Commission
UNICEF	€ 2.0m	Community Integration of Children associate with Fighting Forces
AI UK	€ 1.6 m	Preventing the practice of torture through education
Tearfund	€ 0.6m	Sustainable livelihoods for communities affected by conflict in Sierra Leone through the existence of strong civil groups and development organizations
Christian Aid	€ 0.7m	Reduce poverty in the longer term through preventing HIV transmission, and mitigating the socio-economic impact of AIDS in post conflict Sierra Leone.
Ibis	€ 0.6m	Increase access to and quality education, particularly for girls, by qualifying and training teachers, strengthening capacity of the educational structures and civil society organizations at District and sub-district level.

Review of EC funded interventions supporting Pillar 1 of the PRSP

In Sierra Leone today, we witness a strongly improved situation with regard to peace, reconciliation and human rights, as well as good governance. However, this overall assessment should not make us blind on the persisting problems.

Major achievements have been made since 1999, mainly with international support to end the war and to guarantee peace and security. The consolidation process with his regard has however been shouldered almost exclusively by the UK through DFID. The present situation is testimony of the high quality of the work that DFID has done so far in SL. This has brought DFID in a situation, where its comparative advantage leaves no doubt. The EC did limit its support for peace, security and reconciliation manly to its presence in the political arena and the CG, as well as to an impressive number of EIDHR funded interventions, most of them implemented through European based NSAs and NGOs.

In a joint approach led by GoSL, DFID and the World Bank, key functional components of a comprehensive public sector reform strategy for Sierra Leone have been defined comprising the following elements:

- public financial management reform;
- decentralization reform;
- public service reform;
- support to the key institutions of democratic governance.

In this perspective, significant progress has been achieved over the last years under the various projects, programs and legislative enactments, including:

- Organisational and functional reviews of key Ministries;
- The proposal to establish a performance-oriented management cadre, the Senior Executive Service (SES);
- The assignment to local councils of responsibility for a wide range of public services, including primary and secondary education, water supply, and primary health care;

- A new legal and regulatory framework for public financial management, including procurement;
- The establishment of the Anti-Corruption Commission (ACC), and its subsequent impact on transparency and accountability in government.

This brief overview on the area of Pillar 1 of the PRSP allows us to identify the relevant outcome and impact, achieved and potential, of the EC funded interventions. We can easily understand that the only areas, where the EC funded interventions have made a difference are (a) the development and application of a new legal and regulatory framework for public financial management, including procurement, and the (b) establishment of the Anti-Corruption Commission (ACC), and its subsequent impact on transparency and accountability in government.

However, while the impact of EC interventions concerning public financial management have been successful and have produced some limited, but tangible results already, the outcome of the support to the ACC has been questioned by the recent JARs for 2004 and in the draft for 2005. It is recognised that "Implementation and progress on the anti-corruption effort is only responsive to external pressure from the donor community, rather than Government led". Implementation of the recommendations of the Truth and Reconciliation Committee Report remains extremely limited and slow. A National ACC Steering Committee that was founded has representatives of various donors, is including the EC Delegation. Civil society consultation exercises have also taken place with some EC support for seminars and workshops.

After the approval of the joint EU-GoSL Matrix of Corrective Measures and due to increased donor involvement, PFM related issues have received higher attention during 2004. The main donors to the PFM reform (WB, DfID, ADB and EC) have made moves towards a commonly accepted action plan agreed between GoSL and donors involved. However, even concerning public finance management, it is recognised that "despite relative economic stability, most economic and social indicators are yet to show significant improvements, and poverty levels remain very high".

It is commonly agreed that the major outstanding issues concerning the main areas of public sector reform presently include:

- Decentralisation: Slow progress, due to lack of political oversight and commitment; urgent need for establishing the long term viability of the chiefdoms and local councils, and clear allocation of functions between the central and local government levels;
- Public Financial Management: supervision and coordination of the reforms, and the lack of management and professional capacity within the civil service;
- Civil Service Reform and the SES: linking improved personal incentives to improved performance, sustaining higher salary levels from the national budget, and managing the problems arising from decompression processes;
- Overall slow progress in the different areas of legal reform;
- Institutional Arrangements: ensuring appropriate political sponsorship and responsibility for implementation oversight, and establishing the required technical support unit to assist the political leadership in through the reform process.

Summary of assessment of EC funded interventions supporting Pillar 1 of the PRSP

This brief review shows us that the EC is increasingly contributing to funding Pillar 1 related activity areas of the PRSP. On the other side, all the parties agree that, notwithstanding the substantial achievements that have been made, there is still very much to do and the objectives set by the PRSP for the different areas of Pillar 1 will by far not have been achieved within the timeframe agreed on.

We should also take note that none of the relevant policy or strategy documents have been prepared by the EC. While DFID, as the principal Member State present and broadly active in Sierra Leone, has invested intensively in a qualified contribution to this overall area of governance, not only security, but also with an important Justice Sector Development Programme⁵⁴ (JSDP), and with strategic and substantial financial input into the Public Sector Reform process. Likewise, it is absolutely remarkable to see the way DFID is taking up the challenges of increased involvement in the decentralisation process with determining a clear strategic approach for DFID, while the EC has just copied its programme for the 9th EDF funding from the one that the WB has been implementing so far.

A critical review of the present WB driven decentralisation programme has not been made, neither has the EC tried to clearly define its strategic position in this area. It might have been possible, for example, to focus specifically on capacity building related to social service delivery. Unfortunately, the EC does at present not have the human resource capacity to provide substantial input in the governance related processes. The only exception, at least partially, is the area of Public Finance Management, where the EC tries to play a leading role, together with DFID, the BWI and GoSL.

Other areas not covered by EC interventions are concerning security and the rule of law, areas that are almost exclusively supported by DFID, which is supporting GoSL to apply increasingly high standards of planning, implementation and monitoring of its programmes, while the EC participates only to the funding of the 2007 presidential and parliamentary elections, for which UNDP and DFID have promoted establishment of a basket fund, to which the EC is contributing €5 mio for the period of 2006 to 2008.

Evidence has been provided that the present efforts, with all their weaknesses and shortcomings with regard to the different areas of public sector reform presently undertaken, tend to be even more limited concerning effectiveness and expected impact due to the persistent dramatic fiscal perspective, which is not viable and will not promote a high growth rate in the short to medium term. On the contrary, the budgetary limitations of the country will probably prolong the prevailing low morale among civil and other public servants, the general weaknesses in budgeting, accounting and reporting in the public sector in general and continued substantial leakages throughout the procurement process.

