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The World Bank

Report No: ICR2689

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-46560)

ON A

CREDIT

IN THE AMOUNT OF SDR 12.9 MILLION
(US\$ 20.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF SIERRA LEONE

FOR THE

DECENTRALIZED SERVICE DELIVERY
ADAPTABLE PROGRAM LOAN PROJECT

June 19, 2013

Social Protection Unit for West and Central Africa
Country Department West Africa 1
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 2013)

Currency Unit = Leones

Leone 4,280 = US\$1
US\$1.00 = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Loan
CLoGPAS	Comprehensive Local Government Performance Assessment System
DecSec	Decentralization Secretariat
DSDP	Decentralized Service Delivery Project
DfID	Department for International Development
EFA FTI	Education for All Fast Track Initiative
ESMF	Environmental and Social Management Framework
EU	European Union
FM	Financial Management
GDP	Gross Domestic Product
GOSL	Government of Sierra Leone
HDI	Human Development Index
IDA	International Development Association
INPSS	Integrated National Public Service Survey
IPAU	Integrated Project Administration Unit
IPFMRP	Integrated Public Financial Management Reform Project
IRCBP	Institutional Reform and Capacity Building Project
J-CAS	Joint Country Assessment Strategy
LC	Local Council
LGA	Local Government Act
LGFD	Local Government Finance Department
MDA	Ministries, Departments, and Agencies
MDG	Millennium Development Goals
MTR	Mid-Term Review
MoFED	Ministry of Finance and Economic Development
MoLGRD	Ministry of Local Governance, and Rural Development
MoHS	Ministry of Health and Sanitation
MoEWR	Ministry of Energy and Water Resources
MoEYS	Ministry of Education, Youth, and Sports
MoWR	Ministry of Water Resources

M&E	Monitoring and Evaluation
NRA	National Revenue Authority
NPSS	National Public Service Survey
NSAP	National Social Action Program
OM	Operations Manual
PHU	Peripheral Health Units
PER	Public Expenditure Review
PEFA	Public Expenditure and Financial Accountability (PEFA)
PAD	Project Appraisal Document
PDO	Project Development Objectives
PRSP II	Poverty Reduction Strategy Paper II
RCHP	Reproductive and Child Health Project
RPF	Resettlement Policy Framework
RTF	Resident Technical Facilitators
RTF	Resident Technical Facilitators
SLRA	Sierra Leone Roads Authority
UNDP	United National Development Program
WDC	Ward Development Committees
WDR	World Development Report
WGI	World Governance Indicators

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REPUBLIC OF SIERRA LEONE
DECENTRALIZED SERVICE DELIVERY
ADAPTABLE PROGRAM LOAN PROJECT

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Datasheet

A. Basic Information			
Country:	Sierra Leone	Project Name:	SL-Decentralized Service Delivery Program
Project ID:	P113757	L/C/TF Number(s):	IDA-46560
ICR Date:	06/19/2013	ICR Type:	Core ICR
Lending Instrument:	APL	Borrower:	REPUBLIC OF SIERRA LEONE
Original Total Commitment:	XDR 12.90M	Disbursed Amount:	XDR 12.82M
Revised Amount:	XDR 12.82M		
Environmental Category: B			
Implementing Agencies: Ministry of Finance and Economic Development			
Cofinanciers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	10/14/2008	Effectiveness:	02/15/2010	02/15/2010
Appraisal:	06/30/2009	Restructuring(s):	N/a	06/23/2011
Approval:	10/15/2009	Mid-term Review:	02/01/2011	05/02/2011
		Closing:	12/31/2011	06/29/2012

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Moderately Satisfactory
Risk to Development Outcome:	Substantial
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Moderately Satisfactory	Implementing Agency/Agencies:	Satisfactory
Overall Bank Performance:	Moderately Satisfactory	Overall Borrower Performance:	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Public administration- Education	27	27
Public administration- Health	27	27
Public administration- Water, sanitation and flood protection	31	26
Sub-national government administration	15	20
Theme Code (as % of total Bank financing)		
Decentralization	33	50
Other human development	33	50
Social safety nets	34	0

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Obiageli Katryn Ezekwesili
Country Director:	Yusupha B. Crookes	Ishac Diwan
Sector Manager:	Stefano Paternostro	Lynne D. Sherburne-Benz
Project Team Leader:	Qaiser M. Khan	Mirey Ovadiya
ICR Team Leader:	Emily Weedon Chapman	
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F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The overall objective of the program (APL) is to support decentralized delivery of basic services in Sierra Leone. The development objective of Phase I of the program is: (a) to strengthen Government capacity to manage decentralized services; (b) to improve the

availability and predictability of Local Councils' funding; and (c) to strengthen the intergovernmental fiscal transfer system.

Revised Project Development Objectives (as approved by original approving authority)

Not applicable.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values	Formally Revised Target Values	Actual Value Achieved at Completion
Number of grants for expenditures (excluding wages and interest obligations) in education, health and sanitation, water, and solid waste management	9	4	6	6
Percentage of domestic revenues (less wages, interest obligations, and statutory transfers to National Revenue Authority and Road Fund) transferred to LC on an annual basis, excluding DSDP funds	29.6%	30%	N/a	38% ¹
Transfer of funds to LC as percentage of total GoSL expenditures	6%	6%	N/a	5% ²
Number of LC meeting at least 75 percent of service-output targets specified in LC Subsidiary Agreement	0	15	N/a	11

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values	Formally Revised Target Values	Actual Value Achieved at Completion
Number of LC with integrated development plans and budgets (finalized in accordance with sector plans) before the start of the FY	0	19	N/a	19
Number of LC with procurement plans (which include LC transfers and	0	19	N/a	19

1 Value reported as of 12/31/2012 to reflect percentage of annual transfer for FY2012. The Government of Sierra Leone fiscal year is January to December.

2 Value reported as of 12/31/2012 to reflect percentage of annual transfer for FY2012. Value on Project closing date was 3.3% resulting from the second FY2012 transfer being made July 17, 2012, just following the June 29, 2012 closing date.

DSDP funds)				
Number of LC with January-September budget execution rates of 90 percent of available funds	12	19	N/a	11 ³
Percentage of WDC receiving and discussing development plans/budgets, financing statement, and their updates	N/a	100%	N/a	23%
Percentage of WDC holding public meetings and reporting to LC as part of the annual development plan updating and execution cycle	N/a	75%	N/a	79%
Percentage of WDC conducting spot checks on service providers (in health, education, and water supply)	N/a	65%	N/a	75%
Number of LC whose M&E units receive, process, and transmit to key stakeholders data related to sector activities	13	19	N/a	19
Number of LC producing annual updates on development plans	0	12	N/a	19
Number of National Public Service Surveys conducted	3	5	N/a	4
Number of LC receiving timely transfers from consolidated revenue funds each quarter (within the first month of each quarter)	19	19	N/a	19
Number of LC receiving timely transfers from DSDP each quarter (15 th of the first month of each quarter)	0	19	N/a	19 ⁴
Number of teaching and learning materials that are distributed to primary schools	0	850,000	N/a	1,497,720 ⁵
Number of LCs procuring and distributing required sets of teaching and learning materials	0	19	N/a	Not reported ⁶
Number (proportion) of LCs which conduct fee-free awareness campaigns	N/a	19	N/a	Not reported ⁷

3 Value based on January to September 2012 execution rates.

4 The DSDP Phase I provided LC grants for FY2010 and FY2011; therefore, this figure is based on the transfer of the last FY2011 LC grant of DSDP funds. The Project's Phase II provides funding for grants in FY2012 through FY2015.

5 Intermediate indicator related to program indicators.

6 Intermediate indicator related to program indicators. Data is not available.

7 Intermediate indicator related to program indicators. Data is not available.

Percentage of water and sanitation facilities which are used, maintained and in good working order in each LC	Baseline differs per LC	95%	N/a	Not reported ⁸
Number of Councils with 50 percent of villages declared open defecation free (ODF)	0	19	N/a	Not reported ⁹

G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	06/04/2010	Satisfactory	Satisfactory	2.50
2	01/14/2011	Satisfactory	Moderately Satisfactory	7.30
3	06/27/2011	Satisfactory	Satisfactory	15.26
4	12/24/2011	Satisfactory	Satisfactory	18.91
5	06/19/2012	Satisfactory	Satisfactory	19.77

H. Restructuring (if any)

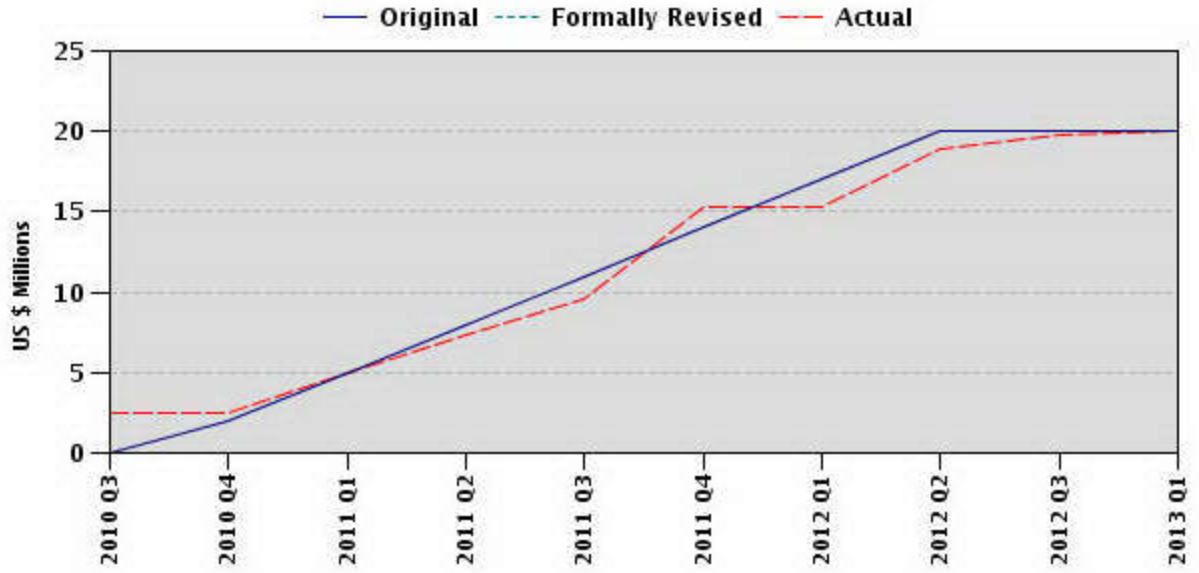
Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes
		DO	IP		
06/23/2011	No	S	MS	15.26	<p>There was one Restructuring of the Project during implementation that supported: (i) a six-month extension of the Project closing date from December 31, 2011 to June 29, 2012; (ii) reallocation of proceeds across disbursement categories; and (iii) a minor adjustment of the Results Framework to clarify a monitoring indicator and revise a target.</p> <p>Changes (i) and (ii) intended to provide necessary time and resources for the completion of the Community Monitoring Pilot, which sought to test social accountability mechanisms in four districts.</p> <p>Change (iii) sought to align the modifications to two triggers proposed</p>

⁸ Intermediate indicator related to program indicators. Data is not available.

⁹ Intermediate indicator related to program indicators. Data is not available.

for Board approval in December 2011 as part of the DSDP Phase II with the DSDP Phase I Project documents.

I. Disbursement Profile



1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

1. Following a brutal, decade-long civil war, Sierra Leone has been on a path to restore its economic and governance systems, yet the challenge to sustain political stability continues and low human development indicators persist. The conflict, which lasted from 1991 to 2002, killed 20,000 people and displaced half of the country's population of approximately six million people. Since 2002, the country has held three rounds of parliamentary, presidential, and local elections, which have all been deemed free and fair.¹⁰ During this same period, Sierra Leone's recovery was bolstered by unbroken real gross domestic product (GDP) growth, even maintaining an estimated growth rate of 5.5 percent in 2008 and 4 percent in 2009, despite the international economic and price crises.¹¹ Still, at Project appraisal, there remained a need to strengthen democratic institutions and translate the peace dividends of economic growth into improvements in lives of the country's poor. Despite the gains made since the conflict, in 2008, Sierra Leone ranked in the bottom ten percent of countries regarding "government effectiveness" on World Governance Indicators (WGI) and ranked last on the UNDP Human Development Index (HDI).

2. The Government of Sierra Leone (GoSL) embarked on decentralization reforms as a means through which to address some of the root causes of the civil war and improve delivery of basic services.¹² The Local Government Act 2004 (LGA) re-established 19 elected Local Councils (LC) and their respective Ward Development Committees (WDC) and created a legal framework for the devolution of selected functions to them. Since ratification of the LGA, Local Councilors have been elected in the three rounds of elections, held in 2004, 2008, and 2012. These elected officials are supported by the LC core administrative staff, hired under the Ministry of Local Government and Rural Development (MoLGRD). The LGA also sought to improve the transparency of the country's resource transfer system and reduce the resource and expenditure inequalities among regions. The legislation outlined three funding sources for the LC: Central Government transfers for devolved functions and administrative expenses; LC-generated revenues from taxes, fees, and royalties; and loans and grants from other sources.

3. The achievement of this devolution process was foreseen as a long-term initiative. Sierra Leone has a legacy of centralized power, with elected LC having been abolished in 1972.¹³ Through the 2004 LGA, the Government launched the process of re-establishing the LC, including hiring and training core administrative staff to support the elected Local Councilors and constructing LC offices. Based on the building of this capacity, the LGA provided for a phased transfer of service delivery functions from 17 ministries, departments, and agencies (MDA) to the 19 newly re-established LC. At Project appraisal, the vast majority of LC funding came from Central Government transfers, in the form of grants tied to specific expenditures; however, actual transfers consistently fell short of the budgeted commitments. Between 2005 and 2008, the percentage of budgeted allocations actually transferred to the LC ranged from 41 to 75 percent. The 2008 global economic recession further threatened the implementation of the

10 National-level elections were held in 2002, 2007, and 2012; local elections were held in 2004, 2008, and 2012.

11 World Bank Sierra Leone Country Brief.

12 Sierra Leone Truth and Reconciliation Commission (2004).

13 Srivastava, Vivek and Marco Larizza (2011).

Government's decentralization program given the subsequent difficulties to maintain public service delivery expenditures in the face of shrinking Government revenues.

4. In the Poverty Reduction Strategy Paper II (PRSP II) 2008-2011: Agenda for Change, the Government reconfirmed its commitment to decentralization while recognizing the shortcomings in the reform processes. The poverty analysis in the PRSP II highlighted that "focusing on providing resources to rural areas and supporting the decentralization process through funding and capacity building is key to the poverty reduction process in rural areas." Toward this objective, the PRSP II agenda promoted decentralization as an essential prerequisite for sustainable growth and economic development with the principle objective of enhancing service delivery. The Paper also noted that, while the Government had successfully established the 19 LC as functioning local government bodies, capacity varied between the localities and the devolution of responsibilities remained incomplete.

5. The World Bank and donor partners, particularly the United Kingdom's Department for International Development (DfID) and the European Union (EU), have supported the Government's decentralization agenda since its inception in 2004. The Bank's Institutional Reform and Capacity Building Project (IRCBP), implemented from 2004 to 2011, assisted in the establishment of a functioning local government system and focused on decentralization policy and management capacity, human and logistical capacity of the LC, and the establishment of a funding mechanism to transfer grants from the Central Government to the LC, among other activities.¹⁴ The Bank's Joint Country Assessment Strategy (J-CAS) FY10-FY13 outlined the continuation of this support under its human development pillar to improve predictability, expenditure controls, and transparency in public resource management and decentralization.

6. Within this context, the Decentralized Service Delivery Project (DSDP) was designed as an Adaptable Program Loan (APL) to continue the Bank's long-term support to decentralization and improved service delivery. While, in the immediate post-war years, the focus was on stabilization and re-establishment of services through sector-specific investments, the DSDP adopted a more comprehensive approach focused on cross-sectoral constraints to service delivery, including budgeting, monitoring and evaluation (M&E), and social accountability. The DSDP also sought to have a demonstration effect about the potential use of national decentralized systems for channeling donor funding to service delivery. The Project built on the objectives of the IRCBP as well as the Bank-funded National Social Action Program (NSAP) and was complimentary to the Integrated Public Financial Management Reform Project (IPFMRP), the Reproductive and Child Health Project (RCHP), and the Education for All Fast Track Initiative (EFA FTI) Program.

1.2 Original Project Development Objectives (PDO) and Key Indicators

7. The objectives of the Project were: (i) to strengthen Government capacity to manage decentralized services; (ii) to improve the availability and predictability of Local Councils' funding; and (iii) to strengthen the intergovernmental fiscal transfer system. The performance of Phase I of the DSDP APL was assessed through the following key indicators as specified in the Project's Financing Agreement:

¹⁴ The IRCBP was funded by an IDA Credit of US\$25.3 million from 2004 to 2009 and a Multi-donor Trust Fund of US\$25.3, financed by the EU and DfID, from 2006 to 2011.

