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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM DOCUMENT FOR A

PROPOSED GRANT

IN THE AMOUNT OF SDR 49.5 MILLION (US$65 MILLION EQUIVALENT) TO

THE REPUBLIC OF SIERRA LEONE

FOR THE

THIRD INCLUSIVE AND SUSTAINABLE GROWTH
DEVELOPMENT POLICY FINANCING

November 14, 2023

Macroeconomics, Trade and Investment, and Governance Global Practices
Western and Central Africa Region

Republic of Sierra Leone

GOVERNMENT FISCAL YEAR

Jan 1 – Dec 31

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of October 31, 2023)

Currency Unit

US$1 = SDR 0.76095393

ABBREVIATIONS AND ACRONYMS

AG	Auditor General
BSL	Bank of Sierra Leone
CLC	Chiefdom Land Committee
CLRA	Customary Land Rights Act
CPD	Continuous Professional Development
CPF	Country Partnership Framework
DFS	Digital Financial Service
DPF	Development Policy Financing
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
ECT	Emergency Cash Transfers
EIA	Environmental Impact Assessment
EPA	Environment Protection Agency
GDP	Gross Domestic Product
GHG	Green-house Gases
GoSL	Government of Sierra Leone
GST	Goods and Services Tax
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	Investment Project Financing
LDP	Letter of Development Policy
LIC	Low-income Country
MDA	Ministries, Departments and Agencies
MMDA	Mines and Minerals Development Act
MTDS	Medium-Term Debt Strategy
MTNDP	Medium-Term National Development Plan
MoF	Ministry of Finance
NAP	National Adaptation Plan
NCP	National Commission for Privatization
NDC	Nationally Determined Contribution
NLC	National Land Commission
NLCA	National Land Commission Act
NPPA	National Public Procurement Authority
NRA	National Revenue Authority
OCDS	Open Contracting Data Standards
PA	Prior Action
PAC	Parliamentary Public Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIMA	Public Investment Management Assessment
PPA	Performance and Policy Actions
SCD	Systematic Country Diagnostic
SDFP	Sustainable Development Finance Policy
SOE	State-owned enterprise
SOP	Standard Operating Procedures
SSA	Sub-Saharan Africa
TMIS	Teacher Management Information System
TSA	Treasury Single Account
TSC	Teaching Service Commission
WB	World Bank

Regional Vice President:	Ousmane Diagana
Country Director:	Pierre Frank Laporte
Regional Director:	Abebe Adugna Dadi
Practice Managers:	Sandeep Mahajan, Tracey Lane
Task Team Leaders:	Smriti Seth, Fabienne Mroczka

REPUBLIC OF SIERRA LEONE

THIRD INCLUSIVE AND SUSTAINABLE GROWTH DEVELOPMENT POLICY FINANCING

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The Grant was prepared by an IDA team consisting of Smriti Seth (Task Team Leader (TTL), Senior Economist, EAWM2), Fabienne Mroczka,(co-TTL, Senior Public Sector Specialist, EAWG2), Aurélien Kruse (Lead Country Economist, ESAC2), Stefano Curto (Lead Country Economist, EAWDR), Anna Twum (Young Professional, EAWM2), Michael Saffa (Senior Economist, EAWM2), Pinar Baydar (Operations Analyst, EAWM2), Irene Sitienei (Program Assistant, EAWM2), Suhair Zahiri (Program Assistant, EAWM2), Ifeoma Clementina Ikenye (Program Assistant, EAWM2), Paula Tavares (Senior Private Sector Development Specialist, CAFA1), Siegfried Zottel (Financial Sector Specialist, EAEF2), Furqan Ahmad Saleem (Lead Public Sector Specialist, EAWG2), Neema Mwingu (Senior Financial Sector Specialist, EAWF2), John Hodge (Senior Financial Management Specialist, EAWG2), Hunt La Cascia (Senior Procurement Specialist, EPRPS), Innocent Kamugisha (Procurement Specialist, EAWRU), Rose Mungai (Senior Economist, EAWPV), Lida Bteddini (Senior Public Sector Specialist, EAWG2), Linus Pott (Land Administration Specialist, SAWU1), Namrata Tognatta (Senior Education Specialist, HAWE3), Mari Shojo (Senior Education Specialist, HAWE3), Morten Larsen (Senior Mining Specialist, IEEXI), Felix Conteh (Consultant, IEEXI), Gloria Mahama (Senior Social Development Specialist, SAWS1), Mohamed Adama Jalloh (Consultant, EAWG2), Iryna Payosova (Consultant, SMNEN), Ralph Augustine Bona (Environment Specialist, SAWE4), Kamakshi Mubarak (Social Development Specialist, SAWS1) and Philip English (Consultant, EAWM2), Edith Mwenda (Senior Counsel, LEGAM), Ndiga Odindo (Counsel, LEGAM), Duygu Cicek (Counsel, LEGEN), Harum Mukhayer (Counsel, LEGEN), Nneoma Nwogu (Senior Counsel, LEGDF), Ntayi Bandawa (Counsel, LEGAM), Innocent Kamugisha (Senior Procurement Specialist, EAWP2). Overall guidance was provided by Sandeep Mahajan (Practice Manager, EAWM2), Tracey Marie Lane (Practice Manager, EAWG2), Pierre Frank Laporte (Country Director, AWCW1), and Abdu Muwonge (Country Manager, AWMSL). The team coordinated closely with the IMF.

SUMMARY OF PROPOSED FINANCING AND PROGRAM

BASIC INFORMATION

Project ID	Programmatic	If programmatic, position in series
P178322	Yes	3rd in a series of 3

Proposed Development Objective(s)

The program development objectives are to: (i) improve natural resource governance; (ii) enhance inclusiveness; and (iii) strengthen accountability and transparency in public finance.

Organizations

Borrower:	REPUBLIC OF SIERRA LEONE
Implementing Agency:	Ministry of Finance, Government of Sierra Leone

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Financing	**65.00**

DETAILS

International Development Association (IDA)	65.00
IDA Grant	65.00

INSTITUTIONAL DATA

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Overall Risk Rating

High

Results

Indicator Name	Baseline (2021 unless otherwise indicated)	Target (2024 unless otherwise indicated)
#1. Area of reclaimed mined-out land in four major mining districts (Acres)	64	420
#2. Mining companies disclosing beneficial owners (%)	0	100
#3. Women appointed as Commissioners on the Board of the new Land Commissions (National and District) (%)	0	30
#4. Town/Village Area Committees that have established rules to govern land use and natural resources within their area, including rules for protection of the environment (%)	0	75 (2025)
#5. Women and men who received credit in the previous 12 months as a share of the total female and male populations (%)	8 (women) and 11 (men) (2018)	10 (women) and 12 (men)
#6. Women face legal restrictions on work in certain industries including mining, factories, construction, water, energy, transportation (yes/no)	Yes	No
#7. Absenteeism rate of teachers on payroll (%)	12 (2020)	8
#8. Senior secondary school enrolment rate for girls (%)	26.4 (2020)	33
#9. Children with disabilities attending school (number)	40,096 (2020)	43,000
#10 Women and men with an account at a financial institution or with an electronic/mobile money provider (%)	21 (women) and 33 (men)	33 (women) and 39 (men)
#11. SOEs that submitted audited financial statements within six months after the end of the financial year to the responsible authority and the Minister of Finance (%)	29.4 (2018)	75
#12. Transactions (tender announcements and contract awards) published in OCDS format on the NPPA website (%)	0	60
#13. Recommendations made by Audit Service Sierra Leone (ASSL) that were fully implemented (%)	25 (2018-19)	70

IDA PROGRAM DOCUMENT FOR A PROPOSED GRANT TO REPUBLIC OF SIERRA LEONE

1. INTRODUCTION AND COUNTRY CONTEXT

1. **The proposed Development Policy Financing (DPF), the last in a series of three, supports programmatic reforms to advance sustainable, robust, and inclusive growth in Sierra Leone.** The proposed operation is in the amount of SDR 49.5 million (US$65 million equivalent) from International Development Association (IDA) grant resources. The three pillars of the series aim to: (i) improve natural resource governance; (ii) enhance inclusiveness; and (iii) strengthen accountability and transparency in public finance. The proposed operation is closely aligned with the priorities of the Government's Medium-term National Development Plan (MTNDP 2019-2023), which includes the government's commitment to complementary measures that help mobilize revenue, control expenditures, and improve their quality, easing fiscal pressures and creating space for growth-promoting investment.

2. **The operation is being prepared at a particularly challenging time for Sierra Leone.** A series of economic shocks, aggravated by policy slippages, have significantly deteriorated the country's macro-fiscal outlook. Over the past five years, income levels have largely stagnated, with per capita gross domestic product (GDP) growth averaging 0.6 percent per annum and poverty remaining high at 25 percent in 2022.[1] The Human Capital Index was 0.36 in 2020,[2] compounded by high gender inequalities. Weak governance is pervasive and a cross-cutting constraint, undermining public financial management (PFM) and citizens' trust in institutions (PEFA, 2021). Moreover, in recent years, monetary and fiscal policy slippages have aggravated the impact of exogenous shocks, jeopardizing macroeconomic stability. During 2022, inflation rose to nearly 40 percent by end-year, the currency depreciated by 40 percent, the fiscal deficit exceeded 10 percent of GDP, public debt crossed 90 percent of GDP, and forex reserves declined to 4 months of imports. The government has since begun to take corrective steps to tighten its fiscal and monetary policy stance in 2023.

3. **This DPF series addresses critical developmental challenges by supporting reforms related to macroeconomic stability, mining sector governance, land management practices, gender equality, and accountability of the public sector, while helping to meet increased financing needs.** The supported reforms will help (i) address poor governance of the mining and land sectors; (ii) enhance inclusion in access to financial services, employment, and education; and (iii) contribute to reducing fiscal and debt vulnerabilities. This DPF builds on the strong foundation established by the two earlier operations in the series which initiated landmark legislative reforms, including to promote decentralized and inclusive land management and strengthen governance and licensing practices in the mining sector. By addressing key shortcomings in land management, mining sector governance and state-owned enterprise (SOE) governance, this operation is also strengthening climate adaptation and resilience. The structural reforms supported by this DPF are complemented by macro-stabilization reforms under the International Monetary Fund's (IMF) Extended Credit Facility (ECF) program, which contains quantitative quarterly fiscal and monetary targets. The World Bank is also supporting key fiscal and debt reforms through the Sustainable Development Finance Policy (SDFP) engagement and ongoing technical assistance.

2. MACROECONOMIC POLICY FRAMEWORK

2.1. RECENT ECONOMIC DEVELOPMENTS

[1] Per the 2017 Purchasing Power Parity (PPP) US$2.15/day poverty line.
[2] Indicating that the future earnings potential of children born today is 64 percent lower than what it would be with complete education and full health.

4. **Sierra Leone's post-pandemic recovery was disrupted by spillovers from Russia's invasion of Ukraine that exacerbated macro-fiscal vulnerabilities.** Following the COVID-19 induced economic contraction in 2020 (-2 percent), GDP growth rebounded to 4.1 percent in 2021, but this nascent recovery was disrupted in 2022 by a negative terms-of-trade shock, which eroded the purchasing power of households and increased the cost of power purchases. The economy still grew by an estimated 3.5 percent during 2022 (see Table 1), thanks to continued growth in iron ore mining, good performance of agriculture, the gradual resumption of trade and tourism-related activities, and high public spending on infrastructure. However, the fiscal expansion came at the cost of macroeconomic instability. Preliminary 2023 data indicate that despite stronger exports, the growth momentum may have stalled as persistent inflationary and depreciation pressures, depressed household consumption and investments.

5. **Fiscal policy has been loosened since the onset of the pandemic.** During 2020-21, the fiscal deficit averaged 6.5 percent of non-iron ore GDP on account of high expenditures (including COVID-related) and a fall in revenue collections (reflective of slower economic activity and tax-deferments). In 2022 the fiscal deterioration intensified substantially. The overall deficit reached 10.5 percent of (non-iron ore) GDP – a 7.1 percentage point (pp) increase from the budgeted target of 3.4 percent of GDP (see Table 2). The was driven by unbudgeted public investment spending overruns, while revenues performed better than budgeted but remained below the 2021 level.

6. **The 2022 fiscal outturns were caused by a combination of macroeconomic factors, policy slippages and budget rigidities in the context of an election year (Table 2).** Total expenditures increased to 29.5 percent of GDP (7 pp higher than the year's budgeted target, and 1.2 pp higher than in 2021). The overruns were toward unbudgeted spending on roads and defense, and also reflected foreign currency indexed obligations (for food purchases and electricity production).[3] Subsidies and transfers also increased, mainly due to higher energy subsidies to Karpower (the main power producer), which are indexed to global fuel prices. Capital expenditure increased to 8.9 percent from 7.6 percent in 2021 (3 pp higher than the year's budget target), reflecting the government's decision to expedite the construction of seven 'critical and priority' roads ahead of 2023 elections – which required the clearance of unpaid checks to suppliers. Revenue collections fell modestly to 12.4 percent of GDP due to weak Goods and Services Tax (GST) collection (following slow uptake from Electronic Cash Registers), the policy decision to lower excise rates on petroleum goods, and a CITES[4] ban on logging and timber exports, marking the reversal of a one-off windfall (from the resolution of a mining tax dispute) and tax administration reforms[5] in where 2021. Tax revenue-to-GDP has consistently stayed below the regional Sub-Saharan Africa's (SSA) average of approximately 18 percent.

7. **Fiscal expansion, enabled in part by central bank T-Bill purchases in the secondary market, came at the cost of macroeconomic instability.** The "excess" deficit in 2022 was financed domestically, with central bank interventions in the secondary market creating liquidity for commercial banks to increase purchases in the primary market. This fueled inflation (37 percent y-o-y by end-December) and currency depreciation (40 percent during 2022) and weakened bank balance sheets (Table 1). Central bank purchases of government T-bills increased to 5.2 percent of GDP during 2022. In turn, fiscal indiscipline compromised broader macroeconomic management.

8. **The government has been tightening its fiscal policy stance in 2023 to address macro-fiscal imbalances.** The government committed to a sharp correction in the deficit (5 pp) in the 2023 budget – driven largely by expenditure consolidation 4.5 pp), and revenue enhancement measures. Fiscal consolidation efforts have included

[3] According to the government's own estimates, nearly 80 percent of all goods and services and investment contracts of the state are dollar denominated and were impacted by the depreciation of the Leone.
[4] CITES is the Convention on International Trade in Endangered Species of Wild Fauna and Flora.
[5] Stricter enforcement of tax laws, and the automation of taxation processes, including roll-out of Electronic Cash Registers for the administration of goods and services tax, and the Integrated Tax Administration System for the electronic registration, filing and payment of taxes.

(i) the enactment of a revised Finance Act in April 2023 with specific tax policy measures; (ii) revision of fuel pump prices to align with market rates and removal of any implicit subsidies; and (iii) 90 percent increase in electricity tariffs to eliminate subsidies to the distribution company. Part of these measures facilitated the completion of a delayed IMF program review in June.[6] A supplementary budget for 2023 was presented to Parliament in July, soon after general elections, announcing plans for restricting spending and achieving a lower deficit of 5.6 percent of GDP. Preliminary outturns from the MoF indicate that expenditures have largely stayed on track, at 76 percent of year's target during Q1-Q3 (or 19 percent of GDP of the target of 24.9 percent GDP). However, revenue collection has fallen short with 9.2 percent of GDP having been collected during Q1-Q3 or 65 percent of the years target of 14.1 percent, largely reflecting technical delays in implementing the ambitious measures introduced in the Finance Act, and backloading of CIT returns (which are expected to be regained). Despite greater fiscal discipline, the monetary aggregates have remained loose, and the central bank has continued to inject liquidity in the secondary markets to maintain demand for T-bills – limiting the impact of these corrective fiscal measures on inflation.

9. **Public debt has risen rapidly in recent years, reflecting the large fiscal deficits, a depreciating currency, and increasing reliance on expensive short-term domestic borrowing.** Total public debt reached 95 percent of GDP in 2022 (Table 1), one of the highest levels in SSA and the highest level in Sierra Leone since the HIPC debt relief. The public debt portfolio is dominated by concessional external borrowings (67 percent of the total), but domestic debt has been growing. The stock of domestic legacy arrears (for suppliers of goods and services) amounted to 4.8 percent of GDP at end 2022.

10. **Inflation has accelerated, with rising food and fuel prices, central bank T-Bill purchases, and currency depreciation.** The country's high import dependence means that domestic prices are particularly sensitive to global fluctuations, transport costs and exchange rate effects. Although global food and fuel prices decreased by almost 24 and 21 percent respectively by the end of September 2023 [7] – high inflation has persisted mainly due to the sharp depreciation of the Leone and liquidity injections by the central bank. Consumer price index (CPI) inflation averaged 27 percent in 2022 and has accelerated to 51 percent by August 2023 (according to Statistics Sierra Lone). During the same period, the Leone depreciated by 40 percent during 2022, and further by 15 percent thus far in 2023. Persistent and high inflationary pressures have led to concerns about deteriorating welfare and food insecurity.[8] The pace of poverty reduction is estimated to have slowed in 2022, especially due to high food inflation which disproportionately affects the poor. The 2022 Global Hunger Index ranks Sierra Leone at 112 out of 121 countries, classifying the hunger level as serious.

11. **Monetary policy has sought to respond to inflationary pressures, but transmission has been impeded by fiscal dominance and a shallow financial sector.** In response to accelerating inflation, the Bank of Sierra Leone (BSL) raised the monetary policy rate from 14.3 percent at the start of 2022 to 21.25 percent in October 2023. However, at the same time, BSL also purchased government securities in the secondary market to ease liquidity pressures on commercial banks, creating more space for deficit financing in the primary markets. Central bank holdings of government securities rose to 5.2 percent of GDP during 2022 (compared to less than 2 percent in 2021), and further to 5.5 by June 2023. Monetary policy transmission is further impaired by the shallowness of the financial sector. In 2023, over three-quarters of credit has been to the government. The banking system remains vulnerable to the

[6] Social tariffs for vulnerable and low-income consumers were raised by less than 20 percent.

[7] World Bank Commodity Markets "Pink Sheet", October 2023

[8] According to simulations, doubling food inflation from 5 to 10 percent results in a 3.6 percent loss of purchasing power for Sierra Leonians, and a 2.6 percentage point increase in the poverty rate.

sovereign-bank nexus, however the capital adequacy ratio, which is supported by holdings of government t-bills, was well above the regulatory threshold at 41 percent and the NPL ratio at 13 percent, in Q1 2023[9].

12. **Despite stronger growth in exports, external accounts still reflect a chronic trade deficit which was exacerbated by adverse terms-of-trade dynamics.** Sierra Leone runs a chronic current account deficit (excluding official grants), estimated at 12 percent of GDP in 2022 (Table 3). Import demand resumed post-COVID toward its five-year average, while the resumption of iron ore exports provided counterweight. Nonetheless, gross external reserves decreased to 3.8 months of imports (from 5.5 months in 2021) due to drawdowns to stabilize the currency. Over the course of 2022, BSL used different instruments to manage inflation, including (i) setting up special forex facilities for fuel and food to facilitate imports of essential commodities; and (ii) resuming wholesale foreign exchange auctions to increase the availability of foreign exchange and support importers. For 2023, the government (under their IMF ECF program) has committed to limiting foreign exchange intervention to the extent allowed by the gross international reserve target, with the aim of rebuilding the reserve buffers.

2.2. MACROECONOMIC OUTLOOK AND DEBT SUSTAINABILITY

13. **GDP growth is expected to slow down further in 2023 before recovering in the medium term.** In 2023, growth is projected to decelerate to below 3 percent amid strong fiscal consolidation and persistent high inflation which would weigh on private sector demand. In the medium term, growth is expected to converge to its long-run potential of 4-4.5 percent, supported by: (i) a planned expansion of iron ore production at Marampa and Tonkolili mines; (ii) a gradual easing of fiscal controls; (iii) a decline in inflation bolstering private consumption; and (iv) sustained improvements in agriculture thanks to input and land reforms. In addition, the implementation of new infrastructure projects, including several rural bridges and roads and a new airport terminal, are expected to boost construction activities. Fiscal adjustment, reinforced by tighter monetary policy, as committed by BSL in its September meeting, and a more stable exchange rate, is projected to gradually ease inflation in the medium-term.