We may take this opportunity to recall that the principle of the EC development policy is grounded on sustainable, equitable and participatory human and social development.⁵⁵ The main objective of the development policy is to reduce and eventually eradicate poverty in the context of sustainable economic, social and environmentally sound development.⁵⁶ It is ex-

⁵⁴ The Justice Sector includes both state institutions such as the Police, the Judiciary, The Magistracy and Prisons Systems, relevant Government Ministries and departments such as Ministry of Justice, Internal Affairs, Social Welfare, Gender and Children, Local Government, Law Officers, the Legal Profession, the Registrar General's office and non-state justice systems and structures such as traditional and customary forms of policing and justice.

⁵⁵ The promotion of human rights, democracy, the rule of law and good governance are an integral part of this principle policy.

⁵⁶ The EC development cooperation is based on Article 177 to 181 of the Treaty of the EC.

pected that these policies, if implemented, will progressively integrate economies of developing countries into the world economy.

The promotion of peace and reconciliation are an essential pre-requisite to usher in human rights, democracy, and the rule of law which are indicators of good governance. The causes of the civil war were clearly depicted as a result of bad governance, injustice, deprivation and poverty which clearly rhyme with EC developmental agenda.

With this background it would have been expected that good governance should have received more attention within the EC programmes in Sierra Leone. Indeed good governance is listed as a global objective of the EC in the 8th EDF, and a focal sector in the 9th EDF. However throughout the 8th and 9th EDF, only a limited number of interventions have been effectively implemented in the area of good governance, mainly under the envelope B funded programmes. Funding of additional programmes related to good governance have been planned under the 2nd focal sector of the 9th EDF, but are yet to start, because procedural modalities and staffing problems have been impeding a higher rate and pace of project implementation.

It may thus be questioned, whether the quality of PCM related to EC funded interventions in the area of good governance does fully comply with (a) the global EC policy priority placed on governance, as an essential medium of change, (b) as well as the governments prioritisation of the issues in both the I-PRSP, F-PRSP, and NRS and other related policy documents.

3.10 EVALUATION QUESTION 9

Application of the 3Cs (coordination, coherence, complementarity)

As a look at the legal and regulatory framework shows, the EC is pursuing active policies to improve coordination among EU Member States regarding development cooperation policies. The EC is asked to organise consultations on aid programmes, also with international organisations. The possibility of joint actions should be assessed to enhance programme implementation. It has been realised that increased coordination within the EU and with other development partners offers great scope for increasing aid efficiency. This implies reciprocal information exchanges to be encouraged. With this regard, the EU uses adequate tools, like the donor matrix or the Joint Annual Reviews (JAR), enabling it to have a general overview of the efforts that encompasses all the partners' contributions.

Special emphasis is placed on enhancing coordination between member states. The EC Delegation in Sierra Leone works in close liaison with GoSL at every stage of the EC project and programme cycle, from formulation, implementation, over monitoring, to the evaluation process. These efforts have been strengthened over the last years, as a result of the process of deconcentration and decentralisation, which the EC has put into work.

With this regard, the dialogue with other donors, in particular the Bretton Woods Institutions and United Nations agencies, has also been improved. This has promoted harmonisation of the various procedures, in particular regarding budgetary support, but also concerning sectoral strategies in the focal sectors. The EC also insists and encourages Sierra Leone in its leading role in coordinating the collective efforts of all the donors under the PRSP.

Increased coordination within the EU is also expected to enhance the visibility of European aid for the benefit of the partner countries. This is often a question of strengthening the capacity of the EC to inform events and processes, so that its efforts provide a sufficient lever for its specific objectives to be attained. The achievement of greater effectiveness and a

greater impact are key factors for increased visibility. With this regard the ECD in Sierra Leone is doing the job in satisfactory manner.

In this context, strengthening complementarity has become a response to the need for a better division of labour between the EC, the EU Member States and the international community. It is therefore of the essence that the experience gained by the EU and its Member States be shared and put to profitable use to Sierra Leone, taking into account the respective comparative advantages.

In this same sense, complementarity with the Bretton Woods Institutions and the United Nations agencies and other donors is of great importance. Within the same regard, the important contribution made by a broad spectrum of participants from civil society to the EU development policy is already recognised in the framework of the Cotonou agreement. Implementation of an approach that encourages greater participation by non-governmental organisations, economic operators, social partners and the private sector must be more encouraged in Sierra Leone.

A further challenge is to achieve greater coherence between the various EU policies focusing on sustainable development. Efforts must be strengthened to ensure that EU development policy objectives are better taken into account in the formulation and implementation of the next PRSP in Sierra Leone.

The EU Member States Present in Sierra Leone are the United Kingdom, Germany, which is operating with GTZ and KfW, but also a number of strong NGOs, France, Ireland (with Irish Aid) and Italy, which is represented via a project manager, while the Embassy is in the Ivory Coast.

Only the UK has a fully fledged diplomatic mission in Sierra Leone, while it also provides a strong input into aid policies and strategies as well as the funding of important programmes.

Since 2002 the UN have coordinated regular monthly coordination meetings of the heads of mission of the different donors supporting the GoSL efforts for reconstruction and rehabilitation, as well as for medium term development as laid out in the NRS and the I-PRSP. In addition, the GoSL has organised regular bi-monthly meetings in the DEPAC, as the main forum for interfacing by the donor community. This forum has regularly reviewed the progress made in light of the matrix agreed in they 2002 CG meeting.

In the CG meeting held in November 2005 in London, the Donor coordination structures in Sierra Leone have been asked to be modified. It had become apparent that slippages in implementation of the PRSP had appeared and were expected to increase over time. Agreement had been reached on application of an Activity Matrix that has been presented to the Consultative Group Meeting. This Activity Matrix has brought the originally presented financing gap of the PRSP to a more manageable and realistic level and has shown that the Government was required to make difficult decisions regarding prioritisation.

In the same meeting, the GoSL presented the Results Framework that is supposed to guide the continuous review of results in PRSP implementation. However, the EC insisted that a comprehensive PRSP Monitoring and Evaluation Framework still needs to be developed, as soon as possible, in order for the Government to make informed policy decisions and for the international community to be able to more closely review the achievements in implementation of the PRSP concerning its different pillars.

The EC has specifically asked to monitor through the Results Framework progress in areas that are essential from the EC point of view:

- decentralisation;

- fight against corruption;
- Public Finance Management;
- implementation of the recommendations of the Truth and Reconciliation Commission;
- private sector development;
- development of economic and social infrastructure;
- Issues relating to ownership and capacity building.

