## I. Introduction and Context

### Country Context

Sierra Leone has experienced modest growth over the last decade, yet nearly half of the population remains poor. Since the end of civil war in 2002, the economy has been on a recovery path, averaging 5.8 percent annual per capita growth between 2003 and 2011. Yet despite this growth, in 2011 more than half (53 percent) of the country’s 6 million inhabitants lived below the poverty line, with extremely low levels of per capita expenditures averaging approximately US$0.60 per day. Despite an increase in poverty in the country’s largest metropolitan area, Freetown, from 13.6 in 2003 to 20.7 percent in 2011, poverty is disproportionately rural, with 78 percent of the poor living in rural areas compared to 22 percent in urban areas. There is regional variation in poverty rates, with poverty highest in the northeast and lowest in the west.

In addition to facing a high risk of poverty, a large number of Sierra Leoneans are also food insecure. According to WFP, almost half (45 percent) of households or 2.5 million people are food

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### Table: Project Information Document (PID)

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<th><strong>Project Name</strong></th>
<th>Sierra Leone Safety Nets Project (P143588)</th>
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insecure during the lean season and 374,000 people (6.5 percent of the population) are severely food insecure. The poorest households are generally also the most food insecure, mostly those involved in agriculture, petty trade, and unskilled labor.

Households in Sierra Leone are also exposed to seasonal as well as external shocks. Seasonal shocks are mainly natural disasters including floods and storms. In the last 15 years, Sierra Leone has experienced four major floods that affected over 220,000 people, causing loss of lives and severe economic damage. These natural disasters may be intensified by the effects of climate change. Global economic shocks also affect households in Sierra Leone. For example, the country’s economic conditions were seriously affected by the 2007/2008 global food, fuel, and financial crisis. The government took a series of measures to minimize the adverse impact of the crisis, particularly on the most vulnerable groups. The actions which need to be sustained included protecting basic social services for vulnerable groups including direct income support, food transfers to schools and hospitals and a cash-for-work program, and supplementary feeding with the support of the WFP and other partners.

Development indicators in the areas of education, health, and nutrition are amongst the lowest in the world and the country faces the prospect of not meeting many of the Millennium Development Goals (MDGs). The country consistently finds itself at the bottom of the UNDP Human Development Index – in 2012 it ranked 177 out of 186 countries. Life expectancy in Sierra Leone is 42, or just over half of the life expectancy in the top 20 ranked countries. About 25 percent of women are literate, with the level at just 37 percent for the entire population. Only half of Sierra Leone’s primary schools are functioning, many of them in inadequate conditions, and about 26% of children ages 6-17 do not attend primary or secondary. Sierra Leone is also classified amongst the countries with the lowest indices of gender equity in the world, manifesting itself in the significant gender differences that persist in educational attainment, in access to and control of resources, basic social services, and participation in decision-making spheres.

Even compared to other countries in region, the country’s maternal and child health outcomes remain stubbornly low. According to the latest WHO estimates, the country’s maternal mortality ratio was the sixth highest in the world and one of the highest in Sub-Saharan Africa, at 890 maternal deaths per 100,000 live births in 2010, compared to the regional average of 500 deaths per 100,000. The under-five mortality rate is steep at 217 deaths (per 1,000 live births) compared to 130 for the whole of Sub-Saharan Africa. These poor indicators show the consequences of poor health and inadequate care during pregnancy, birth and first day after birth. These risks can impair child development and perpetuate their poverty throughout the lifecycle.

The country’s low performance on maternal and child health likely reflects the continued lack of access of poor households to basic services. The Social Protection Assessment highlights this lack of access to basic services as a major risk for households in Sierra Leone. Since the introduction of the Free Health Care Initiative (FHCI) in 2010, which abolished all user fees in public facilities for pregnant women, lactating mothers, and children under five, the country has made important progress toward increasing access to health services. The percentage of births delivered in a health facility rose from 29 percent in 2007 to 52 percent in 2011. Yet this figure also implies that close to half of all births are still not being assisted by a skilled attendant; this is partly because households continue to face costs associated with accessing health services. In 2011, over one-third of women giving birth in a Government facility continued to pay fees and nearly 40 percent of pregnant women reported that they did not go for pre-natal care because they could not afford it.
These figures suggest that costs associated with accessing health facilities may be inhibiting demand for maternal health services and highlight the need to continue to increase coverage of institutional delivery and associated services.