14. **The fiscal deficit is projected to narrow, driven by gains in domestic revenue mobilization, expenditure rationalization, and PFM reforms.** The overall deficit is expected at 6.0 percent of GDP in 2023 – 4.5 pp lower than in 2022, but 0.4pp over the budgeted target for the year (Table 2). Domestic revenues are expected to rise by 0.5 percent of GDP thanks in part to measures in the Finance Act that have harmonized excise rates and streamlined GST exemptions on mobile services, gambling operations, among others; as well as compliance improvements. However, revenue is expected to fall short of the budgeted estimates by 1pp due to delays in the implementation of the Finance Act – especially the introduction of the 3 percent Minimum Alternate Tax[10]. Expenditures are projected to decline to 23.6 percent of GDP, (6pp lower than 2022), reflecting: (i) the reversal of one-off security and capex expenditures undertaken in 2022 (the latter was due to clearance of arrears on roads projects); and (ii) measures to reduce subsidies. By 2024, the deficit is projected to further decline to 2.8 percent of GDP reflecting continued revenue and expenditure containment measures. Revenue enhancement will come from modernization and automation of taxation processes, adoption and implementation of a duty and tax waiver policy, a close review and reduction of tax expenditures, strengthened compliance audits, along with proposed policy measures including broadening the GST base, restoring duties on rice imports, introducing an education levy, and harmonizing the final withholding tax rates for capital income. Expenditure containment measures would include administrative cuts and

[9] Bank of Sierra Leone, July 2023.

[10] The Minimum Alternative Tax (MAT) serves as a backstop or alternative form of the CIT, imposing a CIT liability on companies based on their annual turnover. The primary 'target' of the MAT is existing companies that continue to claim CIT losses whilst still continuing to trade. It was expected to yield at least 0.2 percent of GDP in revenues.

limits to discretionary spending – a medium-term wage bill management strategy and reforms on subsidies are expected to help contain recurrent expenditures. [11]

15. **According to the June 2023 IMF-World Bank Debt Sustainability Analysis (DSA), Sierra Leone remains at high risk of debt distress**. Public debt will remain high, but, as a share of GDP, it is expected to decline gradually over the medium-term if economic growth recovers and the planned fiscal consolidation efforts are implemented. Debt sustainability is predicated on ambitious and front-loaded fiscal adjustment and strict reliance on grants and concessional financing. High debt servicing needs, and exposure to growth, export and exchange rate shocks present the most pressing risks to debt sustainability. Both the external and public debt service-to-revenue ratios rise over the medium term, indicating a tight liquidity situation, before steadily declining in the long-term, although the external debt service ratio would remain significantly above its threshold of 18 percent for the next six years. High debt servicing needs, and exposure to growth, export and exchange rate shocks present the most pressing risks to debt sustainability. Stress tests indicate that the external debt indicators are sensitive to export and GDP growth, but all external debt indicators (on solvency and liquidity) remain below their thresholds over the medium term.

16. **The current account deficit is expected to narrow to 7 percent of GDP by 2024 as the recovery in the mining sector boosts exports (Table 1).** The gradual narrowing of the current account deficit will be supported by the pick-up in mining exports, which will be helped by the predicted favorable global commodity prices and continued expansion of iron-ore production. Import growth is also expected to remain high as aggregate demand rebounds, keeping the trade and current accounts in deficit. The deficit would be financed over the medium term by grant inflows, and FDI in mining and agriculture, which would keep external reserve cover above 3 months of import cover.

17. **Risks to the baseline are high given the challenging macro environment.** Large fiscal overruns, together with the depreciation of the exchange rate, have significantly increased macroeconomic risks around the baseline. Budget credibility was eroded by the significant slippages in 2022, but the corrective measures in 2023 have helped tentatively restore credibility in 2023. Larger deficits could encourage continued BSL purchases of government paper and further spur the inflation-depreciation spiral. Higher-than-projected deficits will further intensify risks to debt sustainability, especially if the banking sector is unable to provide necessary financing. External risks stem from continued fluctuation in global commodity prices, a global slowdown which could weigh on demand for exports, and higher imported inflation. Social stability remains precarious, dissatisfaction with the economy could result in protests and trigger contingency spending. The ongoing IMF ECF program, which has helped reinforce fiscal discipline, is scheduled to complete by end-2023.

18. **The macroeconomic policy framework is adequate for the proposed operation.** This assessment is supported by the government's continued adherence to its stated macro-critical reforms. This includes: (i) sharp ongoing fiscal consolidation, supported by revenue mobilization efforts and expenditure streamlining and PFM reforms in the medium-term; and (ii) a clearly stated commitment to tightening monetary policy and gradual reduction in the net credit to government as committed under the ongoing IMF ECF program. Risks, as noted earlier, are high, particularly given the elevated fiscal and external imbalances as well as debt sustainability pressures. However, they are mitigated by the authorities' commitment to reform – demonstrated through the April 2023 Finance Act (a particularly strong reform given the proximity of the general elections in June 2023), sharp upward revisions in fuel and electricity prices to contain subsidies, recent gains in revenue mobilization, effective engagement with multilateral institutions and continued access to concessional financing, and a favorable outlook for the mining sector. The IMF program anchors fiscal discipline and debt sustainability and contains central bank

[11] Energy subsidies are projected to decrease with ongoing reforms in the distribution SOE (EDSA) and plans to reduce reliance on expensive power purchases from Karpower.

purchases of government securities. Ongoing structural reforms (several supported by this DPF) in input markets such as land, labor, and natural resource management further support sustainability and resilience in the economy.

Table 1: Selected Economic Indicators (2019-27)

	2020	2021	2022	2023	2024	2025	2026
National accounts and prices (Annual percent change, unless otherwise indicated)							
Growth							
GDP at constant prices	-2.0	4.1	3.5	2.7	4.7	5.2	4.5
GDP excluding Iron ore	-1.8	3.6	2.7	2.6	4.6	5.0	4.5
GDP deflator	10.9	6.7	25.3	37.1	21.7	14.7	10.9
Inflation							
Consumer prices (end-of-period)	10.4	17.9	37.1	44.3	22.9	17.4	12.9
Consumer prices (average)	13.4	11.9	27.2	45.6	33.6	20.2	15.2
External Sector							
Exports of goods	-34.2	72.0	14.5	4.0	1.0	4.7	4.2
Imports of goods	-12.0	33.5	7.1	-7.4	-2.8	1.3	4.0
Current account balance (excl. official grants) (% of non-iron GDP)	-11.3	-11.6	-12.7	-9.1	-7.4	-6.0	-5.8
Gross international reserves (months of imports)	4.6	5.5	3.8	3.4	3.1	3.0	3.0
Gross international reserves (excl. swaps, US$ millions)	677	932	610	535	498	499	526
Money, credit, and reserves							
Domestic credit to the private sector	4.9	32.9	11.9	18.4	19.1	20.0	21.0
Domestic credit to the private sector (% of non-iron GDP)	6.0	7.1	6.2	5.3	4.9	4.9	5.1
Base money	54.8	8.7	25.6	27.2	17.0	16.0	13.4
M3	38.2	22.1	41.1	27.2	17.0	16.0	13.4
Financing and debt (% of non-iron GDP)							
Public debt	76.3	79.8	94.6	90.5	83.7	79.8	74.1
Domestic	26.6	28.7	29.9	24.5	23.6	23.4	22.8
External public debt (including IMF)	49.7	51.1	64.8	66.0	60.1	56.4	51.2
Central government budget (% of non-iron GDP)							
Domestic primary balance	-4.2	-5.0	-9.0	-2.6	-0.2	1.0	1.7
Overall balance	-5.8	-7.4	-10.5	-6.0	-2.8	-2.4	-2.4
Overall balance (excluding grants)	-11.1	-12.0	-16.7	-10.7	-8.7	-7.3	-6.4
Revenue (excluding grants)	13.8	15.7	12.4	12.9	14.8	15.8	16.1
Grants	5.3	4.6	6.2	4.7	5.8	4.9	4.0
Total expenditure and net lending	25.7	28.4	29.5	23.6	23.5	23	22.5
Memorandum items							
GDP at market prices (billions of Leone)	39,938	44,360	57,519	80,893	103,198	124,453	144,330
GDP Excluding iron ore (billions of Leone)	39,938	44,069	56.677	78,693	101,019	122,272	142,402
Per capita GDP (US$)	509	509	493	434	412	415	428
National currency per US dollar (average)	9,840	10,695	14,047				
National currency per US dollar (end of period)	10,133	11,256	18,839				

Source: Statistics Sierra Leone, Bank of Sierra Leone, Ministry of Finance and World Bank staff estimates (November 1, 2023)

Table 2: Fiscal Operations of the Central Government (Percent of non-iron ore GDP)

	2020	2021	2022	2023	2024	2025	2026
Total revenue and grants	**20.0**	**20.8**	**19.0**	**17.6**	**20.6**	**20.6**	**20.1**
Revenue	13.8	15.5	12.4	12.9	14.8	15.8	16.1
Tax revenue	11.6	12.5	10.4	10.9	12.8	13.7	14.0
Personal Income Tax	3.5	3.7	3.1	3.1	3.4	3.5	3.5
Corporate Income Tax	1.5	1.7	2.0	1.9	1.9	2.0	2.1
Goods and Services Tax	2.6	2.8	2.3	2.6	3.6	4.0	4.3
Excises	1.4	1.1	0.7	0.8	1.0	1.2	1.3
Import duties	1.6	1.9	1.5	1.5	1.8	2.0	1.8
Mining royalties and licenses	1.0	1.2	0.7	0.9	0.8	0.9	0.9
Other taxes	0.6	0.2	0.2	0.1	0.2	0.1	0.1
Non-tax	2.2	3.2	2.0	2.0	2.0	2.0	2.0
Other, Capital Transfers from BSL (CCRT Debt Relief)	0.9	0.7	0.4	0.0	0.0	0.0	0.0
Grants	5.3	4.6	6.2	4.7	5.8	4.9	4.0
Expenditures and net lending	**25.7**	**28.1**	**29.5**	**23.6**	**23.5**	**24.1**	**23.5**

Current expenditures	17.7	19.3	19.5	16.4	16.7	16.5	16.4
Wages and salaries 2/	8.2	8.8	7.7	6.7	7.0	7.0	7.1
Goods and services	3.6	3.8	4.3	2.7	3.0	3.1	3.1
Subsidies and transfers	2.9	3.9	4.3	3.0	2.7	2.6	2.6
Interest	3.0	2.8	3.2	4.0	4.1	3.8	3.7
Domestic	2.7	2.5	2.9	3.7	3.8	3.3	3.2
Foreign	0.3	0.3	0.4	0.3	0.3	0.5	0.5
Capital Expenditure	7.6	7.9	8.9	6.9	6.6	6.3	5.9
Foreign financed	4.3	4.1	3.8	3.8	4.3	4.3	4.2
Domestic financed	3.3	3.8	5.1	3.1	2.3	2.0	1.7
Arrears Paydown (cash)	0.4	0.2	1.0	0.2	0.2	0.2	0.2
Domestic primary balance 3/	**-4.2**	**-5.0**	**-9.0**	**-2.6**	**-0.2**	**1.0**	**1.7**
Overall balance including grants	**-5.8**	**-7.3**	**-10.5**	**-6.0**	**-2.8**	**-2.4**	**-2.4**
Overall balance excluding grants	**-11.1**	**-11.9**	**-16.7**	**-10.7**	**-8.6**	**-7.2**	**-6.4**
Financing	**5.8**	**7.3**	**10.5**	**6.0**	**2.8**	**2.4**	**2.4**
External financing (net)	1.7	0.8	-0.4	-0.7	-0.9	-0.1	0.8
Borrowing	2.8	2.0	1.2	1.3	1.2	2.0	2.7
Projects	2.8	2.0	1.2	1.3	1.2	2.0	2.7
Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-1.1	-1.2	-1.6	-2.0	-2.0	-2.1	-1.9
Domestic financing (net)	3.9	6.2	10.9	6.7	3.7	2.5	1.6
Total Banking Sector (net)	6.9	5.0	7.5	3.4	3.4	2.3	1.4
Banks, net of on-lending	3.8	3.2	7.2	3.1	4.6	3.6	2.8
SDR on-lending, Net	3.1	1.1	0.3	0.3	-1.2	-1.3	-1.4
Non-Bank Sector	-0.1	1.2	0.4	0.7	0.3	0.1	0.2
Financing Gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance and World Bank staff estimates (November 1, 2023)

Table 3: External Financing Requirements and Sources (US$ Million)

	2020	2021	2022	2023	2024	2025	2026
Financing needs	**-715**	**-830**	**-297**	**-384**	**-365**	**-356**	**-390**
Current account balance (excluding net official current transfers)	-457	-480	-514	-326	-257	-214	-219
Debt amortization (excluding IMF)	-45	-64	-64	-73	-70	-76	-74
Gross international reserves accumulation (- increase)	-171	-321	321	76	23	-1	-26
Repayments to IMF	-42	-41	-41	-61	-61	-65	-71
Financing sources	**519**	**758**	**279**	**346**	**329**	**318**	**352**
Capital account	94	106	107	91	111	85	62
Disbursements from official creditors (excluding IMF)	113	82	50	46	39	72	105
Net official current transfers	181	119	150	109	110	111	113
Foreign direct and portfolio investment	135	212	63	30	34	41	86
Net acquisition of financial assets of commercial banks (- increase)	-62	-114	-113	68	10	-3	-27
Other	57	352	22	2	26	12	12
Errors and omissions	**-13**	**0**	**0**	**0**	**0**	**0**	**0**
Other financing sources	**208**	**152**	**18**	**37**	**-4**	**-2**	**-2**
Disbursements from IMF	166	95	21	42	0	0	0
Exceptional financing /1	42	58	-3	-4	-4	-2	-2
Financing gap	**0**	**0**	**0**	**0**	**40**	**40**	**40**
Unidentified financing	0	0	0	0	40	40	40
Memorandum items:							
Gross international reserves (excluding swaps)	677	932	610	535	498	499	525
Gross international reserves (excluding swaps, months of next year's imports)	4.6	5.5	3.8	3.4	3.2	3.0	3.0

Sources: Sierra Leonean authorities; and IMF staff estimates and projections.
1/ Includes DSSI deferment and repayments and IMF CCRT

Source: Ministry of Finance and World Bank staff estimates (November 1, 2023)

2.3. IMF RELATIONS

19. **The IMF Executive Board approved the sixth and seventh review of the ECF on June 5th, 2023.** Sierra Leone's 43-month ECF arrangement was approved on November 30, 2018, for SDR 124.44 million (about US$172.1 million or around 60 percent of the country's quota) and extended by 12 months on July 27, 2021. The program aims to

reduce inflation, mobilize revenue to allow for necessary spending consistent with debt sustainability, safeguard financial stability, and maintain external resilience to shocks. The combined 6th and 7th reviews for the ongoing ECF program were held against the backdrop of significant fiscal slippages in 2022, and after delays was approved by the IMF Board on June 5th, 2023, enabled the disbursement of US$21 million (about SDR15.5million), bringing cumulative disbursements under this arrangement to US$147 million. The eight and last review mission was held during October 2-6, and the Board review is scheduled for November 20, 2023. A staff level agreement was announced on November 6, 2023. The government has requested for a successor program in in the first half of 2024.

3. GOVERNMENT PROGRAM

20. **The foundations of Sierra Leone's government program are laid out in its MTNDP (2019-2023).** This medium-term plan, which builds on the third Poverty Reduction Strategy Paper (PRSP-III) and the Agenda for Prosperity, provides a roadmap for economic transformation, with actions in seven policy clusters: (i) human capital development; (ii) diversifying the economy and promoting growth; (iii) infrastructure and economic competitiveness; (iv) governance and accountability for results; (v) empowering women, children, adolescents, and persons with disability; (vi) youth employment, sports, and migration; and (vii) addressing vulnerabilities and building resilience.[12] The Plan, which is aligned with the World Bank's mission of eradicating poverty on a livable planet and the Sustainable Development Goals (SDG), provides a platform for donor coordination. The reforms supported by the mining and land reforms also support conservation and climate resilience, resulting in greener growth strategy. Given significant debt vulnerabilities, the government has also adopted a Medium-Term Debt Strategy (MTDS) in 2021, with the overarching objective to reduce the exchange rate and rollover risks in the existing debt portfolio and achieve a lower cost and risk of the debt stock by the end of 2025.[13]

4. PROPOSED OPERATION

4.1. LINK TO GOVERNMENT PROGRAM AND OPERATION DESCRIPTION

21. **The proposed DPF supports the MTNDP and MTDS, via actions to boost inclusive growth, strengthen governance and promote sustainable financing.** It has three pillars aiming to: (i) improve natural resource and public sector governance; (ii) enhance inclusiveness; and (iii) strengthen accountability and transparency in public finance. Pillar 3, which includes one of the three Performance and Policy Actions (PPA) of the World Bank's SDFP, has been strengthened, in response to concerns stemming from the unexpected suspension of the Auditor General (AG).

22. **The proposed DPF series builds on previous development policy engagement, and reflects learnings from past operations.** It has a direct connection with the previous DPF series ("Productivity and Transparency Support Grant" over the period 2017-2020) to the extent that it carries over two policy reforms – the mineral and mines and land reforms – whose implementation was delayed by the COVID-19 pandemic.[14] This operation also provides direct implementation support to the SDFP. This DPF reflects lessons learned from past operations,[15] namely: (i) the benefits of a programmatic approach to support the state-building process in a post-conflict context; (ii) the need

[12] The Agenda for Prosperity was Sierra Leone's Poverty Reduction Strategy over the period 2013–2018.
[13] It was designed with technical support from the IMF, World Bank, and West African Institute for Financial and Economic Management.
[14] P156651, P168259, and P169498.
[15] Including (i) West Africa Regional Energy Trade DPFF Program (P171225); (ii) Governance Reform and Growth Grants (GRGC I-VI, P095575, P102040, P107335, P117822, P126199, and P133107); (iii) Emergency Economic and Fiscal Support Operation (EEFSO, P146726); (iv) Smallholder Commercialization and Agribusiness Development Project (SCADeP, P153437); (v) Revitalizing Education Development in Sierra Leone Project (REiSLDP, P163161); (vi) Energy Sector Utility Reform Project (ESURP, P120304); (vii) West Africa Regional Fisheries Program (WARFP, P162343); and (viii) PFM Improvement and Consolidation Project (PFMICP, P162667).

to set reasonable targets that are commensurate with local capacity; and (iii) the importance of using budget support in tandem with investment lending and technical assistance to mitigate capacity constraints.

23. **The DPF is aligned with the goals of the Paris Agreement.** First, the DPF reform program is consistent with the country's climate commitments under the updated Nationally Determined Contribution (NDC) to the Paris Agreement and the National Adaptation Plan (NAP). This operation is aligned with Building Block 4 of the Paris Agreement: Engagement and policy development support. It will help to put in place long-term strategies and to accelerate transition to low-emissions and climate-resilient development pathways. Second, on mitigation goals, none of the prior actions are likely to cause a significant increase in green-houses gas (GHG) emissions or introduce or reinforce significant and persistent barriers to transition to low-GHG emissions development pathways. Third, on adaptation and resilience goals, risks from climate hazards are not likely to have an adverse effect on any of the prior actions' contribution to the PDO. The reforms supported by this DPF series are helping address environmental and climate risks. They will commit mining companies to improve land management practices and efficiency of land use through progressive rehabilitation and wetlands restoration, thereby contributing to both climate change adaptation and mitigation objectives. Additionally, the Customary Land Rights Act (CLRA) and NLCA regulations offer a framework to address deforestation by legally registering land in customary areas, where most forests exist. These acts enhance transparency and efficiency in land acquisition and by securing customary land tenure, deforestation is expected to diminish, promoting conservation of crucial habitats and incentivizing reforestation. Detailed review of these prior actions is presented in Annex 5. Therefore, all prior actions of the proposed DPF program are aligned with the mitigation and adaptation and resilience goals of the Paris Agreement.

4.2. PRIOR ACTIONS, RESULTS AND ANALYTICAL UNDERPINNINGS

24. **The reform actions supported by this operation, the last in a series of three, have been modified since the previous operation to better reflect the emerging development challenges in Sierra Leone.** The revisions in the policy matrix and the analytical underpinnings are summarized in Annex 6.

