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IMPLEMENTATION COMPLETION AND RESULTS REPORT

IDA-H7390 / TF-12665

ON A

GRANT

IN THE AMOUNT OF SDR16.7 MILLION

(US\$ 26 MILLION EQUIVALENT)

TO THE

Republic of Sierra Leone

FOR THE

DECENTRALIZED SERVICE DELIVERY PROGRAM II PROJECT
(DSDP APL II)

December 28, 2018

Social Protection & Labor Global Practice
Africa Region

CURRENCY EQUIVALENTS

Exchange Rate Effective Dec 10, 2018

Currency Unit = SLL

SLL 1 = US\$ 0.00013

US\$ 1 = SLL 7,539.54

FISCAL YEAR

January 1 – December 31

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ABBREVIATIONS AND ACRONYMS

APL	Adaptable Program Loan
Bank	World Bank
BA	Beneficiary Assessment
CAS	Country Assistance Strategy
CLOGPAS	Comprehensive Local Government Performance Assessment System
CMI	Community Monitoring Intervention
DecSec	Decentralization Secretariat
DSDP2	Decentralized Service Delivery Program, Phase 2
ESMF	Environmental and Social Management Framework
EU	European Union
FA	Financial Agreement
FM	Financial Management
FY	Fiscal Year
GA	Grant Agreement
GDP	Gross Domestic Product
GRM	Grievances Redress Mechanism
GoSL	Government of Sierra Leone
HDI	Human Development Index
ICR	Implementation Completion and Results Report
IDA	International Development Association
IE	Impact Evaluation
IEC	Information, Education and Communication
INPSS	Integrated National Public Service Survey
IPAU	Integrated Project Administration Unit
IRCBP	Institutional Reform and Capacity Building Project
ISR	Implementation Status and Results Report
JSDF	Japan Social Development Fund
LC	Local Council
LGA	Local Government Act
LGFD	Local Government Finance Department
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
MIS	Management Information System
ORAF	Overall Risk Assessment Framework
PAD	Project Appraisal Document
PBS3	Promoting Basic Services Program, Phase 3
PDO	Project Development Objectives
PFMU	Program Fiduciary Management Unit
RF	Results Framework
RPF	Resettlement Policy Framework
SCD	Systematic Country Diagnostic
TF	Trust Fund
TLM	Teaching and Learning Materials

TTL	Task Team Leader
WDC	Ward Committee

TABLE OF CONTENTS

DATA SHEET	1
I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES.....	6
A. CONTEXT AT APPRAISAL	6
B. SIGNIFICANT CHANGES DURING IMPLEMENTATION	9
II. OUTCOME	11
A. RELEVANCE OF PDOs	11
B. ACHIEVEMENT OF PDOs (EFFICACY)	12
C. EFFICIENCY	20
D. JUSTIFICATION OF OVERALL OUTCOME RATING	20
E. OTHER OUTCOMES AND IMPACTS.....	21
III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME.....	22
A. KEY FACTORS DURING PREPARATION	22
B. KEY FACTORS DURING IMPLEMENTATION	23
IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME ..	25
A. QUALITY OF MONITORING AND EVALUATION (M&E)	25
B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE.....	27
C. BANK PERFORMANCE	29
D. RISK TO DEVELOPMENT OUTCOME	30
V. LESSONS AND RECOMMENDATIONS	31
ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS.....	33
ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION.....	43
ANNEX 3. PROJECT COST BY COMPONENT	46
ANNEX 4. EFFICIENCY ANALYSIS.....	47
ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS ...	48
ANNEX 6. SUPPORTING DOCUMENTS	59



DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P119355	Decentralized Service Delivery Program II
Country	Financing Instrument
Sierra Leone	Investment Project Financing
Original EA Category	Revised EA Category
Partial Assessment (B)	Partial Assessment (B)

Organizations

Borrower	Implementing Agency
Republic of Sierra Leone	Ministry of Local Government & Rural Development, PFMU of Ministry of Finance, Ministry of Finance

Project Development Objective (PDO)

Original PDO

The overall objective of the program is to support decentralized delivery of basic services in Sierra Leone and the PDO for the second phase remains unchanged: i.e. to (i) strengthen the Recipient's capacity to manage decentralized services; (ii) improve availability and predictability of funding for Local Councils (LCs); and (iii) strengthen the Recipients inter-governmental fiscal transfer system.



FINANCING

	Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
World Bank Financing			
IDA-H7390	26,000,000	25,998,814	24,125,580
TF-12665	5,397,382	4,009,108	4,603,763
Total	31,397,382	30,007,922	28,729,343
Non-World Bank Financing			
Borrower/Recipient	105,000,000	105,000,000	105,000,000
Total	105,000,000	105,000,000	105,000,000
Total Project Cost	136,397,382	135,007,922	133,729,343

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
20-Dec-2011	27-Jun-2012	09-Nov-2015	31-Dec-2015	29-Jun-2018

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
31-Aug-2012	0	Change in Disbursements Arrangements
30-Jan-2015	9.09	Change in Loan Closing Date(s) Reallocation between Disbursement Categories
06-May-2016	20.38	Change in Results Framework
08-Dec-2016	21.93	Change in Loan Closing Date(s)
23-Oct-2017	24.01	Change in Loan Closing Date(s) Reallocation between Disbursement Categories

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Moderately Satisfactory	Moderately Satisfactory	Modest



RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	19-Jun-2012	Satisfactory	Satisfactory	0
02	19-Dec-2012	Satisfactory	Satisfactory	4.96
03	25-Jun-2013	Satisfactory	Satisfactory	14.99
04	29-Dec-2013	Satisfactory	Satisfactory	14.97
05	22-Jun-2014	Satisfactory	Satisfactory	14.97
06	22-Dec-2014	Satisfactory	Moderately Satisfactory	14.97
07	12-Jun-2015	Satisfactory	Moderately Satisfactory	18.65
08	05-Jan-2016	Satisfactory	Moderately Satisfactory	22.91
09	24-Jun-2016	Satisfactory	Moderately Satisfactory	27.82
10	20-Dec-2016	Satisfactory	Moderately Satisfactory	27.82
11	27-Jun-2017	Satisfactory	Moderately Satisfactory	27.82
12	11-Jan-2018	Satisfactory	Moderately Satisfactory	28.61
13	29-Jun-2018	Moderately Satisfactory	Moderately Satisfactory	28.73

SECTORS AND THEMES

Sectors

Major Sector/Sector (%)

Public Administration 28

Sub-National Government 28

Education 16

Other Education 16



Health		24
Health		24
Social Protection		16
Social Protection		16
Water, Sanitation and Waste Management		16
Other Water Supply, Sanitation and Waste Management		16
Themes		
Major Theme/ Theme (Level 2)/ Theme (Level 3)		(%)
Public Sector Management		33
Public Administration		33
Municipal Institution Building		33
Social Development and Protection		34
Social Protection		34
Social Safety Nets		34
Human Development and Gender		33
Health Systems and Policies		33
Health Service Delivery		17
Adolescent Health		8
Child Health		8
ADM STAFF		
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I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Context

1. Sierra Leone experienced a protracted decade long civil war until 2002, with the killing of 20,000 people and the displacement of half of the country's population. According to World Bank (Bank) data from 2003 to 2011, the poverty ratio declined in Sierra Leone from 66.4 to 52.9 percent and per capita Gross National Income surged from US\$200 in 2002 to US\$660 in 2013. Sierra Leone made impressive economic gains in 2012 and 2013, with the country growing at a double-digit real Gross Domestic Product (GDP) rate of 15.2 and 20.1 percent respectively, but challenges existed in the form of weak governance, low human development outcomes and lack of essential social services. Despite gains made since the end of the conflict, Sierra Leone still ranked in the bottom five percent of both the 2013 UNDP Human Development Index (HDI) and on "government effectiveness" on the 2013 World Governance Indicators. Development indicators in the areas of education and health were amongst the lowest in the world: in the 2013 HDI, Sierra Leone ranked 192nd out of 193 countries on life expectancy and infant mortality, and 179th out of 193 countries in the education index (based on the number of years of schooling).¹
2. The Government of Sierra Leone (GoSL) embarked on decentralization reforms in 2004 with the approval of the Local Government Act (LGA) as a means through which to address some of the root causes of the civil war and improve delivery of basic services. The LGA re-established 19 elected Local Councils (LCs) and their respective Ward Committees (WDCs) and created a legal framework for the devolution of selected functions. The LGA also sought to improve the transparency of the country's transfer system and reduce the resource and expenditure inequalities between regions. Decentralization strengthened political, administrative, and fiscal control, bringing services closer to constituents in a country fraught by the civil war, deep ethno-political divides and exposed to external shocks (mudslides, floods and epidemics). Since 2004 and despite trying events such as the recent Ebola outbreak, which ravaged the country between 2014 and 2016, Sierra Leone has lived through uninterrupted free and fair elections at all levels of government. Despite moderate gains in the functioning of the inter-governmental transfer system, in local institutional capacity, and in the quality of services and citizens satisfaction, the devolution of competences enshrined in the LGA remains incomplete and transfer of funds susceptible to dwindle or expand contingent to central priorities.
3. The World Bank (Bank) supported decentralization through the first phase of the Decentralized Service Delivery Program (DSDP; P113757) from 2009 until 2011. DSDP is in turn a successor program of the Institutional Reform and Capacity Building Project (IRCBP; P078613), which assisted LCs since they were given legal statute in 2004 and until 2008. DSDP's rationale is to provide support to the GoSL in consolidating a decentralized system that provides services fairly, effectively and that is accountable to citizens. The operation contributes to the country's higher-level objectives of stability and prosperity, as well as to the objectives of strengthening service delivery and social accountability systems, as reflected in Sierra Leone's 2010-13 Country Assistance Strategy (CAS).² At the time of appraisal of DSDP2, in December 2011, and despite contributing to reducing political tension and bringing services closer to beneficiaries (early successes of the first phase of DSDP), LCs had limited discretionary spending and most local service were not effectively monitored and evaluated. Social accountability instruments were not institutionalized and many LC public infrastructures were in

¹ All World Bank data in this paragraph is provided from the Bank's country data repository: data.worldbank.org/country/sierra-leone. For UNDP's HDI consult <http://hdr.undp.org/en/data>. HDI data can be found at <http://hdr.undp.org/en/indicators/103706#>.

² The 2010-13 CAS is still the most recent Country Assistance Strategy for Sierra Leone. The Bank Country Office in Freetown is working on an updated version of the document. No Country Partnership Framework was conducted between 2013-2018 due to the changing priorities due to the Ebola outbreak.