Already the number of different areas gives an indication that monitoring, up to this stage, has not been done with the required depth and detail. It also gives an indication of the challenges that still lie ahead of GoSL, with an urgent need for improvement of capacities at all levels.

As we already mentioned in other parts of our report, the EC Delegation is playing an instrumental role in several of the coordination efforts in Sierra Leone, concerning namely:

- the Multi Donor Budget Support Framework, which is promoted through continuous dialogue with GoSL and the other partners involved (WB, DFID, EC);
- organisation, in 2005, of the first donor coordination forum for the road sector;
- support for the parliamentary and presidential elections that are scheduled for 2007. This area is coordinated by UN and strongly supported by DFID;
- the Decentralisation process, which is led by the WB and strongly supported by DFID. Funding is channelled through a IRCBP/WB managed Trust Fund;
- support to the functioning of a PRSP Secretariat (DACO), together with UNDP, DFID and the GoSL.

The improved structures, envisaged for future monitoring and coordination of PRSP implementation, are hindered mainly by the low capacity of GoSL to lead these processes in a well structured, efficient and sustained way. Among the donors there is also overall agreement on the importance of increasing donor harmonisation. Main elements of an improved structure for harmonisation and coordination could include:

- Annual CG Meetings;
- Well structured high level donor–GoSL dialogue on regular bases to discuss important matters of mutual interest, also at the political level;
- DEPAC meetings on quarterly bases, which should focus more on strategic issues;
- Sectoral and technical working groups for each of the pillars of the PRSP. In each group, there should be a lead donor and a lead ministry from GoSL to formally coordinate activities related to each pillar and to drive the implementation, as well as the learning processes.

3.11 EVALUATION QUESTION 10: Sustainability of interventions

Brief introduction

Sustainability is a prime criterion for the present evaluation and gives strong indications regarding the need for future support to Sierra Leone. Concerning the present evaluation we distinguish between sustainability at the macro and the micro level. We recognise that, while individual interventions should be sustainable in the short run, the country may well need international support for many more years. In the case of Sierra Leone, sustainability will also have to be linked to risks, mainly political ones and those related to the security situation.

Other key elements regarding sustainability are ownership and involvement of the private sector. Further elements concern efficiency of the public sector and creation of national revenues. In the case of SL the issue of sustainability will also have to be linked to governance and the future of the public sector reform. Finally, sustainability can not be viewed at, without taking into consideration the environmental aspects, which are in the case of Sierra Leone, mainly linked to techniques and management practiced applied in agriculture, fisheries, mining and forests.

General overview

Concerning the various aspects of sustainability, the situation of Sierra Leone is mainly characterised by great potential in mineral resources, fisheries and agriculture. On the critical side, we witness an overall low level of economic development, low capacity and productivity of human resources, a low level of investments and weak productivity in agriculture and fisheries as well as a low level of exploration of the mineral resources. Not one sector of the economy is presently well developed, or at an emerging stage.

This leads to an outcome that is well known in the developing world: low level of national revenues, low level of income combined with a high level of unemployment and over-exploitation of natural resources in general.

By consequence, the overall situation is characterised by an increasing pace of the depletion of the resource base of the country, with qualified human resources leaving the country (outward migration) and with natural resources simply vanishing or being destroyed.

In summary, we must say that Sierra Leone is in a situation, where sustainability is far out of reach and where the chances to reach sustainability are getting slimmer every day.

We appreciate that the actual PRSP has not completely overlooked this situation. The first PRSP has been prepared at a time, when Sierra Leone was just getting out of a decade of civil war. Hence, the focus was rightly put on governance and the rule of law, as well as reconstruction of the main infrastructures and reestablishment of social service delivery.

However, it is our point of view that the PRSP, as a medium term strategy document, should have put more emphasis on the issue of sustainability. This would have made it clear, for GoSL and the development partners, that the overarching goal should have been to quit the status of a society struggling for survival, with the aim reach a situation, where the future can be approached with justified confidence and faith by the population of the country. The objectives of the PRSP, as well as the MDGs, are certainly something to work for. However, the country is in a dare need for change in attitude to gain new faith in the future of individual livelihoods, as well as of the entire nation.

The Vision 2025 has not been appropriated by the leaders, their development partners and the people of Sierra Leone. Progress in the development agenda will continue to be impeded by this lack of confidence and a common trust in the future.

Analysis and evaluation results related to EC interventions

Most of the points we are summarising in this chapter have been raised earlier during the foregoing analytical parts of the document.

We have repeatedly reminded that the revenue base of the country is not sustainable. We have also insisted on the fact that improvement of this situation may require better fiscal policies and public finance management. We have also made it clear that an increasing growth rate of the economy is needed in general (at present the growth rate of the economy is not sufficient to catch up with other developing countries and to make up for the increasing needs due to the present birth rate).

We repeat and are adamant about it: more and coordinated efforts will be required to create a broad based economy with a higher level of return and benefits to the population at large.

We agree with the donor community aligned around the PRSP, that capacity building for governance will be crucial for Sierra Leone to leave the current situation. The Public Sector Reform may lead to a common strategy for human resource development and capacity building. However, we also insist that such a coordinated approach for capacity building and creation of a conducive environment has become increasingly urgent in view of private sector development in general, but in particular in the areas related to agriculture and agri-food industries, to fisheries and also service and trade related activities and industries. Those are essential areas in which coordinated initiatives need to be taken, with the aim to promote a broad based sustainable economy and induce pro-poor growth in the country.

Capacity building in view of creation of an environment for a broad based sustainable economy in the country has been neglected to a large extent by the GoSL, as well as the development partners. The EC funded interventions geared towards improvement of public finance management will still take some time to show their results at a road base and eventually to pay off in view of pro-poor growth.

Health and other social sectors

The social services in Sierra Leone, here health and education, are still heavily dependent on external funding. Notwithstanding, the present level of budgetary support and ODA (more than 50% of public investments and spending), social service delivery can not meet PRSP objectives.

Sustainability of the social sector is a long term objective and a major challenge for the GoSL. At present, the main critical factors for sustainability in the social sectors are: (i) macroeconomic stability, (ii) tax policy, (iii) political stability/good governance, (iv) donors' availability to support the national budget for at least the next ten years (see CSP, 3.3).

The decentralisation process of both Health and Education services requires more attention to local economic and social development. The relation between local economy growth and an increasing demand for access and quality of social service delivery should be considered more carefully. International best practice shows, that a prospering community and a strong civil society, joint with a broad participation of women in community life, constitute essential elements promoting more effective social auditing of locally managed social services.