Pillar 1: Improve natural resource governance

25. **Pillar 1 comprises reforms to improve governance in the mining and land sectors, to build resilience and support higher and more inclusive growth.** Sierra Leone possesses significant natural resource endowments in minerals, arable land, forests, and fisheries. However, the development of their economic potential has not translated into sustainable and tangible welfare gains for most citizens. The reforms under Pillar 1 focus on strengthening the legal and regulatory framework in the land and mining sectors to improve governance of natural resource management, build resilience and maximize sustained revenues.[16] In addition, both Prior Actions (PAs) in Pillar 1 support implementation of Sierra Leone's NAP Priority "Environment, including tourism, land, mineral resources and forestry."[17]

PA #1. *To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament regulations to implement the Mines and Minerals Development Act.*

26. **Rationale: The mining sector holds significant potential for boosting growth and revenues and reducing poverty, but this potential is constrained by weak governance.** The extractive sector is critical to the economy: it

[16] In line with two of the Systematic Country Diagnostic (SCD) four pathways: (i) strengthening the productivity of the agricultural base; and (ii) strengthening the management of mineral resources.
[17] Sierra Leone NAP set forth priorities for MTNDP (2019-2023) and formulates country vision for the environment and climate change adaptation.

accounts for nearly 15 percent of GDP and two-thirds of all merchandise exports. However, it employs relatively few workers and generates modest fiscal revenues. Sound sector governance, fiscal management and sustainable industrial practices are critical to translate the growth of the mining sector into broader developmental gains (in terms of both employment and fiscal revenues). Toward that objective, the government has enacted a revised Mines and Minerals Development Act (MMDA), supported by DPF 1 and 2 of this series, that clarifies the institutional roles, functions, and powers of government officials, and strengthens the decision-making framework. It addresses legislative weaknesses, which provided room for discretion and makes the award, enforcement, and (if needed) suspension of licenses more efficient – with a view to attracting reputable investors and improving the performance of both large- and small-scale mining operations. The MMDA received Presidential assent in April 2023. In continuation of the legal reforms the Ministry of Mines and Mineral Resources lifted the existing ban on issuance of mineral licenses (exploration) in September 2023. This development marks an important shift towards openness for sector investments. The implementation of these regulations will be supported by an inter-ministerial government committee that is expected to be set-up in the coming months, with support from other international partners, including GIZ.

27. **Policy reform supported by DPF 3: The proposed implementing regulations will enable the interpretation and execution of the underlying legislative reform.** The regulations clarify the various licensing categories, and define the criteria for environmentally sustainable mining practices, and equitable distribution of revenues and other benefits between the state, investors, and mining communities. They also specify the obligations (social, environmental and fiscal) of all mining companies and reduce the scope for discretionary decision-making by regulators and politicians by introducing criteria and standards for investment decisions. The adoption of regulations will require parliamentary approval.

28. **Expected outcomes and results: Implementation of the mining sector reform package is expected to improve governance, transparency, and revenue collection in the industry**. The revisions in the MMDA, once implemented and with sustained updates and inclusion of procedural specifications in coming years, will improve the operations of small-scale miners and strengthen the enforcement mechanisms to deal with non-compliance, improve governance and transparency, provide regulatory certainty, reduce rent-seeking, and improve revenue collection.[18] . As with any jurisdiction, continuation of ongoing regulatory reforms will be important to achieve desired outcomes.

29. **The proposed package of reforms in DPF 3 will contribute to better climate change mitigation and adaptation by centralizing responsibility for decision-making related to the environment in the mining sector in the Environmental Protection Agency (EPA).** Weak enforcement of environmental standards has historically resulted in degrading mining practices and haphazard mining closure practices, with several mine sites not restored for possible reforestation or agricultural activities. The implementation of the MMDA will support progressive rehabilitation and wetlands restoration of mined-out lands. Wetlands and reforested mining sites will serve as carbon sinks and restored habitat for wildlife, ensuring long-term carbon capture and storage in the ecosystems. Progressive afforestation of mining sites will reverse environmental degradation and prevent landslides, soil erosion, floods, and other typical consequences of climate change. The environmental provisions of the MMDA require mining companies to implement decarbonization policies and to contribute to climate change mitigation and/or adaptation through a stricter enforcement of the non-confidential Environmental Impact Assessment (EIA). The

[18] The progress of this series of actions across the three DPFs will be measured by (i) the proportion of mining companies disclosing beneficial owners, to enhance transparency in the mining sector (this has already improved from 0 percent of firms in 2021 to 100 percent of firms as of 2023); and (ii) the size of mined-out land reclaimed (in acres) by end-2024.

rehabilitation of mined land is now a prerequisite for the renewal of mining licenses. Sierra Leone does not have any coal mining, mining operations are currently concentrated in iron ore, diamonds, gold, bauxite, and rutile.

PA #2. *To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission Act, and the Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees; and (ii) established Chiefdom Land Committees (CLCs) in at least two chiefdoms.*

30. **Rationale: Land administration has historically impeded tenure security and gender equality, resulting in frequent disputes and low investment.** Land administration practices have varied across regions within the country: in the western area including Freetown, freehold tenure is practiced, and transactions are registered with the Ministry of Justice, but in most other parts of the country customary tenure systems prevail. Overall, insecure tenure and limited participation by women in land management decisions have affected foreign and domestic investments in agriculture, and often led to violent land disputes. Inheritance practices severely limit opportunities for women to participate in agriculture, especially commercialized agriculture. While women can negotiate access to land through Paramount Chiefs, the terms of use are temporary and doesn't allow the rights to transfer land. This prevents women's use of leased land as collateral to access loans from formal financial institutions. Two key inefficiencies in the land administration system are worth highlighting. First, the process of registration in Freetown does not require maintaining a cadaster to record the location, boundaries and rights attached to land, making it ineffective and disorganized, and compromising the credibility of both the cadaster and the registry.[19] Second, while customary tenure practices vary by region, women are typically excluded from ownership, inheritance, or participation in land use decisions. In many cases, patrilinear practices imply that women only have the right to work on the land. The level of land registration is low and women's land rights are registered less often than those of men.[20] One of the reasons is that women lack representation in local decision-making bodies.[21] DPF 3 seeks to address this gender gap.[22]

31. **Policy reform supported by DPF 3: This action supports the adoption of regulations and the establishment of Land Committees, thereby strengthening land administration across jurisdictions and narrowing gender gaps.** The recently enacted NLCA 2022 and CLRA 2022 significantly revamp the entire land tenure and administration system in Sierra Leone. A new set of regulations is required to implement these laws, including but not limited to provide operational standards during customary land title registration, and clarifications related to customary land rights and responsible investments, including guidance on dispute resolution. The role of Chiefdom Land Committees about investment induced displacement and resettlement, recording of land transactions, and the co-management of ecologically sensitive areas has been clarified. National Land Commission (NLC) will be the central agency to operate the land registration system, establish grievance redressal mechanisms, establish a Land Information System. The CLCs will manage communal lands, keep records of customary land rights, assist in resolution of land-related disputes, and enforce rules for the sustainable use of natural resources. This operation supports the development of regulations for the establishment and operation of the NLC and CLCs, including a 30 percent quota for women on their Boards. It also supports the establishment of CLCs in two areas, namely the

[19] The cadaster (consisting of land parcel boundaries) is managed by the MLHCP but is outdated and inaccurate.

[20] Sierra Leone Demographic and Health Survey 2019. About 77 percent of women and 83 percent of men who own land do not have a title or deed. In rural areas, 11 percent of women and 12 percent of men report to have a title or deed compared to urban areas where the proportion is 20 percent and 28 percent, respectively.

[21] Ryan, C. (2018): Large-scale land deals in Sierra Leone at the intersection of gender and lineage.

[22] In 2022, a revised Customary Land Rights Act (CLRA) and a National Land Commission Act (NLCA) were enacted by Parliament, supported by DPF 1 and 2. They protect legitimate customary land rights (specifically those of women), strengthen free and prior consent of communities for land-based investment, and significantly decentralize land administration functions beyond Freetown to districts/towns/villages/chiefdoms.

Nongowa Chiefdom in Kenema District and Kakua Chiefdom in Bo District, each consisting of eight sections. This reform will be supported by the Sierra Leone Land Administration Project (P177031).[23]

32. **Expected outcomes and results: The regulations and land committees are expected to foster a more functional land administration system and complement the package of reforms supported by earlier DPFs in the series to achieve the following long-term outcomes:** (i) Improved legal and institutional framework for land administration and more secure tenure; (ii) increased gender equality in land ownership and management; (iii) increased productivity of smallholder farmers; and (iv) reduced deforestation, and improved long-term investments in reforestation and climate-smart agriculture. The short-term impact will be measured by the proportion of women appointed as Commissioners on the Board of the new Land Commissions; and percent share of Committees that have established rules to govern land use and natural resources within their area, including rules for protection of the environment.[24] The action under DPF3 will contribute to narrowing the above identified gender gaps by (i) developing regulations which prescribe increased participation of women in land related institutions; and (ii) establishing CLCs in line with the government's gender quotas to increase women's representation in land related decision-making bodies. These actions will be complemented by the provisions in the CLRA, that ensures both genders enjoy equal land inheritance rights.

33. **By building on the earlier reforms of this DPF series and improving land management practices and efficiency of land use, this prior action is expected to support climate adaptation and mitigation.** The development of regulations for the CLRA and NLCA will help tackle deforestation by providing the legal basis for registering land in customary areas, in which most forests are located. The NLCA and CLRA provide more transparent and efficient ways of accessing land through a formal system that coordinates closely with customary institutions. Securing customary tenure is expected to reduce deforestation and support the conservation of critical habitats as well as incentivize long-term investments in reforestation. The CLRA regulations provide more specific guidance for the protection of ecologically sensitive areas and the co-management of ecologically sensitive areas by customary leaders and communities. CLCs are, *inter alia*, responsible for the enforcement of rules for the sustainable use of natural resources, such as forests, grazing lands, rivers, and swamps within the chiefdom. The establishment of CLCs will therefore support climate change solutions by decentralizing land and natural resource management, which is recognized as an efficient approach to climate change mitigation and adaptation.[25] The recognition of customary ownership of land and guidance provided by the regulations will provide better control and accountability, which will contribute to climate resilience. Adequate land administration and secure land tenure can promote efficient climate-resilient land use planning, forest conservation, avoid environmental degradation and settlement in high-risk areas affected by climate change, overall contributing to adaptation and mitigation measures.[26]

Pillar 2: Enhancing inclusiveness

34. **Pillar 2 seeks to enhance inclusion through reforms in: (i) women's economic participation; (ii) access to quality education; and (iii) access to financial services.**

PA #3. *To address gender-based discrimination in the labor market, the Recipient, through its Ministry of*

[23] Sierra Leone Land Administration Project supports (i) registering women's land rights during systematic land registration activities; (ii) creating land information system functions to ensure that sex-disaggregated land data is available to enable analysis of ownership and related gender gaps; and (iii) establishing CLCs to increase women's representation in land related decision-making bodies.
[24] Since the implementation of these laws has only been effected with the finalization of the regulations, there has been no progress yet on these indicators, but significant improvement is expected in the coming year, which will be monitored and supported by the Lands project (P177031).
[25] Intergovernmental Panel on Climate Change (2019): Climate Change and Land.
[26] World Bank (2019): Support to the Sierra Leone Land Agenda. Policy Note.

Employment, Labor, and Social Security, has i) submitted to Parliament regulations to the Employment Act; ii) revised the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment.

35. **Rationale: There are significant gender gaps in the labor market, particularly for high-skilled jobs.** In 2018, the employment rate for regular full-time workers was 11 percent for males, but only 3 percent for females (SLHS 2018). Similarly, though more moderate, gender gaps existed in access to seasonal jobs and paid apprenticeship. Females had better access only to low-skilled jobs. According to Sierra Leone's Gender Equality and Women's Empowerment Policy (2020), three in five women reported having experienced some form of sexual harassment in the workplace, which remains grossly under-reported due to women's fear of reprisal, lack of access to recourse, or acceptance. Overall, access to higher-paying jobs and equal opportunities in the formal sector are constrained by discriminatory gender laws and practices, including those associated with unequal gender roles, parenthood and childcare responsibilities, and workplace dynamics permissive to pervasive sexual harassment. Analysis shows that a variety of negative employment effects are linked to unequal treatment of women and that related legislative changes can contribute to closing gender gaps. Certain industry restrictions are negatively correlated with female employment at entry level. Increased parenthood protections – such as through increased mandated maternity leave – can contributed to closing gaps in career achievements of men and women linked to family responsibilities. Antidiscrimination legislation is positively associated with women's employment and earnings and ensuring protection from sexual harassment can help improve women's labor market participation.

36. **Policy reform supported by DPF 3: This operation supports the adoption of regulations, protocols, guidelines to address gender-based discrimination in the labor market.** The complementary measures supported by this operation include i) the adoption of regulations to the Employment Act; ii) the implementation of labor inspections related to gender-based discrimination; and iii) publishing guidelines and implementing training for employers on gender equality in employment. These policy actions complement the adoption of the Employment Act adopted under DPF 2 to ensure the effectiveness of the law and protections provided therein, including equal remuneration for women of equal value, the prohibition of discrimination in employment based on gender and the dismissal of pregnant workers, the access of women to employment in all jobs and sectors, and the provision of paid maternity leave of at least 14 weeks. These measures complete the DPF series of transformative policy actions to improve women's economic participation.

37. **Expected results and indicators: The proposed policy actions will improve women's economic opportunities by encouraging their participation in the labor market and entrepreneurial activity.** Progress of these reforms will be monitored through the lifting of restrictions faced by women for work in certain industries including mining, factories, construction, water, energy, transportation – facilitated by the implementation of the Employment Act (this has been implemented since the enactment of the Employment Act). Increased economic participation should also enhance demand for credit. While direct attribution to this reform is difficult to establish, progress that will be monitored by tracking the share of women who received credit in the previous 12 months is more closely related to the reform action during DPF 1 of this series which allowed for equal access to credit for women (while there has been a decline in credit uptake in 2023 compared to the baseline of 2018, due to the effects of the pandemic and subsequent economic shocks, this is expected to improve with support from the ongoing Financial Inclusion Projects (P166601 and P177426)).

PA #4. *To improve teacher performance, the Recipient's Cabinet has approved a Credit Scoring Framework for teachers.*

38. **Rationale: Sierra Leone has made progress in improving educational outcomes, but it is still lagging other low-income countries (LICs), in part because of low quality of teaching and poor teacher management.** Net secondary school enrollment is only 41.8 percent, compared to 63.3 percent on average for LICs; the adult literacy rate (43.2 percent) and expected years of schooling (9.6) are also below LIC averages, as is the number of learning-adjusted years of school (4.9) (World Bank, 2020). As a result, the country is not on track to achieve the education SDGs. Key factors include the low quality of teaching and weak teacher management and support. The teacher workforce is inadequately trained and receives limited systematic professional development opportunities. Training programs for teachers tend to be ad-hoc and implemented by various providers (government agencies and development partners), lacking coordination and a focus on the impact that training has on classroom practices. There is also link between professional development activities and career progression. These limitations affect teacher competencies and their morale and motivation on the job. The Teaching Service Commission (TSC) is aware of these challenges and is moving toward strengthening teacher workforce management, monitoring of teaching, and learning at the school level, and decision-making in real time, by developing the Teacher Management Information System (TMIS). This was supported by DPF 1 and the World Bank-assisted Free Education Project (P167897). The TSC also endeavors to establish a coherent continuous professional development approach to teacher training that will not only improve teacher skills but also improve teacher motivation.

39. **Policy reform supported by DPF 3: Building on the support provided by earlier DPFs in the series, this operation will strengthen teacher management and performance.** The introduction of a credit scoring framework, which will allow the TSC to link professional development programs to teachers' careers (improved status, certification of obtaining certain skills, promotion, or salary), will help the government oversee professional teacher development programs implemented by various actors. A credit scoring framework can be used for (a) a vertical career path for teachers with management and leadership potential who aspire to leadership positions (e.g., principal) and (b) a horizontal path for gifted teachers to advance in their careers. Advancement under the professional career structure will be determined not only by the years spent at each career stage but also on the amount of professional development credits a teacher has accumulated, accumulated and other performance measures deemed important for teacher practice. This is expected to make professional training a continuous process, and lead to improved quality of teaching and teacher workforce management. This reform is supported by the Free Education Project (P167897) by (i) developing the Continuous Professional Development (CPD) framework to make professional development more effective and (ii) reviewing and updating the clear teaching career path.

40. **Expected results and indicators: This action will help incentivize teachers to engage more in professional development and develop their professional development plan**. Progress on the actions in this series will be monitored by the decline in teacher absenteeism, most directly supported by DPF 2 (updated data since 2020 is not yet available). Improvements in teacher quality will also be measured under the Free Education Project (P167897). A review of relevant documents that guide teacher professional development credits and how they can be used for teachers' career progression will be included in this assessment.

PA #5. *To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of Conduct for teachers and ensured that the code of conduct is adopted by all the head teachers.*

41. **Rationale: Updating the legal framework and implementing the code of conduct for teachers are critical steps to enhance education sector management.** Since the enactment of the 2004 Education Act, the authorities have taken several steps to reform the education sector – including (i) the splitting of the single Ministry of Education

into two education ministries (Ministry of Basic and Senior Secondary Education and Ministry of Technical and Higher Education Education); (ii) the introduction of the Free Quality School Education Program which abolished school fees in all government and government-assisted schools; (iii) the return to the 6-3-3-4 system of education; (iv) the National Policy on Radical Inclusion in Schools, which gives full right to pregnant girls and adolescent parents to return to school; and (v) the introduction of Comprehensive Sexuality Education in schools; and the abolition of corporal punishment in schools. The implemented reforms are not reflected in the 2004 Education Act – making it outdated. A revised act is needed to reflect these recent developments in legislation and a create a clear and cohesive education governance framework. The implementation of the code of conduct for teachers is vital to promote the ethical norms required for a safe, conducive, positive education system. [27]

42. **Policy reform supported by DPF 3: Building on the support provided by earlier DPFs in the series, this operation will update the guiding legislation, and help implement the code of conduct at a national level and apply the associated sanctions**. The updated Education Act seeks to reform the country's education system and make the basic and senior secondary education system free, accessible, compulsory, relevant, all-inclusive and rights-based. In April, the parliament approved the revised Education Bill. The implementation of the teachers' code of conduct is expected to foster a safer, and more conducive to learning education system. It will be supported by the ongoing Free Education Project, which is funding the implementation of teacher training on the Code of Conduct at a national level. However, merely having the ethical norms in writing is not enough to have an impact. The code of conduct needs to be widely diffused, integrated into teacher training, and consistently enforced. The previous DPF supported a TSC directive prescribing detailed sanctions against absentee teachers. This action aims to strengthen enforcement procedures delineated in the code of conduct. The Code of Conduct is aligned with World Bank guidance around mitigating and responding to gender-based violence and sexual abuse and sexual harassment (SEA/SH) issues. The World Bank-assisted Free Education Project (P167897) is working to build capacity at the district and school-level to respond to such incidents.

43. **Expected results and indicators:** These measures will help improve the education sector, leading to classrooms and school environments that are safer and more inclusive, and teachers that are more responsible and attend schools more regularly. The level of teacher absenteeism, monitored for the previous prior action, will also serve as an indicator for the implementation of the code of conduct. Progress on education reforms will also be assessed by i) the increase in the senior secondary school enrolment rate for girls (updated data will become available following the 2024 household survey), and ii) the increase in the number of children with disabilities enrolled in school by end-2024 (this has already improved since 2020 to exceed the target of over 43,000 children).[28]

PA #6. *To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (Emergency Cash Transfers or ECT III and Digital Public Works) and, (ii) digitalize all National Revenue Authority Collections.*

44. **Rationale: Access to financial services and digital payments remains low in Sierra Leone, particularly for women**. Only 29 percent of adults have access to formal financial services, compared to 55 percent and 39 percent, on average, for SSA and LICs, respectively. Financial inclusion is particularly low among women. In 2021, only 21

[27] Sierra Leone's code of conduct for teachers contains seven principles: (a) effective and efficient service delivery; (b) commitment to the teacher profession; (c) effective and efficient management of school resources by caring for school property, maintaining accountability and transparency in the use of funds, among others; (d) school environment and safety; (e) work ethics which includes avoiding sexual relationships with students, avoiding unprofessional practices such as examination malpractice or favoritism; (f) reporting channels for unethical conduct; and (g) enforcement procedures which range from query to dismissal from the teaching profession.

[28] The data on children with disabilities is limited and shows large fluctuations across years. For instance, between 2018 and 2019, the number of estimated disabled children rose by 60 percent, followed by a decline of 30 percent between 2020 and 2021. Due to this poor quality of data, the results ae monitored in absolute number of disabled children in enrolled in school.

percent of women had a bank account, compared to 33 percent of men.[29] Digital payment systems can help fill the gaps created by poor coverage of banking services at financial institutions, but they remain under-leveraged with only 27 percent of adults making or receiving digital payments, far behind the SSA average of 44 percent. Mobile connectivity can support the future uptake of electronic payments. Likewise, an enabling legal and regulatory framework is an important prerequisite for advancing digital financial services (DFS). The recent launch of the National Electronic Payments Switch, supported by this DPF series, is expected to further boost the adoption of digital payments by facilitating interoperability between financial service providers. Digitalization also presents the opportunity to bridge accessibility gaps for vulnerable groups, particularly for women but also persons with disabilities.

45. **Policy reform supported by DPF 3. To promote financial inclusion and scale up the usage of digital payments by enabling the digitalization of large volume, recurrent government payments streams and revenue collections.** The proposed digitalization of government-to-person (G2P) payments is expected to promote financial inclusion by providing transaction accounts to unserved and underserved end users, and it can help reduce leakages and result in time and cost savings for the government. These actions will complement the first and second Financial Inclusion Projects (P166601 and P177426), and the Digital Transformation Project (P177077), and in the objective to move towards digital payments to vulnerable beneficiaries under the Productive Social Safety Nets and Youth Employment Project (P176789) (all supported by the World Bank) which aim to promote digital payments, and interoperability. The prior action requires the cabinet to approve a policy with an accompanying roadmap to implement digitalization of (i) G2P payments on two government schemes (Emergency Cash Transfers III and Digital Public Works); and (ii) all National Revenue Authority (NRA) tax collections.