Chronic malnutrition for children 0 to 5 has risen from 40.1 percent in 2005 to 44.4 percent in 2010, affecting 451,270 children. Chronic malnutrition rates range from a low of 40.4 percent in the Western Region to a high of 48.6 percent in the Northern Region. Chronic malnutrition starts at 3.6 percent in the first six months of life and increases quickly until it reaches its peak of 45.8 percent between 12 and 23 months and thus curtailing the human development potential of the children.

In sum, the country faces the difficult challenge of putting in place a safety net system that can support the poor and food insecure in achieving basic consumption and in making investments in human capital.

**Sectoral and Institutional Context**

On March 30, 2011, the Cabinet approved a national Social Protection Policy that defined specific outcomes and prioritized interventions. It focused on 10 areas: (i) increasing access to education and health services (scholarship and health fee waivers); (ii) expanding existing pilot social assistance programs; (iii) encouraging traditional family and community support for the vulnerable; (iv) promoting insurance schemes; (v) providing transfers to increase the use of social services; (vi) providing homes or shelter for vulnerable groups such as orphans, the physically and mentally challenged, the elderly, and abused children; (vii) promoting gender equality and women’s empowerment; (viii) supporting livelihoods and employment opportunities; (ix) developing small and medium-size enterprises; and (x) building infrastructure that is accessible to the physically challenged. The policy, also called for additional analytical work to guide the rationalizing and expanding of safety nets.

In 2011, the Government of Sierra Leone with the support of the World Bank launched a Social Protection Assessment. The objective was to guide the development of an improved social protection system and to put the social protection policy into action. The Assessment, which was concluded in June 2013, recommended that Government should focus its efforts on three major programs selected from the 10 areas covered in the Social Protection Policy including: (a) a cash transfer to very poor households with children; (b) social pension targeted at war victims and the elderly; and (c) a permanent labor-intensive public works program that will seek to help those rural and urban households that are seasonally exposed to food insecurity and the unemployed.

The Assessment further recommended a sequenced approach of building capacity and systems (a platform) to increase cost effectiveness of interventions, introducing a cash transfer to poor families with children, and consolidating existing labor intensive public works programs. The Assessment also recommended that efforts should be made to establish links between transfer programs and health and education services, strengthen selected interventions, reduce program fragmentation and duplication, and improve coordination between MDAs, local councils, and NGOs and other service organizations.

The GoSL has launched a draft of the Third Poverty Reduction Strategy for 2013-2017, the “Agenda for Prosperity”. This strategy includes a new social protection pillar, which is a major signal that the political will exists to move beyond crisis support and build a social protection
system that can protect the poorest and most vulnerable, reduce poverty, and make growth more inclusive and promote social cohesion. Once a social protection system is established, it is likely also to reduce the reliance on price controls on foods, which discourage local agricultural producers, as well as on untargeted and costly fuel subsidies.

The government also adopted a social protection strategy in 2012 and is ready to use safety net programs as tool for improving human capital. This strategy outlines the government’s priority of developing a national safety net system capable of responding effectively to the needs of vulnerable groups both during periods of crisis/shocks and in normal times drawing on the findings and recommendations of the Social Protection Assessment and impact evaluations of pilot programs. The government plans to focus on greater allocation of budgetary resources to protect vulnerable groups and to increase the scope and coverage of the existing and limited social safety net system. As a result, a Social Protection Secretariat housed by the National Commission for Social Action (NaCSA) and under the overall leadership of the Chief of Staff (President’s Office) has been created and includes representatives from the various line ministries. The Social Protection Secretariat is leading the technical discussions between the government, the Bank, and other partners on safety net development.