In the framework of the civil service reform, the GoSL should provide for adequate salary levels and extra benefits to the Health and Education staff, mainly to those who are expected to operate in the extremely harsh conditions of the most remote and depressed areas of the country.

The PRSP, encompasses several strategic criteria related to the broad concept of social cohesion as a pre-requisite of sustainability, such as: (i) decentralisation and local ownership, (ii) equitable distribution of social services due to the wide disparity in the spatial/geographical distribution of poverty (PRSP 3.14) and (iii) appropriate fiscal policy and budget allocation as means for securing social services sustainability.⁵⁷

Concerning sustainability of investments in education, the BWI observe in one of their official documents, that *“the strategy also needs to be extended to address weak institutional capacity, financial sustainability, the impact of mushrooming enrolments at the senior secondary level (a consequence of the explosion at the primary level), the worrisome trend away from scientific and technical fields, and the low internal efficiency as signalled by high drop out rates. There may also be opportunities to better link the educational curricula to the specific needs of the economy”*⁵⁸.

The Transport infrastructure and mining sector

In the road transport sector, proper maintenance is a crucial condition for sustainability of transport infrastructure, and relevant provisions should be compulsory part of the design of future support programmes.

With this regard, other serious questions still have to be answered. The sustainability of the rehabilitation of roads depends to a large extent on the willingness (and the funding) for regular maintenance works. It has to be commonly accepted, that once major investments have been made, the priority is to keep these up to standard. Currently, about 70% of the maintenance funds (managed through the Road Fund) go into the maintenance of recently rehabilitated roads. Whether this is enough right now can not be established. The Road Fund income is generated via levies on fuel (80%) and via registration fees for vehicles (20%).

Sustainability of transport infrastructure will also depend on capacity building within the road sector. At present, there is a serious lack of middle level and younger road engineers, who could assume responsible positions in the future.

The restart of the mining activities provides a medium term economic development perspective, which is likely to extend between 10-20 years from now. It will depend to a large extent on the successful exploration of new resources.

A major risk of the developments in the mining sector is the arrival of predator mining companies that will take “the money and run”, in other words will gain as much as possible out of the operations, without any concern for the needs of the country. The GoSL will need to see that concessions will be properly issued and that conditionalities will be strictly monitored.

The reopening of the mines has been done with a relatively small amount of input from foreign experts. To a large extent the national technical specialists at middle and top level, involved in the mining activities before their closure due to the civil war, could still be called

⁵⁷ “Fiscal policy will seek to continue the domestic revenue recovery, and improve expenditure management, re-orienting public expenditures in favour of security, social services, infrastructure and economic activities.” (PRSP, Executive summary).

⁵⁸ The World Bank, Report No. 31775-SIERRA LEONE, REPUBLIC OF SIERRA LEONE - JOINT IDA-IMF STAFF ADVISORY NOTE ON THE POVERTY REDUCTION STRATEGY PAPER, April 13, 2005

upon. Most of these persons were trained abroad, using commonwealth grants for studying in relevant countries. Within Sierra Leone, there is currently no training possibility directed at mining operations at a higher level. In order to ensure future sustainability of the mining operations⁵⁹, it may be useful to establish specialised training facility, possibly in co-operation with the private sector. It could be envisaged to directly use the repayments from the loan to Sierra Rutile for funding of such a training facility. In addition, this area of specialised training could also be covered through a regional approach including countries with mining activities.

The majority of the mining activities, in particular alluvial diamond mining, take place as open mining, whereby large areas of the surface are being effectively destroyed. It will be useful to enforce and further strengthen rules on maintaining, or bringing back to the original state, all mined areas.

Ownership and private management will be required in the long run to achieve sustainability of infrastructure investments. Therefore, these aspects should be built into the design at an early stage. Maintenance is a crucial issue for sustainability of transport infrastructure and relevant provisions should be part of the design of future support programmes.

Cross-cutting issues

We have repeatedly pointed on the importance of environmental aspects in this chapter of the present report and do not need to further detail its importance for sustainability. We have also identified a general weak positioning and streamlining of environmental aspects in EC funded interventions. The exception with this regard is again the RRD and LRRD funded activities that relate to agriculture and rural development in general. In these specific, but very limited projects, the environmental aspects related to agriculture as well as mining have been taken into consideration appropriately.

In the context of Sierra Leone, we should increasingly include in future programmes systematic attention and elements of conflict prevention and crisis management into the cross-cutting issues. This will have positive implications for the sustainability of EC funded interventions.

⁵⁹ Profitability of mining operations is depending, amongst other factors, on the relatively low salary levels for qualified local experts.

CHAPTER 4 - CONCLUSIONS

4.1 Introduction: overall assessment of strategy & interventions

The overall assessment of the strategy and interventions promoted and funded by the various instruments of the European Union, and mainly managed by the EC and its Delegation in Sierra Leone, provides evidence that this strategy and the relevant interventions have been

- Responsive to the needs of Sierra Leone, as they occurred during the different political situations, during which the country went through the last ten years: from civil war, over rehabilitation to development;
- Effective with EC interventions implemented during transition period (2000-2003), mainly through ECHO and later through Envelope B funded activities, have substantially contributed to GoSL efforts for peace, reconciliation and rehabilitation as well;
- Efficient, due to the availability of different instruments and their application throughout different political situations has proven a strong strategic advantage of the EU. Major support has been provided without interruption, passing from humanitarian aid, over support to reconstruction and rehabilitation, to support for social and economic development of the country;
- Focused on areas of high needs on the side of the country and of comparative advantage on the side of the EC.

Impediments, which have occurred over the last ten years of development cooperation between the European Commission and Sierra Leone, are mainly due to

- extremely difficult situation during the time of the civil war;
- lack of sufficient staff and the availability of qualified personnel at the ECD to prepare, supervise and monitor the various interventions and programmes, almost throughout the entire period of the last ten years;
- lack and availability of sufficient capacity on the side of GoSL;
- lack of complementary funding from the international community to reach a level of critical mass for fundamental changes in the key sectors, like health, education and infrastructures.

Some of the major consequences of those impediments concern

- slow preparation of the programmes and interventions funded by the 9th EDF. Envelope A funded interventions are mostly committed, but implementation has for the large part not yet started, or is delayed;
- programmes based on low quality of reference documents, e. g. general lack of sector strategy papers;
- low technical and strategic profile of the EC in sector interventions, mainly contributing to programmes of other development partners, like DFID and WB;
- appropriate targeting of beneficiaries is not always sufficiently done, due to lack of adequate capacity in Ministries concerned by EC interventions;
- realistic assessment and management of risks, leading eventually to failures and deficiencies in the implementation process;

- potentially low impact on capacity building;
- potentially low control on achievement of impact;
- risk of lacking sustainability;
- potentially low visibility;
- potentially low institutional benefit through the learning processes.