- a. Number of grants for expenditures in education, health and sanitation, water, and solid waste management sectors excluding wages and interest obligations;
- b. Percentage of domestic revenues (excluding wages, interest obligations and statutory transfers to Recipient's National Revenue Agency (NRA) and Road Fund) transferred to Local Councils, on an annual basis, excluding Project funds;
- c. Transfer of funds to Local Councils as a percentage of total expenditures of the Recipient; and
- d. Number of Local Councils meeting at least 75 percent of targets specified in their respective Subsidiary Agreement.

1.3 Revised PDO and Key Indicators

8. No changes were made to the formulation of the PDO or key indicators as outlined in the Project's Financing Agreement.

1.4 Main Beneficiaries

9. The LC were the primary beneficiary of the Project and were responsible for the satisfactory use of Project funding to undertake the devolved functions in line with annual development plans and budgets. In support of the PDO, the Project's capacity building initiatives benefitted the Ministry of Finance and Economic Development (MoFED), the MoLGRD, and other MDA involved in the provision of decentralized basic service delivery. The Project also benefitted the population at large through its financing toward the improvement of delivery of basic services.

1.5 Original Components

10. The Project provided financing for the following components:

- a. **Grants to the LC** (US\$16 million): This component was used to supplement the transfers that the LC received from the Central Government. The grants were allocated for expenditures toward devolved functions in education, health and sanitation, solid waste management, and water based on LC annual development plans and budgets and consistent with national sector strategies. DSDP funds were comingled with Government resources in LC accounts. Triggers for DSDP Phase II were tied to ensuring that Phase I grants were additional to Government funds and did not substitute for them.
- b. **Capacity Development and Technical Assistance** (US\$3 million): This component was designed to strengthen LC capacity to perform their core functions and MDA capacity to provide guidance and oversight to the LC. It was divided in two sub-components:
 - i. *Centrally-organized support for all LC and MDA* (US\$2 million): This sub-component targeted capacity constraints common across all LC and MDA, including development planning and budgeting, M&E, and social accountability. These three areas were identified as needs by the LC, the MDA, and the Decentralization Secretariat (DecSec).
 - ii. *Demand-driven support for the LC and relevant MDA* (US\$1 million): This sub-component provided a demand-driven capacity development window for the LC and the MDA (not covered by Component 2.1), through which the LC and the MDA would submit proposals for technical assistance tailored to their specific needs.

- c. **Program Management** (US\$1 million): The objective of this component was to ensure timely implementation and satisfactory monitoring of Components 1 and 2. It was divided in two sub-components:
- i. *Program Coordination* (US\$400,000): This sub-component financed specific operational costs of the DecSec, the Local Government Finance Department (LGFD), and the Integrated Project Administration Unit (IPAU).
 - ii. *Monitoring and Evaluation* (US\$600,000): This sub-component emphasized strengthening national M&E systems to monitor LC and Central Government performance on delivery of services.

1.6 Revised Components

11. No changes were made to the Project's components.

1.7 Other significant changes

12. There was one Restructuring of the Project that included: (i) a six-month extension of the Project closing date from December 31, 2011 to June 29, 2012; (ii) reallocation of proceeds across disbursement categories; and (iii) a minor adjustment of the DSDP Phase II triggers to revise one target value and clarify one monitoring indicator. Changes (i) and (ii) intended to provide the necessary time and resources for the completion of the Project's pilot social accountability mechanisms. Change (iii) ensured that changes to two triggers proposed for Board approval in December 2011 as part of the DSDP Phase II aligned with the DSDP Phase I Project documents.

13. Regarding change (ii) above, the reallocation of proceeds under the Amendment to the Financing Agreement (Credit No. 4656-SL) as signed June 23, 2011 is as follows.

Table 1: Overview of Reallocations of Credit No. 4656-SL

<i>Category</i>	<i>Amount of Financing Allocated (in SDR)</i>		<i>Percentage of Expenditures to be Financed (inclusive of taxes)</i>	
	<i>Original</i>	<i>Revised</i>	<i>Original</i>	<i>Revised</i>
(1) Goods, works, and services for LC Grants under Part 1 of the Project	9,700,000	9,800,000	Such % as shall be specified in the Annual Work Plan and Budget for the respective FY	Such % as shall be specified in the Annual Work Plan and Budget for the respective FY
(2) Goods, consultants' services, Training, Study Tours and Workshops, and Operating Costs for Parts 2.1 and 3 of the Project	2,000,000	2,500,000	100%	100%
(3) Goods and services for Capacity Development under Part 2.2 of the Project	600,000	600,000	100%	100%
(4) Unallocated	600,000	0		
TOTAL AMOUNT	12,900,000	12,900,000		

14. Regarding change (iii) above, the Bank team proposed amendments to two of five original triggers for transitioning from the DSDP Phase I to Phase II. This revision, as presented in the table below, was approved by the Board during its consideration of DSDP Phase II.

Table 2: Revision to Triggers for DSDP Phase II

<i>Original Trigger</i>	<i>Revised Trigger</i>	<i>Rationale</i>
(3) A reduction in the number of Government grants to LC to fund education, health and sanitation, social waste management, and water expenditures from nine to four by FY12	(3) A reduction in the number of Government grants to LC to fund education, health and sanitation, social waste management, and water expenditures from nine to six by FY12	The original target of four grants was revised to six grants because of the need for separate grants for primary and secondary service provision in both health and education
(4) In FY10 and FY11, (a) variance between available resources and executed LC budgets should not be more than 10%; and (b) at least 9 LC in FY10 and 15 in FY11 should meet at least 75% of their LC-specific service output targets (as per LC Subsidiary Agreements)	(4) In FY10 and FY11, (a) the execution rate of the resources available to LC should be at least 90%; and (b) at least 9 LC in FY10 and 15 in FY11 should meet at least 75% of their LC-specific service output targets (as per LC Subsidiary Agreements)	The language of original trigger was revised for editorial clarity of trigger 4(a) ¹⁵

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

15. The DSDP was designed in support of the Government’s commitment to its decentralization agenda and was part of the Bank’s ongoing assistance to these reforms. A World Bank Independent Evaluation Group (IEG) assessment of decentralization in client countries, published in 2008, confirmed the strong political will within Government to decentralize. At Project appraisal, the Government had made steady progress toward the implementation of the LGA passed in 2004, including the establishment of 19 LC and devolution of some functions for basic service delivery, including primary and junior secondary education, primary and secondary health care, rural water supply, sanitation, waste management, agriculture, youth services, social assistance, and fire prevention services. The IRCBP supported these efforts and the design of the DSDP, with funding channeled to LC through Government systems, was possible, in part, due to the previous capacity building undertaken through the IRCBP.

16. As a next step in this reform process, the DSDP sought to support decentralized delivery of basic services in Sierra Leone by building on lessons learned and data collected through previous interventions in Sierra Leone as well as international good practices. In 2009, the Bank and the Government prepared a joint report to review the initial period of decentralization (2003 to 2007) and many of the lessons from this report are reflected in the design of the DSDP. The Project’s components were designed specifically to address three problems identified in the joint review, as well as IRCBP-related documents, as constraining LC performance, namely the adequacy, timeliness, and predictability of resource transfers from Central Government. Component 1 provided additional resources to the LC to increase funding for education, health, water supply, and sanitation. Components 1, 2, and 3 undertook complementary activities to promote timely and predictable transfers by strengthening LC and Central Government capacity. The DSDP also incorporated recommendations from the 2008 IEG assessment on

15 The related indicator in the Results Framework in the PAD originally read “Number of LC with January-September budget execution rates of 90 percent of available funds”. This revised language, therefore, also fostered better alignment between the triggers for DSDP Phase II and the DSDP Phase I Results Framework.

decentralization that highlighted, among others, the need for existing government commitment to decentralization, strong M&E systems, and capacity development at the local level.

17. The Project design prioritized the use of existing Government systems but introduced Subsidiary Agreements between the LC and the Central Government to strengthen monitoring of LC grants through the establishment of service output targets linked to these funds. Co-mingling Project and Government funding to the LC allowed for an emphasis on improving existing transfer mechanisms, eliminating the common threat in low-income, fragile contexts of creating duplicate avenues for donor financing. The Subsidiary Agreements were adopted to strengthen this transfer system by tracking how LC grants would contribute to the local development plans; however, the design of the Agreements limited their effectiveness as a benchmarking tool. First, finalization of the Agreements was established in the Project Appraisal Document (PAD) as a condition of disbursement for Component 1 and there was insufficient lead time for their preparation before the first transfer was due. Second, the Agreements would have benefitted from clearer linkages among the targets established, the capacity building activities necessary to achieve these outputs, and the engagement of relevant MDA in their monitoring and completion.

18. The Project's institutional arrangements also reflected an emphasis on using existing structures within Government (previously established under the IRCBP) and each unit had well defined responsibilities within the Project. The LGFD, housed within the MoFED, managed the transfer of funding to the LC and was responsible for Component 1. The DecSec, a Directorate of the MoLGRD, managed the implementation and coordination of the decentralization process and was primarily responsible for the Component 2. The IPAU, a joint implementation unit housed under MoFED, provided program management under Component 3. The disparity of salaries between these specialized units and the civil service salary scale remained at challenge during Project preparation and is addressed further in Section 4 below.

19. At Project appraisal, the risk rating was Substantial. Among the primary questions raised was the Government's ability to sustain its current levels of funding to the LC in a timely and predictable manner. The Project, therefore, established triggers for the transition from DSDP Phase I to Phase II that related to the percentage of Government expenditures allocated to the LC annually and the adherence of the transfers to the quarterly disbursement schedule published in the beginning of each fiscal year. These triggers sought to ensure that the DSDP funding would be in addition to, not a substitute for, existing Government transfers to the LC. Limited LC and MDA capacity to manage the devolved functions also was identified as a potential binding constrain to implementation and Component 2 was fully devoted to this issue.

20. No Quality at Entry review was conducted by the Quality Assurance Group.

2.2 Implementation

21. Implementation Progress (IP) was rated Satisfactory or Moderately Satisfactory throughout the Project in reflection of the generally steady and consistent operation of the DSDP Phase I. The Moderately Satisfactory rating was in place from December 2010 to June 2011 because of disbursement delays at the beginning of the Project. As noted above, the transfer of the DSDP-funded grants to the LC required Subsidiary Agreements outlining how each LC would allocate the DSDP funding. The first transfers to the LC were made in May 2010, the same month that the Agreements were finalized; however, the original Project work plan had envisioned them to occur in January 2010. The delay was compounded by difficulties in transitioning to electronic disbursement arrangements under the Bank's Client Connections

platform. Importantly, during this period, the Government-funded transfers happened on a timely and regular basis thereby minimizing the impact of the delayed IDA funding on the LC. Moreover, by the mid-term review (MTR) in May 2011, the Project had overcome this initial delay; the LC had received five quarterly grants of DSDP funding, representing 56 percent of the total Project allocation for LC grants.

22. The Project's MTR was conducted in May 2011 and lessons from the review informed implementation going forward as well as the design of the DSDP Phase II. For example, the MTR found limited technical support from the line ministries to the LC, despite the availability of funding for such activities under Sub-component 2.2. To encourage better use of this funding, the Project made resources available directly to line ministries against agreements for the quality monitoring and reporting of the LC. In addition, the MTR clarified that LC grants could not fund new construction (except in cases of community or chieftom donation of land) in the absence of a Resettlement Framework Policy (RFP).¹⁶ Following the MTR, the Government began drafting a RFP to allow for such activities under Phase II. The MTR also emphasized the issue of delays in the mainstreaming the DecSec within the MoLGRD.

23. The MTR concluded that the DSDP Phase I had achieved three of the five triggers for the transition to Phase II and had made progress toward the remaining two. The percentage of domestic revenues (less wages, interest obligations, statutory transfers to the NRA, and the Road Fund) transferred to LC in FY2010 was 36 percent, above the target of 30 percent; Government transfers to the LC had been timely throughout FY2010; and the Government had developed a policy on the assignment procedures and terms of secondment for sector staff at LC. The Government also had reduced the number of sectoral grants in education, health and sanitation, solid waste management, and water from nine to six. Given the separate management structures for primary and secondary service delivery in both education and health at the local level, the Government and the Bank agreed to revise this target to six, instead of the original benchmark of four. Lastly, while the LC had met the targets regarding disbursement rates, only seven LC had met 75 percent of the targets specified in their Subsidiary Agreements. This was below the FY2010 target of nine and the MTR cited challenges in the setting of accurate targets within the Agreements. The MTR aide memoire noted that revisions to the preparation of the Agreements would be adopted under DSDP Phase II. Based on these findings, the Bank continued its preparation of the DSDP Phase II.

24. In conjunction with the MTR, an Independent Technical Audit Report of the DSDP Phase I was prepared in June 2011. A June-July 2011 Bank mission reviewed the findings with the Government and proposed concrete action items where necessary. Among others, the audit reported that funding transfers from the LGFD to the LC occurred at regular intervals but were behind schedule. As noted above, this shift in the timing of transfers resulted from the time required for preparation of the initial Subsidiary Agreements and a one-time delay in disbursements related to complications with Client Connections. Still, 90 percent of the LC was able to submit their returns within two months as stipulated in the DSDP Operations Manual (OM). The audit found the need to strengthen procurement and filing practices. The Project's capacity building activities were adjusted accordingly; however, the 2012 In-depth Financial

16 The DSDP Phase I Environmental and Social Management Framework (ESMF) was developed and disclosed during Project preparation but the rehabilitative nature of the works envisioned did not trigger the need for a RFP.

Management (FM) Review identified continuing weaknesses in file management. In terms of civil works, the technical audit noted the need for improvement in the quality of some of the project sites visited, including the areas of design and adherence to technical standards. Civil works officers were recruited for the LC in 2010 and the technical audit noted the inexperience of some of these newly-hired staff. The Project, therefore, sought to strengthen the DecSec's own civil works unit and its capacity for training and oversight of their local-level counterparts.

25. The Project Restructuring was finalized in June 2011, as outlined in Section 1.7 above.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

26. The M&E design of the DSDP expanded upon existing Government systems established to monitor and inform the decentralization process. The DSDP supported the Integrated National Public Service Surveys (INPSS), to capture citizen perceptions of overall service delivery results, and the Comprehensive Local Government Performance Assessment System (CLOGPAS), to monitor capacity development of the LC. These two instruments sought to consolidate and improve upon several Government surveys that had been implemented with varying degrees of regularity since the beginning of the decentralization reform processes. In addition, the DSDP M&E design also relied on data collected through the quarterly LC financial retirements to the LGFD and the monthly Resident Technical Facilitators (RTF) reports to the DecSec.¹⁷ Under the DSDP Phase I, the Government also sought to build its M&E capacity through the piloting of social accountability activities to emphasize demand-side accountability of service delivery.

27. The regularity and reliability of M&E improved over the course of the Project's implementation. The measurement of the Project's indicators relied not only on monthly and quarterly reporting instruments but also surveys related to local government performance and public service provision. Revisions to the CLOGPAS and INPSS tools resulted in some delays in the implementation of both instruments; however, the additional time allocated strengthened the quality of the findings from the surveys. For example, the INPSS fielded in 2011 was an "integrated" version of the National Public Service Survey (NPSS), consolidating it with the Peripheral Health Utility Survey and the Service Delivery Perceptions Survey. The 2011 CLOGPAS was revised to streamline duplicative indicators, delete performance measures in which the LC were judged consistently strong, and add modules related to sectoral performance, local economic development, WDC functionality, and gender.¹⁸ Moreover, based on the CLOGPAS tool, the Project also fielded a WDC Functionality Assessment in 2012 that provided a more in-depth analysis of capacity at the ward level. In terms of Project-level reporting, initially, M&E focused primarily on the key outcome indicators; however, this shortcoming was identified during and largely corrected following the MTR.

28. The Project illustrated the use of M&E to inform the DSDP activities. Based on the capacity weaknesses identified through the 2011 CLOGPAS, the DSDP provided trainings in financial management and development planning to the core staff in all 19 LC. In addition,

17 The RTF are DecSec staff based in the LC offices.

18 Pyndt (2010). Revisions to the CLOGPAS mean that its findings for 2006, 2008, and 2011 cannot be compared directly with one another. In 2008 and 2011, the criteria of the minimum conditions and the performance measures were revised. Some conditions that had been universally met were dropped and new benchmarks were established; other questions changed from asking about the establishment of certain functions to their functionality and performance.

trainings for the LC in filing and records management were piloted in four localities. The 2011 INPSS and CLoGPAS also have informed the design and activities under the DSDP Phase II, which includes an additional component specifically focused on results and accountability. The Government is planning the next round of the INPSS for 2014 and of the CLoGPAS for 2013.