The GoSL is implementing a number of Social Protection programs in the Ministries of Health, Education, Social Welfare, and Agriculture. The government recognizes that there are challenges with these programs with regard to coverage, targeting, leakage and program administration. A more effective and efficient utilization of expenditures has the potential to increase coverage of SSN and mitigate the impact of shocks for a large group of vulnerable poor. The purpose of this proposed project therefore will be to support the Government in its efforts to build an SP system and to provide timely income support to an increased number of poor households via a consolidated approach. A unified system of safety nets administration would not only help increase the much needed coverage of the poor but would also help GoSL focus on building both resilience and opportunities for the poor.

Relationship to CAS

The proposed project is directly linked to the Bank’s Joint Country Assistance Strategy (JCAS) for 2010-2013. The strategic objective of the JCAS focuses on improving public service delivery, especially for the poor; including improved access to and quality of public services in education, health, safety nets and water and sanitation. Human development, including strengthening outcomes in basic education, nutrition and child and maternal health, is at the heart of the JCAS. The country team is also in the process of preparing the new CAS for 2014-2017 in line with the country’s new PRSP “The Agenda for Prosperity”. Preliminary discussions within the Bank team indicate that under the HD pillar, building social protection systems and protecting the vulnerable against shocks will be one of the main pillars of the CAS. Hence, safety nets that help improve the demand for and access to human capital by the poor is fully consistent with the Bank’s strategy.

The project is also consistent with the World Bank’s Africa Social Protection Strategy (2012-2022) in terms of reducing vulnerability and improving resilience for Africa’s poor by strengthening public agencies to share resources more fairly and limit the damaging consequences of shocks. Consistent with the Bank’s global and Africa Social Protection Strategies, the project aims to develop the cornerstones and foundation for a coordinated and targeted social safety net system in Sierra Leone.
II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The project development objective (PDO) is to establish the key building blocks for of a basic national safety net system and provide income support to poor and vulnerable households in Sierra Leone.

Key Results (From PCN)

PDO Level Indicators. The project’s performance in achieving its development objective would be measured through the following key outcome indicators.

To measure the institutional benchmarks for the national safety nets system the key indicators are:
- Establishment of a Beneficiary Registry
- Establishment of the targeting and enrollment, payment, and grievance redress systems.

To measure the functionality and performance of system the key indicators are:
- Number of potential beneficiary households for the cash transfer component included in the Beneficiary Registry and disaggregated by gender of recipient;
- Proportion of beneficiary households who were transferred benefits on a quarterly basis.

To measure the effectiveness of the cash transfer program the key indicators are:
- Number of beneficiary households, disaggregated by gender of recipient
- Share of beneficiary households living below the food poverty line (targeting efficiency)

Intermediate Indicators. The project’s intermediate indicators will be:
- Number of individuals from beneficiary households attending complementary workshops;
- Number of districts applying the targeting tools
- Proportion of complaints and appeals resolved in a timely manner (timely to be defined during preparation)
- Number of districts in which M&E system is established and functional

III. Preliminary Description

Concept Description

A. Concept

The proposed project will be implemented using an Investment Project Financing (IPF) for a period of 4 years starting in FY14. The project is expected to be financed by an IDA credit of US$ 10.00 million. Government has indicated its commitment to make a financial contribution to this project with amounts that will be firmed up during pre-appraisal. The project will establish the key building blocks of a safety net system, while launching a targeted cash transfer program in selected initial districts in the country.

The proposed operation will support the creation of a national safety net system, focusing a cash transfer program that will target extremely poor households. Building on the lessons learned from the ongoing public works programs implemented under the Sierra Leone Youth Employment Support Project and other small programs, the SSN project will put in place the building blocks of a safety nets system aimed at reducing poverty and making economic growth equitable. Project coverage will be based on transparent criteria that will be agreed during project preparation. Based on the preliminary discussions with Government, the project will make small but regular transfers for 2-3 years to extremely poor households. The transfers will be accompanied with soft conditions and will provide an opportunity to poor households to smooth consumption and invest in the human capital of their families, particularly young children and pregnant and lactating mothers. There is
limited experience in Sierra Leone with targeted cash transfer programs and therefore the operation will be simple, starting with 4 out of the country’s 14 districts and implemented with a significant focus on building systems, learning and capacity building. The Government has intentions of scaling up the program to cover all the districts as lessons emerge.