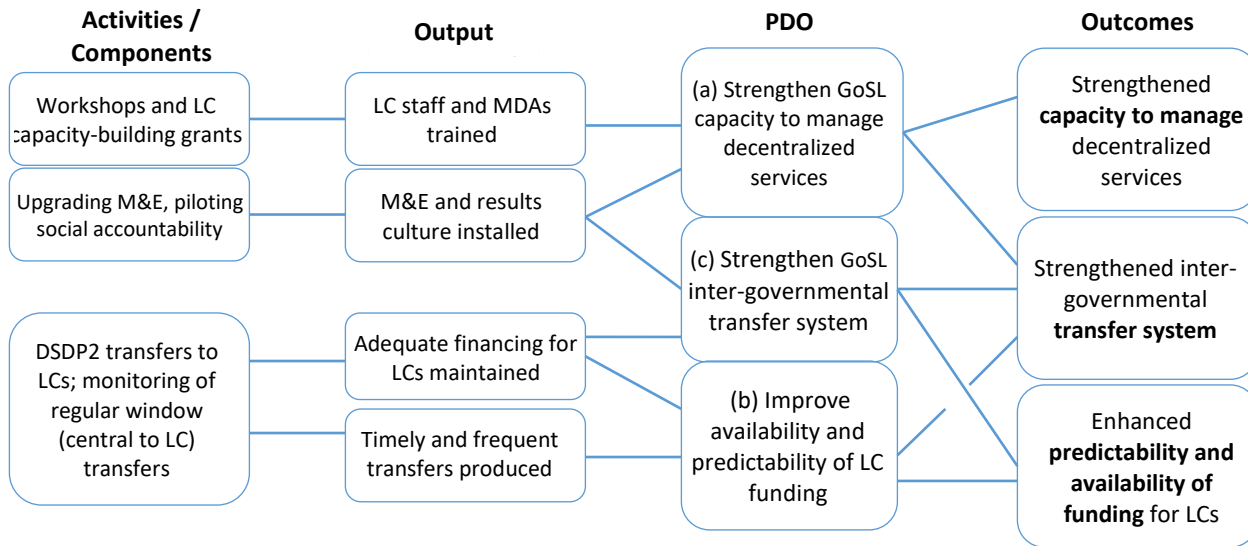
poor condition. LCs’ capacity was also weak, rendering them ineffective in performing their essential functions of financial management (FM), procurement, monitoring and evaluation (M&E), safeguards enforcement, information, education and communications (IEC), and gender, compromising service delivery improvements. There was similarly very limited citizen engagement and accountability for the local service provided.

Theory of Change (Results Chain)

4. DSDP2 built on and was informed by the first phase of the project and was designed to translate economic gains of the domestic economy into tangible improvements in living conditions. It did so through strengthening capacity and service delivery in five key sectors supported under the project: education, health and sanitation, rural water, waste management, and social assistance services. The project provided increased resources to LCs in the form of transfers to be invested in these sectors and ensured the GoSL continued contributing a sizeable amount of transfers to LCs through regular inter-governmental fiscal transfers. In parallel, the project provided training to LCs through workshops and capacity development grants to support key elements of the service delivery value chain, such as development planning, budgeting, financial management, procurement, and monitoring and evaluation tools and systems. It also strengthened citizen involvement in the service delivery cycle through upgrading M&E and piloting social accountability mechanisms. The project supported LC capacity to manage decentralized services, access to basic services and a stronger inter-governmental transfer system.

5. Figure 1 below presents project activities, outputs and outcomes, and how these relate to the Project Development Objectives (PDO) as stated in the operations’ legal instruments. Activities under project management, which correspond to Component 4, had an overall impact on all outcomes/objectives and contribute to the attainment of all PDO. They are hence not connected to single PDO/outcomes in Figure 1.

Figure 1. Theory of Change



Source: original for ICR

Project Development Objectives (PDO)

6. *Project Development Objectives.* Objectives of the project under the Grant Agreement PDO were to: (a) strengthen the Recipient’s capacity to manage decentralized services, (b) improve the availability and predictability of



funding for LCs, and (c) strengthen the Recipient's inter-governmental fiscal transfer system. An additional Trust Fund (TF-12665; US\$ 5.4 million), financed by the European Union (EU), was active between 2012 and 2013, blended with the IDA operation. The EU TF PDO was to provide grants to LCs flowing through the same mechanism used by DSDP2, in the health, education, water and solid waste management sectors (complementing Component 1 of the IDA operation in the mentioned sectors: all DSDP2 sectors with the exception of social assistance).

Key Expected Outcomes and Outcome Indicators

7. *Key Expected Objectives.* There is a direct correspondence between the clauses in the PDO and project Objectives: (a), "strengthen the Recipient's capacity to manage decentralized services," reflects institutional competence of LCs; whereas (b), "improve the availability and predictability of funding for LCs," points to the size and timely financing of local government; and (c), "strengthen the Recipient's inter-governmental fiscal transfer system," points to the efficient and effective functioning (or strength) of the inter-governmental transfer system, including fiduciary functions and participatory planning and monitoring. The expected Objectives of the project were hence:

- **Objective A:** Strengthened capacity to manage decentralized services.
- **Objective B:** Improved availability and predictability of funding for LCs.
- **Objective C:** Strengthened inter-governmental fiscal transfer system.

Project components and distribution of resources under the operation proportionally supported the three Objectives.

8. *Outcome Indicators.* PDO-level indicators supported Objectives A, B, and C. Additionally, the PAD captured trigger indicators (also labeled "Outcome Indicators") that are valid measures of higher-level impact of the project (these are referred to as "trigger indicators" throughout this ICR; see Section III.B for additional information). All PDO-level indicators were maintained and there were no changes in their definitions during project implementation, although targets were moderately reduced for PDO-level indicators 3 and 4 during the May 2016 project restructuring. For further information on the linkage between each Objective to PDO- and intermediate-level indicators, as well as key component output for each Objective, please refer to Section III.B and Annex 1.B.

- Outcome indicator 1: Domestic revenues transferred to LCs on an annual basis, excluding DSDP funds.
- Outcome indicator 2: Transfer of funds to LCs as a percentage of total GoSL expenditure.
- Outcome indicator 3: LCs with CLoGPAS social accountability aggregate score over 60.
- Outcome indicator 4: Citizens satisfied with service delivery in key sectors.
- Outcome indicator 5: Direct project beneficiaries (% of which female).

Components

9. The components are presented below, along with the resource allocation at appraisal and project closing. For more information on estimate costs at appraisal please refer to Annex 3.