2.4 Safeguard and Fiduciary Compliance

29. *Environmental and social safeguards.* Given its support for maintenance and rehabilitation of basic infrastructures with the potential of environmental and social impacts, the Project was classified as Environmental Category B, requiring a partial assessment, and triggered OP/BP 4.01, Environmental Assessment. The Environmental and Social Management Framework (ESMF) was revised from the existing IRCBP document and was disclosed on July 6, 2009. The Government had in place environmental screening and impact mitigation mechanisms at the LC, supported by the IRCBP. Under the DSDP, capacity weaknesses, particularly regarding solid waste management, were addressed by refresher trainings conducted by the DecSec. In addition, the MTR identified that, in a limited number of cases, the LC had designated DSDP funding to undertake new construction. These expenditures were ineligible under the Project given the lack of a RPF and were re-allocated to Government resources. During preparation of the DSDP Phase II, a RPF was prepared, the ESMF was revised, and both documents were disclosed to allow for the funding of new construction under Phase II. Regarding grievance redress mechanisms, Bank supervision highlighted that such systems existed but included only limited documentation of issues raised; this lesson has informed the tracking of grievances under Phase II.

30. *Financial management and procurement.* Throughout implementation, FM arrangements were considered generally adequate and met the minimum requirement of IDA. The accounting and FM functions of the Project are managed by the IPAU. The Project audits were unqualified and submitted on time. An In-depth FM Review, conducted in June 2012, noted that the FM systems at both the IPAU and the LC generally met the minimum IDA requirements. Regular supervision of Project's FM compliance concurred with this finding, particularly regarding the capacity of the IPAU. However, at the LC level, the Review observed instances of weakness, including lack of adequate supporting documentation, improper authorizations and approvals, and three ineligible expenditure claims totaling approximately 112 million Leones (approximately US\$26,000). The observations are not unique to the Project but an indicator of systemic challenges of the public FM arrangements at the sub-national level.

31. Procurement performance was rated Satisfactory throughout implementation. The Project procurement arrangements were based on the guidelines and capacity developed under the IRCBP. The IPAU was responsible for procurement at the central Project level. The one significant procurement delay related to three contracts for the Project's social accountability activities, which were finalized in February 2012. At the LC level, the DSDP Independent Technical Audit and an IRCBP-funded Procurement Audit, both finalized in June 2011, found adequate capacity of procurement staff at the LC but, simultaneously, noted the need for increased monitoring to ensure compliance with procurement guidelines and improve the overall quality of the works. The Project sought to strengthen mentoring by the IPAU of LC procurement staff. The Project's procurement volume was insufficient to warrant a separate procurement audit; a combined audit of the DSDP Phase I and the RCHP is currently ongoing.

2.5 Post-completion Operation/Next Phase

32. The DSDP was designed as an APL to ensure sustained and consistent Bank support to the Government's decentralization efforts. The DSDP Phase II IDA Grant for XDR 16.7 million was approved by the Board on December 20, 2011, transitioning without interruption from Phase I. Under the DSDP Phase II Financing Agreement, the Government committed to co-financing of US\$105 million, the majority of which reflected recurrent costs for the operation of the devolved functions. The EU also contributed EUR 4,589,415 to Phase II of the Project. The Government and Bank team agreed to maintain the Project's PDO under the Phase II, but the Phase II design reflects lessons learned during the implementation of Phase I. Among others, this included the addition of a new component on results and social accountability that will help ensure monitoring by the Government of the DSDP Phase I indicators beyond its closure.

33. As noted above, the DSDP was one element of the Bank's broader support to decentralization in Sierra Leone and the consolidation of its outcomes is complimented by ongoing Bank interventions in other sectors. The IPFMRP, which closes on July 31, 2013, supports the Government of Sierra Leone in sustainably improving the credibility, control, and transparency of fiscal and budget management. In the health sector, the RCHP includes activities targeted to improving the capacity of decentralized service delivery with funding transferred to the LC. On September 21, 2012, the Government and the Bank signed an Additional Financing of US\$5.6 million to supplement the second phase of the RCHP. The Ministry of Health and Sanitation (MoHS) confirmed the complimentary between the DSDP and RCHP objectives and activities. Economic and sector work also is ongoing to inform potential areas of future reform as the Government continues with the process of decentralization.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

Rating: Satisfactory

34. The Project's objectives, design, and implementation remain relevant to the development priorities of Sierra Leone. The Poverty Reduction Strategy Paper II (PRSP II) 2008-2011: Agenda for Change, which was extended to 2012 and covered the entire Project period, identified decentralization as a precondition for achieving the Government's strategic priorities, particularly the delivery of basic social services through devolution to the LC. The DSDP objectives aligned with the PRSP II through the allocation of financial resources for the LC to undertake the devolved functions and the development of a capable human resource base to implement these activities. The Project's indicators, including the value of LC transfers and LC achievement of service output targets, among others, were relevant to the PRSP II support for local governance and decentralization.

35. Various reports and analyses have reconfirmed the relevance of the Project's components and indicators to help alleviate key challenges faced by the Government in its efforts toward decentralization. The *Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report on Sub-national Government (Local Councils)*, released in late 2010, identified the regularity of fund transfers as the "most noteworthy" challenge in public financial management at the LC level. The 2010 *Public Expenditure Review (PER)* highlighted the risk of inadequate human resources and need for additional training of key LC staff. It also noted that inadequate resource mobilization was the "second most serious risk to decentralization." These

findings support the relevance of the DSDP in contributing to the Government's priorities and Bank assistance strategy. Component 1: Grants to the LC directly increased the resources available to the LC and the Project indicators aimed to ensure that the DSDP transfers were additional to, rather than a substitute for, Government budget allocations to devolved service delivery. Component 2: Capacity Building and Technical Assistance focused on training LC and devolved MDA staff, the outcome of which was measured through the LC performance against its self-established service-output targets. Component 3: Program Management, through the INPSS and CLoGPAS, also sought to provide independent assessments of the decentralization process. Although the three components are interrelated in the improvement of decentralized service delivery, the Project could have benefitted from clearer linkages between the three specific objectives in the PDO and the Project's indicators and components.

36. The Project's use of the APL instrument was reinforced by the *2011 World Development Report: Conflict, Security, and Development* (WDR) and was relevant to the Project objectives, particularly the regularity of transfers to the LC. The 2011 WDR emphasized the need for a gradual and systematic approach to decentralization in post-conflict contexts. The DSDP Phase I, which built on lessons from the IRCBP and was designed as an APL with clear triggers for the transition to the DSDP Phase II, served as one step in the Bank's longer-term, sustained support to the Government's decentralization agenda. Moreover, use of the APL, instead of a Development Policy Lending (DPL) instrument, helped ensure the timeliness of transfers to the LC. The Team considered supplemental financing to the existing DPL Multi-Donor Budget Support (MDBS) Framework; however, MDBS disbursements tended to happen within the third or fourth quarter of each fiscal year, rather than in regular quarterly installments as designed under the DSDP to address the predictability of transfers to the LC.¹⁹

37. During Project implementation, the Government adopted the 2010 Decentralization Policy in furtherance of the 2004 LGA, which launched the decentralization reform process. The 2010 Policy noted the Government's commitment to "decentralization by devolution" and included as its first principle, "the transfer of power, authority, and resources from the center to democratically elected local councils." The Policy further specified that "the local councils shall continue to exist as the highest development and service delivery authority in the locality." This was a departure from the LGA, which identifies the LC as the highest "political" authority in the locality; however, the continued relevance of the LC was clear throughout the Policy, including increasing discretionary powers regarding resource allocation. Moreover, the 2011 PSRP II Progress Report highlighted the Government's continued commitment to implementing the decentralization process, including the sustained level of its transfers to the LC. It also recognized the additional financial support to the LC provided through the DSDP.

38. The 2012 Progress Report of the J-CAS FY10-13 reinforced the relevance of the decentralization agenda to the Bank's portfolio in Sierra Leone. It noted the lessons learned in devolving responsibilities to the LC since these reforms began in 2004, particularly in terms of improving service delivery and strengthening accountability, and outlined the need for the Bank's ongoing engagement in the decentralization agenda. The DSDP also reflected the relevant adjustments proposed in the Progress Report to strengthen social accountability mechanisms in the country program.

¹⁹ See the Program Document for the Sierra Leone Fifth Governance Reform and Growth Credit (P126355).

3.2 Achievement of Project Development Objectives

Rating: Moderately Satisfactory

39. The achievement of the Project Development Objectives (PDO) is rated Moderately Satisfactory. The Project met two outcome indicators and achieved 73 and 83 percent of the target values of the remaining two outcome indicators. As detailed below, the achievement of Specific Objectives 2 and 3 are rated Moderately Satisfactory, while the achievement of Specific Objective 1 is rated Moderately Unsatisfactory. The ratings of the three specific objectives are weighted equally given their interconnectivity, as well as that of the Project's three components in contributing to the PDO. The rating of Moderately Satisfactory is supported by the achievement of eight of the Project's 11 intermediate indicators related to the PDO.

Specific Objective 1: strengthen Government capacity to manage decentralized services

40. The achievement of the Project's objective to strengthen Government capacity to manage decentralized services is Moderately Unsatisfactory given that the Project did not achieve the related outcome indicator. Eleven LC achieved the key performance indicator to meet at least 75 percent of service-output targets specified in their Subsidiary Agreements. This represents 73 percent achievement of the Project target of 15 LC. These service outputs represent tangible improvements to basic service delivery in health, education, solid waste, and water access across Sierra Leone. DSDP-funded grants to LC supported 195 projects to rehabilitate health clinics, hospitals, and schools in all 19 LC, as well as upgrading of sectoral offices, staff housing, and libraries. In solid waste and water, the DSDP funded the rehabilitation or construction of collection and dumping facilities in 79 locations, 20 water supply systems, 259 hand pumps and water wells, and one water treatment center. The Project also funded procurement of textbooks and other teaching materials, computer equipment, motorbikes, drugs and other medical supplies, power supply equipment, medical equipment, furniture, and waste collection tools. In 2011, research by DfID found that the highest percentage of respondents (40 percent) reported that the LC had "brought the most development" to the community, as compared to traditional authorities (15 percent), Central Government (35 percent), or parliament (10 percent).²⁰ While this question probed all development activities and is not solely attributable to the DSDP, it reflects well on the LC ability to manage decentralized services.

41. The Project introduced the use of Subsidiary Agreements to track more systematically LC service-output targets; however, the Project design could have placed additional focus on their initial development. As noted above, the Agreements were prepared quickly to allow for disbursement of DSDP-funded LC transfers. Policy staff and sectoral specialists held primary responsibility for their preparation and project costing was often unrealistic. Recruitment of civil works officers at the LC level began in 2010; in some cases, these staff were not in place to help accurately estimate the costs of rehabilitation works. For example, the Koinadugu District Council Agreement budgeted 170 million Leones for four school rehabilitations; the actual expenditures for two school rehabilitations in this district were 329.5 million Leones.²¹ Importantly, by the end of the Project, all 19 LC had civil works officers and the DSDP had

20 Fanthrope, Lavali, and Sesay (2011).

21 While the actual price for these two school rehabilitations was higher than estimated, the cost for these works is below the regional average for the construction of new school facilities. See Section 3.3 for further discussion.

funded four trainings for LC core administrative staff and devolved sectoral staff on development and sectoral planning.

42. Limited technical oversight by the central line ministries of the LC also may have hindered initial progress toward the service-output targets; however, the Project sought to remedy this challenge following the MTR. Although the MDA helped prepare the Subsidiary Agreements, the LC and MDA did not establish corresponding Agreements regarding the latter's responsibilities during project implementation. Technical supervision, particularly by central-level MDA staff, was identified as an implementation weakness during the Project's MTR. This may have reflected some resistance on the part of the MDA to facilitate the transfer of functions devolved from them to the LC. However, in the second tranche of activities under Component 2, the Project provided resources to the MDA for monitoring of LC projects. By the end of the Project, monitoring support to conduct field visits for technical supervision accounted for approximately 80 percent of the funding used by MDA through Sub-component 2.2.

43. The Project achieved a majority of the intermediate indicator targets regarding improved Government capacity to manage decentralized services. At Project closure, the LGFD reported that all 19 LC were producing annual updates of the development plans, exceeding the target of 12 LC. This indicator was confirmed by the In-depth Financial Management Review conducted in June 2012. The 2011 CLoGPAS found that 14 LC had a revised plan that incorporated all projects for 2011; however, LGFD noted that the CLoGPAS enumerators, who focused on review of records available at the LC, did not follow-up with LGFD staff to see if these plans were on file in its offices. This CLoGPAS data still measures above the Project target.²² In addition, at Project closure, monthly progress updates by the RTF reported that the M&E units in 19 all LC received, processed, and transmitted data related to sector activities to key stakeholders, in line with the Project target of 19 LC. The 2011 CLoGPAS reported that 14 LC were in compliance with their M&E plans and were preparing monitoring and/or inspection reports.²³ According to the Government's financial management system, while all 19 LC had January to September budget execution rates of 90 percent of their available funds in 2010 and 2011, 11 LC achieved this benchmark in 2012, below the target of 19 LC.

44. Performance of the WDC met the Project targets related to their management of decentralized services. The 2011 CLoGPAS found that, in 15 of 19 LC (79 percent), WDC organized consultations during the preparation or review of the development plan, as compared with the Project target of 75 percent.²⁴ In addition, the 2012 WDC Functionality Assessment showed that 75 percent of WDC conducted spot checks on service providers in health, education, and water supply, exceeding the target of 65 percent.

45. One National Public Service Survey (NPSS) was conducted under the DSDP Phase I, as compared with Project's target of two surveys. During implementation, the Government and World Bank agreed to develop an "Integrated" NPSS to combine three related surveys into one consolidated instrument. This reconfiguration took additional time but contributed to improved coordination of outcome measurement among different service delivery sectors.

22 Minimum Condition 2.1.

23 Performance Measure 3.4. Note that the 14 LC with revised development plans differed from those 14 in compliance with their M&E plans.

24 2011 CLoGPAS Ward Committee 1.3.

Specific Objective 2: improve availability and predictability of Local Councils' funding

46. As measured by the relevant outcome indicators, the Project is rated Moderately Satisfactory in its achievement of the objective to improve availability and predictability of LC funding. Throughout implementation, the Project exceeded its outcome indicator target that 30 percent of domestic revenues (less wages, interest obligations, and statutory transfers to the NRA and Road Fund) were transferred to LC on an annual basis, with 36 percent in FY2010, 34 percent in FY2011, and 38 percent for FY2012. Given that this percentage excludes the DSDP grant funds, this indicator highlights the mitigation of a key risk identified at Project preparation. The DSDP funds were additional to—not a substitute for—Government funding to the LC.

47. As a percentage of total Government expenditures, the transfer of funds to the LC was 6 percent for FY2010 and was maintained at 5 percent for FY2011 and FY2012.²⁵ These figures are compared to the Project target of 6 percent. The real value of Government disbursements to the LC more than doubled between FY2009 and FY2011, from 28.2 billion Leones to 61.5 billion Leones. However, over the same period, civil servant salaries of teachers and nurses increased substantially, contributing to the one percentage point decrease in the transfer of funds to LC as a total of Government expenditures. Government expenditures for nurse salaries increased from 1.3 billion Leones to 7.9 billion Leones in FY2010 and teacher salaries increased from 18.3 billion Leones to 25.2 billion Leones in FY2011. Together, this represents roughly 1.5 percent of all estimated Government expenditures for FY2011.²⁶

48. The Project achieved the intermediate indicators targets regarding the availability and predictability of funds, as evidenced by the Government's financial management system. Regarding the transfer of Government resources, the number of LC receiving timely transfers from consolidated revenue funds each quarter was maintained at 19 throughout the Project, in accordance with the Project target. Of the eight quarterly transfers made in FY2010 and FY2011, LGFD transferred six quarters within four weeks of the beginning of the quarter and the remaining two quarters within six weeks of the beginning of the quarter. Moreover, whereas actual Government transfers to the LC did not exceed 75 percent of the budgeted amount between 2005 and 2008, the Government transferred 96 percent of its budget allocation to the LC in 2010 and 86 percent in 2011. For the first quarter of FY2012, there was a three month delay in the transfer, which was made in April 2012 instead of January 2012; however, the second quarter transfer was made in July 2012, within three months of the preceding transfer and in keeping with the intended quarterly disbursement of funds.

49. Regarding the DSDP-funded transfers, after an initial delay in the first quarter grants, transfers occurred on a regular and timely basis. The first transfer was made in May 2010, instead of January 2010 as planned, given the time required for consultations among LC, WDC, and devolved MDA staff to prepare the Subsidiary Agreements. Subsequently, the 19 LC received four of the remaining seven grants within three months of the previous transfer and three grants within four months of the previous transfer. While this was not aligned with the original schedule that the LC would receive DSDP transfers within the first 15 days of each

25 At of the Project's closing date on June 29, 2012, the transfer of Government resources to LC as a percentage of Government expenditures had dropped to 3.3 percent; however, this resulted from the timing of the second FY2012 transfer, which was made July 17, 2012, just following the closure of the DSDP Phase I.