46. **Expected outcomes and results. By stimulating the use of accounts and digital payments, the proposed policy action is expected to contribute to making financial services more available, accessible, and affordable**. Additionally, these reforms will help increase the effectiveness and efficiency of government payments, improve tax compliance and tax revenues overtime. This would be a steppingstone for those excluded from the formal financial system and is likely to lead to an increase in account usage in the country. This will also facilitate last mile delivery of government transfers to targeted beneficiaries. The percentages of females and males with an account at a formal financial institution or with an electronic/mobile money provider, is expected to increase from 21 and 33 percent respectively, to 33 and 39 percent by 2024 – no updated data since the start of the DPF exists yet to confirm the current status of progress.

Pillar 3: Strengthen accountability and transparency in public finance

47. **This pillar focuses on strengthening accountability and transparency in public finance.** It builds on reforms introduced under DPF 1 and 2 for increased debt and procurement transparency and introduces new reforms to address crucial gaps in accountability and SOE governance. The new reforms are aligned with the MTNDP, and their inclusion was motivated by heightened concerns on the governance and accountability of institutions in Sierra Leone following the unexpected suspension of the incumbent Attorney General in December 2021.[30]

PA #7. *To enhance SOE governance and debt transparency, the Recipient through the MoF (i) has submitted to*

[29] World Bank, 2017.

[30] In November 2021, the incumbent Auditor General was suspended by the President. An acting Audit General was subsequently appointed and the 2020 Audit report was published in December, albeit with some delay. The authorities have set up a tribunal to investigate the AG's suspension and communicated their commitment to time-bound and transparent proceedings. To ensure an efficient and transparent functioning of future tribunals more generally, procedural rules for tribunal proceedings have also been published.

Parliament the SOEs Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.

48. **Rationale: SOEs in Sierra Leone have a weak governance framework and are a significant source of fiscal risk.** Sierra Leone has 17 active SOEs operating primarily in the utilities, transport, and financial sectors. Most have weak financial positions due to poor oversight, high administrative costs, and below-market pricing for the services they provide.[31] The legal framework requires modernization to strengthen the oversight of SOEs. Since the enactment of the National Commission for Privatization (NCP) Act, 2002, SOE reforms have been geared towards privatization. The NCP Act 2002 is dated and limited in scope and does not capture best practices. It suffers from key weaknesses, including the absence of (i) a merit-based process for board nomination, (ii) a formal system for setting entity's performance objectives and monitoring, and (iii) a code of corporate governance. On data transparency, SOE borrowing, and guarantees are regulated by the MoF under the PFM Act 2016 and the Public Debt Management Act (PDMA) 2011. While the MoF publishes an annual public debt bulletin, its coverage is limited to central government. This DPF series supported the adoption of the State Ownership and Governance Policy which sets out the role and functions of the state as owner, the rationale and objectives for state ownership and the principles for the governance of SOEs. The policy was approved by the Cabinet and disclosed on the MoF website in 2022[32]. SOE transparency and disclosure have been strengthened with the publication of the SOE debt report by the MoF's Fiscal Risk Management Division[33].

49. **Policy reform supported by DPF 3: The proposed prior action seeks to (i) modernize the legal framework for state ownership and governance; and (ii) better monitor fiscal risks by improving SOE debt data transparency.** The proposed prior action for DPF 3 will further strengthen the legislative environment for SOEs by legislating the SOE Policy in the form of a new comprehensive bill that replaces the NCP ACT of 2002. The new bill when enacted will establish an SOE oversight entity to strengthen SOE governance in alignment with best practices as set out in the OECD guidelines for SOEs. Furthermore, the disclosure of all SOE borrowings and guarantees will enable the government to better manage fiscal risks. The reform is programmatic, and the focus has been on gradually expanding coverage since FY21 in close collaboration with the government's Fiscal Risk Management Division. Given limited institutional capacity, SOE debt has been disclosed gradually starting with the top five in FY21 (DPF 1) and extending to the top ten SOEs in FY22 (DPF 2) and now to all 17 SOEs for the financial year January to December 2022. This prior action is also consistent with the FY23 PPAs under the World Bank's SDPF, both support an enhancement in SOE debt transparency and reporting, and in line with the World Bank's Debt Report System (DRS) format.

50. **Expected outcomes and results. The new SOE law, once enacted, will gradually improve the performance of SOEs through the introduction of merit-based, professionalized governing boards and effective oversight, while improved debt transparency will support fiscal risk management.** The new SOE Act will strengthen the effectiveness of state ownership and limit discretionary and irregular practices and political interference. The improvement in governance will boost competition and help attract private investors, allowing the government to divest those SOEs that are not aligned with the state's ownership objectives. Better SOE debt reporting will help the government to better manage fiscal risks emanating from contingent liabilities. The results framework will monitor

[31] A report on the financial performance of SOEs (2014-2018) published by the MoF in 2020 indicated that 6 of the 17 SOEs were either loss-making or had low or inconsistent profitability, while 10 were experiencing solvency and liquidity challenges. Several of these poor performers are major SOEs in the utilities sector, posing significant fiscal risks to the national budget as well as increased debt vulnerabilities: Electricity Distribution and Supply Authority, Sierra Leone Airport Authority, Sierra Leone Port Authority, Guma Valley Water Company as well as Sierra Leone Telecommunications Company Limited (Sierra Tel). In 2020, subsidies to SOEs were budgeted at around US$10 million, or 11 percent of the overall budget deficit, but the actual outturn reached US$18.2 million.
[32] https://mof.gov.sl/documents/state-ownership-and-governance-policy-for-state-owned-enterprises/
[33] https://mof.gov.sl/wp-content/uploads/2023/04/REPORT-on-SOEs-_8th-August-Alhassan-Mathew-17-April-2023.pdf

the share of SOEs submitting audited financial statements within six months of the end of the financial year – while there has not been an improvement yet, the enactment of the new SOE act is expected to enforce the requirement of regularly publishing financial account, with accompanying sanctions for delays.

51. **Significant public investments are carried out by SOEs that operate in energy, water, agriculture, roads, and telecommunications.** SOEs provide critical infrastructure services to citizens while being exposed to climate change risks and it is important to ensure they are highly resilient.[34] These SOEs are a key player in the achievement of the NDC commitments, with many of them being responsible for a substantial portion of Greenhouse Gas emissions in Sierra Leone (especially the energy sector SOEs) and will align their operations with relevant NDC and MTNDP pledges. The oversight entity established by the SOE bill will report SOEs' climate-resilience investment in the annual aggregate SOE report; this will in turn increase transparency on adaptation or mitigation-related investments and enable the government to make informed decisions to advance the national climate agenda.

***PA #8**. To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority (NPPA), has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.*

52. **Rationale: Transparency in public procurement was weak, constraining the efficiency and accountability of the procurement process.** Challenges include opacity around the bidding process and the awarding of contracts, and discretion in the implementation of existing procurement laws and regulations. The NPPA provides limited information on procurement contracts (e.g., advertisement, contracts signed, abandoned, or suspended, supplier database and debarred suppliers). With the government's continued commitment to strengthening procurement systems and improving transparency, tender announcements and contract award information have slowly become publicly available for health, education, and energy sectors. Making the procurement data public in OCDS format, serves as a critical building block for the final e-procurement system.

53. **Policy reform supported by DPF 3: The PAs improve transparency in public procurement and lay the ground for implementing e-procurement**. This PA builds on the previous DPF[35] by expanding the sectoral coverage of OCDS publications to include all tender announcement and contract award information for health, education, energy and public works undertaken during 2023 thus far.[36] The selection of sectors for this initiative is based on alignment with the World Bank Accountable Governance for Basic Service Delivery Project (AGBSD), which prioritizes health and education. The selection of the public works and energy sectors was driven by their significant role as major procurers. This gradual approach to publishing contract award information is motivated by the country's weak institutional capacity and helps institutionalize and ensure the sustainability of previously implemented reforms in the area on strengthening transparency. The publishing of the OCDS information ensures more transparent information in an open data format. This is a step towards digitizing the procurement process before an e-procurement system is rolled out in two years. The NPPA has been working on building the capacity for implementing OCDS and has established effective communication channels between the Ministries, Departments

[34] Among the companies with 100 percent government holding are: Electricity Generation & Transmission Authority (EGTC), EDSA, Guma Valley Water Company (GVWC), Sierra Leone Housing Corporation (SALHOC), Sierra Leone Airport Authority (SLAA), Sierra Leone Broadcasting Corporation (SLBC), Sierra Leone Ports Authority (SLPA), Sierra Leone Postal Services Limited (SALPOST), Sierra Leone Produce Marketing Company (SLPMC), and Sierra Leone Road Transport Corporation (SLRTC).

[35] under DPF 1, the publication of tender announcements and contract award information on the NPPA web site for contracts above the threshold established in the Public Procurement Regulations 2020 has been completed for the health and education sectors. The second step, under DPF 2, has been the publication of the tender announcements and contract award information in OCDS for the health, education, and energy sectors for contracts above the threshold established in the Public Procurement Regulations 2020.

[36] https://citizenportal.nppa.gov.sl/nppa-rws/frmCitizenDashBoard.php

and Agencies (MDAs) and the NPPA to enable seamless sharing of procurement information. NPPA is receiving technical support from both the Open Contracting Partnership and the World Bank through the Accountable Governance for Basic Service Delivery Project (P172492).

54. **Expected outcomes and results. By supporting the NPPA to disclose tender announcements and contract award information online, the proposed operation is expected to enhance openness, transparency, as well as competition in public procurement.** The disclosure of tender announcements and contract award information in OCDS will also allow civil society to perform third party monitoring on high value / high-risk contracts and facilitate greater accountability of public institutions. This could eventually contribute towards improving the quality of public services. The results framework will monitor the proportion of transactions on the NPPA website that are in OCDS format. Significant progress has been made with the publications of the tender announcements and contract awards on the NPPA website. The initial baseline for publishing this procurement transaction was zero (0) and the initial target for DPF1 and DPF2 was 50 procurement transactions, as of October 2023, there have been over 280 procurement transactions published on the NPPA website. The results have been amended to drop this indicator which captured the number of transactions published on the OCDS website as the actual performance has already far exceeded the initial target of 50.

PA #9. *To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and Parliamentary Public Accounts Committee (PAC) recommendations.*

55. **Rationale: Accountability is hampered by weak implementation of audit recommendations.** According to the MoF's Internal Audit Division's data, less than one-fourth of the recommendations made by Audit Service Sierra Leone (ASSL) were fully implemented during 2018-2019. The lack of clarity surrounding the respective roles of the audit committees, government internal auditors, AG, the PAC, and ministries undermines effective implementation of audit recommendations. While the legislation provides for a clear independent mandate and role for each of the institutions, it does not define how they should work together to achieve the key goals: timely resolution of audit observations, agreement on the recommendations and their implementation through an effective tracking system, and dissemination of the audit follow-up data, including the sanctions imposed on stakeholders. Lags in follow-up have major consequences. First, they leave internal control anomalies unattended; second, they dilute the importance of an audit as a deterrence against future financial irregularities; and finally, they gradually lower audit quality by undermining the motivation of auditors and weakening the audit process. This DPF series has supported adoption of clear audit follow-up standard operating procedures (SOPs) which were approved and issued by the Cabinet in 2022. The SOPs clarify the required steps from the submission of a draft audit report by the auditors to the submission of the final audit report, and then onward tracking of the eventual implementation of the remaining recommendations. They also include a clear calendar of activities to be performed at each stage.

56. **Policy reform supported by DPF 3: This action includes (i) amendments to the PFM Act to make the SOPs legally binding; and (ii) the development and adoption of a tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations.** To strengthen the enforceability of these SOPs, amendments to the PFM Act 2016 and PFM Regulations 2018 are needed, especially to legislate (a) standardized categories for audit observations and executive commitment for the remedial actions, respectively, (b) clarify roles and responsibilities of the internal audit staff in the follow-up process, (c) clarify accountability of executives for the audit issues concerning their departments, (d) specify accountability for maintaining the audit tracking data, and (e) mandate publication of the government-wide annual audit follow-up report for each fiscal year. The implementation of the

new audit tracking mechanism will enable an effective tracking of audit issues through their resolution. For the digital tracking of the implementation of audit recommendations in a timely and transparent manner, a shared IT platform/tool is needed. The IT tool was supported by the World Bank Accountable Governance for Basic Service Delivery Project.

57. **Expected outcomes and results. The reforms aim to improve timely resolution of audit issues, implementation of audit recommendations, and dissemination of the audit follow-up data and use of sanctions.** The adoption of an IT system will enable monitoring of follow up and publishing sanctions through the audit follow-up process and deter future financial irregularities. Effective audit follow-up also enhances auditors' motivation and their perceived independence and, therefore, contributes to improved quality of future audits. The result indicator will monitor the improvement in the share of AG recommendations that is being implemented, with a target of 70 percent. The dissemination of the Annual Audit Follow-up Report to all vote controllers, heads of MDAs, local councils and SOEs will also be tracked. 17 percent of the AG's recommendations made in 2021 have been = fully implemented. While this implies a decline from the 25 percent baseline of 2018 and 2019, it does not capture the differences in reporting since the introduction of the Audit Follow-up SOPs.

4.3. LINK TO CPF, OTHER BANK OPERATIONS AND THE WORLD BANK STRATEGY

58. **The proposed DPF supports all three Focus Areas of the FY21–FY26 Sierra Leone Country Partnership Framework (CPF[37]).** The proposed operation is also aligned with the 2018 Systematic Country Diagnostic (SCD). Furthermore, the reform program supported by this operation complements existing Advisory Services and Analytics (ASA), Investment Project Financing (IPF), and International Finance Corporation (IFC) Advisory Services identified in contributing to the CPF's development objective.[38] Furthermore, the programmatic PER (P172094) has delivered analytics in fiscal and debt sustainability and public spending allocation and efficiency in Agriculture, Education, Health, and Social Protection.

4.4. CONSULTATIONS AND COLLABORATION WITH DEVELOPMENT PARTNERS

59. **The proposed reforms are aligned with the government's MTNDP, and during the preparation of this operation, authorities conducted extensive consultations with stakeholders, citizens, and development partners through workshops, working groups and bilateral meeting.** During consultations of the MTNDP (the most extensive in the history of Sierra Leone's development planning) – around 2 million people were involved in the priority setting and validation steps of the plan. The process involved consultations with civil servants, local counselors, district and municipal administrators, civil society organizations, private institutions, trade unions, political parties, development partners, persons with disabilities, market women, the elderly, traditional authorities, religious leaders, inmates in detention centers, and members of the diaspora. In preparation of the prior actions supported by this operation, consultations with the international community were closely coordinated with the Development Partnership Committee, which is the main platform of collaboration between development partners and Sierra Leone authorities. For instance, the land regulations have undergone consultations with key stakeholders, such as civil society organizations; chiefs; relevant government institutions responsible for land, mining, and the environment; as well as with the private sector. These consultations built on the countrywide consultations conducted on the NLCA and CLRA prior to their passage.

[37] Report No. 148025-SL.

[38] The ASAs include Sierra Leone Economic Update - (P175321), Sierra Leone Programmatic Public Expenditure Review (PER)- (P172094), and Sierra Leone Economic Diversification Study - (P162720). The lending (DPFF and IPF) projects include Third Productivity and Transparency Support Grant - (P169498), Sierra Leone - Second Productivity and Transparency Support Grant - (P168259), Sierra Leone Agro-Processing Competitiveness Project (P160295), Sierra Leone SSN Project Second Additional Financing (P167757), Third Additional Financing for the Sierra Leone Social Safety Net Project (P174813).

5. OTHER DESIGN AND APPRAISAL ISSUES

5.1. POVERTY AND SOCIAL IMPACT

60. **Prior actions under the proposed DPF are expected to reduce poverty both directly by increasing the incomes of the most vulnerable groups of the population, and indirectly through distributional effects that benefit the poor**. Reforms under Pillar 1 are expected to reduce poverty in the medium-to-long term by increasing income opportunities for women and low-income households. The reforms supported by PA #1, through tighter regulation of artisanal mining are likely to have positive outcomes by reducing negative impacts on working conditions, deter exploitation of children and protect mining communities that rely on agriculture. Poor households are more likely to be involved in small scale mining compared to non-poor households (6 percent vs 2 percent, SLIHS 2018), and the mining sector is known to be especially risky for women and girls. With respect to land, just 20.7 percent of land plots are owned by women, 68.8 percent by men, and the rest is held jointly (LFS, 2014). PA #2 will support women's representation on the board, or representation by persons with an interest in protecting women's land rights, which would likely increase positive outcomes for women - improved land tenure security; ability to secure loans (Kpaka, 2019). Further, studies show that giving land ownership to poor families, as will be facilitated by the CLRA supported by PA #2, is an effective way to give them access to credit and increase their capital accumulation. PA #2 will help women and other vulnerable groups by, strengthening enforcement of gender equality, family land title, and non-discrimination clauses within the CLRA.

61. **Reforms under Pillar 2 address gender inequities and address labor market discriminations, improve education outcomes and facilitate social transfers.** Inspections related to gender-based discrimination and guidelines on gender equality (PA #3) will help women employed in the labor force by adding oversight measures to the Employment Act. The population most likely affected would be workers in the formal sector, where inspections are carried out. Lower teacher absenteeism and improved conduct by teachers would benefit the country's 3.1 million schoolchildren (in 2021), a number that has increased dramatically from 2.0 million in 2018, driven by the government's fee-free and "radical inclusion" education reform policies, which have benefited marginalized groups (Rossiter and Abreh, 2022). Having reduced barriers to entry for children, PA #4 and PA #5 would improve teaching quality, learning outcomes for schoolchildren, and longer-term human capital development. PA #6 aims to improve government payments by digitizing payment systems which will bridge the gap for those marginalized from the formal financial sector. The impact of legal empowerment of poor groups is difficult to quantify precisely, but it is evident that unequal access to economic opportunities creates a vicious cycle of low-access-low-income, which perpetuates poverty.

62. **Reforms under Pillar 3 are expected to enhance governance and have indirect, and long-term impacts.** The new SOE bill, supported by PA #7, when enacted, aims for more gender diversity on SOE boards (with a minimum of 30 percent women). A study by Purkayastha (2022) found that the more women are on boards of directors, the more likely companies are to take social responsibility and monitoring management. Governance improvements in public finances, such as those supported by PA #8 and PA #9, could lead to better management of state resources, benefiting those most reliant upon them. Disclosure requirements under PA #8 will allow civil society to monitor high-value contracts and enforce greater accountability of public institutions. Experience in other countries has shown that government audits increase political accountability, reduce misuse of public resources, and improve compliance with laws and regulations (JPAL, 2020). Enhanced accountability and transparency (supported by PA #9 on audit recommendations follow-up) will indirectly contribute to improved quality of public service delivery, broadly benefitting the population accessing services especially health and education services.

5.2. ENVIRONMENTAL, FORESTS, AND OTHER NATURAL RESOURCE ASPECTS

63. **Sierra Leone is highly vulnerable to the adverse impacts of climate change and poor environmental management.** The country is one of the poorest in the world, and is exposed to high risk of river floods, urban floods, coastal floods, landslides, extreme heat, and wildfires. Low income translates to low adaptive capacity and lack of preparedness to withstand climate hazards. Most of the country's main economic activities are located within coastal areas, making it highly vulnerable to the damaging impacts of several natural hazards, including coastal erosion, sea-level rise, flooding, landslides, and tropical storms. Excluded and vulnerable groups rely on natural resources in the agriculture, forestry, artisanal mining, and marine sectors for subsistence. Climate change and its attendant impacts through more frequent and intense natural disasters are endangering the livelihoods of vulnerable groups dependent on these sectors. Communities with poorer infrastructures and opportunities are being excluded from climate change efforts and have less resources to invest in adaptation measures. Consequently, they are disproportionately affected by the impact of climate change, suffering the effects of food insecurity malnutrition, malaria, diarrhea, and heat stress etc. Mining sector activities increases climate change vulnerability if not properly mitigated and adapted. Cognizant of these risks, the authorities have aligned environmental and climate change considerations with its MTNDP under an Updated National Determined Contribution (UNDC) that increases the country's climate ambitions- a reduction in CO_2 emission levels by 25 percent by 2050. It also envisages a transformational shift toward a low-emission development pathway, implementing REDD+ (Reducing Emissions from Deforestation and Forest Degradation) and promoting innovation and technology transfer for sustainable breakthroughs in energy, waste management, transport, etc.