- **Component 1: Grants to LCs** (US\$ 22.9 million allocation).³ Provide transfers to LCs to complement fiscal transfers by the GoSL, flowing through the same mechanism used by government and covering services in five strategic sectors: (i) health; (ii) education; (iii) water; (iv) solid waste; and (v) social assistance. Funds were utilized

³ The allocation at appraisal in the PAD inaccurately reflects US\$ 24.3 million for Component 1, which points to an initial committed amount by the EU of US\$ 6,568,650. This amount was reduced to US\$ 5,397,382 when the EU signed the TF Grant Agreement, as envisaged financing for project management was eventually not included (please refer to section V.B and Annex 3 for additional information on financial aspects of the project and component allocations / final total costs). The total allocation for Component 1 by the time of effectiveness of the IDA grant (reflected in the data-sheet and throughout this ICR) was US\$ 22.9 million.



autonomously by LCs following their budgets and local development plans, and used to finance services operations and civil works. In June 2012 resources from the EU TF (TF-12665) were added in the amount of EUR 4,589,416, or US\$ 5,397,382.

- **Component 2: Capacity Development and Technical Assistance to Strengthen LCs' and MDAs' capacity** (US\$ 3.0 million allocation). Provide strategic guidance to LCs to carry out their core functions in the form of training and demand- or supply-side grants, and strengthen oversight by Ministries, Departments and Agencies (MDAs) through additional monitoring. Component 2 supports LC capacity to conduct their core functions (FM, procurement, M&E, safeguards, IEC, and gender), and also finances FM controls and workshops to harmonize and strengthen transfers between levels of government.
- **Component 3: Results and Social Accountability** (US\$ 4.1 million allocation). Support the scaling up of social accountability initiatives beyond initial pilot districts and improve communication, information dissemination and performance monitoring. Inform the project through results of the Comprehensive Local Government Performance Assessment System (CLOGPAS), providing information on LC institutional capacity, and through the Integrated National Public Services Survey (INPSS), which shed light to services end-user beneficiary perceptions.
- **Component 4: Project Management** (US\$ 1.2 million allocation). Ensure timely implementation and satisfactory monitoring of the project by financing administrative costs related to implementation of the other components. Fund operational costs of the implementing agency / recipient of funds and strengthen overall financial capacity.

10. *Components Link to Outcomes.* As reflected in the theory of change presented in this section, Component 1 leveraged additional resources for LCs (Objective B), strengthening the inter-governmental transfer system (which links to Objective C), while indirectly increasing institutional capacity through LC grant use on administrative and capital assets (Objective A). Component 2 provided trainings to LCs (which corresponds to Objective A) and funded the forums that revised GoSL regular grant transfer criteria to provide more equitable resources between districts and sectors according to detected gaps (Objective B). Component 3 bridged local/central government priorities with communication tools and tailored services to community needs (Objective C), while also monitoring inter-governmental transfers (Objective B). Component 4 provided necessary financial and administrative support for Components 1 to 3, therefore underpinning activities under Objectives A to C.

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION

11. Five project restructurings took place to respond to the changing circumstances in Sierra Leone, most notably the Ebola outbreak, which occurred between May 2014 and November 2016, and which severely constrained institutions in Sierra Leone and altered national development priorities. None of the restructurings affected the scope or key objectives of the project (the PDO and components were maintained). There were revisions made to indicators, targets, component proceeds and the project closing date. All restructurings are presented in the tables below.

Revised PDO Indicators

12. Two Outcome targets were modified in the May 2016 restructuring, along with intermediate-level indicator definitions and targets: see table 1 below.

Table 1. Restructuring under the Project and changes introduced



Date(s)	Change	ISR Ratings		IDA Disb. (US\$ M)	Reason for Restructuring & Key Changes
		DO	IP		
May 2016	Change in Results Framework	S	MS	20.38	The client requested the restructuring after the Ebola outbreak, which severely constrained institutions in Sierra Leone and altered national development priorities (see section IV.B for additional information). It was clear to the Bank team and to the Client that some indicator targets would not be achieved on time because of overstretched institutional capacity. This particularly affected Ward Committees (WDCs; local deliberation structures), which stopped functioning from 2014 till 2017. The team also took advantage of the Results Framework restructuring to clarify the phrasing of some indicators and change some data sources. The most relevant changes included moderately reducing target values for LC capacity and citizen satisfaction with services (PDO-level indicators 3 and 4), giving more time to the GoSL to schedule transfers to LCs (intermediate indicators 1.1 and 1.2) and dropping indicators assessing WDC review of LC documentation (intermediate 3.4 and 3.5).

Other Changes

13. Two reallocations of proceeds and three closing date extensions were performed, as well as a small change in the disbursement table to align the parent operation with the EU TF. In all, cumulative extensions for the project spanned 30 months, revising the closing date from the initially intended December 31, 2015, to June 29, 2018. 22 months of extension were a direct consequence of service and institutional disruptions emerging from the Ebola epidemic. Eight months of extension were linked to resolving ineligible expenditures found under the EU TF (for more information see Section IV.B on key factors during implementation).