26 MoFED IFMIS; Republic of Sierra Leone (2010a).

quarter, after the initial delay, the transfers did provide a predictable source of additional resources to the LC.

50. The timely transfer of funding during the Project period is confirmed by the staff of the LC and the MDA. The overall availability and predictability of funding transfers to the LC throughout the DSDP Phase I was noted in meetings with the MoHS and MoEYS, as well as with the LC core administrative and MDA staff in Port Loko District, Bo City, Bo District, Kenema City, and Kenema District. In particular, senior staff at the MoHS noted that, although challenges remain, the devolution of funding through the LC provided a more transparent and regular transfer of resources to the sectors than before the reintroduction of the LC. Through the decentralized processes, the MDA now know the total resource envelope available for their activities during the fiscal year. This was not the case before decentralization reform agenda began. However, central-level staff at the Ministry of Energy and Water Resources (MoEWR) reported some delays in notification about the receipt of transfers at the local level.

Specific Objective 3: strengthen the intergovernmental fiscal transfer system.

51. The strengthening of the intergovernmental fiscal transfer system is rated Moderately Satisfactory. In regards to the outcome indicator associated with this objective, the Government streamlined the fiscal transfers in the four areas supported by the Project (education, health and sanitation, water, and solid waste management), reducing the number of sectoral grants from nine to six. During the DSDP Phase I Restructuring, the Bank and Government agreed to have six grants to maintain two separate allocations for each health and education, rather than the original target of four grants in these four sectors.²⁷ Although the target for this indicator was formally revised, the Restructuring occurred in June 2011 when approximately three-quarters of the Grant had already disbursed. During the Project period, the Government also strengthened its fiscal transfer system through the adoption of the Second Generation Intergovernmental Fiscal Transfer System with the focus to further reduce the conditions on LC transfers to permit greater autonomy to define local priorities.²⁸

52. The Project also performed well as measured by the intermediate indicators regarding the strengthening of the intergovernmental fiscal transfer system between the Central Government and the LC. The DSDP achieved its targets that all 19 LC have integrated development plans and budgets (finalized in accordance with sector plans) before the start of the fiscal year and that all 19 LC would have procurement plans. In both cases, the Project baseline was zero. Development plans and budgets were introduced at the beginning of the decentralization reforms; however, there were often inconsistencies between these documents and the sector plans. The DSDP emphasized the integration of these planning tools. Procurement plans were first developed by the LC in late 2009, when the Project was under preparation. The 2011 CLoGPAS supports the achievement of these intermediate indicators. It found that all 19 LC had prepared a balanced budget incorporating the projects for 2011 and submitted it to LGFD.²⁹ The survey also found that all 19 LC had an approved procurement plan for 2011.³⁰

27 As outlined in Section 1.7 above, both sectors have different management structures for their primary and secondary services at the local level, thereby limiting the ability to consolidate these grants.

28 Republic of Sierra Leone (2012).

29 2011 CLoGPAS Minimum Condition 4.1.

30 2011 CLoGPAS Performance Measure 7.1.

53. The intermediate indicators regarding the WDC, however, do not appear to have been met. The RTF reports show that 46 percent of WDC were receiving and discussing development plans and budgets, financing statement, and their updates. The 2012 WDC Performance Assessment found that 28 percent of committees had received an updated development plan, budget, and financial statement from the LC. Only 23 percent had discussed these documents. This is compared to a target of 100 percent.

Program Outcome Indicators

54. The DSDP Phase I performance indicators in the Financing Agreement measured performance against the PDO; however, the Results Framework in the PAD also included four program outcome indicators related to higher-level objectives of the APL and Government's decentralization processes. These program indicators aimed to focus Government attention on improved monitoring of service delivery and measured: the number of people with access to an improved water source; the number of people with access to improved sanitation services; the number of schools with teaching and learning materials according to agreed standards; and the proportion of clinics with essential drugs in stock.³¹

55. National survey data shows improvement during the Project period in the delivery of basic social services in most areas as measured the Project's program indicators. Overall, the 2011 INPSS found that 81 percent and 77 percent of respondents reported that the quality of education and health care, respectively, was much better or a little better than in the previous year.³² The 2011 INPSS also shows an increase of 12.1 percent of people with access to improved water sources and 10.8 percent for sanitation services as compared to the 2008 NPSS.³³ According to the 2011 figures, access to sanitation services (82.3 percent) exceeds the Project target of 40 percent, while access to improved water sources (54.8 percent) is below the Project target of 60 percent.³⁴ Regarding distribution of learning materials, 42.9 percent of students in Government schools received free textbooks and 29.3 percent received exercise books for free, an increase from 24.5 percent and 21.6 percent, respectively, in the 2008 NPSS.³⁵ However, the 2011 INPSS found a decrease in the percentage of clinics having essential drugs (41.3 percent) as compared to 2008 (61.2 percent).³⁶ The values for these education and health related indicators are below the Project target of 100 percent. Regarding the intermediate indicators related to the program outcomes, the Government purchased and distributed 1,497,720 teaching and learning materials to primary schools between 2010 and 2012, exceeding the target

31 During appraisal of the DSDP Phase II, the program outcome indicators were consolidated into a separate results framework under the section "Higher Level Objectives to which the Project Contributes."

32 These two questions were new to the 2011 INPSS and therefore comparison data is not available.

33 Improved water sources include tap, well, and dug well protected, whereas unsafe sources are considered dug well unprotected, rain water, and spring. Improved sanitation services include flush or latrine type toilets.

34 The DSDP Phase I baseline data (30 percent for sanitation, 51 percent for water) was based on the 2007 NPSS. The Phase II PAD maintained this data but noted that it would be updated at the MTR with the 2011 INPSS data, which was not available at appraisal.

35 Textbooks and exercise books are used as proxy measures for "teaching and learning materials." In terms of "agreed standards," the Sierra Leone Education Sector Plan established the standard that the provision of core textbooks and exercise books should a 1:1 ratio. The baseline value for this indicator under the DSDP Phase II is zero percent, based on the Education Management Information System (EMIS).

36 The baseline value for this indicator under the DSDP Phase II is 32 percent, based on the Health Management Information System (HMIS).

of 850,000. Data for the remaining four intermediate indicators related to the program outcomes regarding quality of service delivery was not provided. As outlined in the Results Framework of the PAD, these five intermediate indicators were not related to the PDO.³⁷

56. Although this national survey allows for the measurement of these indicators, a clear causal linkage between these data and the Project is difficult to establish. First, there are a multitude of exogenous factors that would have effected service provision in Sierra Leone during this period, including the free healthcare initiative for pregnant women, lactating mothers, and children under five launched in April 2010 and the high density of non-government actors providing basic services outside of national systems. Second, since decentralization was rolled-out nationally, there is no counter-factual against which to measure the changes in service provision, that is, what would have happened in the absence of these reforms.

3.3 Efficiency

Rating: Satisfactory

57. The overall efficiency of the Project is rated Satisfactory. The LC appear to have managed expenditures relatively efficiently and the allocation of expenditures to program management costs reflects the Project's capacity building objectives. The signed amount of the IDA Credit in November 2009 was XDR 12.9 million, of which XDR 12.825 million was disbursed prior to the Project closure in June 2012.

58. Although an economic and financial analysis was not conducted at Project appraisal, a comparison of the unit costs of rehabilitation and construction under the Project to regional averages show efficient use of resources to improve access to basic services. Rehabilitation costs vary between projects depending on the state of the pre-existing structure; however, rehabilitation is typically more cost effective than new construction in increasing access to basic services. For example, data from recent education-sector ICR in low capacity and fragile contexts provide a comparison for school construction: in Benin the cost of a single classroom ranged from US\$12,931 to US\$20,000; in Burundi the average unit price was US\$24,434; and in Côte d'Ivoire it was US\$21,118.³⁸ By comparison, the average price of school rehabilitations under the DSDP was US\$10,711 per project. This average cost encompasses school sub-projects that ranged from one to six classrooms each. It also includes the construction or rehabilitation of water and sanitation facilities for roughly one quarter of these projects.

59. The efficient use of resources by the LC is confirmed by the 2010 Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report and the low ratio between the LC administrative and sectoral grants. The 2010 PEFA ranked all five LC sampled with an "A" grade for "competition, value for money, and controls in procurement." In comparison, the Central Government, which previously held responsibility for basic service delivery expenditures, received a "C+" grade in this same category. Moreover, in FY2010 and FY2011, respectively,

37 The ICR considers the indicator related to the proportion of clinics with essential drugs in stock as a program indicator not an intermediate indicator. Although the PAD also includes this indicator as an intermediate indicator in the Arrangements for Results Monitoring, the Results Framework identifies it as a program outcome indicators related to the Project's higher level objectives of the decentralization of basic services.

38 See the ICR the Benin Education For All-Fast Track Initiative Program (P110576), the Burundi Education Sector Reconstruction Project (P064557), and the Côte d'Ivoire Education and Training Support Project (P035655).

2.3 and 2.9 percent of the grant allocations to the LC were designated for administrative costs, with the remainder of resources allocated to sectoral activities to improve or increase access to basic services.³⁹ These administrative and sectoral grants include all sources of funding to the LC and, therefore, are not solely applicable to the DSDP. Still, they highlight the high percentage of funding at the LC level that is allocated to programmatic rather than administrative costs. The LGFD also helped ensure the efficient use of funds at the LC level through its review and verification of the financial report and returns of all LC expenditures for the previous quarter before release of the subsequent quarter grant transfer.

60. Overall Project expenditures for capacity building and program management equaled 30 percent of the total expenditures for grants to the LC, which is in line with Bank support to decentralization processes elsewhere in Sub-Saharan Africa, particularly the Uganda Second Local Government Development Project, and even represent a smaller percentage than the Rwanda Decentralization and Community Development Project.⁴⁰

3.4 Justification of Overall Outcome Rating

Rating: Moderately Satisfactory

61. Overall, the Project is rated Moderately Satisfactory. The Project helped move forward the Government's decentralization reform agenda as part of the Bank's ongoing support for this long-term process. The DSDP has remained relevant to the Government and World Bank development strategies as they have evolved since the Project's preparation. The Government's current planning documents identify decentralization as key to basic social service delivery. The Project achievement of two of its outcome indicators is linked to tangible improvements in the level and flow of Government funding to the LC. Capacity constraints within the LC, however, remain apparent, as evidenced by the Project's outcome indicator related service-output targets. Still the progress achieved to date is considerable given that the LC were re-established in 2004 and did not have a full complement of core staff until 2010, that is, during the Project implementation period.⁴¹ The Project's objectives also appear to have been achieved efficiently, with construction and management costs below or in line with regional comparators. Importantly, with the APL design, the DSDP continues to provide ongoing technical assistance to the Government's decentralization processes through its second phase. These findings are confirmed by interviews with Government staff as well as site visits and community verifications.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

62. One of the key objectives of the Government's decentralization reform agenda was to help overcome the inequalities between the relatively urbanized Western Area province, which includes the capital, Freetown, and rest of the country, which is predominately rural with limited access to basic services. The Sierra Leone Truth and Reconciliation Commission, among other

39 LC administrative grants do not include staff salaries, which are paid directly by the Central Government.

40 See the ICR for the Uganda Second Local Government Development Project (P077477) and the Rwanda Decentralization and Community Development Project (P074102).

41 Core staff include chief administrator, deputy chief administrator, internal auditor, development officer, finance officer, civil works officer, human resource officer, accountant, procurement officer, M&E officer, and valuation officer. Environmental and social officers were recruited in 2011 and 2012.

research, identified this divide a major source of the social tensions that fostered the country's civil war.⁴² Through supporting Government capacity to administer decentralized services and with direct support for rehabilitation of basic services across Sierra Leone, the DSDP contributed to Government efforts to overcome this legacy, in part, through decentralization reform.

63. The Project's social accountability activities introduced community monitoring to empower Sierra Leoneans through demand-side accountability of basic service delivery. While strengthening the supply side (i.e. Government provision of basic services) is critical, effective service delivery also requires accountability, including from the community who are typically at the frontline of observing weaknesses. It also can help forge stronger relationships between citizens and the state. The DSDP piloted such activities in the two lowest tiers of health clinics in four districts. Trained facilitators guided clinic staff and community representatives to create scorecards for their clinic and design a compact containing mutual commitments to improve health service delivery. The Project supported regular monitoring of the compacts.

64. The Project sought to improve Government monitoring capacity on gender aspects of the decentralization reforms through revisions to the 2011 CLoGPAS that included a new module on gender. Although the CLoGPAS findings cannot be directly attributed to the DSDP, this assessment offers some insight into the role of women in the decentralization process. The five survey questions included aspects of women's election to and participation in WDC as well as girls' school attendance and gender sensitivity in LC implemented projects. Overall, the results were promising, although there is clear room for improvements. Ten LC scored better than 75 percent, while six scored between 50 and 75 percent and three scored below 50 percent.

(b) Institutional Change/Strengthening

65. The Project's development objectives focused explicitly on strengthening LC and Central Government capacity to provide basic services through devolved functions. The grants to the LC adopted a 'learning through doing' approach to the transfer, management, expenditure, and monitoring of funds at the local level. The pooling of Project grants with Government funds encouraged the sustainability of the knowledge built regarding intergovernmental fiscal transfers. The Project's capacity building component offered both centrally-organized and demand-driven windows for training. That is, trainings were developed based not only in areas of observed weakness (including as identified by the CLoGPAS) but also as requested by the LC and the MDA. The Project's indicators, as discussed in Section 3.2, provide additional detail regarding the institutional capacity activities of the DSDP.

66. Key institutional reforms, however, remain necessary to consolidate the institutional development gains of the decentralized structures in Sierra Leone over the longer-term. In particular, as discussed in Section 4 below, mainstreaming the DecSec into the MoLGRD is necessary to the sustainability of the Ministry's oversight of the LC and devolved functions. A draft institutional arrangement proposes that the responsibilities currently undertaken by the DecSec be adopted by a Local Government Secretariat under the MoLGRD. This provides a general outline of the reporting structures for this new unit; however, it does not include the civil service positions required for staffing or specify the Government budgetary allocation necessary to pay these salaries.

42 Sierra Leone Truth and Reconciliation Commission (2004); Srivastava, Vivek and Marco Larizza (2011).

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

67. The DSDP supported the 2011 INPSS that was conducted in Sierra Leone to solicit user feedback on public service provision and interactions with all levels of government.⁴³ Although the INPSS findings cannot be solely attributed to the DSDP, given the exogenous factors that undoubtedly influenced the survey's findings, the INPSS is a performance monitoring tool for the Government's decentralization agenda, to which the DSDP contributes. Overall, the 2011 survey found improvements in the provision of education, health, water, and sanitation services. In terms of access, 77 percent of rural households reported having a primary school within 30 minutes walking (up slightly from 75 percent in 2008). Sixty seven percent of households in rural areas reported having access to a Government health facility within one hour (up from 63 percent in 2008 and 48 percent in 2005). Satisfaction with both public schools and health care also saw improvements since 2008, with a four percent increase (91 to 95 percent) for schooling and a nine percent increase (85 to 94 percent) for health care. Access to water from a protected source was reported by 55 percent of households in 2011 as compared with 47 percent in 2008. Eighty two percent of respondents reported using an improved toilet facility in 2011.

68. Despite these improvements, perceptions of LC responsiveness declined. The 2011 INPSS shows steady progress in people's awareness of and interaction with the LC. Ninety percent of respondents had heard of their Local Councilor in 2011 (compared with 87 and 70 percent in 2008 and 2007, respectively) and 21 percent of households reported that they had benefitted from a LC project over the past year (an increase of 12 percent from 2008). Still, in 2011, 39 percent of respondents thought that the LC were responsive to their community's needs. This is similar to the 37 percent reporting in 2007 but a decrease from the 66 percent in 2008 and 53 percent in 2005. Publicity and campaign promises connected to the elections held in 2005 and 2008 may help explain the inconsistency between the findings from the NPSS in those years, as compared with the 2007 and 2011 surveys. See Annex 5 for additional detail.

4. Assessment of Risk to Development Outcome

Rating: Substantial

69. In their 2011 article, "Decentralization in Post-conflict Sierra Leone: The Genie is Out of the Bottle," Srivastava and Larizza argue that decentralization in Sierra Leone is well enough established that its reversal has become unlikely. The DSDP was designed within the framework of a demonstrated Government commitment to decentralization and the Project was implemented through pre-existing, national structures. As such, its development outcomes contribute to the country's longer-term decentralization reform process that began in 2004 and remains ongoing. The risk to the development outcome is mitigated further by the Project's use of the APL instrument. As noted above, the DSDP Phase II is currently ongoing, maintains the same PDO as Phase I, and provides additional support to the Government's achievement of these objectives. Phase II, therefore, contributes to consolidating the achievements of the Project's Phase I and has attracted EU co-financing in support of these outcomes.