64. **The MMDA (PA#1) mandates compulsory rehabilitation and wetlands restoration of mined-out lands supporting both climate change adaptation and mitigation.** Mining operations in Sierra Leone are dominated by surface/open-cast mining, and the full removal of natural vegetation. Surface/Open pit mines, especially open-pit gold mines, diamonds, rutile and bauxite mines, nearly double carbon intensity per unit of ore, compared to underground mines. The sector also suffers from weak enforcement of environmental standards. This DPF series operation supports the MMDA 2022 to allow for the introduction of "measures to prevent, reduce, mitigate or compensate for adverse impacts of mining activities on the environment, life and property". Progressive afforestation of decommissioned mining sites will be performed in climate-resilient manner, with preference for natural vegetation over monoculture, will help reverse environmental degradation and will prevent landslides, soil erosion, floods. Wetlands and reforested mining sites will serve as carbon sinks. Engagement of mining companies and improved protection of land tenure rights will ensure that the financial burden for degraded natural resources is not pushed on impoverished local communities.

65. **The proposed Land Commissions (PA#2)will foster the country's climate change mitigation and adaptation goals envisioned by the UNDC.** Sierra Leone has logged over 34 percent of its forests between 1975 and 2018. Poor land tenure rights have allowed illegal logging to flourish, coupled with the expansion of cultivated land, slash-and-burn agriculture. Deforestation tends to occur more often when tenure rights are unclear. The NLC Act improves access to land through a formal system that coordinates closely with customary institutions. Clear and recognized tenure rights are often the primary basis for performance-based payments in many carbon financing instruments and are crucial for successful climate change mitigation efforts.

66. **Sierra Leone has a strong institutional and policy framework for environmental management**. In 2019, the government established a dedicated Ministry of Environment to provide overall leadership in sustainable environmental management, and includes climate risk monitoring, mitigation, and adaptation. The ministry provides oversight of the Environment Protection Agency (EPA), National Protected Areas Authority (NPAA) and the

Meteorological Agency. The EPA is the primary national statutory institution responsible for natural resources management and climate change adaptation and mitigation. Also, the NPAA was established in 2012 to manage forest reserves, protected forests, national parks, wetlands and mangroves and oversee reforestation to prevent land degradation and protect fragile and climate sensitive natural ecosystems.[39]

5.3. PFM, DISBURSEMENT AND AUDITING ASPECTS

67. **Despite challenges, there have been some improvements in the PFM system and a new PFM strategy underscores Government's commitment to make continuous improvements.** The Public Expenditure and Financial Accountability (PEFA) 2021 assessment report, highlights the PFM system's improvements since 2018 including i) a stronger legal framework for PFM; ii) improved budget classification, transparency and comprehensiveness; iii) strengthened payroll controls; iv) expanded Treasury Single Account providing more visibility on extra-budgetary revenues; v) leadership of the Anti-Corruption Commission in fighting corruption; vi) enhanced capacity of internal audit and external audit oversight of public finances; vii) more open and competitive procurement; and viii) good revenue administration and accounting framework. Contrasting this are a number of key areas of weakness, including i) large budget composition variances; ii) unreliability of aggregate expenditure budgets, iii) frequent and non-transparent budget reallocations; iv) lacking social accountability from delays in in-year budget execution reports and a lack of performance information for service delivery; v) a weak Public Investment Management framework; vi) delays in monitoring the fiscal risks of SOEs; vii) the extent of extra-budgetary units; and viii) lack of executive action on implementing the recommendations of the PAC and the AG. The PEFA report also refers to the constitutional powers granted to the President to authorize additional expenditure without a supplementary appropriation in the event of an emergency as a potential risk. The reforms supported by this operation will help mitigate fiduciary risks: PA #9, will support enhanced implementation by spending units of the recommendations of the PAC and the AG; PA #7 will support enhanced transparency and monitoring of the fiscal risks of SOEs; and PA #8 will support enhanced transparency of public tender announcements and contract award in key sectors.

68. **With support from development partners such as the European Union (EU), the United Kingdom Foreign, Commonwealth and Development Office (FCDO), World Bank, African Development Bank (AfDB) and IMF, a new PFM reform strategy and plan is being developed.** The new plan is organized around five themes and two enablers. The themes include i) Strategic Planning and Macro-Fiscal Framework; ii) Budget Formulation, Preparation and Execution; iii) Fiscal Decentralization for Improved Service Delivery; iv) Accounting and Reporting through IFMIS (Integrated Financial Management and Information System); and iv) External Audit and Legislative Scrutiny. The two key enablers include information and communication technology support and capacity building for the PFM Reform Department along with reform governance structures. The PFM reform plan is estimated to cost around US$50 million over five years, is currently not fully programmed and work is underway to identify the finance gaps in each theme and coordinate with development partners (such as EU, FCDO and World Bank) on prioritizing reforms and closing finance gaps in areas considered most crucial to achieving impact.

69. **Budget transparency.** The MoF publishes the annual appropriation act and supporting documents on its website. The Accountant General publishes annual financial statements and MoF releases periodic analytical reports

[39] The climate secretariat under the UNFCCC rests with the EPA, while the climate change focal person is the Head of the Meteorological Agency, but the coordination of their activities is by the ministry. Other line institutions involved in natural resource management include the Ministry of Water Resources, with its regulatory agency, National Water Resources Management Agency (NWRMA), the Forestry Directorate under the Ministry of Agriculture and Food Security, with their focus on community forests, Ministry of Mines and Mineral Resources (MMMR), Ministry of Fisheries and Marine Resources and the Ministry of Lands, Housing and Country Planning (MLHCP). The Ministry of Finance (MoF) now has a Climate Finance Directorate that will coordinate climate financing opportunities and access to the carbon market.

of the in-year revenue and expenditure outturn and supporting datasets with detailed data. Also, the Auditor-General Report, on the audit of the annual financial statements, is published annually.[40]

70. **Foreign Exchange Environment.** IMF's Safeguards Assessment of the BSL was conducted in July 2017. The assessment found that BSL's safeguards framework had gradually declined since 2010. The IMF Article IV report published on July 29, 2022, noted that significant progress in the implementation of IMF's recommendations had been made and that only one recommendation remained to be implemented. Furthermore, the report notes that following a 2018 safeguard monitoring visit of the IMF, a forensic audit of the FX transactions was completed in early 2019 by an international firm with significant proven experience in conducting forensic investigations. The report made recommendations to reduce vulnerability to corruption, safeguard the use of resources, improve reconciliation procedures, and improve the BSL's FX procedures. The BSL has now implemented a remedial action plan to address issues raised in the forensic audit report. The World Bank shall require the mitigating measures outlined in the reporting and assurance requirements section below to address residual risks in the foreign exchange environment.

Disbursement and auditing issues

71. **Recipient and Financing Agreement.** The proposed operation is a single-tranche IDA Grant of SDR 49.5 million (US$65 million equivalent). The Grant disbursement will follow the standard World Bank procedures for DPF. The MoF will be responsible for the administration of this Grant.

72. **Funds flow arrangements.** The Government of Sierra Leone (GoSL) shall identify a dedicated foreign exchange account in the BSL (the "Dedicated Account"), which will form part of the country's Foreign Exchange Reserves. Subjected to meeting the agreed prior actions and the adequacy of the macroeconomic framework, all withdrawals from the Financing Account shall be deposited upon effectiveness into this Dedicated Account. The GoSL shall transfer into the Consolidated Fund an equivalent amount in Leones within five (5) days after the deposit of the amount of the Financing into the Dedicated Account. The Financing amount is to be promptly accounted for in the GoSL's budget management system, in a manner acceptable to IDA, and confirmed to IDA. Disbursements of the Grant from the Consolidated Fund by the GoSL shall not be tied to any specific purchases and no special procurement requirement shall be needed by the World Bank. The proceeds of the Grant shall, however, not be applied to finance expenditures on the negative list as defined in Section 2.04 and the Appendix of the General Conditions for IDA Financing: DP0 (2018). If any portion of the grant is used to finance ineligible expenditures as defined in the General Conditions for IDA Financing: DPF (2018), IDA shall require the government to promptly, upon notice from IDA, refund an amount equal to the amount of the said payment to IDA. Amounts refunded to IDA upon such request shall be canceled from the Grant.

73. **Reporting and assurance requirements**. Within 30 days of the disbursement of the grant by IDA, the Financial Secretary of the MoF of Sierra Leone shall provide written confirmation to IDA, certifying a) the receipt of the Grant into the Dedicated Account, the number of the account and the date of receipt, and b) the receipt of the 'Leones' equivalent of the Grant into the Consolidated Fund Account of the GoSL, the number of the account, the date of the receipt, and the exchange rate applied to translate the Grant currency into Leones. The GoSL shall also present to IDA the statement of receipts and disbursement of the Foreign Currency Dedicated Account. Owing to the fiduciary risks noted around the foreign exchange control environment, the World Bank shall retain the right to demand an audit of the Dedicated Account audited by independent auditors acceptable to IDA, in accordance with consistently applied auditing standards that are also acceptable to the IDA. GoSL shall provide a certified copy of the report of such audit to IDA as soon as available, but in any case, not later than six (6) months after the date of IDA's request

[40] Audit Service Sierra Leone website - https://www.auditservice.gov.sl/

for the audit. GoSL shall make such audit reports publicly available in a timely fashion and a manner acceptable to IDA. The GoSL would provide to IDA such other information concerning the Dedicated Accounts and their audit as the IDA shall reasonably request. The GoSL shall equally ensure that the annual entity financial statements of the BSL, audited in accordance with international standards on auditing, as promulgated by the International Federation of Accountants, are publicly available. The expected closing date of the operation is December 30, 2024.

5.4. MONITORING, EVALUATION AND ACCOUNTABILITY

74. **The MoF has the primary responsibility for coordinating, monitoring, and ensuring successful completion of the prior actions.** The implementing agencies include the following MDAs: BSL, Ministry of Lands, Housing and Country Planning, Ministry of Mines and Mineral Resources, TSC, and NPPA. Monitoring of results will be based on mechanisms developed by relevant MDAs and local capacity. The MoF has the requisite experience and extensive technical skills to lead the implementation of the agreed reforms in coordination with relevant MDAs. In light of the large number of MDAs participating in the program, a committee in charge of regular monitoring has been created with focal points in each implementing agency. Furthermore, there is a well-coordinated group of development partners providing close support to the government. This support primarily operates through the Development Partnership Committee. The Results Framework associated with the policy matrix provides the list of results indicators, which will be used to monitor the progress under the program (Annex 1). The monitoring of results from the proposed DP0 will also build on those of the MTNDP. An in-country World Bank team will continuously monitor progress on the results indicators.

75. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by specific country policies supported as prior actions or tranche release conditions under a World Bank DPF may submit complaints to the responsible country authorities, appropriate local/national grievance redress mechanisms, or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

6. SUMMARY OF RISKS AND MITIGATION

76. **The overall risk to this DPF is rated as "High".** Political and governance, Macroeconomic and Institutional capacity risks present the highest uncertainties to program implementation. However, these risks are partly mitigated by the country's consistent track record of reform and comprehensive implementation support by several relevant World Bank projects. Other risks emanating largely from health crisis (Ebola during 2014-2016; COVID-19) in the country are moderate.

77. **Political and governance risk has been upgraded to high with the occurrence of violent public protests and disputed 2023 elections results.** Several development partners including the EU, and USA have expressed concerns over the conduct of June elections. A prolonged impasse between the ruling and opposition political parties over the voting outcome, could affect the reform momentum and undermine the democratic merit of parliamentary proceedings. However, in October, following a mediated dialogue, the ruling and opposition party signed a cooperation agreement, ending the impasse. Persistent and soaring food inflation has raised concerns of food

insecurity, rising poverty and social instability. These economic hardships reflected in public discontent, as witnessed during the violent riots in August 2022. New protests could dampen the authorities' reform momentum and appetite. These risks are partly mitigated by the government's strong commitment and track record in implementing difficult structural reforms – as demonstrated by the previous DPFs in this series, and ongoing IPFs and technical assistance projects.

78. **Macroeconomic risks are high.** The main risk, with the country already at high risk of debt distress, is that continued/further fiscal slippages (whether linked to policies or adverse shocks) could lead to a deeper fiscal crisis and policy paralysis. Fiscal dominance of monetary policy could further aggravate inflation and currency pressures – and together with financial sector weaknesses – could affect growth and debt sustainability. Rollover risks are high but mitigated by the characteristics of the domestic financial market, where commercial banks' investment models rely heavily on holdings of T-bills, and there is limited secondary market trading. Continued inflationary pressures could affect social stability. The realization of these risks may disrupt the authorities' commitment and appetite for structural reforms and present risks to program implementation going forward. These risks are partly mitigated by the government's commitment to enhance fiscal sustainability as demonstrated by recent progress under the IMF-supported ECF program; the implementation of the World Bank PPAs; and their track record in implementing difficult reforms as demonstrated by the enactment of the Finance Act in 2023, and Mining and Land Acts in 2022.

79. **The risks to institutional capacity for implementation are high.** This risk is now assessed to be high. Despite recent improvements, institutional capacity remains weak in most areas. The political impasse between the opposition and ruling party following the announcement of election results caused delays in implementation of donor and government projects. A recent mediated dialogue between the main political parties is expected to help mitigate this risk. The impact of the reforms in land, mining, labor, and audit would critically depend on how well the relevant laws are implemented and enforced. Complementary reforms for strengthening the implementation capacity of government agencies, especially in mining and land sectors, including programs to combat discrimination in the form of customs, practices, and beliefs, would be critical to success. To address these risks, the World Bank has ongoing IPFs focused on strengthening national implementation capacities.

80. **Fiduciary risks are substantial.** The government has made good progress in the implementation of PFM reforms; however, several fiduciary challenges remain as also noted in section 5.3. These challenges include large deviations between original budgets and out-turns for both revenue and expenditure; "overrides" to the procedures for control of commitments and payments; weaknesses resulting from inefficient public investment management; and politically motivated expenditures on unplanned projects. However, the fiduciary arrangements under the proposed operation are designed to mitigate these risks, including a) requirement for a foreign exchange Dedicated Account to receive the Grant; b) retaining the right to audit the Dedicated Account; and c) the prior actions associated with the publication of debt and guarantees of SOEs, strengthening follow-up of audit recommendations, and public disclosure of procurements. A remedial action plan has been developed under the ECF to address foreign exchange and other fiduciary risks.

Table 4: Summary Risk Ratings

Risk Categories	Rating
1. Political and Governance	● High

2. Macroeconomic	High
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	High
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Low
9. Other	Moderate
Overall	High

ANNEX 1: POLICY AND RESULTS MATRIX

Prior Actions for DPF1	Prior Actions for DPF2	Prior Actions for DPF3	Result Indicator	Baseline (2021 unless otherwise indicated)	Target (2024 unless otherwise indicated)
Pillar 1. Improve natural resource governance					
#1. The Recipient through its Ministry of Mines and Mineral Resources has submitted to Parliament for its approval, the draft MMDA, 2021 which inter alia provides a legal framework for promoting governance, transparency, fiscal, social and environmental standards for the mines and minerals sector, in accordance with the relevant Mines and Mineral Policies.	#1. The Recipient, through the MoF, has (i) submitted to Parliament amendments to the EIRA to reconcile with the National Revenue Authority Act and the MMDA; and (ii) gazetted a manual with guidelines for the implementation of the EIRA.	PA #1. To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act.	**Result indicator #1.** Area of reclaimed mined outs land in four major mining districts (Acres) **Result indicator #2.** Proportion of mining companies disclosing beneficial owners (%)	64 0	420 100
#2. The Recipient's Ministry of Lands, Housing and the Country Planning, has submitted to Parliament for its approval the draft Bills entitled, (a) the NLCA, 2021 which inter alia outlines the institutional arrangements for land management; and (b) the Customary Land Rights Act, 2021 which provides for customary land rights and management of customary land.	#2. The Recipient, through its MLHCP, has appointed Board members to commence the operationalization process of the NLC, which will facilitate enforcement and implementation of tenure security, demarcation and management of forest and ecologically sensitive boundaries, and involvement of local communities in land decision-making process.	PA #2. To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission Act and the Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees and (ii) established Chiefdom Land Committees (CLCs) in at least two chiefdoms.	**Result indicator #3.** Proportion of women appointed as Commissioners on the Board of the new Land Commissions (National and District) (%) **Result indicator #4.** Town/Village Area Committees that have established rules to govern land use and natural resources within their area, including rules for protection of the environment (%)	0 0	30 75 (2025)
Pillar 2. Enhance inclusiveness					
#3. The Recipient's Ministry of Gender and Children's Affairs has: (a) submitted to Parliament the draft Act	#3. The Recipient, through its Ministry of Labor, has submitted to Parliament a draft Employment Bill, which will inter	PA #3. To address gender-based discrimination in the labor market, the Recipient, through its	**Result indicator #5.** Women and men who received credit in the previous 12 months as a share of	8 (women) and 11	10 (women) and 12 (men)

to Promote Gender Equality, 2021; which inter alia makes provision for financial institutions to prescribe procedures for the improvement of women's access to finance; and (b) issued through the BSL, instructions to all licensed banks and regulated financial institutions to provide financial services on a nondiscriminatory basis	alia: i) provide for equal remuneration for work of equal value; (ii) prohibit discrimination in employment based on gender and prohibit dismissal of pregnant workers; (iii) repeal provisions prohibiting or restricting women's work in certain industries including mining, factories, construction, water, energy, transportation; (iv) prohibit sexual harassment in employment, with associated civil remedies; and (v) provide for paid maternity leave of at least 14 weeks to women, as well as paid paternity leave.	Ministry of Employment, Labor, and Social Security,, has i) submitted to Parliament, regulations to the Employment Act; ii) revised the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment.	the total female and male populations (%) **Result indicator #6.** Women face restrictions on work in certain industries including mining, factories, construction, water, energy, transportation (yes/no)	(men) (2018) Yes	 No
#4. The Recipient's TSC has: (a) developed a new TMIS and piloted it in sixty (60) schools; and (b) approved the nationwide roll out of TMIS, to strengthen the institutional framework for teacher management	#4. The Recipient, has pursuant to TSC Act, issued a directive that prescribes detailed sanctions against absentee teachers along with incentives for promoting teacher attendance.	PA #4. To improve teacher performance, the Recipient's cabinet has approved a Credit Scoring Framework for teachers.	**Result indicator #7.** Absenteeism rate of teachers on payroll (%)	12 (2020)	8
#5. The Recipient's Cabinet has approved the National Policy on Radical Inclusion in Schools, to improve inclusion of children from disadvantaged background in schools	#5. The Recipient's Cabinet has adopted i) a new ESP, and ii) an implementation plan for the National Policy on Radical Inclusion in Schools	PA #5. To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.	**Result indicator #8.** Senior secondary school enrolment rate for girls (%) **Result indicator #9.** Children with disabilities enrolled in school (number)	26.4 (2020) 40,096 (2020)	33 43,000 (2024)
#6. The Recipient' MoF has submitted to its Parliament for approval, an amendment to the Payment Systems Act to facilitate the effective implementation of electronic payments and the National Switch.	#6. The Recipient, through the BSL has adopted e-money guidelines, remittances guidelines, revised guidelines on the use of the agents, e-KYC guidelines, and national payment system oversight regulations.	PA #6 To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (ECT III and Digital	**Result indicator #10.** Women and men with an account at a financial institution or with an electronic/mobile money provider (%).	21 (women) and 33 (men)	33 (women) and 39 (men)

		Public Works) and, (ii) digitalize all National Revenue Authority Collections..			
Pillar 3. Strengthen accountability and transparency in public finance					
#7. The Recipient's MoF has published the debt and guarantees of the five largest SOEs.	#7. The Recipient: (i) through its Cabinet, approved a new SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of the ten largest SOEs.	PA #7. To enhance SOE governance and debt transparency, the Recipient through the MoF (i) has submitted to the SOEs Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.	**Result indicator # 11** SOEs that submitted audited financial statements within six months after the end of the financial year to the responsible authority and the Minister of Finance (%)	29.4 (2018)	75
#8. The Recipient has improved transparency in public procurement for the health and education sectors, by: (a) committing to publish on the NPPA website on a periodic basis, contracts and tender awards in said sectors above the threshold in the Public Procurement Regulations 2020; and (b) publishing said information for the Ministry of Health and Sanitation, Ministry of Basic and Secondary Education and the Ministry of Technology and Higher Education on the NPPA website.	#8. The Recipient has (i) published on the NPPA website tender announcements and contract award information for the last 12 months for the Health, Education and Energy sectors, in OCDS; and (ii) committed to continue publishing said information on a monthly basis.	PA #8. To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority, has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.	**Result indicator # 12.** Proportion of transactions (tender announcements and contract awards) published in OCDS format on the NPPA website (%)	0 (2021)	60
	#9. The Recipient, through its Cabinet, has approved SOPs detailing the follow-up procedures, responsibilities and actions of concerned parties, including the AG, audit committees, internal auditors, MoF, PAC and the MDAs, and	PA #9. To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures	**Result indicator # 13.** Recommendations made by Audit Service Sierra Leone (ASSL) that were fully implemented (%)	25 (2019)	70 (2024)

	outline applicable sanctions for failure to comply.	legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.			