The proposed project is expected to have the following components:

Component 1. Development of Systems for Implementation of Social Safety Net Intervention

Component Objective. The objective of this component is to put in place the building blocks of a basic national safety net system in Sierra Leone. Specifically, this component will finance development of a set of safety net instruments and systems that need to be in place before or during the initial stages of the project including the following activities: (a) design of targeting tools; (b) building a beneficiary registry; (c) setting up of a payment system; and (d) development and strengthening of a grievance redress mechanism.

Targeting system. The project will develop targeting tools to support the SSN project. The following elements of the targeting system will be supported by this component:
(a) Development of tools for a 3-stage targeting mechanism combining geographical, proxy means testing (PMT), and community-based targeting. This will include: (i) tools to guide districts and local councils in targeting geographical areas below the district level (i.e., to chiefdoms and wards); (ii) tools to be used in the PMT targeting process, including data collection; and (iii) tools to carry out the community-based targeting process (e.g., participatory poverty assessments).
(b) Design and implementation of a beneficiary registry (i.e., database). This registry will include beneficiary information collected during the targeting processes for the SSN project and will potentially be linked to the national identification system. Development of these tools will build on the experience of the ongoing public works program. This database will be housed in the Social Protection Secretariat and managed by NaCSA, but will be accessible to other social programs.

Payment system. Building on the ongoing pilot under the national public works program, the component will further build and scale up an e-payment system under the SSN project. Alternative payment mechanisms will be explored in areas where the e-payment mechanisms may not be initially feasible.

Grievance redresses mechanism (GRM). The component will support the Government to implement a grievance mechanism. The GRM will provide beneficiaries a channel through which they can raise any concerns or complaints about the implementation of the SSN project, in particular, during selection and payments processes. This mechanism will build on the existing GRM system being used under in the ongoing public works program.

Capacity building on safety net tools and systems. The project will provide capacity building to stakeholders at central and local levels, including training for communities, on the use of the tools and systems developed under this component, as well as on the program’s operations, and on their respective responsibilities.

Component 2. Cash Transfers

Component Objective. The objective of the component will be to provide income support to
extremely poor households. The component will provide regular transfers to eligible households based on emerging evidence from Africa and other existing international experiences and in the process test functionality, performance and the efficiency of the SSN system. The target group will include extremely poor households, as these are also the most food insecure and likely to have the highest risks of malnutrition and poor maternal health. The component will be implemented in targeted geographical areas of Sierra Leone within four districts selected based on poverty criteria, one in each of the country’s four regions.

Beneficiary households will be selected using a targeting mechanism consisting of three stages: (i) geographical targeting to allocate resources to target areas; (ii) community-based targeting to generate a list of potential participants within selected communities identified through the geographical targeting mechanism; and (iii) verification of these participants' eligibility through application of a proxy means test (PMT). In the first stage of targeting, various sources of data will be used to select the project’s geographical coverage. First, the four target districts will be selected for coverage among the country’s 14 districts based on their poverty status using estimates from the various data sources, including the most recent nationally representative household survey, the 2011 Sierra Leone Integrated Household Survey (SLIHS). See Annex 2 for a detailed description of the proposed targeting mechanism. In the second stage, beneficiaries will be selected through a community-based targeting process, in which the communities themselves generate a list of potential beneficiaries using transparent criteria. In this stage, the targeting process used in the ongoing public works program and other small programs will be built on and refined. In the final stage, it is expected that a proxy means test would be applied to the list of potential beneficiaries generated through the community-based targeting stage. The purpose of the PMT is to verify that the beneficiaries selected by communities for the programs are in fact eligible, based on indicators that are correlated with poverty (proxies).