43 Because the INPSS combined three survey instruments, not all questions asked in the 2011 INPSS have comparator questions available from all three years. Comparisons between the 2011 INPSS and surveys conducted in 2005, 2007, and 2008 are made where possible.

70. Still, the decentralization process remains incomplete with inaction by the Government to move forward key aspects of these reforms. Some challenges, such as the need for continued support to LC and MDA capacity building, are being addressed through ongoing donor-sponsored interventions, such as the DSDP Phase II. Other challenges, such as institutional and jurisdictional reforms, require political will from within Government. At the institutional level, the Government incorporated the LGFD and its staff into the MoFED during the Project period; however, mainstreaming of the DecSec and the IPAU, as noted above, has proceeded much more slowly than anticipated. These changes are tied to the Government-wide public sector reform process. Moreover, jurisdictions at the sub-national level require clarification, in particular the relationship between the LC and the chiefdom administration. While the funding transferred from the Central Government to the LC increased over the life of the DSDP, the LC are envisioned also to generate funds through local taxation. Under the current legal framework, the LC are meant to set the local development tax rate, but the chiefdom administration is responsible for tax collection and its subsequent distribution based on established precept allocations. In practice, however, the LC report minimal receipt of tax revenues through this system. The Government is conducting a review of the Local Tax Act in 2013.

71. Public support for and perceptions of the LC may be negatively influenced by the apparent disconnect between people's understanding of LC responsibilities compared to those functions actually devolved to them. The draft PRSP III 2013-2017: Agenda for Prosperity recognizes the negative impact of delays in the devolution process. For example, LC authority is constrained by their lack of jurisdiction over human resource functions. Because the devolved staff continued to report directly to the MDA, the LC cannot hold them directly accountable their performance. Limited local resource generation and continued centralization of the Development Budget also create dependency of the LC on other Government bodies, including the MDA and the chiefdom administration. Without greater devolution of authority, the LC are likely to be held accountable by citizens for functions over which they have little control.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

72. The Task Team ensured quality at entry through an evidence-based, context-specific Project design. As noted in Sections 2.1 and 3.1 above, the Project was prepared in alignment with Government and Bank development policies and its objectives reflected the findings, lessons, and recommendations from ongoing lending operations and economic and sector work in Sierra Leone, as well as international good practices. The Project's components and M&E activities reflected the key constraints identified through these reports and lending interventions, although the Results Framework could have benefitted from clearer linkages between the Project's objectives, components, and specific indicators to measure them. The Team also promoted quality at entry through the use of existing country capacity and systems, including the technical capacity of the DecSec, the LGFD, and the IPAU, as well as the intergovernmental fiscal transfer system. In addition, the decision to utilize the APL instrument allowed for benchmarks related to key objectives of the Project that would trigger the DSDP Phase II and to help ensure that Project-funded transfers to the LC occurred at regular and timely intervals.

73. Additional focus on the preparatory processes for the Subsidiary Agreements could have improved quality at entry. The Agreements were a key Project tool that established the LC targets for the DSDP funding, yet the Project design allocated relatively little time and support to their preparation. The Project envisioned for transfers of the DSDP grants to the LC to begin by January 15, 2010, providing only two months after signature of the Financing Agreement for the local-level consultations to draft the Agreement and their subsequent review by the Central Government. In addition, although the DSDP included training in development planning, these activities were not scheduled to begin until after the Agreements were finalized.

(b) Quality of Supervision

Rating: Moderately Satisfactory

74. The Task Team was proactive in its supervision of the DSDP, utilizing the lessons from independent Project assessments and addressing implementation challenges with targeted action items. During the 30-month implementation period, the Team conducted six missions to supervise the Project and submitted updated Implementation Status and Results (ISR) Reports every six months. The MTR was conducted in May 2011 and coincided with an independent technical audit of the Project. As outlined in Sections 2.2 and 2.4 above, a detailed list of action items was developed based on the findings of these assessments and much of the Team's subsequent supervision focused on addressing the LC capacity shortcomings identified therein, including strengthening procurement and safeguard compliance. The Team also applied the lessons from Phase I to and leveraged EU co-financing for Phase II, helping to ensure the adequacy of the transition arrangements in place at the close of Phase I. Supervision, however, could have benefitted from more thorough reporting on the Project's Results Framework. Many of the intermediate outcome indicators were only included in the final ISR and the five intermediate outcome indicators related to the program outcomes were never reported in the ISR. The final ISR also inadvertently failed to report the Project's Restructuring.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately Satisfactory

75. Overall, the World Bank supervision of the DSDP was Moderately Satisfactory. The Task Team engaged with the Government, other Bank Task Teams in the country, and donor partners to ensure that the Project's objectives were aligned with the country's development strategies and ongoing development interventions. During Project preparation and implementation, a multi-sectoral Task Team conducted missions a minimum of twice per fiscal year. These included support from safeguard, FM, and procurement staff, as well as public sector, social protection, health, and legal specialists. However, shortcomings in overall Bank performance impacted both quality at entry, given the design of the Subsidiary Agreements, and supervision, particularly M&E reporting.

5.2 Borrower Performance

(a) Government Performance

Rating: Moderately Satisfactory

76. Throughout the Project, the Government illustrated its commitment to decentralization to improve basic service delivery and promote development not only in its policy and development planning papers but also through its regular transfer of Government funding to the LC. As noted above, in FY2010 and FY2011, Government transfers to the LC were timely and represented 96

percent and 86 percent, respectively, of the full budgeted amount. This is a notable improvement from the state of LC transfers at Project appraisal, which did not exceed 75 percent of the total budgeted allocation between FY2005 and FY2009. In addition, during implementation, the Government adopted the 2010 Decentralization Policy that reaffirmed its commitment to decentralization, including the Policy's first principle of "the transfer of power, authority, and resources from the center to democratically elected local councils." Moreover, the 2011 PSRP II Progress Report highlighted the Government's commitment to implementing the decentralization process and sustaining the amount of transfers to the LC.

77. Certain key aspects of the decentralization process, however, remain outstanding. Some functions that were outlined for devolution in the 2004 LGA and 2010 Decentralization Policy remain centrally managed, including the responsibility for all human resources. Although the Government, in accordance with the DSDP Phase II trigger, developed a policy regarding the assignment of sector staff at the LC level, these staff and the LC core administrative staff report to their line ministries rather than the LC.⁴⁴ The responsibility of various actors at the local level also requires clarification. The 2010 Policy designated the LC as developmental authorities, rather than political authorities as specified in the 2004 LGA. This change was accompanied by the reintroduction of District Officers, locally-based appointees of the Central Government who head the chiefdom administration. As noted above, the relationship between the chiefdom administration and the LC requires clarification, particularly in regards to local resource generation. Moreover, despite an ongoing dialogue with the Bank Team, the Government did not make progress on mainstreaming of the DecSec into the MoLGRD during the DSDP Phase I.

(b) Implementing Agency or Agencies Performance

Rating: Satisfactory

78. The performance by the Implementing Agencies, including the LGFD, the DecSec, and the IPAU, throughout the Project highlighted their commitment to achieving the development objectives. As noted above, the IP was rated Satisfactory throughout the Project period, except between December 2010 and June 2011, when the IP was rated Moderately Satisfactory. The Moderately Satisfactory rating resulted from initial delays in disbursements while the LC prepared the Subsidiary Agreements. This consultative process, however, was important for local involvement in the allocation of Project resources. Moreover, by May 2011, the LGFD had transferred five DSDP-funded grants to the LC, overcoming much of the initial delay in comparison to the original Project work plan. Importantly, throughout the Project, the LGFD maintained timely transfers of the Government grants to the LC. The DecSec highlighted the Project's learning from its M&E tools not only to improve the INPSS and CLoGPAS but also to design capacity building activities based on the CLoGPAS findings. The IPAU, which served as the project coordination unit, provided satisfactory fiduciary oversight throughout implementation to ensure compliance with the Project's covenants. The IPAU also coordinated M&E data collection and reporting; however, the Implementing Agencies reported on only one of the five intermediate indicators related to the program outcomes. The Implementing Agencies coordinated the DSDP with other Bank interventions and Government resource allocations.

44 The LC core administrative staff are hired and report to the MoLGRD.

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately Satisfactory

79. Overall, the Borrower's Performance is rated Moderately Satisfactory. The Government and the Implementing Agencies showed a commitment to achieving the Project's development objectives, responsiveness to challenges experienced during implementation, the usage of M&E to inform activities, and coordination between the Project and Government and other donor-funded interventions. However, continued delays within the Government on key aspects of the decentralization reform agenda could threaten the development gains made under the Project, and by the Government more generally, to build capacity at the local level.

6. Lessons Learned

- ***The Project confirms the effectiveness of phased, long-term support to Government reform processes.*** As highlighted throughout the ICR, the DSDP Phase I was one element of the Bank's ongoing support to decentralization in Sierra Leone. The Project benefitted from the capacity built and lessons learned under the IRCBP and, in turn, the outcomes and learning from the DSDP Phase I have been critical in the preparation of DSDP Phase II. The adoption of clear triggers to transition from Phase I to Phase II of this APL emphasized the importance of the Government's achievements of key benchmarks in its decentralization agenda. This approach has provided continuity to the Government and the relatively new LC structures.
- ***The mainstreaming of specialized units for technical support and/or project implementation needs to be carefully detailed with time-bound action plans developed during project preparation.*** The specialized units within Government to support decentralization have helped to build capacity for devolved service delivery and to establish a more transparent mechanism for the intergovernmental transfer of resources in Sierra Leone. However, as the reform process progresses, the responsibilities of these units need to be mainstreamed into regular Government structures. The proper planning for this transition, particularly the change from consultant to civil service staffing, is linked with the longer-term sustainability of such reforms.
- ***The appropriate sequencing of activities, particularly regarding capacity building, is critical to successful implementation.*** Through the provision of grants to the LC, the DSDP sought not only to increase funding for basic services available at the local level, but also to provide a 'learning through doing' approach to capacity building. This design appears to have been successful in strengthening the fiscal transfer system of Government. However, in terms of managing the delivery of devolved basic services, the Project could have benefited from front-loading key capacity building activities prior to beginning the transfers to the LC. For example, training in development planning could have been implemented before the preparation of the Subsidiary Agreements.
- ***With adequate investment, regular and comprehensive surveys are possible in low-capacity contexts and can serve as useful learning tools.*** To help minimize the capacity necessary for implementation, projects in low-income, fragile countries often focus on the simplification of design, which can result in a reliance on project-level M&E or impact evaluations conducted by international firms. Moreover, systems for national data collection are typically nascent, further limiting access to information for M&E. The DSDP Phase I highlights that comprehensive surveys are feasible in such contexts and can be successfully

administered within national systems. The revisions to and implementation of both the INPSS and the CLoGPAS took more time and resources than original envisioned under the Project; however, this investment built national M&E capacity while providing useful findings to inform the DSDP Phase I implementation and Phase II design.

- ***With some adjustments, the adoption of the Subsidiary Agreements as part of the standard LC operating procedures could provide an effective benchmarking tool to measure service delivery at the local level.*** The Subsidiary Agreements adopted under the Project need sufficient time for a consultative preparation process, input from qualified technical specialists, and buy-in from the MDA. Despite these challenges, the Agreements could provide a useful means for the Government to continue regular monitoring of the LC performance against service-output targets. Updates on the LC progress against the Agreements could be measured during the LGFD's quarterly review of the financial retirements for the LC grants. Implementation delays and other deviations from the agreed-upon targets could then be addressed proactively and in a timely manner.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

80. The comments from the Borrower, provided by the Implementing Agencies, focus on the Assessment of Risk to Development Outcome. While the Borrower agrees that there have been delays in the process of mainstreaming the DecSec, the Borrower notes that tremendous efforts are being made in order to complete this objective, including submission of the DecSec mainstreaming action plan to the Bank. In addition, the Public Sector Reform Unit, responsible for the functional and management reviews of MDAs, has approved a revised organogram of the MoLGRD that includes the functions of the DecSec. It is important to point out that the mainstreaming of the DecSec is part of the Government's wider public sector reform program and will not happen in isolation.

81. Issues relating to political mandate and coordinating local development are clearly defined in various policy documents and legislations such as the 2004 LGA; however, challenges persist regarding the allocation of resources collected from common revenue sources. This is expected to be addressed when the 2004 LGA and the Local Tax Act are reviewed this year. In addition, efforts have been made to build LC capacity to mobilize revenue from property taxes, one of the main sources of own revenue. In this regard, property cadastre have been designed, developed, and are now being implemented in 11 LC. This includes the recruitment of Valuers within the LC. In addition, four LC have developed a comprehensive and sustainable framework to mobilize locally generated revenues. Further to the above, a fiscal decentralization strategy was developed with a broad objective to promote local autonomy and increase participation through strengthening the effectiveness, transparency, and accountability of the LC in revenue mobilization and expenditures.

(b) Cofinanciers

Not applicable.

(c) Other partners and stakeholders

Not applicable.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in SDR millions)

Category	Original Appraisal Estimate (SDR millions)	Revised Appraisal at Restructuring (SDR millions)	Actual Expenditure (SDR millions)	Percentage of Appraisal at Restructuring
Goods, works, and services for LC Grants under Component 1	9.70	9.80	9.885	100.9%
Goods, consultants' services, Training, Study Tours and Workshops, and Operating Costs for Components 2.1 and 3	2.00	2.50	2.762	110.5%
Goods and services for Capacity Development under Component 2.2	0.60	0.60	0.186	31.0%
Unallocated	0.60	0.00	0.00	
PPF	0.00	0.00	0.00	
Total Financing Required	12.90	12.90	12.833 ⁴⁵	

(b) Financing

Source of Funds	Appraisal Estimate (SDR millions)	Actual/Latest Estimate (SDR millions)	Percentage of Appraisal
Borrower	0.00	0.00	0.0%
International Development Association (IDA)	12.90	12.825	99.4%

45 The Credit Cancellation and Closure Letter dated November 6, 2012 subtracts an amount of XDR 8,392.17 from the expenditures in the three categories based on exchange rate fluctuation between XDR and the currency of the designated account from the time of advance to the time of recovery. This accounts for the slight discrepancy between the total of the three categories as listed above (XDR 12.833) and the total disbursements (XDR 12.825) as listed in the Letter date November 6, 2012, Table (b) in this Annex, and Section 3.3 in the main ICR narrative.

Annex 2. Outputs by Component

1. The following components were undertaken in support of the Project's outcome and intermediate indicators as discussed in Section 3.2 above.

Component 1: Grants to Local Councils (US\$16 million)

2. Component 1: Grants to Local Councils (LC) sought to increase the availability and predictability of funding to the LC and also adopted a 'learning through doing' approach to the transfer, management, expenditure, and monitoring of funds at the local level. The Project provided funding for LC-identified projects in health, education, solid waste management, and rural water. Subsidiary Agreements between the LC and the Central Government established service-output targets for the DSDP funding. Following signature of these Agreements, DSDP grants to the LC were allocated through the existing intergovernmental fiscal transfer system on a quarterly basis.

3. In the health sector, the majority of DSDP-funded projects supported the rehabilitation of primary health units, primary health clinics, and hospitals with a total of 84 projects conducted in 17 LC. These rehabilitation works ranged from refurbishment to existing infrastructure (such as painting of walls, tiling of floors, electrical maintenance, and roofing) to the restoration of cold storage to the repair of water and sanitation facilities. In terms of facilities' upgrading, the Project also funded the rehabilitation of medical offices and nurse housing in six locations across three LC. In addition, the DSDP funding supported the development of site plans for 10 primary health units in Western Area Rural District. The LC also allocated DSDP resources in the health sector to various procurements. Four LC bought drugs and other medical supplies, including laboratory testing. Four motorbikes were bought in three LC. Power supply equipment was also purchased in five LC; this included solar panels, solar-powered equipment (such as refrigerators), generators, and one fuel storage tank. Other procurements included two incubators, one x-ray machine, furniture and bedding in two LC, and communications equipment in one LC. In one LC, DSDP-funded activities included public awareness and advocacy meetings on a range of health issues, including the Government's free health care initiative.

4. The DSDP grants to LC funded rehabilitations of educational facilities in all 19 LC. In total, this included 101 projects to improve primary schools, junior secondary schools, and adult literacy centers. The grants also funded the upgrading of water and sanitation facilities and the construction of separate latrines for boys and girls. Other construction activities included rehabilitation of staff housing and education offices in five LC and refurbishment of six libraries in two LC. In seven LC, the DSDP supported the purchase and/or construction of furniture, including desks, chairs, and blackboards. Other DSDP-funded projects included the procurement of textbooks, computer equipment, one motorbike, one utility vehicle, biometric equipment for public exam verification, and supplies for science curricula.