Table 2. Restructuring under the Project and changes introduced

Date(s)	Change	ISR Ratings		IDA Disb. (US\$ M)	Reason for Restructuring & Key Changes
		DO	IP		
August 2012	Disbursement Table of the Financing Agreement	S	S	0	TF Grant Agreement with the EU postdates the main operation’s Financing Agreement and was initially expected to cover 75 percent of costs for Component 4 (as per negotiations with the EU at the time of approval). The final TF front-loaded and financed Component 1 in its entirety. The disbursement table was hence modified to allow DSDP2 to cover 100 percent of Component 4 (amount unchanged). No reallocation between disbursement categories took place.
January 2015	Closing Date and Reallocation between Disbursement Categories	S	MS	20.38	The Ebola outbreak affected the project, as key staff at the GoSL left the country, government shifted spending priorities and most public services were disrupted to address the outbreak. A total of US\$ 3.8 million was channeled from Component 1 to Components 2, 3 and 4, in order to provide better support to LCs and plan for service delivery in a post-Ebola environment. The closing date was extended from December 31, 2015, to December 31, 2016.
December 2016	Closing Date	S	MS	21.93	Sierra Leone was not declared Ebola free by the World Health Organization until November 2016, almost two months before the expected projected closing date. The irregularity of service delivery during 2016 and the



					project’s low disbursement ratio as a result of the ongoing disruptions due to Ebola were the main reasons behind this project closing date extension from December 31, 2016, to October 31, 2017, in order to allow for completion of project activities.
October 2017	Closing Date and Reallocation between Disbursement Categories	S	S	24.01	An undisbursed balance of US\$ 2.19 million remained under the operation. Disbursement of funds was lower than expected due to a halt in spending after an EU TF verification mission found ineligible expenditures under the project (for additional information see Section IV of this report) and requested a reimbursement of US\$ 1.08 million. An eight-month extension, until June 29, 2018, was approved to finalize disbursement. Increased administrative costs for continued project management and training of LCs required a US\$ 0.41 million reallocation from Components 1 (Category 1; LC transfers for subprojects), 2 (Category 2; grants to MDAs) and 3 (Category 4; M&E and social accountability) to Components 2 (Category 3; training to LCs) and 4 (Category 5; project management).

Rationale for Changes and Their Implication on the Original Theory of Change

14. The rationale of each restructuring is presented above. Most restructurings (January 2015, May 2016 and December 2016) were undertaken in response to the Ebola outbreak and the need to adapt to the changing environment. The other restructurings (August 2012 and October 2017) were linked to the EU TF grant conditions and the need to provide a partial reimbursement. Both events influenced the original outcomes and targets, which were all being surpassed before Ebola. The EU TF grant prompted an extension of the project closing date, which in turn increased administrative costs, as the project had to be supervised for a longer duration and operational costs had to be covered during the extension. The theory of change was not affected by these events or by restructurings, as activities, outputs, PDO and components remained all the same throughout implementation (for a presentation of the theory of change please refer to section I.A).

II. OUTCOME

A. RELEVANCE OF PDOs

Assessment of Relevance of PDOs and Rating

15. The project was aligned with the 2013-2018 Agenda for Prosperity (A4P), which was the defining program for the overall development of Sierra Leone (approved by and for the GoSL) and remained an important GoSL anchor for improving service delivery and decentralization under pillar 7 (governance and public sector reform). The operation directly addresses two out of five areas of emphasis of the A4P: “delivery of quality, timely services in an accountable and transparent manner,” and “decentralization and local government transformation.” Country circumstances changed during implementation, particularly due to the Ebola epidemic (see Section IV.A), which prompted a restructuring of the RF (refer to Section II.B), although government priorities were only affected in the short term and did not impact higher-level outcomes or the long term development agenda of Sierra Leone. Ebola in fact showed the importance of local services and capacity, testing existing systems, as LCs redoubled on health interventions, secured safe burial sites, informed citizens about the nature of the disease, and played a key role in closing schools and enforcing lockdowns to prevent the spread of the epidemic.



16. The project's objectives, design and implementation are relevant to the development priorities of Sierra Leone and consistent with the FY10-FY13 CAS. At the time of preparing this Implementation Completion Results Report (ICR) a new CAS was under preparation, although not yet completed (this makes the FY10-FY13 CAS the most recent strategic document in place other than the SCD, mentioned in the paragraph below).⁴ The CAS states that "decentralized service delivery continues to be a key element in improving basic services in education, health and water and sanitation" and bolsters the decentralization process, holding useful lessons that may be applied in other post-conflict countries, de-concentrating power, improving services by delivering them closer to recipients and strengthening accountability. Weak governance structures and limited capacity to deliver services and manage public resources were two of the key overall risks mentioned in the Sierra Leone CAS, both of which are directly addressed by Objective A of the operation. The project aligned with the CAS key outcomes for human development by ensuring decentralized service delivery, leveraging additional resources, anchoring sound public finance management were addressed. These points were covered under Objectives B and C, respectively. Relevance vis-à-vis the CAS was high during project design, implementation and continued through the closing of the project.

17. The operation was also aligned with the 2018 Systematic Country Diagnostics (SCD), namely in the "efforts to improve the governance of critical sectors, such as (...) service delivery, which incorporate accountability and transparency measures" and increasing human capital for new opportunities by supporting critical priorities, including better access to quality health care and education. Secondary priority areas, such as expanding access to social protection, water, and solid waste, were also supported by the project through grant funds, capacity-building support and M&E / social accountability. The SCD is critical of recent decentralization trends and the state of decentralized service delivery in Sierra Leone, noting on-going challenges in creating effective service delivery at the local level. The report points to the need to finalize devolution of competences to LCs in line with the LGA, provide more reliable inter-governmental transfers, and further social accountability measures (introduced under DSDP2). The project was also well aligned with the World Bank 2012-2022 Africa Region's Social Protection Strategy, which supports "increasing access to and improving the quality of basic services, protecting households, and guarantying a minimum level of wellbeing by reducing their vulnerability."

18. *Rating.* The scope, PDO and objectives of the project remained the same and relevant at project design, during implementation, and at the time of project closing. There were no shortcomings in the relevance of the operation to the Bank CAS and current SCD. The project provided clear evidence of alignment of the PDO to current objectives. The project is rated **Substantial** in Relevance to the PDO.