4.2 Relevance of the overall strategy

The relevance of the overall strategy is high. It is closely following the GoSL policies and strategies, which have been approved and supported by the UN, the WB and EU Member States, here mainly the UK.

The EC and other EU institutions overall strategy is in line with the PRSP, which is directed according to the measures and objectives contributing to the achievement of the MDGs. It may be useful to recall that the programming of the PRSP has been accompanied by a relatively thorough poverty profile of the different regions of the country.

Under a different angle, the relevance of the 9th EDF Country Support Strategy (CSP) may however be questioned somehow, due to the limited volume and scope of its actions, which is receiving only limited support by other members of the international community. It is therefore difficult to achieve “critical mass” in the different sectors targeted. We may recall that the level of WB as well as AfDB funding is still rather modest, and that most EU Member States are absent from Sierra Leone. DFID is actually shouldering the major burden among Member States, seconded by growing contributions from Germany and to a lesser extent from Italy.

This relatively low overall level of support, compared to the high level of needs in the country, with its low level of government income and public resources, leads to a situation, where the chances for major impact in the short and medium term and a fast pace for improvements in the critical areas remain often a pious wish.

These critical remarks are true, in particular, if we look at the realistic prospects to create an autonomous process of economic and social development in the country. The present 6% growth rate of GDP is not impressive given the fact that the country comes from a very low level of economic dynamics.

Another area of major concern with regard to relevance of the overall strategy is the weak capacity in the public institutions, as well as in the private sector, to drive and manage the development process. Capacity building activities require a medium to long term perspective and take time to produce results. The relatively high level of budgetary support from various donors and institutions may give the impression of an autonomous process of development, while, in fact, it is hiding a high level of dependency on external resources and technical input into the various management processes.

Looking at the need for promotion of a broadened economic and pro-poor growth, we come to the conclusion, that the combined efforts from GoSL and the partners for development are, by far not sufficient. The mining sector has a high potential to contribute to economic growth in the country. However, the windfall of these activities to the, relatively small, masses of Sierra Leone, may remain quite limited in time. The number of private economic actors and their effective contributions to the growth of the economy remain very limited.

4.3 Impact and sustainability of the strategy

At present, a stronger focus of the PRSP on pro-poor growth (Pillar 2) is required leading to additional support to achieve sensitive and sustainable impact on poverty reduction. At present, impact in areas like agriculture, fisheries and services, like tourism, is not visible and would deserve more attention, with regard to pro-poor growth and medium to long term impact on social and economic welfare.

The efforts to reach the poorest of the poor need to be increased through improved targeting and capacity building measures.

4.4 Sector specific and thematic conclusions

4.4.1 Macroeconomic Support and Public Finance Management

Sustained economic growth and stability of the currency are important results achieved through EC interventions to facilitate enhanced regional integration.

Budgetary support, which is untargeted under 9th EDF, has the intention to give full ownership to GoSL. However, capacity of GoSL is weak to ensure use of resources according to required international standards and conditions. There remains an important need for capacity building for public financial management as well as improvement of budgetary management in the line Ministries.

The continuous improvement in application of indicators is crucial and much work needs to be done, with important coordination efforts by GoSL, to reach application of a harmonised set of realistic and transparent indicators.

One major problem is the weak statistical data collection capacity of both, the GoSL and the development partners, which is still very limited and not sufficiently reliable. The number and quality of performance indicators, that can realistically be monitored, is consequently very limited and not suitable for a comprehensive monitoring of effectiveness and impact of the budgetary support programmes. The need for improving the statistical data collection capacity of the Sierra Leonean institutions calls therefore for urgent interventions. Donor coordination and harmonisation of funding mechanisms is also a priority, in order to make the international macro-economic support more efficient, transparent and sustainable.

The great *caveat* regarding budgetary support comes from the fact that, by definition budgetary support should not be sustained; however, if national revenues can not be increased substantially by national revenue authority, then the present approach becomes risky and the exit strategy remains questionable.

4.4.2 Transport infrastructures

The EU strategy to concentrate on rehabilitation of the road network, as a focal sector in the infrastructure programme, is sound in itself and has produced already some tangible results. However, a strategy paper to justify this concentration and guide interventions in this sector has not yet been prepared. Such a document should have provided the basis for the prioritisation of the transport sector in the first place, but could also have served as a means to prioritise activities within the transport sector. The choice for road transport infrastructure has not been clearly justified, certainly not, when the quality of road transport services still leaves much to be desired.

The overall speed of implementation of activities is satisfactory, with some remarkable exceptions, i.e. the Freetown-Conakry Highway and the rural feeder road project. The imple-

mentation of the feeder road project, with high potential impact, has not yet started implementation, reportedly due to lacking staff in the EC Delegation.

Thus, EC interventions are at present mainly concerning supportive infrastructures focusing on main roads and Technical Assistance, as well as other capacity building/institutional support to SLRA.

Strategic & innovative improvements have the potential for major increase of impact by investments in rural roads. The most important factor that is missing at present is an “integrative” approach, which would link different strategic elements into a systematic and coherent sectoral approach.

Decentralisation related to road maintenance is not yet effective and could, in the medium to long term, have a major impact on the quality of road maintenance.

The coordination of activities between donors is good, and the role of the EU as the lead coordinator is accepted. However, it should be mentioned that the absence of the sectoral experts of the WB and other donors, which do not reside in Sierra Leone and only come in more or less sporadically, is not beneficial to the overall coordination processes. There is no operational technical working group, in which all the donors would be represented permanently or in periodic intervals.

The position of the SLRA will need further strengthening, both in terms of capacity building and institutional aspects. SLRA capacity building with WB support, to complement the EC funded TA, is planned. The capacity building for SLRA should focus around the needs for an efficient functioning of the national road fund and its management, as well as on dealing with international contractors in a competitive environment.

The magnitude of the road programmes, under implementation and planned, requires sustained staffing levels at the ECD, with sufficient specialised technical background. This has not been the case so far.

4.4.3 Social sectors: health and education

Indicators to measure aid effectiveness are not yet consistently applied by GoSL and its major development partners. The monitoring of the PRSP is therefore not yet effective.

Envelope B funded interventions during the transition period 2000-2005 have been implemented successfully to a large extent and have made important contributions to rebuild the basis for sustained social and economic development.