Given the relatively low capacity environment, the transfer will have a fixed structure (i.e., will not vary across households). Transfers will be delivered to households on regular basis throughout the year, most likely quarterly, depending on the payment system that is ultimately selected. The size of the transfer will be determined during project preparation; however, it should be high enough to provide meaningful support to poor households’ income but low enough to avoid negative incentives (e.g., reduced work).

This component will also support workshops (“soft conditions”) to reinforce human capital investments, particularly those associated with maternal and child health. The aim of these workshops will be to provide beneficiary households with information on project objectives, encourage beneficiary households to put the transfers toward investments in human capital and to adopt good practices (e.g., on proper health and nutrition, child care, home hygiene, water usage, as well as other topics including the importance of starting education at the right age). It is expected that transfers will be made to a woman within each targeted household in order to increase the potential for higher program impacts on human capital (i.e., the female member in the household with the most knowledge of or responsibility for household spending decisions related to maternal and child health).

Component 3. Project Management and Administration

The objective of this component is to finance program management and administration of the SSN project implemented by the National Commission for Social Action (NACSA). Specifically, the
component will finance the delivery of cash transfers to beneficiaries and staff costs related to
development of SSN systems including the following activities: (i) development and strengthening
of the M&E system; (ii) information, education, and communication campaigns; (iii) workshops,
seminars, and knowledge exchange events; (iv) recurrent operational costs; (v) fiduciary aspects;
and (vi) studies linked to implementation. Given that the SSN projects are relatively new in Sierra
Leone, there is need to provide ongoing support and assistance and to strengthen coordination
across the Ministries (e.g., Social Welfare, Health, Labour, Education, Agriculture) in carrying out
the required operational reform to effectively implement the SSN. The component will also support
the relevant district councils in implementation of the project.

Development and strengthening of the M&E system. The proposed component will help to set up an
M&E system for SSN project. The M&E system will provide information to program implementers
at both central and district levels necessary to track the program’s progress and results. The M&E
system will not only be useful for program management, but will also generate new knowledge. The
main elements of the M&E system this component will support are:
(a) Management Information System (MIS). The component will seek to develop and implement an
MIS system to facilitate the project monitoring. The MIS will incorporate data from the beneficiary
registry and will be capable of providing the necessary information to generate payment sheets,
reconcile payments, and calculate key process indicators. The MIS will build on the experience of
the ongoing public works program, which has recently introduced a similar system to record
attendance and payment information.
(b) Process Evaluation(s). The component is expected to support a minimum of one process
evaluation about a year into SSN project program’s implementation. Such a process evaluation
would assess each of the program processes to assess whether they are being conducted as designed
and to recommend any necessary improvements. The main processes covered under this evaluation
would include: (i) targeting, registration, and enrollment of beneficiaries into the program; (ii)
application of the soft conditions (i.e., human capital workshops); (iv) functioning of the M&E
system; (v) payment processes; and (vi) financial monitoring. This evaluation will be carried out by
an independent firms or consultants contracted by NaCSA.
(c) Spot checks. The component is expected to support central level staff in carrying out field visits
to a random sample of communities participating in SSN project program to verify the accuracy of
the data entered in the MIS and provide recommendations on how to improve data collection,
processing, and analysis. The frequency of these visits is yet to be determined. The proposed project
will draw from the existing experiences with mobile monitoring initiatives being implemented
under the Youth Employment Support Project.
(d) Impact Evaluation. The component will include a randomized impact evaluation of the cash
transfer program to examine the effects on beneficiary households’ welfare.

IEC. The component will provide support in designing and implementing a strategy to communicate
information about the project activities to beneficiaries and relevant stakeholders. In particular, the
IEC activities will seek to: (i) inform program beneficiaries about SSN project program details
including activities, targeting, benefits, and soft conditions; and (ii) inform stakeholders at the
central and local levels about the program’s progress and results.

IV. Safeguard Policies that might apply

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VI. Contact point

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