B. ACHIEVEMENT OF PDOs (EFFICACY)

19. As stated under Section I.A, key expected Objectives were: (a) strengthened capacity to manage decentralized services; (b) improved availability and predictability of funding for LCs; and (c) strengthened inter-governmental transfer system. Objectives are assessed separately, referencing to respective outcome- and intermediate-level indicators as well as outputs, and are also assigned separate sub-ratings. A global efficacy rating is finally generated from the Objectives' sub-ratings.

Assessment of Achievement of Each Objective

20. **Objective A. Strengthened capacity to manage decentralized services.**

Outcomes

⁴ The ICR team was informed by the Country Office that no CAS or Country Partnership Framework (CPF) has been finalized since 2013.



- 85 percent of citizens satisfied with service delivery in key sectors (PDO-level indicator 4; achieved). Data for the Integrated National Public Services Survey (INPSS) portion of the Impact Evaluation (IE) was collected from 14 of the 19 LCs, evenly distributed in all regions / geographical areas of Sierra Leone and informed this PDO-level indicator.⁵ Results (see table 1 under Annex 6.A) show that the project target of 60 percent was surpassed. It is noteworthy that this PDO-level indicator target was revised during the May 2016 restructuring and reduced from a value of 70 percent at appraisal. Despite this change, the value expected at appraisal has finally been surpassed by 15 percent. Satisfaction in service delivery in the following sectors was high: health, education and water sectors (above 90 percent in all three cases) and lower in the social assistance and solid waste sector.
- 56 percent of clinics with essential drugs in stock (trigger indicator met). Data on availability of drugs from the Ministry of Health through its continuous monitoring of clinics in Sierra Leone shows that the target of 50 percent of clinics with essential drugs in stock was exceeded. 56 percent of clinics had essential drugs in stock in December 2017, an increase of five percent from the same assessment in December 2013, during the first year of project implementation of DSDP2. The Ebola outbreak, as well as international donor interventions during the Ebola outbreak may have impacted this indicator, as stock of key drugs to face the outbreak was increased (this did however not affect all drug supplies).
- 67.8 percent of households with access to improved rural water source (trigger indicator met). The Sierra Leone Multiple Indicator Cluster Survey (MICS), produced by Statistics Sierra Leone along with the EU and several United Nations agencies, indicates that in 2017 67.8 percent of households in Sierra Leone had access to an improved water source. This is an improvement from the last time the MICS was conducted (in 2010), when only 57.1 percent of households had access to improved water. This data resulted from a survey of 66,707 households in 2010 and 74,602 households in 2017 and is very reliable. In line with these findings, the 2016 INPSS indicated that 67.4% of households had access to improved water sources. The target established in the PAD of 65 percent of households with access to water was most likely surpassed.⁶
- 92.47 percent of people with access to improved health and sanitation services (trigger indicator met). The IE found that 92.47 percent of people had access to appropriate health facilities, including Community Health Centers and Posts, government hospitals and maternal and child health care posts, vis-à-vis people accessing informal health services not supervised by the Ministry of Health. This is a very notable improvement from the target of 48 percent established in the PAD and is ascribed to very intense public outreach campaigns during the Ebola epidemic.
- 58 percent of schools with Teaching and Learning Materials (TLM) according to agreed standards (trigger indicator partially met). The INPSS, conducted in 2016 (during the Ebola epidemic, which affected all services delivered in Sierra Leone) had established that only 23 percent of schools had access to TLM at the time. The IE in 2018, through its specific survey of schools in all districts of Sierra Leone, found that this number had increased to 58%. Although the ambitious target of 80% of TLM according to agreed standards was not achieved, results represent a 152% increase over results achieved during the earlier 18 months, after Ebola.

Intermediate Results

- The Integrated National Public Services Survey (INPSS) was conducted (full version) in May 2016 and as part of the

⁵ The INPSS is an end-beneficiary survey on perception over decentralized service delivery in key DSDP2 sectors conducted in its full version in May 2016 and as part of the IE (partial assessment) in June 2018. It was also conducted during the first phase of DSDP and most questions were kept to conserve comparability of results. The IE included additional data on CLOGPAS and attainment of project indicators.

⁶ The 2017 MICS can be accessed from <http://mics.unicef.org/surveys>



IE (partial assessment) in June 2018, achieving the intermediate-level indicator target of being conducted at least once under DSDP2.

- The Community Monitoring Intervention (CMI) was active in four LCs and four sectors by the end of project implementation. The CMI used scorecards that allowed citizens to evaluate services and was managed by LCs with assistance from the GoSL. The CMI was successfully scaled up in four districts (Bo, Bombali, Kenema, and Tonkolili) in the health, solid waste management, water and social assistance sectors. The CMI was fully active in the four districts in December 2015 and remained operational throughout the life of the project. The DSDP2 CMI model catalyzed interest by other partners and agencies, such as JICA, the EU, UNICEF, and DfID, who have applied this model as part of their social accountability engagement in Sierra Leone. In addition, the CMI model is being applied to the ongoing Japan Social Development Fund (JSDF) project, managed by the Bank and financed by the Government of Japan (see more information for the JSDF project under the outputs subsection below).
- The IE estimates that 95 percent of Ward Committees (WDCs) were performing spot checks on service providers and reporting them to LCs in June 2018, after a decrease between 2015 and 2017 due to Ebola. This number exceeds the intermediate-level target of 75 percent. It was originally envisaged that M&E reports would be produced by LCs to monitor WDC performance, but these reports were not consistently generated during the life of the project. The May 2016 restructuring changed the data source for WDC service provider spot checks to LC reports, which tended to be produced more frequently, but LCs never fully adapted to the new format (see section V.A for additional information on the project results chain and data sources used by the project).