ANNEX 2: IMF RELATIONS ANNEX

PRESS RELEASE NO. 23/379

IMF Staff Reaches Staff-Level Agreement with Sierra Leone on the Eighth Review of the Extended Credit Facility

November 6, 2023

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

- IMF staff and the Sierra Leonean authorities have reached a staff-level agreement on economic policies to conclude the eighth and final review of the 60-month ECF financed program, releasing about US$20.4 million in financing once the review is formally completed by the IMF Executive Board.
- External shocks and policy slippages in recent years contributed to macroeconomic imbalances, including high inflation, a build-up in debt, and low international reserves. A cost-of-living crisis continues to take a severe toll. The authorities have taken steps to tighten the macroeconomic policy stance, but further efforts are needed .
- The program has laid the foundations for an economic recovery by taking steps to restore macroeconomic stability, address debt vulnerabilities, and protect the most vulnerable. Reforms supported by the ECF have strengthened tax administration, public financial management, and financial sector oversight, among others.

Washington, DC: An International Monetary Fund (IMF) team, led by Mr. Christian Saborowski, visited Freetown from September 25 to October 6, 2023, for the eighth review of Sierra Leone's financial and economic program supported by the Extended Credit Facility (ECF) arrangement, approved on November 30, 2018 (see Press Release No. 18/446 (https://www.imf.org/en/News/Articles/2018/11/30/pr18446-imf-executive-board-approves-arrangement-under-the-extended-credit-facility-for-sierra-leone)). Subject to approval by IMF Management and the Executive Board in the coming weeks, the completion of the eighth and final review under the ECF will make available SDR 15.5 million (about US$ 20.4 million), bringing the total IMF financial support under the arrangement to SDR 124.4 million (about US$163.5 million).

At the conclusion of the mission, Mr. Saborowski issued the following statement:

"Multiple external shocks and loose macroeconomic policies in recent years contributed to macroeconomic imbalances, including high inflation, a build-up of debt, and low reserves. Increases in the cost of living worsened already high levels of food insecurity and made the poor more vulnerable. Fiscal policy has tightened as programmed during the first half of 2023, although revenues underperformed amid difficulties in sensitizing taxpayers to new tax policy measures, and technical challenges in configuring them. The authorities are committed to reducing the fiscal deficit to 5.8 percent of GDP in 2023, which will require strict expenditure restraint—to offset spending overruns in the third quarter—and swift progress in fully implementing all recent tax policy measures.

"Monetary conditions remained too accommodative over the first half of 2023, and y-o-y inflation has continued increasing to 54 percent in September, in part driven by the recent fuel price increase. The central bank has since taken corrective action to tighten, including by raising the policy rate by 250 bps to since June, providing forward guidance on the need for a continued tight policy stance, and committing to strict limits for BSL purchases of government securities. Meanwhile, the exchange rate has remained relatively stable in recent months, likely reflecting the tighter macroeconomic policy stance.

"Macroeconomic conditions are expected to stabilize over the medium term, predicated on continued efforts tighten macroeconomic policies and achieve debt sustainability. The authorities envision steadfast fiscal consolidation in the coming years, aiming for a budget deficit of 2.8 percent of GDP in 2024. The central bank is committed to continue tightening monetary conditions to help bring inflation to single digits over the medium term. Growth is expected to weaken in 2023 amid the tight macroeconomic policy stance, before recovering in 2024, supported by an expansion in mining and agriculture.

"The authorities continue to advance on important reforms, albeit with delays. Capacity building efforts have focused on strengthening tax administration and improving revenue mobilization; enhancing public financial management; improving foreign exchange operations; strengthening financial supervision and oversight; and improving statistical reporting on government finances, public debt, and national accounts. These efforts were supported by technical assistance from the IMF, the World Bank and other development partners.

"The staff team is grateful to the authorities for the open and productive discussions to ensure success of their economic program supported by the IMF. The team met with Finance Minister Bangura, Acting Governor Stevens, and other senior government officials. The mission also had fruitful discussions with representatives from civil society, the private sector and development partners."

More information about ECF: Extended Credit Facility (https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/04/Extended-Credit-Facility)

IMF Communications Department

MEDIA RELATIONS

PRESS OFFICER: PAVIS DEVAHASADIN

PHONE: +1 202 623-7100 | **EMAIL:** MEDIA@IMF.ORG

@IMFSpokesperson (https://twitter.com/IMFSpokesperson)

ANNEX 3: LETTER OF DEVELOPMENT POLICY

ANNEX 3: LETTER OF DEVELOPMENT POLICY

Tel: +232 (0) 99 64 14 38
Email: safbangura@mof.gov.sl

Ministry of Finance
Secretariat Building
George Street, Freetown
SIERRA LEONE
8th November 2023

Mr. Ousmane Diagne
Vice President for West and Central Africa Region
The World Bank Group
Washington D.C.
U.S.A.

THIRD INCLUSIVE AND SUSTAINABLE GROWTH FACILITY (ISGF-3)
LETTER OF DEVELOPMENT POLICY

On behalf of the Government of Sierra Leone, I am writing to request for the approval of the Third Inclusive and Sustainable Growth Facility in the sum of US$65 million to support the financing of Government's priority programmes and reforms articulated in the original 2023 Government Budget and the 2023 Supplemental Budget, which are closely aligned with the Medium-Term National Development Plan (MTNDP, 2019-2023). These include reforms aimed at improving governance of the mining and land sectors; promoting gender equality and women's access to employment and income; strengthening teacher management and enhancing inclusiveness in education; deepening financial inclusion and promoting transparency and accountability in the use of public resources. The ISGF3 will also support Government's response to the multiple shocks with a view to mitigating its impact on the people of Sierra Leone.

This letter of development policy summarizes recent economic developments; presents the medium-term macroeconomic outlook and describes the structural and sectoral reforms being implemented by the Government to support the attainment of inclusive and sustainable growth in order to boost the productivity, competitiveness and resilience of the economy.

Recent Economic Developments

The macroeconomic situation remains challenging driven by domestic and external factors. These include the lingering effects of the COVID-19 pandemic; higher food and energy prices amid the Russian-Ukraine Crisis; higher interest rates and associated tighter financing conditions as central banks at the global level tighten monetary policy to combat inflation; a stronger US Dollar; and general economic uncertainty. These developments contributed to worsening already existing macroeconomic imbalances culminating in weak economic growth, higher inflationary pressures, limited fiscal space and heightened debt vulnerabilities, which in turn have translated into a cost-of-living crisis with adverse implications for poverty and inequality.

Following the strong recovery in 2021, economic growth slowed in 2022. The economy grew by 3.5 percent in 2022, compared to 4.1 percent in 2021. The uncertain global economic environment coupled with high food and energy prices weighed on economic growth in 2022.

Public finances improved in 2023 despite revenue shortfalls and spending overruns that accumulated in Q3-2023 as the budget deficit declined to 8.5 percent of GDP as at end September 2023 from 10.9 percent in 2022. On domestic revenues, election-related uncertainty, technical difficulties in the implementation of the Finance Act 2023, a freeze on fuel pump prices to ensure social stability ahead of the June elections, and delays in renegotiating the Rutile Mining agreement, contributed to somewhat lower-than-projected domestic revenue collection during the first half of 2023. Total revenue collections amounted to NLe4.6472 million (5.962 percent of GDP) compared to the programme target of NLe4.80 million (6.14 percent of GDP). The shortfall was accounted for by underperformance in income taxes; goods and Services taxes and customs and excise duties. The under-performance on these revenue streams was partly offset by higher-than-expected collections on Mineral licenses and iron ore royalties, TSA revenues and road user charges. By quarter three, the cumulative shortfall was NLe338 million (0.4 percent of GDP)

Total expenditure and net lending exceeded budgeted amounts for the first three quarters of the year, due to overruns on goods and services and capital spending (domestic and foreign), which more than offset lower-than-budgeted wages and salaries, interest payments and subsidies and transfers. By quarter three the cumulative budget overrun was NLe 464 million (0.6 percent of GDP). Despite this, Government is committed to reducing the budget deficit of 5.8 percent of GDP by the end of 2023, slightly above the target of 5.6 percent of GDP. This will be achieved by placing a moratorium on domestic capital spending, refraining from providing any additional allocation to MDAs in Q4-2023, eliminating any remaining subsidies to energy and reducing transfers to local councils, and deferring election related payments to 2024.

Monetary policy implementation was challenging during the review period due to tight liquidity conditions in the banking system, fiscal pressures and the weak monetary policy transmission mechanism. However, the BSL continues to tighten monetary policy to reduce inflation and maintain financial stability. Year-on-year base money growth increased from 33.8 in March 2023 to 57.3 percent in June 2023, but decreased to [37.3] percent in [August] 2023 and is expected to continue on a downward trajectory. To contain the high and increasing inflation, the Monetary Policy Committee (MPC) raised the policy rate by 50 bpts to 19.25 percent in July 2023, and a further 200 bpts to 21.25 percent in September 2023. This is the eighth increase in the policy rate since December 2021. In the MPC statement published in September 2023, the BSL provided forward guidance that a tight monetary policy stance would continue to be needed in the next quarters to reduce the stubbornly high level of inflation.

Headline inflation continues to rise in 2023. Year-on-year overall inflation has increased sharply to 54.5 percent in September 2023 from 44.8 percent in June 2023. This was due, in part, to the faster-than-expected increase in money supply in the first half of the year as well as domestic supply shocks, imported inflation, the removal of fuel subsidies, rising domestic food prices and the high pass-through effect from the steep depreciation of the Leone on prices of imported goods.

Gross international reserves of the BSL have continued to decrease, but the Leone has remained broadly stable depreciating by 17.3 percent between January and October 2023 compared to 39.1 percent in 2022 c, reflecting declining reserve money growth, steps to increase the policy rate as well as the following policy actions:

- The removal of administrative barriers in the foreign exchange market;
- The amendment of the BSL Act 2019 to permit the use of currencies other than the Leone in selected transactions in Sierra Leone;
- The decision to permit lending in foreign currency by commercial banks on a case-by-case basis; and
- The decision to mandate offshore foreign exchange brokers to trade donor funds for development projects in Sierra Leone at the BSL FX reference rate for the day.

The banking sector generally remains well capitalized, liquid and profitable. Most key financial soundness indicators were comfortably above stipulated prudential thresholds. Banks' non-performing loans remained high, above the tolerance level of 10 percent, but eased to [11.7] percent of total loans in June 2023 from 13.1 percent in March 2023. Efforts continue to strengthen the capital adequacy of the two banks facing solvency issues. Although the banking system has ample liquidity, uneven distribution has created a liquidity squeeze for most banks.

Medium-term Macroeconomic Outlook

The Sierra Leonean economy is expected to recover over the medium-term. Growth is projected to increase to 4.7 percent in 2024 and to 5.2 percent in 2025, driven by increased investment in agriculture, mining activities, and a recovery in the services sector, before returning to our historical trend of around 4.5percent by 2026 and 2027. Inflation is expected to ease to 23 percent in 2024 and to below 10 percent over the medium-term due to the macroeconomic tightening and a decline in key global commodity prices and increases in domestic food supply. The current account deficit is projected to shrink to 4.2 and 2.8 percent of GDP in 2024 and 2025, respectively, as the trade deficit narrows. Official foreign reserves are programmed to stay above the floor of 3.0 months of imports in the medium term, supported by official flows and private transfers. The exchange rate is expected to move in line with inflation differentials.

The risks to the outlook are significant. These include spillovers from ongoing geo-political tensions, economic fragmentation, escalation of the Russia-Ukraine crisis, including higher international prices for food and energy, continuous depreciation of the exchange rate, and declining international donor support.

Medium-Term Macroeconomic Objectives and Policies

Government's medium-term macroeconomic objectives remain safeguarding macroeconomic and financial stability, addressing debt vulnerabilities, and vigorously pursuing the implementation of structural reforms to lay the foundation for sustainable, inclusive, and green growth. To boost the resilience of the economy, Government will pursue public financial management reforms to ensure transparency and accountability in the use of public funds and endeavors to strengthen budget discipline, improve the business environment, and enhance social protection systems.

The Government remains committed to achieving fiscal and debt sustainability through fiscal consolidation this year and over the medium-term. Unfortunately, repeated adverse external and domestic shocks have constrained Government's efforts in achieving these objectives. We are in the process of returning our fiscal position to a sustainable path. In this context, Government implemented a mix of revenue enhancement and expenditure containment measures, and stands ready to further tighten macro policies, if warranted. At the same time, we continue to seek concessional financing and additional grant resources from our international partners to support priority spending. Government took actions to mitigate fiscal risks posed by the Electricity Distribution and Supply Authority (EDSA) by raising the average electricity prices significantly consistent with the pricing model to boost the revenue collection potential of EDSA and its ability to meet payments to Karpower and CLSG with minimal or no subsidies. Government also adjusted domestic fuel pump prices to reflect movements in the international fuel price and the exchange rate of Leone to the US dollar. This will ensure stable excise duties and eliminate fuel subsidies, thereby insulating the budget from the volatility in the international oil market.

FISCAL POLICY

The government is committed to achieving the overall fiscal deficit target of 5.6 percent of non-iron ore GDP in 2023. To compensate for lower revenues in 2023, we will reduce spending on goods and services by NLe 150 million (0.2 percent of GDP), and Subsidies and Transfers including energy subsidies by NLe 150 million (0.2 percent of GDP).

Revenues: The government commits to fully implement all 2023 Finance Act measures by end-November 2023. From the outstanding measures by end-September, the government has finalized the implementation of the revised excise rates, the minimum alternate tax, the tourism levy, the annual vehicle circulation fee, and the surcharge on cellular services before end-October. The Government commits to finalize the harmonization of domestic and imported excise rates and revision of GST exemptions by end-November 2023.

Expenditures: To achieve savings of NLe 150 million (0.2 percent of GDP) on goods and services, the government is committed to refraining from providing any additional allocation to MDAs in Q4-2023. The government also commits to achieve savings of NLe 150 million (0.2 percent of GDP) on subsidies and transfers, by eliminating any remaining subsidies to energy (0.06% of GDP), reducing transfers to local councils (0.06% of GDP), and deferring election related payments to 2024 (0.06 % of GDP). Finally, the government commits to imposing a full freeze on domestically financed capital expenditures in the fourth quarter of 2023 to contain budgetary overruns.

Fiscal consolidation will continue in 2024 and over the medium-term. The objective is to reduce the budget deficit further to 2.8 percent of GDP. Over the medium-term we aim to further boost revenue mobilization and rationalize expenditures, aiming to achieve domestic primary surpluses of around 2 percent of GDP by 2028.

Government is taking action to further increase tax revenue mobilization. To achieve the target of 20 percent of GDP in revenues, Government with support from the IMF and World Bank has developed the MTRS, 2023-2027, which was approved by Cabinet in April 2023 and published in October 2023. Government also submitted to Parliament as part of the 2024 Finance Act additional tax revenue measures based on the MTRS that are expected to yield at least 1 percent of GDP in revenues. These include (i) Harmonization of the final withholding tax rates for capital income including dividends, rental income, interests, and royalties but excluding capital gains tax at a rate of 15% (ii) Raising the GST registration threshold to NLe500,000, from Nle100,000, (iii) Continue to gradually increase specific excise rate on fuels to internalize the external costs of fuels to Nle2.40/litre for diesel and Nle2.8/litre for gasoline, (iv) introduce specific excise tax on single use plastics at the rate of 10 percent per Kg, (v) introduce excise on gambling and casino services at a rate of 10% of gross betting revenue, (vi) restore import duty on imported rice at the rate of 10 percent (vii) restore import duty on iron rods at 10 percent, (viii), restore import duty on imported cement at 20 percent, (ix) ,restore import duty on cooking gas at 5 percent, (x) Continue to implement royalty on timber export based on the value of timber product in addition to the current fixed charge retained as a minimum, (xi) Introduce an Education Levy of one percentage the value of all contracts for the supply of goods, services and works as final withholding tax. Government will implement another set of additional tax revenue measures based on the MTRS that are expected to yield at least another 1 percent of GDP in additional annual tax revenues as part of the 2025 Finance Act. We are also reviewing the Petroleum Pricing Formula with support from the World Bank to ascertain the relevance of various components of the formula and determine an optimal excise duty rate on petroleum products.

Government remains committed to strengthening public expenditure management to create the fiscal space for spending on priority areas including social safety nets needed to cushion the impact of the cost-of-living crisis on the vulnerable. Against the background of a cost-of-living crisis that has pushed several thousands of people into food insecurity, the government recognizes the urgent need for targeted social safety nets. In this regard, we are working with development partners, including through National Commission for Social Action (NACSA) , to provide much needed support to the poor and vulnerable households across the country. The government intends to continue supporting cash transfers, school feeding, climate change adaptation and mitigation activities, hygiene and welfare packages for schoolgirls, and critical domestic capital expenditures for improving water and electricity supply to boost social and economic resilience. Going forward, the government intends to scale up these efforts, even as it pursues a path of fiscal consolidation over the medium-term. This includes making use of SDRs to finance priority social spending.

Efforts continue to improve budget preparation and execution. To this end, Government with Technical Assistance from the IMF has adopted a strategic top-down budgeting approach, which ensures that the total level of expenditure is determined before detailed items in the budget are negotiated and to reflect aggregate fiscal policy priorities. To this end, Government will request technical assistance on baseline budgeting from the IMF.

To improve the effective planning and efficient execution of the public investment programme, government has adopted the National Public Investment Management Policy (NPIMP). Its implementation will ensure that all public investment projects go through the Public Investment Management Cycle. Government will activate the governance architecture of the Public Investment Management systems, which require the screening of projects by the Ministerial Investment Committee on the recommendation of the Technical Investment Committee before inclusion in the Public Investment Programme.

Government will continue with efforts to avoid overruns in domestic capital spending, by strengthening the collaboration with the National Monitoring and Evaluation Department (NaMED) and the and Ministry of Planning and Economic Development (MoPED) to prioritize measures that support the management, control, and execution of multi-year contracts. In line with this strategy, the 2024 Budget Call Circular (BCC) requires all MDAs to submit details of ongoing and new capital projects to NaMED and MoPED and to upload project profiles in the National Monitoring and Evaluation Management Information System (NaMEMIS). The government commits to maintain detailed information from all existing and new capital projects, including projects implemented by the Sierra Leone Roads Authority (SLRA), publicly available in the NaMEMIS website. The information will include the project description, total cost, outstanding balance, and the disbursement plans for FY2024, 2025, and 2026.

Public Debt Management Policy

Government is committed to reducing debt vulnerability. Multiple and successive shocks and policy slippages have heightened public debt vulnerability. Sierra Leone is assessed as a country with a high risk of both external and overall debt distress, but debt is sustainable on a forward-looking basis. Implementation of the fiscal consolidation measures mentioned above and lengthening the domestic debt maturity are critical to maintain debt sustainability. We have adopted an update Medium-Term Debt Strategy (MTDS) in October, committing therein to (i) stipulate new investment norms for institutional investors; (ii) strengthen communication with banks and non-banks on the MTDS; (iii) update the auction procedure as proposed by IMF TA; (iv) reviewing the primary dealership agreements and have a performance threshold for the players; (v) T-bond yields that better reflects market fundamentals; and (vi) implemented the World Bank Sustainable Development Finance Policy and performance Actions (SDFP PPAs) to improve debt data transparency, improve revenue collections, and refrain from non-concessional borrowinga. To take further action to address the challenging debt situation, Government will pursue the following actions:

(i) limit domestic borrowing in line with program projections even after the program ends;
(ii) limit external borrowing in line with program ceilings even after the program ends;
(iii) continue to seek grant financing or borrow concessional loans to finance investments in key sectors of the economy, especially infrastructure;
(iv) continue to introduce local medium to long-term bonds to extend average remaining maturity, in line with the updated Medium-term Debt Strategy;

(v) continue to explore non-debt-creating financing models such as Public-Private Partnerships (PPPs) supported by thorough analyses of the potential fiscal risks;
(vi) implement the updated Arrears Clearance Strategy;
(vii) annually update and implement the Medium-term Debt Strategy to guide public debt management;
(viii) continue to strengthen debt management and improve debt reporting and transparency through the regular publication of publicly guaranteed debt and the debts and contingent liabilities of all state-owned enterprises;
(ix) take action through debt operations as needed to reduce the debt service burden over time; and
(x) with support from the African Development Bank, review the Debt Management Act and deploy a contract profiling tool for the effective management of contracts.