5. In solid waste and rural water, 15 LC allocated DSDP grants to the upgrading or establishment of new collection and dumping facilities in 79 locations. These activities ranged from construction of public waste bins to fencing of dump sites to rehabilitation of drainages for town streets. Other solid waste activities included the procurement of collection tools, such as tricycles, wheelbarrows, shovels, and cutlasses in 13 LC. Rural water projects included the rehabilitation or construction of 20 water supply systems, including one solar powered system, 259 hand pumps and water wells, and one water treatment center. Water sector procurements were limited but included the purchase of one truck, four motorbikes, one generator, and

furniture for one rural water office. Rural water projects were conducted in 14 LC; this was the only sector in which activities were not undertaken in all 19 LC.

Component 2: Capacity Building and Technical Assistance (US\$3 million)

6. In support of the Project Development Objective (PDO), particularly Government capacity to manage decentralized services, the Project's second component provided training and logistical support to key stakeholders in the decentralization process. The LC were the primary beneficiaries of these activities, although Ministry, Department, and Agency (MDA) staff also received support. This Component had two windows: (i) centrally-organized support that was provided to all LC and MDA and (ii) demand-driven support for needs identified by the LC and the MDA.

7. Sub-component 2.1: Centrally-organized support for all LC and MDA focused on training and logistical support determined as universally applicable across the LC and the MDA. The foci were determined primarily by the 2008 and 2011 Comprehensive Local Governance Performance Assessment Survey (CLOGPAS) findings. Throughout DSDP Phase I, the primary focus of capacity building was on development planning processes related to the regular submission of development plans, budgets, procurement plans, and M&E reports, all of which were measured by the Project's intermediate indicators. Within all 19 LC, the development planning and local technical committees received training on their roles and responsibilities and the development planning officers in all 19 LC also received professional training, such as on the preparation of the Subsidiary Agreements and Medium Term Expenditure Framework (MTEF) budgeting. The Project also organized training on bookkeeping, transparency, and accountability for treasury clerks and other core administrative staff. Logistical support included the provision of motorbikes and modems to the development planning officers in all 19 LC. In addition, the Project provided training to the Ward Development Committees (WDC) in six LC and to MDA staff on sectoral planning and budgeting. This Sub-component also supported consultations on key policies and legislation related to decentralization, including the Chiefdom Governance and Tribal Administration Policy, the Hospital Boards Act, and the Second Generation Intergovernmental Fiscal Transfer System.

8. Under this Sub-component, the Government also sought to strengthen citizen participation and monitoring of local service delivery through the piloting of social accountability activities. The Project partnered with three international NGOs to pilot two nine-month interventions with the aim of empowering health users and clinic staff to help improve service delivery and health status more broadly. The interventions targeted Maternal and Child Health Posts (MCHPs) and Community Health Posts (CHPs), the two lowest tiers of health clinics, in four Sierra Leonean districts: Bo, Kenema, Tonkolili, and Bombali. The DSDP Phase I funding supported the Community Compact intervention, which included the development of scorecards of health metrics for the participating clinic. Clinic staff and community representatives used this scorecard to design Community Compacts containing mutual commitments to improve health service delivery. In follow-up meetings, community representatives scored the nurse on his or her performance under the compact, and vice versa, and revised the Compacts as necessary. This follow-up on clinic performance through the review of the community scorecards and compacts has continued under DSDP Phase 2 and will include a non-financial awards for the "best-improving" and the "best-absolute performing" clinic in each district.

9. The impact of the social accountability activities is tracked through an impact evaluation using a randomized controlled trial (RCT) conducted by researchers from New York and Stanford Universities, using Innovations for Poverty Action Sierra Leone (IPA) as the on-the-ground evaluation team. The DSDP Phase I funded the baseline survey for the RCT. Preliminary results from evaluative surveys, supported by DSDP Phase II, are expected by September 2013.

10. Sub-component 2.2: Demand-driven support for the LC and relevant MDA provided a channel through which the LC and the MDA could apply for targeted training and logistical support in response to self-identified capacity constraints. The amount of funding available for the LC through the demand-driven window was based on the relative capacity of the LC as measured by the findings of the CLoGPAS. The five lowest scoring LC received US\$45,000, the eight middle performers received US\$39,000, and the six highest performers received US\$30,000. This accounted for US\$717,000 and the remaining US\$283,000 allocated under this Sub-component was available for demand-driven support to the MDA.

11. All 19 LC benefitted from demand-driven support under the DSDP, with the majority of the LC receiving both training for core staff and logistical equipment. Kambia received only logistical equipment, whereas Port Loko received only training. All other LC received both forms of support. A committee chaired by the Decentralization Secretariat (DecSec) with representatives from Ministry of Finance and Economic Development (MoFED), Ministry of Local Governance and Rural Development (MoLGRD), the Local Governance Financial Department (LGFD), and the Local Governance Service Commission (LGSC) reviewed all applications for training or logistical support from the LC. Trainings included basic computer literacy, more advanced software training, particularly on Excel, as well as a range of administrative and management functions, such as procurement, financial management, human resources, auditing, filing and records management, leadership, budgeting, and taxation. These trainings were provided to LC core administrative staff as well as to MDA staff from each of the sectors benefitting from the DSDP (education, health, water, and sanitation). In addition, staff in two LC received solid waste management training. The majority of logistical support included the purchase of IT equipment, such as computers, printers, modems, scanners, copiers, cameras, and overhead projectors. Other support included the purchase of generators and motorbikes, as well as office furniture. These investments facilitated the day-to-day operations of the LC and also enabled their monitoring of basic social service projects. Approximately three quarters of the support to the LC under the demand-driven window was allocated to logistics.

12. For the MDA, the Ministry of Health and Sanitation (MoHS), the Ministry of Education, Youth, and Sports (MoEYS), and the Water Supply Division of the Ministry of Energy and Water Resources (MoEWR) requested capacity building and technical assistance support under the demand-driven window. The MoHS requested a training of trainers on revised monitoring and supervision checklists and the MoEWR requested technical training on water quality sampling and analysis, computer literacy, and planning and budgeting. The majority of requests, however, related to monitoring support to conduct field visits for technical supervision. In total, this accounted for approximately 80 percent of the support to MDA through Sub-component 2.2 and was divided fairly equally between the MoHS, MoEYS, and MoEWR.

Component 3: Program Management (US\$1 million)

13. The Program Management Component comprised two Sub-components: (i) Program Coordination and (ii) Monitoring and Evaluation. The Program Coordination Sub-component financed the management, coordination, and monitoring of project activities by the LGFD, the DecSec, and the Integrated Project Administration Unit (IPAU). As noted in Section 2.1 above, the LGFD, housed within the MoFED, managed the transfer of funding to the LC and was responsible primarily for Component 1. This included review of quarterly retirements of the LC in comparison to their updated development plans, budgets, and procurement plans, as well as against the targets set in the Subsidiary Agreements. The DecSec, a Directorate of the MoLGRD, managed the implementation and coordination of the decentralization process, primarily through Component 2. In addition to its staff at the central level, the DecSec supported Resident Technical Facilitators (RTF) in each of the 19 LC to provide day-to-day technical assistance and capacity building to the LC. The IPAU, a joint implementation unit housed under the MoFED, provided overall coordination of the DSDP activities as well as program management support, such as project reporting, financial management, and procurement in accordance with Bank regulations.

14. Under the Monitoring and Evaluation Sub-component, the Project facilitated not only the project-level monitoring as conducted by the LGFD, the DecSec, and the IPAU related to their respective responsibilities, but also the implementation of the 2011 Integrated National Public Service Survey (INPSS), the 2011 Comprehensive Local Government Performance Assessment System (CLOGPAS), and the 2012 WDC Functionality Assessment. The Project supported the consolidation of three previously separate surveys (the National Public Service Survey, the Peripheral Health Utility Survey, and the Service Delivery Perceptions Survey) into a single instrument under the INPSS. This ‘integrated’ survey provided more comprehensive feedback on public services in Sierra Leone and also represented a cost savings by fielding one survey instead of three. Under the Project, an international consultant was hired to review the methodologies and questionnaires used in the 2006 and 2008 CLOGPAS to revise the CLOGPAS instrument used in 2011. The revised 2011 tool sought to improve the quality of the assessment; however, the changes to the minimum conditions and performance measures of the LC meant that it was difficult to track LC performance across the three surveys. In both 2008 and 2011, the criteria of the minimum conditions and the performance measures were revised. In some cases, conditions that had been universally met were dropped and new benchmarks were established. In other cases, questions were revised from asking about the establishment of certain functions to focusing on their functionality. Based on the CLOGPAS tool, the Project also fielded a separate WDC Functionality Assessment in 2012 that provided a more in-depth assessment of their capacity.

Table 2.1: DSDP M&E Framework

Project Outcome Indicators	Baseline	Year 1 Actual (12/31/2010)	Year 2 Actual (12/31/2011)	End of Project Actual (06/30/2012)	Original End of Project Target	Revised End of Project Target	Data Source for Actual
Number of grants for expenditures (excluding wages and interest obligations) in education, health and sanitation, water, and solid waste management	9	7	6	6	4	6	GoSL Financial Management System (IFMIS)
Percentage of domestic revenues (less wages, interest obligations, and statutory transfers to National Revenue Authority and Road Fund) transferred to LC on an annual basis, excluding DSDP funds	29.6%	36%	34% ⁴⁶	38% ⁴⁷	30%	N/a	IFMIS
Transfer of funds to LC as percentage of total GoSL expenditures	6%	6%	5%	5% ⁴⁸	6%	N/a	IFMIS
Number of LC meeting at least 75 percent of service-output targets specified in LC Subsidiary Agreement	0	7	11	11	15	N/a	DecSec and LGFD Reporting
Intermediate Outcome Indicators	Baseline	Year 1 Actual (12/31/2010)	Year 2 Actual (12/31/2011)	End of Project Actual (06/30/2012)	Original End of Project Target	Revised End of Project Target	Data Source for Actual
Number of LC with integrated development plans and budgets (finalized in accordance with sector plans) before the start of the FY	0	7	19	19	19	N/a	LGFD Reporting
Number of LC with procurement plans (which include LC transfers and DSDP funds)	0	13	19	19	19	N/a	LGFD Reporting

46 The baseline value for this indicator under the DSDP Phase II is 41 percent based on data from May 2011.

47 Value based on annual percentage for FY2012 to reflect indicator specification for annual percentage.

48 Value based on annual percentage for FY2012 to reflect indicator specification for annual percentage. The value on the Project closing date was 3.3% resulting from the timing of the second FY2012 transfer, which was made July 17, 2012, just following the DSDP Phase I closing date.

Intermediate Outcome Indicators	Baseline	Year 1 Actual (12/31/2010)	Year 2 Actual (12/31/2011)	End of Project Actual (06/30/2012)	Original End of Project Target	Revised End of Project Target	Data Source for Actual
Number of LC with January-September budget execution rates of 90 percent of available funds	12	19	19	11 ⁴⁹	19	N/a	LGFD Reporting
Percentage of WDC receiving and discussing development plans/budgets, financing statement, and their updates	N/a	53%	46%	23%	100%	N/a	Year 1 and 2 - RTF Monthly Monitoring Reports; End of Project - WDC Performance Assessment
Percentage of WDC holding public meetings and reporting to LC as part of the annual development plan updating and execution cycle	N/a	79%	79%	79%	75%	N/a	CLOGPAS
Percentage of WDC conducting spot checks on service providers (in health, education, and water supply)	N/a	45%	47%	75%	65%	N/a	Year 1 and 2 - RTF Monthly Monitoring Reports; End of Project - WDC Performance Assessment
Number of LC whose M&E units receive, process, and transmit to key stakeholders data related to sector activities	13	Not reported	19	19	19	N/a	RTF Monthly Monitoring Reports
Number of LC producing annual updates on development plans	0	19	19	19	12	N/a	LGFD Reporting
Number of National Public Service Surveys conducted	3	3	4	4	5	N/a	Integrated National Public Service Survey (INPSS)

49 Value based on January to September 2012 execution rates.

Intermediate Outcome Indicators	Baseline	Year 1 Actual (12/31/2010)	Year 2 Actual (12/31/2011)	End of Project Actual (06/30/2012)	Original End of Project Target	Revised End of Project Target	Data Source for Actual
Number of LC receiving timely transfers from consolidated revenue funds each quarter (within the first month of each quarter)	19	19	19	19	19	N/a	IFMIS
Number of LC receiving timely transfers from DSDP each quarter (15 th of the first month of each quarter)	0	19	19	19 ⁵⁰	19	N/a	IFMIS
Number of teaching and learning materials that are distributed to primary schools	0	Not reported	Not reported	1,497,720 ⁵¹	850,000	N/a	DecSec and MOE Reporting
Number of LCs procuring and distributing required sets of teaching and learning materials	0	Not reported	Not reported	Not reported ⁵²	19	N/a	DecSec and MOE Reporting
Number (proportion) of LCs which conduct fee-free awareness campaigns	N/a	Not reported	Not reported	Not reported ⁵³	19	N/a	DecSec Reporting
Percentage of water and sanitation facilities which are used, maintained and in good working order in each LC	Baseline differs per LC	Not reported	Not reported	Not reported ⁵⁴	95%	N/a	DecSec Reporting
Number of Councils with 50 percent of villages declared open defecation free (ODF)	0	Not reported	Not reported	Not reported ⁵⁵	19	N/a	DecSec Reporting

50 The DSDP Phase I provided LC grants for FY2010 and FY2011; therefore, this figure is based on the transfer of the last FY2011 LC grant of DSDP funds. The Project's Phase II provides funding for grants in FY2012 through FY2015.

51 Intermediate indicators related to program indicators.

52 Intermediate indicators related to program indicators. Data is not available.

53 Intermediate indicators related to program indicators. Data is not available.

54 Intermediate indicators related to program indicators. Data is not available.

55 Intermediate indicators related to program indicators. Data is not available.

Annex 3. Economic and Financial Analysis

Not applicable.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit
Lending		
Eunice Yaa Brimfah Ackwerh	Sr. Education Specialist	AFTEW
Douglas M. Addison	Sr. Economist	EASPW
Charles Annor-Frempong	Sr. Rural Development Specialist	EASCS
Ferdinand Tsri Apronti	Consultant	AFTA1
Evelyn Awittor	Sr. Operations Officer	AFTHW
Kathryn Suzanne Bach	Junior Professional Associate	AFTHE
Adriana M. Da Cunha Costa	Language Program Assistant	AFTEE
Brendan J. Glynn	Consultant	SDV
Anna Victoria Gyllerup	Sr. Operations Officer	MNADE
Trina S. Haque	Sector Manager, Health, Nutrition	AFTHW
Anders Jensen	Sr. M&E Specialist	AFTDE
Mirey Ovadiya	Sr. Social Protection Specialist	HDNSP
Oluwole Pratt	Financial Management Analyst	AFTME
Laura L. Rose	Sr. Economist (Health)	AFTHD
Vivek Srivastava	Sr. Public Sector Specialist	PRMPS
Yasmin Tayyab	Sr. Social Development Specialist	AFTCS
Mathewos Woldu	Sr. Economist	AFTU1
Giuseppe Zampaglione	Country Manager	LCCHN
Supervision/ICR		
Joyce Agunbiade	Financial Management Specialist	AFTMW
Ferdinand Tsri Apronti	Consultant	AFTA1
Evelyn Awittor	Sr Operations Officer	AFTHW
Emily Weedon Chapman	Social Protection Specialist	AFTSW
Moses Duphey	Consultant	AFTN3
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Gibril Salor Jalloh	Consultant	LEGJR
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Josiane M.S. Luchmun	Program Assistant	AFTSW
Nicholas Menzies	Counsel	LEGJR
Mirey Ovadiya	Sr. Social Protection Specialist	HDNSP
John Van Dyck	Sr. Operations Officer	AFTSW

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of Staff Weeks	USD Thousands (including Travel and Consultant Costs)
Lending	58.50	326.80
Total:	58.50	326.80
Supervision/ICR	44.15	254.13
Total:	44.15	254.13

Annex 5. Beneficiary Survey Results

1. The 2011 Integrated National Public Services Survey (INPSS) was conducted in Sierra Leone to solicit user feedback on public service provision and interactions with all levels of government. The INPSS consolidated three related surveys (the National Public Services Survey, the Peripheral Health Utility Survey, and the Service Delivery Perceptions Survey) that had been previously conducted in 2005, 2007, and 2008 and was partially financed by the DSDP.⁵⁶ The 2011 INPSS surveyed 6,000 households across the country and its implementation was managed by Innovations for Poverty Action (IPA), a U.S.–based nonprofit focusing on research through randomized evaluations.

2. The INPSS findings present a broad picture of people’s perceptions regarding service provision and governance; they cannot be solely attributed to the DSDP. Many factors exogenous to the Project undoubtedly influenced the survey’s findings. Among others, these include the free healthcare initiative for pregnant women, lactating mothers, and children under five launched in April 2010 and the high density of non-government actors providing basic services outside of national systems. However, the INPSS was designed as a performance monitoring tool for the Government’s decentralization agenda and the DSDP contributes to this agenda. As such, and given the difficulty of isolated the impact of a project like the DSDP that is designed as one step in a much larger reform agenda, the following analysis provides some insight as to changes in public perceptions of basic service delivery and governance during the Project’s implementation.