Regarding envelope A funded interventions (mainly the HSSP), the objectives in the health sector have broadly not been reached. Physical social infrastructures are likely to be realised with delays. Furthermore, we critically note that

- impact of EC interventions for increasing access to and quality of social services is still very limited;
- HSSP planning is not aligned with decentralisation process. Capacity for provision of equitable and efficient social services at district level is not yet available. The need persists for alignment of EC interventions in districts with decentralisation process.

4.4.4 Promotion of peace, reconciliation and good governance

Envelope B funded interventions, completed with budget line funded projects (EIHRD), efficiently supported the peace & reconciliation process during the transition period. Overall, good and useful support projects, delegated to mainly European NSAs, have been funded.

However, substantial delays, mainly in preparation, but also in implementation of a good number of interventions, have occurred. Thus, Envelope B funded activities are still under preparation in 2006, more than 6 years after the effective end of the civil war. It seems that, in part, Envelope B funded activities have been prioritised by the Delegation, as they require less input for preparation and monitoring and allow for a higher degree of flexibility in implementation, e. g. the “strategy” is designed and justified by the implementing agency or organisation. Thus, useful work has been done, but it is not (always) covered by the overall country strategy. The inputs in rural development and agriculture funded through the envelope B may be useful, but they are in contradiction to the general EC criteria of concentrating on “focal sectors”.

The funds for the Decentralisation and Public Sector Reform support programmes under the 9th EDF have been committed, but implementation is still under preparation.

The low capacity of the Delegation has led to the need to follow programmes designed and implemented by other donors, without proceeding on an analysis of the quality of these interventions. Thus, no evaluation has been made of the WB supported decentralisation programme, before EC commitment to the relevant Trust Fund.

While the Trust Fund mechanism is beneficial with regard to harmonising donor efforts, it should be based on a thorough analysis of the quality of interventions funded. It also requires application of tight standards for monitoring and accountability. At present, it is obvious that the decentralisation process does not have well defined and realistic final objectives. While decentralisation is a laudable objective as such, it is less obvious that Sierra Leone will have the means to carry this process to a fruitful end.

In the present situation, the rationale for the decentralisation may even be questioned to a certain extent. The major constraints and risks, which we would wish to recall here, are as follows

- a) central institutions in Sierra Leone are not yet efficient in delivering the basic services and only little managerial experience or expertise can be transferred to the local government institutions;
- b) the decentralized institutions exist mainly on the paper, but they have extremely limited operational capacity and resources;
- c) it can be questioned, whether the local communities are prepared to receive the responsibility for managing social service delivery;
- d) the real priority issue at local level, as we deduct it from the poverty assessment on which the PRSP is based, is bold and sustained economic development, potentially based primarily on agriculture and fisheries, and the reconstruction of a social solidarity network. This crucial element is not integral part of the decentralisation efforts

Due to the overall lack of staff at the EC Delegation, no explicit contribution to the preparation of sectoral policies and strategies has been made. This increases the risk for not achieving the required efficiency of EC funded interventions. In general, there is no explicit role, and thus reduced visibility, of the EC regarding good governance within the PRSP process. The lead roles are strongly occupied by the WB, UNDP and DFID.

Within the context of efforts for governance, the instrument of budgetary support has a high potential to promote governance in public financial management and the EC plays an important role.

4.4.5 Achievement of a broad based economy

The interventions of the EU in the process of the resumption of mining activities have been very effective. Rutile and bauxite exports (not initially foreseen) have been resumed and the mines now create direct employment for 2000 people and will likely make a gross contribution of close to € 100 per year to the SL economy. This potential will be fully realised in 2007.

While it is widely recognised that economic growth is the major condition *sine qua non* for success, fostering a conducive operating or investment environment has not been sufficiently promoted by EC, nor other donors.

There is at present no evidence for sustainability of SME support programmes funded through EC interventions. The contracts related to EC programmes only lead to temporary employment, e. g. in construction enterprises.

The business environment and the national economic capacity are not yet attractive for large EIB funding of urgently needed investments.

Overall, capacity needs is weak to allow for effective participation of Sierra Leone in fora relevant to regional development. Beyond road infrastructures (with the Conakry-Freetown road not yet accomplished!), no strategic interventions towards regional integration have been accomplished.

4.4.6 Appropriateness of implementation mechanisms

While the EC procedures are often looked at as cumbersome, we have to acknowledge, that the flexibility in using different mechanisms to facilitate funding and implementation of interventions, is increasingly a strength of the EC system. Thus,

- ECHO interventions brought relief at short notice and at a relatively broad base. One additional indicator for ECHO efficiency is the successful implementation of an exit strategy and the handing over to the LRRD instrument;
- access to Envelope B proved to be very effective as a tool for bridging between emergency (ECHO) and development (EDF funding), by passing through to rehabilitation and reconstruction (LRRD) programme. However, the lack of sufficient staffing has made that preparation and implementation of the LRRD is slow and still ongoing;
- the Trust Fund, as a funding mechanism, reduces transaction costs substantially, but requires good coordination, strong monitoring tools and a set of appropriate indicators;
- the funding mechanism used to facilitate funding of rehabilitation and operation of the rutile mine is innovative and has mobilised resources;
- budgetary support, which requires a high level of coordination and the putting in place of adequate mechanisms for coordination and monitoring, has produced first tangible results.

Mainly due to lack of staff and the capacity needs for preparation and monitoring of the LRRD, the programme preparation for 9th EDF funded interventions has been slow in general. Funds are committed now, but implementation is in most cases still to start. An exception to this is the budgetary support programme, which is in full swing already.

The Quality of design of programs, e. g. HSSP, and draft of contracts in the transport sector, e. g. for the regional road, need to be improved and quality be better managed.

Concerning the NAO's role and mandate, at present capacity seems still to be rather low and skills transfer is not ensured to the extent required in the short to medium term.

4.4.7 Interventions and promotion of cross-cutting issues

Envelope B funded interventions, as well as those funded through EC budget lines, have well taken into consideration cross-cutting issues.

However, streamlining of cross-cutting issues has not received the required attention, thus

- Macro-economic support pays poor attention to cross-cutting interventions. Relevant indicators are not foreseen.
- EC Monitoring reports don't cover cross-cutting issues sufficiently;
- In the decentralisation programme cross-cutting issues are effectively part of design and strategy. In reality, the gender criterion is not applied efficiently and environment is not mainstreamed sufficiently into LG development plans;
- feasibility studies for EC funded roads comprise standard environment assessment. In fact, application of standards is not promoted by SLRA, mainly due to lack of capacity.

With regard to the promotion of the civil society, Envelope B funding has been and still is effectively used to support capacities of NSAs to a large extent.