Monetary and Exchange Rate Policy

The BSL is committed to taking decisive action to bring inflation down. The BSL will take action to slow base money growth-the BSL's operational target- to 27.2 percent at the end of 2023 by limiting liquidity provision, while the authorities will ensure that any BSL bridge loan to the government is repaid in full before the end of the year. This will help anchor monetary growth to our projected inflation path over the medium term. To achieve this, the BSL will:

- limit purchases of government securities in the secondary market, by offsetting the higher-than-expected net liquidity provision to the government in the first half of 2023, with lower-than-expected net liquidity provision in the second half of 2023.
- continue raising the policy rate as needed to achieve positive real rates over the course of the coming year to send a strong signal of our intention to bring down inflation.
- consider strategies to enable the use of our own instruments to support effective liquidity management operations including reserve requirements and prudential guidelines.
- improve communication to explain monetary policy decisions, past outcomes, and actions necessary to align inflation expectations with policy objectives. This will be designed to explain basic concepts of monetary policy clearly and easily understandable to stakeholders in the industry and the public.
- with technical assistance from the IMF, take actions to improve liquidity and inflation forecasting, and computation of the composite index of economic activities (CIEA).

Public Financial Management Reforms

The Integrated Financial Management System (IFMIS) has been upgraded from version 6.5e to a web-based GRP version 7 application and has been rolled out to 78 MDAs, implying that nearly all government expenditures, excluding subvented agencies, are now processed through the system. Plans are underway to roll out IFMIS to an additional thirty-seven (37) sub-vented agencies and MDAs including the Road Maintenance Fund Administration and Medical Supplies Agency by June 2024. The use of the Electronic Funds Transfer will also be extended to sub-vented agencies. The Ministry of Finance has made it mandatory that MDAs process expenditures through the web-based IFMIS to prevent arrears accumulation.

Further measures have been taken to prevent the accumulation of new arrears. The Cash Management Unit continues to use the Cash Forecasting Tool to produce and update cash forecasts to inform the decisions and recommendations of the Expanded Cash and Debt Management Committee (ECDMC) on budget execution. Quarterly budget allocations are now based on the cash flow forecasts approved by the ECDMC. Expenditure commitments will henceforth be based on the availability of cash and not just on expenditure allocations. The use of the Electronic Funds Transfer (EFT) System ensures that payment requests are sent to the Bank of Sierra Leone only when funds are available, thus eradicating the build-up of unpaid cheques with the Bank of Sierra Leone. The MoF has also strengthened the controls of MDA's contracts, including by establishing a Contract Management Steering Committee.

The conclusion of Phase II of the Treasury Single Account (TSA) expansion will improve cash management. Government has transferred all balances of SVAs in commercial banks to the BSL and converted SVA departmental accounts at the BSL into treasury accounts, with the exception on balances related to donor-funded projects, allowing the BSL to compute ways and means daily.

The Government has incorporated outstanding verified domestic arrears as of end December 2022 into a newly published Arrears clearance strategy Going forward, arrears will only be cleared to the extent that budgetary provisions for their clearance exist. To increase transparency and improve budget execution, the Government is also committed to deploy an arrears profiling system to track arrears payments across MDAs.

Government is working towards improving the sustainability of the wage bill. The transparency and reliability of the wage bill has improved in recent years following the implementation of several payroll reforms initiated in 2018. However, the wage bill is becoming unsustainable. Government will:

(i) Develop a Medium-term Wage Bill Management Strategy that introduces additional reforms to strengthen payroll management. A technical committee has been established and clear terms of reference developed and shared among stake holders; A draft of the Strategy has been shared with development partners for comments.
(ii) Operationalize the Wages and Compensation Commission following the enactment of the Wages and Compensation Commission Act in April 2023. The process of appointing a CEO, a Deputy CEO of the Commission and a Chairman of the Board of the Commission commenced in September and will be completed by the end of the year.
(iii) Conduct a biometric verification exercise for teachers and health workers. The Ministry of Finance has held discussions with the United Kingdom Foreign Commonwealth and Development Office (FCDO) to seek financial and technical support for the biometric

verification of teachers while the European Union has indicated support for the verification of the health sector payroll; and

(iv) Institute workforce planning for all payroll categories to improve the controls relating to new recruitments and salary adjustments. The Ministry of Finance has held discussions with the respective employing authorities. The outcome of the discussions will form the basis of the workforce planning.

POLICY REFORMS IN 2023

Government remains committed to the implementation of prudent macroeconomic, structural, and sectoral reforms to achieve sustainable and inclusive economic growth in order to create employment opportunities and reduce poverty. To this end, Government is undertaking the following reforms in key sectors of the economy.

Improving Natural Resource Governance

The mining sector accounts for 14 percent of GDP and 70 percent of merchandise exports. The sector is a major source of employment, revenue and foreign exchange. Reflecting the significance of the sector to the economy of Sierra Leone, the Parliament enacted the Mines and Minerals Act, 2009, which also established the National Minerals Agency to regulate activities in the sector with a view to deriving maximum benefits to the people and Government of Sierra Leone, including the mining communities. The Parliament also enacted the Extractive Industry Revenue Act (EIRA) Act in order to consolidate the fiscal regime for the extractive sector in one piece of legislation in order to eliminate the case-by-case negotiation of mining investment projects, which in most cases contain wide-ranging tax incentives that are at variance with the existing tax laws. Revenue collection in the sector remains below potential reflecting the high level of discretion in legal and regulatory procedures. There are also several weaknesses in the Mines and Minerals Act of 2009 and the Petroleum Act of 2011, which provide room for discretion which Government aims to address to reduce rent-seeking behavior and maximize revenue from the mining sector.

As part of efforts to address these challenges and maximize revenue collection while improving transparency and accountability in the mining sector, the Parliament enacted the Mines and Minerals Development Act in July 2022. With support from the IMF, Government carried out a comprehensive review the EIRA, 2018 to identify and address the inconsistencies between this legislation and the Mines and Mineral Development Act, 2022 in order to ensure smooth implementation of these legislations. Parliament ratified the EIRA 2018, Amendment Bill. This is expected to improve the governance of and maximize revenue collection from the extractive sector. Building on these reforms, in 2023, Government developed the Regulations for the Mines and Minerals Development Act and submitted the same to Parliament for ratification.

Improving access to land

Under the Sierra Leone customary system, the administration of land rights and use is fraught with several challenges including insecure tenure and limited access to land by women. The result has been under-utilization of arable land and low productivity.

In order to address these challenges and improve access to land for vulnerable groups, especially women, Government presented two key legislation to Parliament: Parliament enacted the Customary Land Rights Act, 2022 and the Land Commission Act, 2022. These Acts seek to establish and protect property rights while encouraging responsible investment in the country. The two statutes address the following reform areas (i) tenure security (ii) customary land rights administration and management(iii) customary tenure dispute resolution (iv) gender quality and the rights of women (v) protection of livelihoods; and (vi) responsible investment.

To operationalize the implementation of the Land Commission Act, 2022, Government appointed members of the Boards of the Land commission in 2022. To further improve land administration, in 2023, Government developed the Customary Land Rights Act and Land Commission Regulations and submitted the same to Parliament for ratification. Government also established two chiefdom courts at Kakua Chiefdom in Bo and Nongowa Chiefdom in Kenema for land arbitration.

Enhancing Inclusiveness for Women and Improving Women's Economic Participation

Even though women account for 50.8 % of the population of Sierra Leone, their ability to participate in the economy is constrained by discriminatory practices such as unequal access to job opportunities and bank credit, gender-biased recruitment practices and traditions and sexual harassment in work places.

To address these discriminatory practices, Government developed a Gender Equality and Women's Empowerment Bill and submitted the same to Parliament in 2022. The Bill seeks to achieve the goal of equality and equity among men and women. The Bank of Sierra Leone also issued a directive prohibiting gender-based discrimination in access to banking and financial services.

Furthermore, to address gender-based discrimination in the labor market and access to employment and income, Parliament enacted the Employment Act in 2022. The law specifically addresses the following issues: equal remuneration for work of equal value; provide for paid maternity leave of at least 14 weeks for women; prohibit discrimination in employment based gender and protect pregnant workers from dismissal; repeal provisions prohibiting or restricting women's work in certain industries and prohibit sexual harassment in employment with associated civil remedies. To support the effective implementation of the Act, Government developed the Employment Regulations and submitted the same to Parliament for ratification. Additionally, the Wages and Compensation Commission Act 2023 envisions the establishment of a commission which will operationalize the principle of equal remuneration for work of equal value, by ensuring harmonization of wages in the entire public service.

Strengthening the Institutional Framework for Teacher Management

Despite progress made in improving education in recent years, learning outcomes remained weak and lags behind other low income countries. This is attributed partly to poor teacher management and lack of comprehensive monitoring system on teaching and learning. This in turn is contributing to teacher absenteeism and unequitable teacher deployment, with adverse consequences on learning outcomes.

In an effort to address these deficiencies in the education sector, Government established the Teaching Service Commission (TSC) and mandated it to take over teacher management responsibilities including recruitment, promoting, deploying, transferring and dismissal of teachers. 47. To address the issue of teacher absenteeism and poor teacher management, the Teaching Service Commission introduced a Teacher Management Information System (TMIS), which was piloted in 80 schools in 2021. The TMIS also captures student attendance and other information into the system. In 2022, the Teaching Service Commission developed a draft directive that prescribes detailed sanctions against absentee teachers along with incentives for promoting teacher attendance. The draft directive was approved by the Board of the TSC. In 2023, the TSC developed a Credit Scoring Framework for teachers and the Code of Conduct signed by each head of schools as an incentive to improve teacher performance.

Radical Inclusion Policy in Schools

Although Sierra Leone has ratified most international and regional treaties that guarantee the right to education, yet marginalized groups are being denied from accessing quality education.

To promote inclusion in the education sector, Cabinet approved the National Policy on Radical Inclusion in Schools in May 2021. The policy aims to prioritize disadvantaged girls, creating opportunities for them to pursue an education through grants, scholarships, and community support programme. This policy is focused on inclusion of children with disabilities and pregnant girls, who were initially banned from attending school. To operationalize the policy, Cabinet has adopted the Implementation Plan for the National Policy on Radical Inclusion in schools. Furthermore, the Cabinet has adopted the new Education Sector Plan, which was developed by the Ministry of Education with support from development partners. In 2023, Parliament enacted the Education Act. The Act seeks to reform the education system by making it more inclusive, accessible, and rights-based and lays out regulations to eliminate violence and improve learning outcomes in the country.

Increasing Access to Financial Services

Access to financial services and usage of digital payments remains low in Sierra Leone. Only 19.8 percent of adults have an account with a formal financial institution or a mobile money provider, compared to 42.6 percent and 34.9 percent on average for Sub-Saharan Africa and low-income countries, respectively. To strengthen the legal and regulatory environment for digital financial services, the Bank of Sierra Leone revised the Payments Systems Act in line with international best practice. The amended Payments System Act has been enacted by Parliament.

To foster the adoption of digital financial services, the Bank of Sierra Leone has developed and gazetted e-money guidelines, remittances guidelines, amendments to agent banking guidelines and payments system oversight regulations. Parliament ratified the Payments system oversight Regulations in 2022.

Strengthening fiscal sustainability and transparency

State-Owned Enterprises (SOEs) are a significant source of fiscal risk in Sierra Leone. There are twenty (20) SOEs operating primarily in the utilities, transport, and financial sectors. Most of them have weak financial positions due to high administrative costs and below market pricing for the services they provide. Furthermore, SOE borrowing represent a potential source of implicit contingent liabilities with adverse implications for debt sustainability.

To ensure debt and fiscal transparency, Government published all the debt/liabilities of the five (5) largest SOEs in 2021. In 2023, Government published debt data for the 17 largest SOEs. An SOE Ownership Policy has also been developed and validated by relevant stakeholders in August 2022. Cabinet adopted the SOE Policy in 2022. Government has submitted the SOE Bill to Parliament for ratification in October 2023.

The lack of clarity surrounding the role of audit committees, internal auditors, Auditor General and the ministries in the audit follow-up process undermines effective implementation of audit recommendations. To address this problem, Government has developed a Standard Operating Procedures (SOPs) manual that clarifies the audit follow-up processes to all stake-holders. It describes the required steps from the submission of a draft audit report by the Audit Service Sierra Leone to the submission of the final audit report, and then onward tracking of the eventual implementation of the remaining audit recommendations. In 2022, Cabinet approved the SOPs Manual , which was earlier validated by relevant stakeholders. In 2023, Government amended the PFM Act, 2016 to make the SOPs Manual legally binding. Government also adopted a Digital Tool Kit to monitor and follow-up on audit recommendations in 2023.

In recent years, the legal framework for public procurement has been strengthened with revisions to the National Public Procurement Act. Parliament enacted new Procurement Regulations in May 2020 to pave way for the implementation of a nationwide e-procurement system. Government has taken steps to implement the new regulations by ensuring that the majority of procurement contracts follow competitive bidding. To further increase transparency of public procurement, Government through the NPPA now publishes on its website periodic updates of contracts and tender announcements of the Ministry of Health and Sanitation, the Ministry of Technical and Higher Education, the Ministry of Basic and Senior School Education, Ministry of Energy and the Ministry of Works and Public Assets.

By publishing procurement data on tender announcements and contract awards in OCDS format before implementation of e-procurement, stakeholders will have access to better information to make informed decisions.

Government is also committed to improving the financial performance of its electricity utility, EDSA, in order to improve electricity services, enhance energy access and reduce energy subsidies which have increased to levels in excess of USD 100 million this year. As part of introducing a public private partnership in EDSA, the government expects to award the contract for a transaction advisor for private sector participation in EDSA by December 15, 2023. The transaction advisor would report to an inter-ministerial committee with the aim of having a private partner for EDSA under contract by the end of 2024. In addition, to strengthen institutional capacity during the transition period, a Chief Operating Officer (COO) to support EDSA senior management in improving its technical and commercial performance would be competitively recruited by January 31, 2024.

Digitalisation of Government Systems

To enhance domestic revenue collection, the National Revenue Authority (NRA) has developed a road map to facilitate the interoperability the automated revenue systems (ASYCUDA, ITAS and ECR). Government is also in the process of digitalizing two key programmes related to the cash transfers and emergency road works implemented by the National Commission for Social Action (NaCSA).

Conclusion

Mr. Vice President, as laid out above, Government has made significant progress in the implementation of policy reforms under the Third Inclusive and Sustainable Growth Facility (ISGF-3). In addition to the implementation of the reforms under ISGF-2, several outstanding legislations under ISGF-1, which were drafted but could not be submitted to Parliament due to technical and administrative difficulties have been enacted into laws by Parliament by 2023. These include the Customary Land Rights Act, the National Land Commission Act the Mines and Minerals Development Act, the Employment Act, the Gender Equality and Women's Empowerment Act and the Payments System Regulations. The Government has developed the regulations under all these Acts and has submitted the same to Parliament for ratification.

The multiple and repeated shocks undermined domestic revenue collection and worsen the socio-economic conditions of the population especially the poor and vulnerable. This necessitates the provision of social safety nets to cushion the impact of these adverse shocks on the vulnerable segments of the populations. However, the limited fiscal space owing to weak revenue performance combined with high debt service payments is constraining Government's efforts in providing these safety nets to the vulnerable population.

Whilst Government continues to intensify domestic resource mobilization through the implementation of the MTRS, the financial support, particularly budget support from the World Bank, remains critical to the effective delivery of public services to the people of Sierra Leone

Your approval of this disbursement request, therefore, will enable Government to deliver the planned level of basic services to the people of Sierra Leone as well as mitigate the impact of the multiple and overlapping crises on them.

Please accept the assurances of our highest consideration,

Sheku A. F Bangura
Minister of Finance

ANNEX 4: ENVIRONMENT AND POVERTY/SOCIAL ANALYSIS TABLE

Prior Actions	Significant positive or negative environment effects	Significant poverty, social or distributional effects positive or negative
Pillar 1: Improve natural resource governance		
PA #1. To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act.	Positive: The Act and its implementing regulations supports progressive rehabilitation and wetlands restoration of mined-out lands which promotes climate change adaptation and mitigation ambitions of Sierra Leone. Wetlands and reforested mining sites will serve as carbon sinks. Progressive afforestation of mining sites will reverse environmental degradation and will prevent landslides, soil erosion, floods, and other typical consequences of climate change.	Neutral to positive: The regulations will potentially affect the 300,000 persons estimated to be working in the mine and quarrying industry and supply chains (Sierra Leone Minerals Policy, 2018), 4.1 percent of whom are women (ILO). It would help to reduce violations of labor rights and abuses targeting women and children. Stricter regulation of ASM (through license requirements) could reduce negative impacts on communities in mining areas that rely on agriculture. At the same time, the new regulations could lead to closure of some ASM operations, negatively affecting employment opportunities.
PA #2. To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission and Customary Land Rights Acts, specifically including regulations establishing Chiefdom Land Committees and (ii) established Chiefdom Land Committees (CLCs) in at least two chiefdoms.	Positive: Protecting land tenure rights for members of local communities will create the legal field for compensations for environmental degradation with its cascading negative effects, to which both mining industry and climate change will contribute. The land acts and their implementing regulations will create facilitating environment for climate-resilient land management, climate-smart agriculture, degraded land restoration to improve carbon sequestration, etc.	Neutral to Positive: Kpaka (2019) found that Sierra Leone landowners in areas where CLCs were operational enjoyed greater land tenure security. While the number of land disputes was higher, this could be the result of CLCs empowering landowners to seek redress. When it comes to representation, a later study by Kpaka (2022) found that less than half of CLCs included either women or youth representatives.
Pillar 2: Enhance Inclusiveness		
PA #3. To address gender-based discrimination in the labor market, the Recipient, through its Ministry of Employment, Labor, and Social Security,, has i) submitted to Parliament, regulations to the Employment Act; ii) revised the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment.	Positive: Because of the nature of traditional roles in the society, women are more susceptible to contracting diseases, they are also likely to lack resources to seek medical help, and have limited access to healthcare facilities to receive information on disease prevention. Facilitating women inclusion will allow women to accumulate capacity and resources to withstand the risks.	Neutral to positive: Inspections related to gender-based discrimination and guidelines on gender equality will help women employed in the labor force by adding oversight measures to the Employment Act. Most likely affected population are workers in formal jobs. Enforcement of labor regulations may lead to a fall in informal employment to the extent they stimulate demand for formal employment and a fall in self-employment

		(Almeida and Carneiro, 2012).
PA #4. To improve teacher performance, the Recipient's cabinet has approved a Credit Scoring Framework for teachers.	Positive: Educational sector reforms will stimulate economic growth, and lift the country and its young generation from poverty, increasing physical and economic resilience to climate change.	Positive: Improved quality of teaching and teacher workforce management would benefit learning outcomes among schoolchildren, and longer-term human capital development. A study by Buhl-Wiggers et al. (2016) of Uganda education system found that an increasing teacher quality led to at least improvements in student performance, as measured by a reading test.
PA #5. To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.		**Positive**: Outside of family members, teachers are the most likely perpetrators of violence against females in Sierra Leone (DHS 2018). Safer and more inclusive classrooms would benefit those among the country's 3.1 million elementary and secondary schoolchildren whose learning is inhibited by poor teacher conduct, including absenteeism and abusive behavior, by creating a safer learning environment (2021).
PA #6 To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (ECT III and Digital Public Works) and, (ii) digitalize all National Revenue Authority Collections.	Neutral to Positive: Digitalization of transactions can help contain carbon emission associated with physical transaction – the cost of travelling to banks or intermediaries and the cost of printing physical money. Sierra Leone imports its currency from EU, and the carbon cost of this transportation can be mitigated over time with increased digitalization.	Neutral to Positive: Aker et al. (2016) found that use of mobile money payments in Niger increased household dietary diversity and empowered women. Hare and Parekh (2020) found that electronic payments can reduce transaction costs, delays, and uncertainty, and allow for more flexible payment modalities to beneficiaries. Those without access to technology or know-how would miss out on these benefits, however.
Pillar 3: Strengthen accountability and transparency in public finance		
PA #7. To enhance SOE governance and debt transparency, the recipient: (i) through the MoF has submitted to Parliament the State-Owned Enterprises Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.	Neutral to positive: The State Ownership and Governance Policy requires SOEs to identify, assess, and adopt measures to minimize exposure to climate risks and to report to the oversight entity on their climate-related activities. The new Act will enforce this reporting requirement. The oversight entity will report SOEs' climate-resilience investment in the annual aggregate SOE report; this will in turn increase transparency on adaptation or mitigation-related investments and enable the government to make	**Neutral to positive**: Governance improvements should lead to better management of state resources, benefiting those who rely on them. The new SOE Policy aims for more gender balance on SOE boards (with a minimum of 30 percent women). Research by Purkayastha (2022) suggests that "Companies are more likely to take corporate social responsibility seriously if they have more women on their board of directors."

	informed decisions to advance the national climate agenda.	
PA #8. To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority, has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.	Neutral to positive	**Positive**. To the extent that more transparent procurement processes improve allocation of public resources, potential recipients of those resources will benefit, commensurate with the amount of resources properly allocated (i.e. not diverted) and the share of those resources going to relevant social groups. This is especially pertinent for the affected spending categories (Health, Education, Energy).
PA #9. To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.	Neutral to positive	Neutral to positive. Stricter compliance with SOPs and implementation of audit recommendations would promote greater public accountability, reducing misuse of public resource and potentially increasing public trust in PFM. Internal auditing can reduce corruption, and improve public sector firm financial reporting (Abdulhussein et al. 2023). The most likely beneficiaries of PA#9 are social groups most reliant on public services and infrastructure. When public resources are diverted, and the quality of services and infrastructure suffer. Audit compliance constrains this.