Education

3. Access to primary schools in the rural areas has increased slightly since 2008, with 77 percent of households reporting access to a school within 30 minutes walking in 2011 as compared with 75 percent in 2008. Moreover, of the communities that did not have a school nearby in 2008 and did have one in 2011, 49 percent report that the new school was a government school (the next largest portion was community schools at 34 percent).

Table 5.1: Access to Primary Schools (all types)⁵⁷
Questions used include: *How far is this school in miles? How long does it take to get to school?*

	Percent of households			
	2005 N=4754	2007 N=4805	2008 N=4805	2011 N=4071
Within 15 minutes	50	65	66	68
15 to 30 minutes	19	9	9	9
30 to 60 minutes	19	14	14	13
1 to 2 hours	8	7	8	8
Greater than 2 hours	3	2	2	3
Don't know	2	3	2	<1

4. Satisfaction with public schools also has seen improvements since 2008, with a four percentage point increase from 91 to 95 percent. This finding was confirmed in a follow-up question

56 Because the INPSS combined these three survey instruments, not all questions asked in the 2011 INPSS have comparator questions available from all three years. Comparisons between the 2011 INPSS and surveys conducted in 2005, 2007, and 2008 are made where possible.

57 All tables in Annex 5 are from the 2011 INPSS.

(new to the 2011 survey) to which 81 percent of respondents reported that they believed that the quality of education was much better or a little better than previously.

Table 5.2: Satisfaction with Various Types of Schools
Question: Are you satisfied with school's building and materials/teacher/learning in school?

	Percent of households			
	2005 N=4427	2007 N=3366	2008 N=3570	2011 N=3695
Government	86	95	91	95
Mission	88	94	90	93
Community	.	79	67	93
Private	89	98	94	98
Other	83	84	75	93

Health

5. Sixty seven percent of households in rural areas reported having access to a Government health facility within one hour, as compared with 63 percent in 2008 and 48 percent in 2005.

Table 5.3: Access to Government Health Facilities
Question: How far is it to this (clinic usually used)? How long does it take to get there?

	Percent of households			
	2005 N=4051	2007 N=3996	2008 N=3972	2011 N=3977
Within 15 minutes	18	18	23	24
15 to 30 minutes	12	16	17	22
30 to 60 minutes	18	19	23	21
1 to 2 hours	18	24	23	21
Greater than 2 hours	32	21	14	12
Don't know	1	2	1	1

6. Satisfaction with health care at Government facilities also increased. Ninety four percent of respondents were satisfied with the care received in 2011 as compared with 85 percent in 2008. Again this was confirmed with a follow-up question about perceptions of improvements in services. Seventy seven percent of respondents believed that services were much better or a little better than in the previous year. Shortages of medicine, however, did remain a concern with 21 percent of responding that this was the most important health service provision issue facing the community.

Table 5.4: Satisfaction with Health Care in Government Facilities

	2005	2007	2008	2011	
	N=5420	N=5226	N=5523	N=4951	
Percent of satisfied households	82	91	85	94	+

Note: Figures marked with +/- represent a statistically significant increase or decrease over 2008. Significance at the 95% level.

Table 5.5: Satisfaction with Health Care at Government Facilities by Local Council

	Percent of households				
	2005	2007	2008	2011	
Kailahun District	53	93	89	95	+
Kenema District	85	86	72	92	+
Kono District	79	88	79	93	+
Bombali District	92	93	82	94	+
Kambia District	93	92	76	96	+
Koinadugu District	91	92	92	98	+
Port Loko District	73	97	83	98	+
Tonkolili District	82	87	83	92	+
Bo District	82	94	87	92	
Bonthe District	79	89	75	90	+
Moyamba District	91	90	77	87	+
Pujehun District	88	90	75	91	+
Western Area Rural	83	93	95	98	
Freetown	85	95	98	97	
Kenema Town	73	76	85	95	+
Koidu Town	67	93	90	84	
Makeni Town	92	90	90	100	
Bo Town	81	75	94	95	
Bonthe Town	88	100	83	100	+
Total	81	91	84	94	+

Note: Figures marked with +/- represent a statistically significant increase or decrease over 2008. Significance at the 95% level.

Water and Sanitation

7. Access to water from a protected source was 55 percent in 2011 as compared to 47 percent in 2008; however, these figures vary greatly by locality, from 89 percent in Kenemea District to 22 percent in Moyamba District. Access to toilet facilities also improved between 2008 and 2011, with 82 percent of respondents reporting usage of an improved toilet facility in 2011. Again, these figures vary greatly between urban and rural households: over 99 percent of respondents in Freetown, Koidu Town, Makeni Town, and Bo Town used an improved toilet facility, but less than half did in Bonthe and Moyamba Districts.

Table 5.6: Source of Drinking Water by Community Type (N= 5752)
Question: What is the main source of drinking water for members of your household?

	Percent of households				
	Freetown	Large Town	Small Town	Village	Total
Piped into dwelling	8	3	2	<1	2
Piped into yard/plot	15	8	4	<1	4
Piped public tap/standpipe	48	16	19	6	15
Mechanical well	1	18	35	32	26
Dug well (protected)	9	45	21	7	12
Dug well (unprotected)	1	5	7	7	6
Water from spring	2	<1	1	5	4
Rain water	<1	<1	1	<1	<1
Bowser	<1	<1	<1	<1	<1

Cart with batta	1	<1	<1	<1	<1
Surface Water (River/Dam/Lake/Pond/Canal/Irrigation)	3	1	7	42	28
Bottled/Packet water	9	1	1	<1	2
Other	2	2	1	<1	1

8. The majority of households (60 percent) reported disposing of their waste in the bush. This question was introduced in the 2011 survey; therefore, no baseline data is available for comparison.

Table 5.7: Method of Waste Disposal (N=5750)
Question: *How do you dispose of your waste?*

	Percent of households
Burn it	3
Pit	7
Bush	61
Gutter	2
Garbage collection from house	9
Garbage collection from public site	9
Recycle	<1
Bury it	1
Decomposed/Agricultural use	1
Sea/River	4
Other	2

Local Council Governance

9. The INPSS findings highlight steady progress in people's awareness of and interaction with the LC. In 2011, 90 percent of respondents had heard of their Local Councilor as compared with 87 and 70 percent in 2008 and 2007, respectively. Twenty eight percent had talked to this person as compared with 24 and 26 percent in 2008 and 2007, respectively. In addition, 21 percent of households reported that they had benefitted from a LC project over the past year, an increase of 12 percent from 2008. However, although communities did not report a difference in quality between LC and NGO projects in 2008, LC projects were reported as of lower quality than NGO projects in 2011.

Table 5.8: Changes in Measures of Contact with Local Councilor
Question: *Have you heard/talked/visited/aware about/of the Local Councils/LC projects?*

	Percent of respondents		
	2007 N= 6283	2008 N=6145	2011 N= 5751
Heard of Local Councilor	70	87	90
Talked with a Local Councilor	26	24	28
Visited the Local Council notice board	7	6	7
Aware of Local Council projects	18	17	24

10. Perceptions of LC responsiveness and performance, however, declined. Given its focus on individual perceptions, the INPSS is subjective by nature and that this subjectivity can produce

apparent disconnects in its findings. Despite consistent reporting of improvements in the perceived quality of education and health services, increased access to safe water and improved toilets, and higher frequency of LC-funded projects, there was a decrease in the perceived responsive of Government to community needs. In 2011, 39 percent of respondents thought that the LC were responsive to their community's needs. This is similar to the 2007 finding of 37 percent but a decrease from 66 percent in 2008 and from 53 percent in 2005. The 2008 reporting regarding whether the LC would do a great or good job spending 500 million Leones was 75 percent, as compared with 35 percent in 2007 and 30 percent in 2011.

Table 5.9: Perception on How Local Council Would Spend Le500 Million

	Percent of respondents		
	2007 N=4406	2008 N=3925	2011 N=5151
They would do a great job and spend all the money	9	18	6
They would do a good job but cut a little bit of the money	26	57	24
They would do a bad job and would cut most of the money	18	18	21
They would do a bad job and just take all of the money	20	7	30
Don't know	28	-	20

11. Perceptions of governance performance in the 2008 survey were likely shaped by the elections held in July 2008 and may help explain the inconsistency between the findings from the NPSS in that year, as compared with 2007 and 2011. The 2005 survey, on the other hand, was conducted only six months after the LC were elected and therefore may represent expectations regarding these new institutions rather than their actual performance. As in 2008, publicity and campaign promises may have resulted influenced the 2005 findings.

Annex 6. Stakeholder Workshop Report and Results

Not applicable.

Annex 7. Summary of Borrower's ICR

Government of Sierra Leone

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IMPLEMENTATION COMPLETION REPORT

ON A

CREDIT

IN THE AMOUNT OF US\$20 MILLION

TO THE

GOVERNMENT OF SIERRA LEONE

FOR THE

DECENTRALIZED SERVICE DELIVERY PROGRAM-PHASE 1

1. Project Context, Development Objectives and Design

1.1 Context at appraisal

1. The project design focused basically on supporting post-conflict Sierra Leone following a brutal decade-long civil war that killed 20,000 people and displaced half the population. Thereafter, Sierra Leone was on the path of reconciliation, reconstruction, and stabilization of its economy and governance systems. In 2002, the country held parliamentary, presidential and local elections that were all deemed free and fair. Sierra Leone's strong recovery, which began in 2000, continued to be impressive and attractive with donors. Nevertheless, the challenge to sustain political stability continues. There is a particular need to strengthen the national and sub-national democratic institutions and translate the gains of economic growth into improvements in poor people's lives.

2. Since 2004, the Government of Sierra Leone (GoSL) embarked on a decentralization program with the aim of (a) addressing some of the root causes of the civil war, particularly the overall deficit in the policy decision-making process, and (b) improving the delivery of basic services. The Local Government Act 2004 (LGA) established a legal framework for the devolution of selected functions to Local Councils (LCs). It has also introduced an equitable and transparent resource transfer system from the center to LCs so as to reduce the resource gaps and income inequalities amongst regions. The decentralization agenda attracted support from development partners, particularly in the areas of public financial management reform and LC capacity development. Financing of LC devolved functions through transfers remains a Government priority.

3. Support to the decentralization process up to 2011 was provided under IRCBP which needed to respond to the legal/administrative requirements arising from the re-establishment of LG after a 32 year hiatus. The primary focus of IRCBP was to support post-conflict Government of Sierra Leone (GoSL) establish a functioning local government system and improve inclusiveness, transparency, and accountability of public resource management at all levels of government. Inevitably, therefore, there was an emphasis on the legal framework and institutional structures for devolution as well as the full panoply of organizational capacities and actor/community sensitization to move the process forward. Advances under IRCBP have been significant with all 19 Local Councils effectively operating under diverse elected leaderships with own-accountable core staffs and established systems (fiscal transfer, procurement, audit etc.) Nonetheless the deepening of decentralization is hampered by delays in function transfer and no firm accountability of sectoral staff to Councils. However, service delivery has not declined under decentralization; significant gains in performance in this sphere are manifestly delivered upon in line with the overall investment and citizen expectation.

4. With the onset of the global economic slowdown, Sierra Leone's real growth rates and domestic revenue collection were expected to decrease. This was expected to threaten the implementation of the GoSL decentralization program and most likely to force expenditure cuts to key basic services. This however is not the case as funds transfer to local councils keep increasing, at least at the same rate of inflation, on yearly basis.

5. There have been significant lags in the timetable for the devolution of some functions (land administration and feeder roads, for example), and staffing and salaries for the devolved functions remain under central management. Considerable steps still need to be taken in order to solidify the processes of decentralization. Notably, the planned devolution of functions is not yet complete.

6. The Decentralized Service Delivery Program was introduced as a new approach to securing tangible benefits (MDG gains) from the decentralization process and is based on: (i) increasing the amounts, predictability and level of discretion for recurrent transfers to LCs in key sectors; (ii) consolidating and expanding the progress made in capacity building and accountability mechanisms to strengthen efficiency; and (iii) constructing a programmatic vehicle that can be progressively used to channel expanded resources to sub-national level from various contributors. Given the context described above, the rationale of the program was based on: (a) the need to address gaps in the existing instruments; and (b) the advantages of shifting to an ‘umbrella’ model of support for basic services.

7. The Program became effective late-January. Phase I was for 2 years, that is January 2010 to end December 2011 and was extended to June 2012 due to delays in implementation of this phase. The total project is a credit of US\$20 million.

1.2 Project Development Objectives (PDO)

8. The development objective of Phase I of the program is: (a) to improve the availability and predictability of resources to local councils, (b) to support the councils’ capacity to plan, implement, and monitor devolved service delivery functions; and (c) to reinforce the intergovernmental fiscal transfer system.

1.3 Project Components

Component 1: Grants to Local Councils (US\$16 million)

9. The majority of program funds were used to supplement the transfers that local councils receive from the central government budget. DSDP (IDA) funds were allocated and disbursed to LCs for use, as they see fit, within the functions devolved to them in the education, health, solid waste management and water sectors. The relative sectoral distribution was 25%, 20%, 40%, 15% respectively following expressed priorities of Govt. The distribution amongst LCs followed the formulae applied to each sector. Spending of the transfers is discretionary within the sector and in line with the LC’s AWP as well as individual Subsidiary Agreements containing specific targets for service delivery

10. The decision to restrict the scope of IDA transfers was made in conjunction with Government, and on the basis of a preference not to spread funds too thin. By focusing on the four sectors that Government has prioritized in its transfers to LCs, the proposed operation added value, allowing LCs to achieve real results in these areas. Within the sectors, the distribution between councils followed the distribution of the GoSL formula-based grants to Councils, which

the Local Government Finance Committee (LGFC) recommended and published before the start of each fiscal year⁵⁸. The first IDA transfers were made to LCs in 2010.

Component 2: Capacity Development (CD) and Technical Assistance (TA) (US\$3.0 million)

11. The component strengthened LC capacity to perform their core functions and MDA capacity to provide adequate strategic guidance and oversight to LCs. The CD and TA support under this program complemented ongoing work under the IRCBP and various sector programs. To date, LCs have received basic training on LC core functions, including procurement, financial management, and general administration, with progress tracked through annual Comprehensive Local Government Performance Assessments (CLOGPAS) assessments. The CLOGPAS assessments continue to reveal certain capacity gaps at the council level. Responding to this capacity gap, trainings were conducted for core staff and devolved MDA staff.

12. This diversity, the program offered two channels of assistance: (a) centrally-organized support for all Local Councils and relevant MDAs⁵⁹ in specific areas; and (b) demand-driven assistance for individual and/or groups of LCs and MDAs. As this component will be implemented by DecSec, all of its activities will be defined in DecSec's annual work plans, which will be submitted for IDA approval at beginning of each year.

Component 3: Program Management (US\$1.0 million)

13. The objective of this component is to ensure timely implementation and satisfactory monitoring of the program. The component financed administrative costs related to the implementation of the grants and capacity development components (Components 1 and 2). Sub-component A (program coordination-US\$400,000) supported IPAU, LGFD, DECSEC, and Budget Bureau to meet costs related to program monitoring and administration, inter-governmental coordination between key MDAs, joint program supervision, bi-annual program reviews, donor coordination, and external audit. Sub-component B (monitoring and evaluation-US\$600,000) also financed program monitoring and evaluation. It specifically provided technical assistance in strengthening and modifying M&E arrangements for the local level and also provide the logistical and technical support necessary to facilitate joint MDA-LC-DecSec monitoring missions and the production of bi-annual LC work plan reports.

58 These formulae are reviewed each year and are required under the LGA 2004 to be refocused towards more accurate measurement of need and the inclusion of revenue capacity measures.

59 'Relevant' MDAs are taken to mean MDAs in sectors (a) that have devolved in line with the statutory instrument, and (b) for which LCs are receiving significant funding (i.e., funding equal to at least 10% of the whole vertical envelope). Currently, those sectors are: Health, Education, Energy and Water Resources, Social Assistance, Youth and Employment, and Agriculture.