In general, the concern for HIV/AIDS is not sufficiently integrated into EC funded interventions in Sierra Leone.

4.4.8 Application of the 3Cs

With regard to application of the 3Cs, namely coherence, coordination and complementarity, the EC Delegation plays a leading and well respected role in Sierra Leone in general, and in the Consultative Group in particular.

Coordination of EC funded interventions with EU member states (almost exclusively DFID) concerning different programmes is generally effective. Coordination is facilitated due to limited number of development partners.

On the other side, coordination with the WB is more difficult, as its sector specialists are based in the USA and the WB country director is based in Ghana.

With regard to the Trust Fund mechanism, its efficient application promotes coordination and complementarity between different partners.

In the case of governance, as well as concerning support to the coming elections, a complementary approach with DFID is applied. However, DFID is scared that delays in provision of EC funding will again occur, as it was the case for the elections for Local Government in 2004.

The DEPAC seems to be a good interface between Government and development partners.

The monitoring of the budgetary support is providing another opportunity for coordination. However, we have the impression that the quality of monitoring and review of the Progress Assessment Framework is not done as strictly as required. Also, it is not clear what kind of consequences or sanctions will be decided in the case of an evident default.

In addition, the monitoring of the Results Framework Matrix on Priority Programmes (2006-2007) seems not be done according to best practice. This would require departing from a "status report". Achievements and results should be measured against objectives and targets. There are indications that this Results Framework Matrix is not monitored with the required rigidity by the GoSL and its different partners involved. An improved and more rigorous monitoring of the Results Framework Matrix should lead to more consequent implementation of the PRSP, and concomitantly, have a positive impact on the quality of implementation of the budgetary support programmes.

4.4.9 Sustainability of interventions

The present evaluation mission is considering sustainability the cornerstone, that will finally allow determining progress, made by Sierra Leone on the way to development. At present, there is still a long way to go to reach sustainability at the macro-economic level. Hence, a high risk and volatility are characteristic for interventions. Efforts towards sustainability have mainly been limited to initialising procedures, processes and systems in view of transparent public financial management.

Sustainability is not yet in view for interventions in the social sector, which is still heavily dependent on external funding. Notwithstanding the present level of budgetary support and ODA (more than 50% of public investments and spending), social service delivery can not meet PRSP objectives.

At the image of central government, decentralisation and Local Government are far from being sustainable and are largely depending on external funding. The extremely low level of the local economy and potential for national as well as local revenues will not allow for sustainable local governance and related services in the short to medium term.

We would like to insist at this stage, that, according to international experience, sustainability of decentralised social services depends on local ownership of the social institutions, combined with the capacity of the local communities to apply effectively social auditing mechanisms. These conditions however depend on real economic growth and sustained development at local level, conditions, which are not given currently in Sierra Leone.

Concerning sustainability in the transport sector, we shall remind that the road fund, as it functions at present, is far from reaching required levels of sustainability regarding infrastructure investments and maintenance. The sustainability of the new rehabilitations is likely to be ensured as the SLRA prioritises regular maintenance to these roads. However, an additional factor impeding achievement of sustainability in general, is the lack of an appropriate "maintenance culture".

Regarding the efforts of GoSL to ensure sustainability of peace, more focus is essential on growth of the economy and in particular on sustained pro-poor growth, including substantial and sustained increase in household income and employment, in particular for youths. Potential drivers of sustained growth are mainly agriculture, fisheries, mining and eventually also services, like tourism. A part from mining, these potential drivers of growth are actually far from achieving their high potential.

An additional constraint toward the quest for sustainability is the need for “new blood” and capacity building in the mining sector, at SLRA, as well as for the institutions linked to decentralisation and local government, in order to sustain current programmes and EC funded interventions.

Sustainability of EC interventions is to a good part also linked to positive results in the Public Sector Reform and Decentralisation, as well as a strengthened role of NSAs and civil society at large. The efforts in these different areas are all in an early stage and sustainable efforts are not yet ensured.

CHAPTER 5 – RECOMMENDATIONS

5.1 Overall recommendations concerning the 9th EDF strategy

As there is not much time left and recommendations are coming late to still make a difference on implementation of the 9th EDF, our recommendations are limited, but may still seem to be useful.

We strongly recommend, in the short to medium term, to

- align more decisively with DFID and link up capacities, where possible. This can happen in the areas of Public Sector Reform, Public Finance Management and Decentralisation;
- link innovative funding mechanisms to better performing instruments of monitoring. Take initiative for joint reviews of EC co-funded interventions. EC should initiate and participate in the joint “learning exercises” with DFID;
- to engage decisively in a joint programming exercise with DFID for 10th EDF. Engage for support by a team of international facilitators. Do not let the process generate its own style. The process should be facilitated to increase the benefits of a mutual learning exercise.

In addition, we recommend applying innovative methods to improve the staffing situation⁶⁰ and to increase support to and capacity within the ECD.

5.2 Recommendations concerning future orientation of the 10 EDF

The following recommendations focus only partially on the short term. The majority of the recommendations are related to the preparation process of the 10th EDF and concern possible future orientations of 10th EDF. In this sense, the recommendations can be implicitly seen as a result of lessons learned, which we recommend to apply for the benefit of the coming EC support programme to Sierra Leone.

It is recommended that the preparation of 10th EDF be based on a comprehensive reassessment of the situation of Sierra Leone, in particular regarding the following areas

- security and its direct links with social cohesion;
- potential for and opportunities regarding regional integration;
- potential for public and private sector driven sustained growth;
- institutional and human resources capacity needs for sustained and autonomous development.

The Programming exercise for the 10th EDF could also be seen as an opportunity to an overall review of donor support to Sierra Leone and to strengthen the role of the EC with regard to coordination among different donors.

⁶⁰ The Commission has a broad experience in staffing under emergency situations, where the capacity of the EC itself would not have been sufficient. We recall the creation of the EAR for the CARDS area. We may also remind of the MEDA- team approach, which has been applied in the MEDA countries during the first years of implementation of the MEDA partnership agreement, when the Delegations in those countries did not dispose of the required capacity.

5.2.1 Macroeconomic support and public finance management

The evaluation mission recognises the urgent need for an improved budget support mechanism based on a more rigid application of the following principles:

- general application of sector wide approach (SWA): EC support to the preparation of SWAPs, in coordination with government and the donor community, in view of an harmonized sector budgetary support approach;
- revision of the budget support performance indicators integrating cross-cutting issues;
- strengthen support to the MoF in financial management;
- emphasis on improvements in fiscal policy;
- support to data collection capacity and statistical treatment.