ANNEX 5: PARIS ALIGNMENT ASSESSMENT

Program Development Objectives: The Program Development Objective (PDO) is (i) improve natural resource governance; (ii) enhance inclusiveness; and (iii) strengthen accountability and transparency in public finance	
Step 1: Taking into account our climate analysis (e.g., Country Climate and Development Reports or CCDRs), is the operation consistent with the country climate commitments, including for instance, the NDC, NAP, LTS, and other relevant strategies?	**Answer** Yes **Explanation**: The DPF is consistent with and will contribute to the implementation of Sierra Leone's updated Nationally Determined Contributions (NDC) and National Adaptation Plan (NAP), in accordance with the goals set forth in the Paris Agreement. This operation is aligned with Building Block 4 of the Paris Agreement: Engagement and policy development support. It will help to put in place long-term strategies and to accelerate transition to low-emissions and climate-resilient pathways. The reforms supported by this DPF series are helping address environmental and climate risks, particularly in the mining and land administration sectors.
Mitigation goals: assessing and reducing the risks	
Pillar 1 - Objective: Improve natural resources governance	
Prior Action 1: *To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act*	
Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?	**Answer:** No **Explanation**: Past lax enforcement of mining regulations led to harmful mining practices and unrestored sites. The MMDA, which this PA supports, promotes the rehabilitation of these lands through wetlands and reforestation, turning them into carbon sinks and wildlife habitats. This will counteract environmental degradation and mitigate climate change effects. Previously, only large-scale mines had weak environmental regulations, but the MMDA now mandates an EIA license from the EPA for small-scale and artisanal mining too. License renewal also necessitates land rehabilitation. The prior action presents a robust set of policies to reduce GHG emissions in the sector and restore habitats that can increase the removal of GHG gases from the atmosphere. Policy actions related to sector reform, corporate governance and transparency are considered to pose no material mitigation risks.
Conclusion for PA 1: PA 1 is aligned with the mitigation goals of the Paris Agreement.	
Prior Action 2: *To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission Act and the Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees and (ii) established Chiefdom Land Committees (CLCs) in at least two chiefdoms.*	
Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?	**Answer**: No **Explanation**: The CLRA and NLCA regulations offer a framework to address deforestation by legally registering land in customary areas, where most forests exist. Tenure insecurity hampers investment in climate-smart strategies, and insufficient land registration impedes effective disaster response and planning. These acts enhance transparency and efficiency in land acquisition and by securing customary land tenure, deforestation is expected to diminish, promoting conservation of crucial habitats and incentivizing reforestation. The CLRA stipulates the protection and co-management of sensitive ecological areas with customary communities.
Conclusion for PA 2: PA 2 is aligned with the mitigation goals of the Paris Agreement.	
Pillar 2 – Objective: Enhance Inclusiveness	
Prior Action 3: *To address gender-based discrimination in the labor market, the Recipient, through its Ministry of Employment, Labor, and Social Security, has i) submitted to Parliament, regulations to the Employment Act; ii) revised*	

the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment. **Prior Action 4:** *To improve teacher performance, the Recipient's cabinet has approved a Credit Scoring Framework for teachers.* **Prior Action 5:** *To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.* **Prior Action 6:** *To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (ECT III and Digital Public Works) and, (ii) digitalize all National Revenue Authority Collections*	
Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?	**Answer**: No **Explanation**: The Pillar on enhancing inclusiveness includes reforms on gender, teacher performance education sector management and digitization of government transactions – which are universally aligned and will not cause a significant increase in GHG emissions.
Conclusion for Pillar 2 (PAs 3,4,5,6): The Pillar and prior actions are aligned with the mitigation goals of the Paris Agreement.	
Pillar 3 – Objective: Strengthen accountability and transparency in public finance	
Prior Action 7: *To enhance SOE governance and debt transparency, the recipient: (i) through the MoF has submitted to Parliament the State-Owned Enterprises Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.*	
Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?	**Answer**: No **Explanation**: Through the prior action (?), SOEs operating in sectors like energy, water, and agriculture aim to align their activities with the NDC and MTNDP 2019-2023 pledges. The State Ownership and Governance Policy mandates SOEs to identify and manage climate risks and report their climate-related actions. A new act will reinforce this reporting. The oversight body will include SOEs' climate-resilience investments in an annual report, promoting transparency and aiding the government in steering the national climate agenda.
Conclusion for PA 7: PA 7 is aligned with the mitigation goals of the Paris Agreement.	
Prior Action 8: *To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority, has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.* **Prior Action 9:** *To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.*	
Step M2.1: Is the prior action likely to cause a significant increase in GHG emissions?	**Answer**: No **Explanation**: Both prior actions on increasing transparency in public procurement and improving follow-up on audit recommendations are unlikely to increase GHG emissions.
Conclusion for PA 8 and PA 9: PA 8 and 9 are aligned with the mitigation goals of the Paris Agreement.	
Mitigation goals: Conclusion of the Paris Alignment Assessment for the Program Overall, the DPF program is aligned with the mitigation goals of the Paris Agreement. In fact, supported reforms are likely to have positive impacts on emissions and to disincentivize carbon lock-in.	

<table>
<tr><th colspan="2">Adaptation and resilience goals: assessing and managing the risks</th></tr>
<tr><td colspan="2">Pillar 1 - Objective: Improving natural resources governance</td></tr>
<tr><td colspan="2">Prior Action 1: To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act

Prior Action 2. To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission Act and the Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees and (ii) established Chiefdom Land Committees (CLCs) in at least two chiefdoms.</td></tr>
<tr><td>Step A2: Are risks from climate hazards likely to have an adverse effect on the prior action’s contribution to the Development Objective(s)?</td><td>Answer: No
Explanation: Risks from climate hazards will not have an adverse effect on the contribution of these prior actions to the PDO. The MMDA and the National Land Commission and Customary Land Rights Acts, which this Pillar supports, strengthen mining sector governance and enhance transparency and efficiency in land acquisition and by securing customary land tenure. Both of these PAs will counteract environmental degradation and mitigate climate change effects, including floods and landslides.</td></tr>
<tr><td colspan="2">Conclusion for Pillar 1 (PA1 and PA2): Pillar and prior actions are aligned with the adaptation and resilience goals of the Paris Agreement.</td></tr>
<tr><td colspan="2">Pillar 2 - Objective: Enhancing Inclusiveness</td></tr>
<tr><td colspan="2">Prior Action 3: To address gender-based discrimination in the labor market, the Recipient, through its Ministry of Employment, Labor, and Social Security, has i) submitted to Parliament, regulations to the Employment Act; ii) revised the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment.

Prior Action 4: To improve teacher performance, the Recipient's cabinet has approved a Credit Scoring Framework for teachers.

Prior Action 5: To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.
Prior Action 6: To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (ECT III and Digital Public Works) and, (ii) digitalize all National Revenue Authority Collections</td></tr>
<tr><td>Step A2: Are risks from climate hazards likely to have an adverse effect on the prior action’s contribution to the Development Objective(s)?</td><td>Answer: No
Explanation: This pillar looks at enhancing inclusivity across gender reforms, and the education and financial sector. While the success of this reform could help pursue climate goals (in some areas women are more vulnerable to climate risks and may take more effective decisions with more inclusive policies, and greater digital inclusion could support resilience by making financing readily available), the objective of the PA and contribution to the PDO is not directly threatened by climate risks</td></tr>
<tr><td colspan="2">Conclusion for Prior Action Pillar 2 (PAs 3,4,5,6): Pillar and prior actions are aligned with the adaptation and resilience goals of the Paris Agreement.</td></tr>
<tr><td colspan="2">Pillar 3: Objective - Strengthen accountability and transparency in public finance</td></tr>
<tr><td colspan="2">Prior Action 7: To enhance SOE governance and debt transparency, the recipient: (i) through the MoF has submitted to Parliament the State-Owned Enterprises Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs</td></tr>
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<tr><td>Step A2: Are risks from climate hazards likely to have an adverse effect on the prior action’s contribution to the Development Objective(s)?</td><td>Answer: No
Explanation: While the proposed SOE prior actions cover enterprises in climate-critical sectors like mining and energy, strengthening the accountability and transparency will not be impacted by existing or future climate risks, since these reforms are mainly focused on the governance structures of SOEs. This prior action will help strengthen climate adaptation.</td></tr>
<tr><td colspan="2">Conclusion for Prior Action 7: Prior action 7 is aligned with the adaptation and resilience goals of the Paris Agreement.</td></tr>
<tr><td colspan="2">Prior Action 8: To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority, has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.

Prior Action 9: To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.</td></tr>
<tr><td>Step A2: Are risks from climate hazards likely to have an adverse effect on the prior action’s contribution to the Development Objective(s)?</td><td>Answer: No
Explanation: Risks from climate hazards are unlikely to impact the success of actions to reform public procurement and implement audit follow- ups.</td></tr>
<tr><td colspan="2">Conclusion for Prior Action 8 and 9: Pillar and prior actions are aligned with the adaptation and resilience goals of the Paris Agreement.</td></tr>
<tr><td colspan="2">Adaptation goals: conclusion of the Paris Alignment Assessment for the Program
Overall, the DPF program is aligned with the adaptation goals of the Paris Agreement. The PDO and prior actions will not be impacted by climate risks and some PAs will strengthen climate resilience.</td></tr>
<tr><td colspan="2">OVERALL CONCLUSION: The operation is aligned with the mitigation and adaptation and resilience goals of the Paris Agreement.</td></tr>
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ANNEX 6: COMPARISON OF PRIOR ACTIONS AND ANALYTICAL UNDERPINNINGS

Table 6.1: Comparison of Prior Actions for DPF3 with Initial Triggers

Proposed Prior Action under DPF 3	Indicative Trigger at the time of DPF 2	Comments
PA #1. To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act.	DPF3 (Indicative) Trigger #1. The Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament regulations to the MMDA.	No significant change
PA #2. To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission Act and the Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees and (ii) established Chiefdom Land Committees in at least two chiefdoms.	DPF3 (Indicative) Trigger #2. The Recipient through its MLHCP, has (i) submitted to Parliament regulations for the Land Commission and Customary Land Rights Acts, and (ii) established Land Adjudication Tribunals in at least two districts.	As per the Land Commission Act, the Land Adjudication Tribunals will only be responsible for adjudicating land title disputes during the registration of customary land but not the day-to-day resolution of land disputes. Instead, Chiefdom Land Committees (CLCs), will have the responsibility for resolving land tenure disputes at the community level, which supports the original objective of this action to facilitate decentralized land dispute resolution.
PA #3. To address gender-based discrimination in the labor market, the Recipient, through its Ministry of Employment, Labor, and Social Security, has i) submitted to Parliament, regulations to the Employment Act; ii) revised the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment.	DPF3 (Indicative) Trigger #3. To address gender-based discrimination in the labor market and improve women's access to employment and income, the Recipient has i) adopted regulations to the Employment Act; ii) implemented labor inspections related to gender-based discrimination; iii) published a guide and implemented training for employers on gender equality in employment; and iv) established a directorate or unit within the relevant labor agency focusing on gender issues	The fourth component on establishing a dedicated unit was dropped as it was difficult to ascertain its sustainability.
PA #4. To improve teacher performance, the Recipient's cabinet has approved a Credit Scoring Framework for teachers.	DPF3 (Indicative) Trigger #4. The Recipient has through its Ministry of Basic and Senior Secondary Education carried out a biometric verification of all teachers to consolidate teacher records and reduce ghost teachers.	The Ministry of Basic and Senior Secondary Education (MBBSE) is rolling out a program to provide one tablet per school, which will enable biometric verification of teacher attendance. However, this program is in its early stages and cannot be completed within the timeframe of this DPF. Its high cost is also problematic given the country's fiscal stress. The new proposed prior action would strengthen teacher performance and career management,and remains in line with the objectives of this DPF series.
PA #5. To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of	DPF3 (Indicative) Trigger #5. The Recipient (i) through its Ministry of Basic and Senior Secondary Education has submitted a new Education Act to the Parliament for approval, and (ii) through Ministry of Basic and Senior Secondary Education and	No change

Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.	Teaching Service Commission implement the code of conduct for teachers.	
PA #6. To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (ECT III and Digital Public Works) and, (ii) digitalize all National Revenue Authority Collections.	DPF3 (Indicative) Trigger #6. To foster the digitization of government payments, the government has issued a decree to digitize payments under two government programs (e.g., cash transfer program, pensions) or to digitize all National Revenue Authority Collections.	Given the government's commitment to digitalization and ongoing efforts, the prior was amended to support both the two transfer programs, and digitalization of NRA collections, instead of either one.
PA #7. To enhance SOE governance and debt transparency, the recipient: (i) through the MoF has submitted to the State-Owned Enterprises Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.	DPF3 (Indicative) Trigger #7. To enhance SOE governance and debt transparency, the recipient: (i) through the MoF has submitted a new Bill that replaces the NCP Act 2002 to the Parliament to implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.	No change
PA #8. To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority, has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.	DPF3 (Indicative) Trigger #8. To increase transparency in public procurement, the Recipient has (i) published all tender announcements and contract award information for contacts for the Health, Education, Energy and Public Works sectors in OCDS for the last 12 months on the NPPA website and (ii) committed to continue publishing said information on a monthly basis.	No change
PA #9. To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.	DPF3 (Indicative) Trigger #9. The recipient, through the MoF has (i) submitted to Parliament for approval amendments to the PFM Act to make the SOPs legally binding; (ii) developed and adopted a tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.	No change

Table 6.2: DPF Prior Actions and Analytical Underpinnings

Prior Actions	Analytical Underpinnings
Pillar 1: Improve natural resources governance	
PA #1. To strengthen mining sector governance, the Recipient, through the Ministry of Mines and Mineral Resources, has submitted to Parliament, regulations to implement the Mines and Minerals Development Act.	- Agenda for Prosperity (AfP) (2013-2018) and MTNDP (2019-2023) - Republic of Sierra Leone Systematic Country Diagnostic (SCD) (2018) - IMF ECF Staff Reports (2018, 2019, 2021) - PFM Act 2016 and PFM Regulation (2019) - Public Expenditure and Financial Accountability (2007, 2010, 2014, 2017) ***Key findings: Market-friendly mines and mineral sector reforms can help improve governance, the fiscal regime of the sector, government revenue and wellbeing.***
PA #2. To strengthen land administration and governance, the Recipient through its Ministry of Lands, Housing and Country Planning, has (i) submitted to Parliament regulations to implement the National Land Commission Act and the Customary Land Rights Act, specifically including regulations establishing Chiefdom Land Committees and (ii) established Chiefdom Land Committees in at least two chiefdoms	AfP (2013-2018); SDC (2018); Agriculture Public Expenditure Review (PER) (2015 and 2021); Comprehensive Food Security and Vulnerability Analysis (2015); Poverty Assessment (2014, 2019); Labor Force Survey (2014); National Land Policy (NLP) (2015). ***Key findings: Market-friendly land sector reforms can help improve access to land when they are implemented in a transparent and inclusive way.***
Pillar 2: Enhance Inclusiveness	
PA #3. To address gender-based discrimination in the labor market, the Recipient, through its Ministry of Employment, Labor, and Social Security, has i) submitted to Parliament, regulations to the Employment Act; ii) revised the inspection protocols to integrate gender-based discrimination; and iii) adopted guidelines for implementation of training for employers on gender equality in employment.	Islam, A., S. Muzi and M. Amin (2018); Ogloblin, C. G. (1999); Ogloblin, C. G. (2005); Zveglich, J. E. and Y. M. Rodgers (2003); Goldin, C., S. Pekkala Kerr, C. Olivetti and E. Barth (2017); Amin, M., A. Islam and A. Sakhonchik (2016); World Bank, 2004, Paid Maternity Leave and Female Employment Evidence Using Firm Level Survey Data for Developing Countries; Sierra Leone Gender Equality and Women's Empowerment (GEWE) Policy, 2020 ***Key findings: Regulatory and legislative reforms are effective in addressing gender-based discrimination in the labor market and closing gender gaps in women's access to employment and income.***
PA #4. To improve teacher performance, the Recipient's cabinet has approved a Credit Scoring Framework for teachers.	GoSL (2020) Education Sector Assessment, World Bank (2020) Teacher and Teaching in Sierra Leone: Teacher Quality and Management; World Bank (2021) Public Expenditure Review for Primary and Secondary Education ***Key findings: The development of a credit scoring framework will allow the TSC to link teacher professional development programs to their career development. This will lead to improved quality of teaching and Government's teacher workforce management.***
PA #5. To improve education sector management, the Recipient through the Ministry of Basic and Senior Secondary Education (i) has submitted the Basic and Senior Secondary Education Bill to Parliament for approval, and (ii) Teaching Service Commission issued the Code of Conduct for teachers, and ensured that the code of conduct is adopted by all the head teachers.	Sierra Leone Economic Update 2020: *The Power of Investing in Girls*. World Bank Rose, R., Garner, P. and Farrow, B., 2019. 'Developing Inclusive Education Policy in Sierra Leone: A Democratic Research Informed Approach', in S. Halder and V. Argyropoulos (eds.), Inclusive practices, equity and access for individuals with disabilities: Insights from educators across world. ***Key findings: Targeted interventions to ensure that girls remain in school delay marriage and reduce childbearing; targeted policy action can improve access to education for those who are marginalized or excluded.***
PA #6. To facilitate digitalization of government transactions, the Recipient, through its Cabinet, has issued a policy to (i) digitalize payments under two government programs (ECT III and Digital Public Works) and, (ii) digitalize all National Revenue Authority Collections.	- Sierra Leone Digital Economy Assessment 2020. World Bank Group - Sierra Leone Economic Update 2019: *Financial Inclusion for Economic Growth and Development*. World Bank - Assessment of delivery of Social Safety Net payments 2021. World Bank ***Key findings: Facilitating digital finance, especially electronic payments, leads to better financial inclusion.***

Pillar 3: Strengthen accountability and transparency in public finance	
PA #7. To enhance SOE governance and debt transparency, the recipient: (i) through the MoF has submitted to Parliament the State-Owned Enterprises Ownership And Governance Commission Bill that will implement the SOE ownership and governance policy; and (ii) disclosed all guarantees and borrowing of all SOEs.	Ownership And Governance of SOEs: OECD (2021); NCP Act 2002; SL Auditor General's Report (2018), and Financial Performance of SOEs and Treasury Single Account (TSA) Agencies (2014 - 2018) ***Key findings: Clearly describing the rationale and expectations for state ownership, and improving the governance framework can lead to improved SOE performance*** - World Bank-IMF Debt Sustainability Framework for Low-income Countries - World Bank Governance of SOEs PASA FY23;; IMF Staff Report (2021, 2022) ***Key findings: Expanding the coverage of public debt, especially through SOE debt disclosure, can help reduce fiscal risks and contingent liabilities.***
PA #8. To increase transparency in public procurement, the Recipient has through its National Public Procurement Authority, has (i) published all tender announcements and contract award information for contracts in the Health, Education, Energy and Public Works sectors in Open Contracting Data Standard (OCDS) on the NPPA website/portal, and (ii), committed to continue publishing said information on a monthly basis.	AfP (2013-2018); SCD (2018); SLEU (2018); PFM Act (2016); PFM Regulation (2019); Procurement Act (2016); Evaluation of Budget Support to Sierra Leone 2002 – 2015; PEFA (2007, 2010, 2014, 2017) ***Key findings: Disclosing contract award information for public sector contracts leads to better transparency, more competition and efficiency in public procurement.***
PA #9. To improve follow-up of audit recommendation, the Recipient through its Ministry of Finance has (i) submitted to Parliament the amendments to the PFM Act 2016 to make the Standard Operating Procedures legally binding; (ii) adopted a financial management tool to facilitate digital tracking of the implementation of the internal audit and AG recommendations and PAC recommendations.	PEFA (2017, 2020), Audit tracking report of the Internal Audit of the MoF (GoSL), EUROSAI (2021), Good practices related to SAI transparency, INTOSAI guidance (Principle 3), World Bank SAI PASA FY23 ***Key findings: Clarification of roles is crucial in collective action for resolving audit issues and implementing recommendations***