2.0 Achievement of Objectives and Outputs

Program Outcome Indicators	Baseline	End of Project Target	End of Project Status
Proportion of clinics with essential drugs in stock	2008: 82%	100%	Bo: 19.8% Bombali: 25.9% Kenema: 27.2% Tonkolili: 27.2% The data collected for this indicator was for only the four pilot districts for the Community Monitoring and Non-Financial Awards under the social accountability initiative. This in fact was a separate survey from the INPSS. The percent value is per district.
People with access to an improved water source	2007: 51%	60%	54.79%
People with access to improved sanitation services	2007: 30%	40%	82.28% Met: Performance on this indicator more than doubles the target. However, the wording for the indicator was modified by replacing "sanitation services" with "toilet facilities".
Schools with teaching and learning materials according to agreed standards	Number of materials to be distributed according to MEYS datasheet	100%	Textbooks: 39.4% Exercise books: 28.3% Again, this indicator was modified by replacing "Schools" with "Students" and the data is disaggregated per textbooks and exercise books
Project Outcome Indicators	Baseline	End of Project Target	End of Project Status
Number of grants for expenditures (excluding wages and interest obligations) in education, health and sanitation, water, and solid waste management sectors	9	6	6 The government had requested reducing the target from four to six to allow separation of funds between primary and secondary health care.
Percentage of domestic revenues (less wages, interest obligations, and statutory transfers to NRA and Road Fund) transferred to LCs on an annual basis, excluding DSDP funds	29.6%	30%	34% (FY2011)
Transfer of funds to Local Councils as a percentage of total GoSL expenditures	6.0%	6.0%	5.0% Not Met: This is end of 2011 FY data. While there was a real increase in transfer of funds to local councils more than expected at appraisal, agitation by civil servants led to much larger than expected increases of the salary share of the budget. Thus the share of transfers to local councils fell as a share of total Government

			expenditures but increased as a share of non-salary non-interest expenditures to 11%
Number of Councils meeting at least 75 percent of service-output targets specified in LC Subsidiary Agreement	0	15	11 Not Met: The short fall is due to the fact that many councils stretched out some of the projects over a couple of years due to funding in each year not being enough to complete certain projects. This affected bulk projects like water supply systems.
Number of Councils with integrated development plans and budgets (finalized in accordance with sector plans) before the start of the FY.	0**	19	19
Number of Councils with procurement plans (which include LC transfers and DSDP funds).	0	19	19
Number of Councils with January - September budget execution rates of 90 percent of available funds	12	19	19 (FY2011)
Percentage of WDCs receiving and discussing development plans/budgets, financial statements and their updates	N/A***	100%	46%
Percentage of WDCs holding public meetings and reporting to councils as part of the annual development plan updating and execution cycle	N/A	75%	79%
Percentage of WDCs performing spot checks on service providers (in education, health and water supply)	N/A	65%	75%
Number of Councils whose M&E units receive, process, and transmit (to key stakeholders) data related to sector activities	13****	19	19
Number of Councils producing annual updates on implementation progress on development plans	0	12	19
Number of National Public Services Surveys conducted	3	5	4 Not Met: The fourth survey combined three existing surveys and became a more intensive one and heavier to administer than expected

Number of Councils receiving timely transfers from the CRF each quarter (transfer received within first month of the quarter).	19*****	19	19
Number of Councils receiving timely transfers from DSDP each quarter (15 th of the first month of each quarter).	0	19	19
Number of teaching and learning materials that are distributed to primary schools	0	850,000	1,497,720
Number of LCs procuring and distributing required sets of teaching and learning materials	0	19	Responsibility for Data Collection: DecSec/Ministry of Education/LCs
Number (proportion) of LCs which conduct fee-free awareness campaigns	N/A	19	Responsibility for Data Collection: DecSec/MDA/LCs
Percentage of water and sanitation facilities which are used, maintained and in good working order in each LC	Baseline differs per LC	95%	Responsibility for Data Collection: DecSec/MDA/LCs
Number of Councils with 50 percent of villages declared open defecation free (ODF)	0	19	Responsibility for Data Collection: DecSec/MDA/LCs

* Targets are indicative and will be reviewed annually

** There are existing development plans in all LCs. However, these need to be updated incorporating recently developed sector plans in health, education and water

*** N/A: Not Available. Values will be updated by end of 2009

**** District Councils currently receive, process and transmit data on Water, Sanitation and Hygiene (WASH) to Statistics Sierra Leone

***** Central Government transfers to Local Councils for Quarters 1 and 2 of 2009 were made in January and April respectively. This should be maintained in subsequent periods

3.0 Assessment of Project Implementation

3.1 Achievement of Project Development Objectives

Rating: **Satisfactory**

14. The PDO was to improve the availability and predictability of resources to local councils; support the councils' capacity to plan, implement, and monitor devolved service delivery functions; and reinforce the intergovernmental fiscal transfer system. All of these fall within government development priorities.

15. The total targeted amount of US\$ 16 million was fully paid to the councils within the project period and was utilized to deliver services to the identified sectors. A second-generation intergovernmental fiscal transfer system on an equitable and transparent basis was universally adopted and accepted by local councils and other stakeholders. An unconditional grant window was also introduced to increase council's autonomy in the administration of exclusive local services. The reduction of bureaucratic inefficiencies was achieved through the direct transfer of

devolved function funds to service delivery accounts at the LCs managed by the LCs in accordance with the priorities identified in the development plans.

16. Adequate provision for capacity building was made to support financial management systems for effectiveness of financial flows to local councils and council; adherence by local councils to Local Council Agreements; and the status of triggers for moving from phase 1 to phase 2 of the program. Local councils were monitored on their implementation of sub-projects and other services as indicated in their budgets and subsidiary agreements.

17. The institutional and organizational structures of sub-national government have been durably strengthened in the country through continuous training and the provision of logistical support and required equipment and tools. Significant advance has been made in also strengthening the foundations for PFM.

3.2 Component Administration

Component 1- Grants to Local Councils

Rating: **Satisfactory**

18. The total targeted amount of US\$16 million was fully paid to the councils within the project period. Health service grants were used to support rehabilitation of health facilities, including provision of water and electricity supply; immunization; distribution of drugs and medical supplies to facilities; training of health workers; provision of diets for in-patients; etc. Education grants also supported rehabilitations of primary and junior secondary schools, including provision of WATSAN facilities; distribution of core text books to primary and junior secondary schools; procurement and distribution of TLMs; supervision of schools; etc. Rural water grants provided local councils with clean and drinkable water through construction/rehabilitation of boreholes and gravity schemes; rehabilitation/construction of water wells; chlorination of water wells; etc. Solid waste management grants grant generally supported garbage collection and disposal.

Component 2 – Capacity Building and Technical Assistance

Rating: **Satisfactory**

19. **Capacity Development Grant:** A novelty of the Decentralized Service Delivery Program is the establishment and operationalization of a demand-driven and supply-driven Capacity Development Grant Program. The grant increased enthusiasm and enhanced LC capacity to perform their core functions; and MDAs on the other hand were strengthened to provide adequate strategic guidance and oversight over LCs.

20. **Training and Logistics:** The various trainings and logistics provided under this component were helpful in strengthening the decentralized service delivery process. Development Planning and Management Committees, as well as local technical planning committee of Local Councils now perform their roles and responsibilities more effectively and efficiently. Ward committee members were trained on development planning, budgeting, monitoring and evaluation that were not part of the previous training manual. Treasury Clerks

and other Chiefdom Administrative functionaries were trained on simple administrative procedures, planning and budgeting, book-keeping, transparency, and accountability. Development planners also received training at IPAM in development planning. A total of 394 bicycles were procured and supplied to all ward committees in the country, and 19 motor bikes, modem and desk top computers also procured and supplied to the local councils.

21. **IEC:** Awareness raising and sensitization programs were undertaken to promote transparency, accountability, participation and inclusiveness. Regional and district based radio programs, consultations and meetings were organized to educate citizens on decentralization agenda and service delivery programs at the local level. This created a forum for free expression of opinion and views that were readily transmitted to the relevant parties.

22. **Fiscal Decentralization:** The fiscal decentralization review provided an assessment of the progress of fiscal decentralization in Sierra Leone since 2004 by analyzing revenue and expenditure streams of local councils. A fiscal decentralization strategy was therefore developed to respond to findings of the review and support promotion of local council fiscal autonomy in financing sub-projects and front line service delivery. Key recommendation of the fiscal decentralization strategy was the design and adoption of a second generation grant system. To that end, the second generation intergovernmental transfer system titled “Towards a Fiscal Decentralization Strategy for Sierra Leone: Recommendations for a Second-Generation Intergovernmental Fiscal Transfer System” has been developed.

23. Financial management at the local council has also improved and sub-projects were efficiently implemented. This efficient use of resources, both in terms of project cost and low ratio of administrative to sub project expenditure, was also acknowledged by local council PEFA performance assessment report of 2010.

Component 3- Program Management

Rating: **Satisfactory**

24. **Program Coordination:** Project management under IPAU was mostly satisfactory throughout the implementation period. All project activities were thoroughly coordinated, ensuring compliance with the legal instruments. Annual work and procurement plans were prepared and approved by the Technical Steering Committee (TSC) and the Bank thorough out the implementation period. Management and progress reports were prepared and shared with the Bank and the GoSL. The IPAU maintained proper and adequate financial records. IFRs were submitted on time on a quarterly basis and external audits were commissioned on time and the reports delivered to the Bank within the stipulated six months after the preceding financial year. The project cost at appraisal was US\$20 million from IDA and the actual disbursement amounted to be US\$19,998,195 million. Procurement management was generally satisfactory and followed the procurement procedures outlined in the project documents. The procurement audit of the project was delayed to allow IPAU and local councils undertake substantial quantum of activities. The management team agreed for a joint procurement audit with RCHP2 to ensure economies of scale by splitting the cost. The procurement process in ongoing and the consultant is expected to commence work next week.

25. **Monitoring and Evaluation:** A number of activities were undertaken to strengthen the M&E system to monitor local and central government performance on delivery of services. Training programmes were organised for District M&E Committees, M&E and Development Planning Officers of councils and Civil Society Organizations to enhance their performance in their specific roles and responsibilities. An automated data collection system was piloted to ensure information flow between local councils, MDAs and MIALG&RD. Guidelines and framework for Local Council M&E were revised and rolled out to the relevant stakeholders.

26. **Social Accountability:** The focus on social accountability throughout the program works with stakeholders at central and local levels. This has improved communication, information dissemination, and performance monitoring that has enhanced quality of service delivery.

27. *Integrated National Public Services Survey (INPSS):* The Integrated National Public Services Survey was designed to serve as an end-line survey for gauging the effects of decentralization on public service delivery. It measures household experiences and satisfaction with public services and resource levels, staffing and procedures of frontline service delivery units. The survey provided useful information on levels of access, utilization and satisfaction with public services from a nationally representative sample of 8000 households. It also provided baseline data for the Community Monitoring intervention.

28. *Community Monitoring Interventions:* This social accountability intervention is aimed at improving delivery of Health Services to the rural poor. The GoSL is partnering with selected NGOs (Plan International, Concern Worldwide and International Rescue Committee) to pilot two interventions that use information to improve the quality of primary health services. The first strengthens demand side accountability through facility scorecards and community monitoring of health facilities, taking inspiration in part from a recent ground-breaking study demonstrating a 30% drop in child mortality when community score cards are used. The second intervention seeks to incentivize health workers by providing non-financial awards to the staff of top-performing clinics and discussions are underway with the MoHS and other stakeholders on firming up the nature of awards. The interventions are being piloted in four districts, and will be evaluated using a randomized controlled trial. The program also seeks to further strengthen WCs, which are designed to mediate between communities and Councils. The program will establish a periodic feedback loop so that Councils are required to respond publicly to concerns raised by ward committees and quickly address grievances. The subsequent payments and the final report will be undertaken under DSDP 2.

29. *CLoGPAS:* The Comprehensive Local Government Performance Assessment System (CLoGPAS), which monitors capacity developments at LCs, was conducted in 2011. It is a management capacity assessment tool developed under the IRCBP project to assess the functional capacities of local Councils, particularly their preparedness to take over devolved functions, as they relate to the broad mandate of local level service delivery within the national decentralization framework. CLoGPAS collects information from all 19 local Councils on the quality of processes that occur at that level. These include; organizational and management structures, planning and budgeting, project implementation, performance of devolved functions, financial management, transparency and accountability, monitoring and evaluation, gender inclusiveness and functionality of ward committees. In 2011, the results were collated, ranked

and disseminated initially through a workshop attended by all LC political heads (Chairpersons/Mayors), core staff, civil society and councilor representatives, and then subsequently to the general public and other stakeholders.

30. An international consultant Holger Pyndt was contracted in 2011 to review the instrument. Consultations were held in selected local councils. The framework was revised to include modules on devolved functions, Ward Committees, local economic development and gender issues. The new framework was implemented in May/June 2011.

4.0 CHALLENGES

4.1 Program Implementation

31. The implementation of the DSDP Phase especially as it relates to the components has not confronted critical challenges. However, some few difficulties were encountered but did not necessarily affect the overall accomplishment of the Project Objective.

32. Under Component 1, there were delays from Local Councils to timely access quarterly disbursements even when Government transfers were not ready at that time. These delays are mostly associated with LCs not submitting timely expenditure returns that is a strong condition for LGFD to transfer the grants directly into the sector accounts held at the councils. Late submission of expenditure returns were mainly due to the LCs not able to collect and collate sector returns due to the fact that the sectors have varied capacity to make timely submission. Also the requirement for LCs to submit returns at the end of the quarter, even when some could only access the grants in the second month of that quarter, was found to be unrealistic.

33. Under Component 2, capacity development challenges included getting the MDAs to provide their policy oversight and supervision of the council and the low ability and/or capacity of local councils to generate own revenue. In regards to the capacity development grants, challenges included:

- a. Getting the Councils and MDAs to understand and appreciate the new shift from supply-driven to demand driven;
- b. The Commitment of some Councils to access the grant was very weak leading to the delay in processing applications;
- c. Some Councils apply for support that has already been provided either by the Project or other donors;
- d. Getting the Local Councils and MDAs to provide reports and returns on the utilization of the grant on time;
- e. Aligning the capacity development requests with the CLoGPAS outcomes; and
- f. Delay in implementation led to other requests being obsolete.

34. Under Component 3, in terms of program coordination, generally, the difficulties include the following: inadequate staffing at the IPAU; inadequate office space for IPAU staff; unpredictable resource transfers from the central government; very low local revenue mobilization effort for district councils; difficulty to manage the IMC; and poor Donor

Coordination on Decentralization. In terms of monitoring and evaluation, the difficulties included:

- a. Limited understanding of the objectives and the benefits of M&E by some Councils leading to some M&E Officers facing challenges in performing their roles and responsibilities;
- b. Weak coordination in planning and implementation of M&E activities between MDAs and LCs;
- c. Feedback mechanism from LC to the MLGRD is absence thereby making reporting on activity implementation irregular and uncoordinated;
- d. Inadequate funds for M&E; M&E Officers are constrained to effectively implement M&E Plans for both Council and Sector activities; funds couched within “administration” in the budget;
- e. Weak information/communication loop between Councils and ordinary citizens;
- f. Limited information flow between Councils and ward committees;
- g. M&E still not an agenda item in council meetings; and
- h. Role of Councils in devolved sector monitoring is still minimal.

4.2 Lessons Learnt

Component 1

- The time frame for LCs to submit quarterly expenditure returns was too short, i.e., end March, June and September to access grants in April, July and October respectively.
- The requirement for LCs to submit all sector returns, even when some sector would have submitted on time, before accessing total grant for a particular quarter also undermines timely fund flow and service delivery.
- Initial payments required for some sub-projects were higher than the quarterly allocations, which mean that funds have to be accumulated to meet first payment. This has delayed implementation of sub-projects.

Component 2

- Failures of LCs to include DSAs for their staff in requesting for training affects the overall implementation of the activity
- Untimely submission of report by both LCs and MDAs on the utilization of the Grant received affects processing implying that grants should be processed on a need basis
- Some Councils are more responsive and committed than others due to a variety of factors. However, efforts are being made through mentoring and meetings to address this issue.
- Delays in release of funds have inflationary implications thus affecting final costs of goods and services.
- Utilization of Service Providers in their localities was very helpful in reducing cost and ensuring that the activities of Councils were not interrupted due to their participation in training

5.0 BANK AND GOVERNMENT PERFORMANCE

35. The overall Bank performance was satisfactory. The Bank's performance at lending is satisfactory, given that the GOSL participated fully in the preparation of the project and the Bank

fully honored its obligation at lending. The Bank's performance was satisfactory. The Bank provided adequate implementation support through missions to the country. All aides memoires related to the ISMs were prepared on time and cleared by borrower before they were officially issued. The mid-term review of the project was conducted on time; and in a participatory manner, involving the Government. A formal report on the review was prepared and discussed with the Government.

36. The performance of the Government of Sierra Leone is rated satisfactory as it participated actively and effectively in the preparation of the Project from 2010 till its appraisal in 2011. During the period of preparation, Government officials showed their commitment to the project by cooperating with Bank officials involved in the design of the project.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

Not applicable.

Annex 9. List of Supporting Documents

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SIERRA LEONE

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|---|---------------------------|-------|--------------------------|
| ○ | SELECTED CITIES AND TOWNS | — | MAIN ROADS |
| ⊙ | DISTRICT CAPITALS | — | RAILROADS |
| ⊗ | NATIONAL CAPITAL | — | DISTRICT BOUNDARIES |
|  | RIVERS | - - - | INTERNATIONAL BOUNDARIES |



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