Outputs

- 10/15 LCs assessed in the Comprehensive Local Government Performance Assessment Survey (CLOGPAS) met all or all but one of their assigned functions, compared to only five out of 19 in 2011. CLOGPAS is a composite instrument that measures institutional capacity at LCs by evaluating performance on management, transparency, planning, FM and procurement. Subsections on economic development, WDC activity and gender also exist since 2013. CLOGPAS has been conducted in 2006, 2008, 2011, 2013, 2015 and as part of the Impact Evaluation (IE) covering 2017.⁷ CLOGPAS assessed not only how well LCs perform their duties, but also whether LCs were compliant with their obligations and the functional capacities that ought to be in place as per the LGA and other regulations (see Annex 6.C for a listing of minimum conditions).⁸ 10 out of 15 LCs evaluated in the IE scored at least 7/8 in the assessment, which includes aspects such as regularity of meetings and timely submission of reports.
- A South-to-South knowledge exchange between DSDP2 and the Ethiopia Promoting Basic Services Program Phase 3 (PBS3) was completed, providing valuable lessons that were incorporated into Sierra Leone's decentralization strategy and strengthened LC capacity (see Section III.E for more information on the South-to-South exchange).
- The Decentralization Secretariat (DecSec), which was an implementing agency of both phases of DSDP and charged with linking GoSL and LC action, was mainstreamed by the Ministry of Local Government, anchoring the decentralization model into the government system.
- The Government of Japan approved the JSDF Grant *Strengthening Community Mobilization and Local Council Service Delivery in the Post-Ebola Context Project* (Grant TF-0A4737; P155339) in March 2017, which is administered by the Bank building on strengthening institutions and upgrading local services through community monitoring and other social accountability efforts. The JSDF Grant is a direct output of the project, as it wouldn't have existed without DSDP2: it is not only modeled after DSDP2, but has as its main objective to expand its

⁷ Because of reasons of insufficient funds at the end of the project, the IE was conducted in 14 out of the 19 LCs in Sierra Leone, selecting districts on the basis of geo-ethnic background and previous CLOGPAS and INPSS scores.

⁸ Minimal Conditions are evaluated as competences "met" (1 point) or "partially met" / "not met" (0 points).



interventions The US\$ 3 million project pursues the same aim of improving LC capacity to provide local services (Objective A) and uses the same mechanisms and institutional arrangements of DSDP2 anchoring social accountability mechanisms (see Section III.E for more information).

21. *Rating.* Results foreseen for the project were almost fully achieved, as: (i) PDO- and intermediate-level indicators achieved expected targets; (ii) key data on provision of education, health and water services points to moderate improvements in the capacity of LCs to manage services despite the challenging exogenous impact of Ebola; and (iii) outputs show favorable developments in subprojects, services delivered and in the use of social accountability instruments. Based on this assessment, Objective A is rated **Substantial**.

22. Objective B. Improved availability and predictability of funding for LCs.

Outcomes

- 20.73 percent of domestic revenues were transferred to LCs during FY2017 (PDO-level indicator 1; not achieved). Overall, in 3 out of 5 FYs during the project for which the indicator was calculated (FY 2013 through FY 2017), the target of 40 percent of domestic revenues transferred to LCs was achieved. DSDP2 reached the indicator target of 40 percent of domestic revenues transferred to LCs for every year of project implementation with the exception of FY 2014, at the beginning of the Ebola outbreak, and FY 2017, which is the last year the indicator could be calculated, as fiscal transfers for FY 2018 were ongoing by the GoSL as of project closing. A table with the percentage of domestic revenues transferred to LCs over the years of project implementation is presented under table 2 in Annex 6.A, which shows this indicator stood at 49.3 percent in December 2015, the original project closing date. Despite the good track record during most years of project implementation, the GoSL transferred only US\$ 1 million to LCs between July 2017 and project closing in June 2018. This was due to Ebola-incurred fiscal deficits and a shrinking of government expenditure. It should be noted that 40 percent was an ambitious target for DSDP2, as the first phase of the project stood between 34 percent and 38 percent during the three years of implementation. Since project closing, the GoSL disbursed US\$46 million to LCs, compensating for lower funding during the July 2017 to June 2018 period.
- 6.78 percent of funds were transferred to LCs as a percentage of government expenditure (PDO-level indicator 2; achieved). DSDP2 surpassed results during the first phase of the project by remaining above the 6 percent target for all years of project implementation, with the indicator staying above 10 percent between 2013 and 2016 (the first phase of DSDP stood between 5 and 6 percent for all years of project operations). This data was provided by LGFD, which remained in charge of transfers to LCs during the project and was the object of several audits during implementation, none of which revealed fiduciary concerns. For more information on yearly data see table 3 of Annex 6.A.

Intermediate Results

- All LCs received transfers from DSDP2 and the EU TF within each quarter from November 2012 until September 2016 (well beyond the initial closing date of December 2015). The 30-month extension in the project closing date, along with disruptions in 2017 and 2018 due to the EU TF refund (see section IV.B for more information), translated into higher costs to maintain operational arrangements, depletion of funds for Component 1 and the project not being able to reach the target for this intermediate-level indicator during the last year of implementation. Data was provided by LGFD and verified by the Bank's FM specialist.
- LCs did not receive transfers within each quarter of the fiscal year from the Consolidated Revenue Fund (GoSL budget) during the project. Funds were however provided once per semester, more frequently than during the previous phase of the project (see table 4 under Annex 6.A). Disruptions caused by the Ebola epidemic, coupled



with prevailing GoSL fiscal deficits, affected predictability of funding for LCs. DSDP2 resources, however, acted as a substitute for GoSL Consolidated Revenue Fund proceeds and empowered LCs to continue pursuing their development agenda. Transfer of funds to LCs on a semester rather than quarterly basis did not significantly affect service delivery results at the local level, as reflected by Objectives A and C.