5.2.2 Transport infrastructure

Given the current position as lead donor in this field it is recommended that the 10th EDF will include further activities and investments relating to the transport infrastructure, whereby the following recommendations should be taken into account:

- continue capacity building within SLRA (in close co-operation with planned WB activities), in particular related to the middle management levels and including the capacity of SLRA to deal with contractual issues and to open up possibilities for on-the-job training of SLRA staff during the execution of EU financed road works.
- ensure that suitable and qualified international technical assistance capacity will be provided, if not available in the country, to deal with large scale programmes;
- further emphasise the lead role of the EU in this sector, by organising more regular and formal meetings with other donors.
- apply an integrated approach, where relevant, in the allocation of funding. This would imply to also look at the use of water transport, where it is an integral part of the transport network;
- prepare a comprehensive strategy paper for the transport sector, before embarking on a new programme. This document could be largely based on the last GoSL sector document prepared with WB support, but should increasingly take into account EC relevant selection criteria and choices for programming. In this document, the quality of road transport and maintenance services should receive more attention.

5.2.3 Mining and Private sector development

It is recommended to

- strongly keep track of the repayments from the loan to Sierra Rutile and to develop a plan indicating how this money can be spent to improve sustainability within the mining sector;
- focus on capacity building for mining engineers and management staff, for instance as an output of the repayments for the initial loan;
- apply a similar intervention as was used for Sierra Rutile, should the need arise to refurbish other mining related infrastructure. The EU could be proactive in this aspect.

- develop a regional approach concerning specialised training in the area of mining. Such a regional initiative, led by the EC, could eventually associate all African countries with mining activities. Potential lead roles for South Africa and Botswana should be considered.

Concerning support to the private sector, we strongly recommend the development of a shared strategy for capacity building and institutional strengthening, in view of sustainability of pro-poor growth of the economy, based on broad based economic activities in the private sector. We would recommend this issue to be taken up seriously in time to include it in a strategic manner into the preparation process of the next PRSP.⁶¹

5.2.4 Social sectors

The GoSL and the donor community should shift from an “emergency approach” in the support to the social sector to a long term approach, thus putting on sustainability the actual priority.

The EC should foster the preparation of a new PRSP framework, with emphasis on combined economic recovery and social development in a medium to long term perspective. Thus, the requirements for sustainability of investments in the social sector should build on institutional building as well as economic growth, in a more balanced way.

The EC should lead the donor community to cooperate with the GoSL in the preparation of a comprehensive Sector Wide Approach Plan (SWAP) in both Health and Education. In support to that, the budget support mechanism should be based on well defined sector plans, clearly reflected in the national budget and with a transparent allocation of responsibilities and resources.

An immediate re-formulation of the HSSP is strongly recommended. Its re-orientation should be based on a more limited and feasible number of components, with the following priorities (i) drugs supply and distribution, (ii) direct assistance to the management of the Health infrastructures at local level, (iii) assistance to the MoHS in coordination, monitoring, improvement of data collection capacity and planning.

The planning exercise of future EC support to the social sector (Health in particular) should be based on the following main criteria:

- harmonisation of the initiatives with the real progress made in the decentralisation process, without being necessarily depending on its achievements;
- economic growth and social cohesion are the pre-conditions for a sustainable, locally based delivery of social services. Therefore, EC support should always be linked to and be harmonised with socio-economic support at district level
- HIV/AIDS issue should be systematically mainstreamed and monitored in all sectors of intervention.

The EC intervention in the Education sector has been limited so far to the reconstruction and rehabilitation of some physical infrastructures. EC support could in the near future be oriented to more effective and visible investments in human capital, with the following priorities:

⁶¹ This could be done in the form of a „SME Policy Framework“, including general private sector development. The UNIDO could lead the coordinated development of such a programme. UNIDO could also coordinate GoSL and donor efforts in these areas.

- revision and strengthening of the curricula at all levels aligned with national priorities in social and economic;
- training of trainers;
- adult education;
- stabilisation and improvement of the economic conditions of the civil servants in the Education sector.

5.2.5 Governance and Institution building

We recommend stronger support to the public sector reform in the short and medium term. In particular the issue of developing a common strategy for capacity building should be supported in close cooperation with GoSL, but also with DFID, WB and the UN.

We have understood that the present reform projects and programmes have been designed and implemented without an overarching strategic framework that would link, sequence and monitor the various initiatives. Both, the Government of Sierra Leone and its development partners, have instituted the reforms on a piecemeal basis, in an attempt to solve urgent problems, as they arise. This approach tends to increase transaction costs, lead to duplication and contradiction, and is not sustainable in the long term.

We therefore recommend that the EC align with GoSL, DFID and the WB in supporting Public Sector Reform, which requires a stronger focus on efficiency of implementation of the PRSP. For this purpose, the entire Public Sector Reform Programme should be split into two separate, but essential strategic elements

- the formal part of “reform of the public sector” on the one side, which is a medium to long term exercise, and
- development of short to medium term capacity for implementation of the PRSP. This part is mainly linked with the issue of the SES.

The EC could provide support to both elements. The separation of the process into these two strategic elements would help to develop clear and realistic strategies for each part, with short, medium and long term objectives.

This separation of the distinct short, medium and long term strategic elements will help to tackle the urgent need for a prioritised overall strategic programme of public sector reform that responds to the specific problems of post-conflict Sierra Leone, while also incorporating the lessons of experiences in other comparable countries.

In this context, the EC could make a real contribution to Governance and Institution building, bringing in its comparative advantages with regard to mobilisation of human resources.

5.2.6 Regional integration

We recommend, to not only focus on the EPA preparation, but to broaden the scope of his support to include support and advise to ECOWAS in view of stronger integration of the economies and also concerning monitoring of all issues related to security, peace and stability in the region.

We also recommend developing a regional approach concerning specialised training in the area of mining. Cf. chapter 5.2.3.

5.3 Recommendations in view of the next PRSP

The present mission recommends the EC to

- insist that the future PRSP will be more realistic, more concrete and will be providing realistic benchmarks and targets for social and economic development according to agreed timelines;
- promote a revised version of Vision 2025 to be agreed on by GoSL and its development partners. The future PRSP should directly be linked to vision 2025, thus setting long term GoSL targets; putting the next PRSP on the basis of a shared long term vision for the country.
- provide additional support to the preparation of sector policies and strategies, building the very basis for PRSP planning and projections. The EC should strengthen its contributions to the preparation of sectoral policies and strategies, in coordination with GoSL, DFID, WB and the UNDP.