Outputs

- Subsidiary agreements, an innovation for DSDP2 (drawing from lessons learned from the first phase of the project), were concluded in a consistent and timely manner between LCs and service providers, although results were not consistently monitored by LCs (see Section V.A on M&E).
- A workshop on inter-governmental transfers was conducted for each year of project implementation, introducing improvements in the application of the vertical allocation and the horizontal distribution of resources among LCs, determining the vertical allocation in a more systematic and non-discretionary manner, and revising the horizontal distribution formulae to better capture the needs of each LC. Stakeholders clarified responsibilities, timelines, and exchanged ideas and good practices. Impressive intermediate-level results for Objective C, such as all 19 LCs maintaining updated development plans, budgets and procurement plans, were a by-product of the work done during workshops and the ensuing follow up through capacity building.

23. *Rating.* The Sierra Leone inter-governmental grant transfer system was disrupted during the last eighteen months of project implementation due to the Ebola outbreak (May 2014 to November 2016), and the presidential, parliamentary and local elections (March/April 2018). The Ebola outbreak prompted an extension of the project and stretched the period during which DSDP2 transfers to LCs were to be provided without increasing the total allocation, while elections put the emphasis on fiscal deficits of the GoSL and moderated government spending in the months leading up to the contest; see section IV.A for an extended discussion of these events. The GoSL had been transferring funds to LCs that surpassed targets until June 2017, although without the regularity required by the project, an issue which is prevalent in many FCV countries. Inter-governmental grant transfers are key for the implementation of local services, as they constitute the main source of revenue of LCs. Without the funding to provide local services, other improvements in governance of LCs (Objective A) or the strength of the inter-governmental transfer system (Objective C) become constrained. An acceptable flow of funds was maintained throughout the project, subprojects were adequately financed and implemented, workshops were held to refine the inter-governmental fiscal transfers system, and all evidence points to proper fiduciary compliance. Yet, problems of unreliability of transfers, which date back from the first phase of the project, persisted (in line with the conclusions of the 2018 SCD). Results were only partially achieved and Objective B is rated **Modest**.

24. Objective C. Strengthened inter-governmental transfer system.

Outcomes

- LCs reached a CLoGPAS aggregate score over 60.2 by the end of 2017, higher than the target of 60 under PDO indicator 3 (PDO-level indicator 3; achieved).⁹ Initially designed to be conducted annually, CLoGPAS has actually been a bi-annual assessment and sought to identify capacity weaknesses through LC performance and provide recommendations in areas requiring improvement. The baseline score for DSDP2 was 42 and corresponded to the rating attained in the 2011 CLoGPAS (42.6), out of a total possible of 65, which the DSDP2 PAD expanded to 80 by adding more demanding objectives. CLoGPAS' target at appraisal was 75, which was reduced during the May 2016

⁹ Data corresponding to 2017 for CLoGPAS was included as part of IE and was not available when the last ISR for the operation was drafted in June 2018. This is why a discrepancy exists between the reported results in the ISR (58.0; estimated from LC reports for 2017) and this section (60.2; from the CLoGAPS section of the IE). The latter is more recent.



restructuring to 60 due to changes in local circumstances arising from the Ebola outbreak. CLoGPAS registered a constant overall improvement during project implementation and was rated 48.7 for 2013, 54.2 for 2015 and 60.2 for 2017. Progress was however not linear for all LCs, as high rotation of local technical staff between LCs resulted in a fluctuation of scores, which tended to “follow” specialists as they moved.¹⁰ CLoGPAS results were disseminated during the project and the best performing LCs received non-financial awards in 2013 and 2015. Despite slight methodological shortcomings and high inter-annual variation of scores at the LC level, CLoGPAS provides a robust indication of a strengthened inter-governmental transfer system and satisfactory fulfillment of Objective C. For a table comparing the results by LC and corresponding implementation year please refer to table 5 under Annex 6.A. Assessment measures for CLoGPAS are presented under Annex 6.C.

Intermediate Results

- All 19 LCs in Sierra Leone maintained updated development plans, budgets and procurement plans according to the intermediary outcome for each year of project implementation.¹¹ Data is consistent in the Implementation Status and Results Reports (ISRs), LC Reports, Beneficiary Assessment (BA; conducted by the GoSL in 2016, assessing 2015), and IE (conducted in 2018, assessing 2017)
- All LCs maintained Jan-Dec budget execution rates of 90 percent of available funds for each year of project implementation. Data was provided by the GoSL’s Local Government Finance Department (LGFD) and was verified during supervision mission field visits. It represents an improvement in relation to the first phase of DSDP, where only 11 LCs had execution rates of 90 percent at the last year of project implementation.
- All LC M&E Units received, processed, and transmitted data to relevant stakeholders and produced development plans updates during every year of project implementation.¹² Data is consistent in the ISRs, LC Reports, BA, and IE.
- A disaggregated list of DSDP-related investments by type and sector was kept at all times during project implementation by LC civil works officers. The list was regularly updated with the assistance from a Bank civil works specialist and is provided in its final version as an Annex under Section VI.B of this ICR.

Outputs

- Through inter-governmental transfers, **448 civil works subprojects** (mostly schools, health centers and wells) were implemented across **1,139 sites** (see table 6 under annex 6.A): with a **98.2 percent execution rate** (percentage of subprojects commenced that were finalized) and **97.3 percent of facilities functioning** by project closing. Projects completed include: (a) 122 rehabilitated primary health clinics and hospitals; (b) 129 projects to build and rehabilitate primary schools, junior secondary schools, and adult literacy centers; (c) rehabilitation or construction of 177 water supply systems; and (d) financing of 6 other infrastructures on solid waste / social welfare. Find the copy of the civil works data, with completed/pending projects under Annexes 6.A and 6.B.
- Two tranches of capacity development transfers were submitted under the project, building on similar instruments used under the first phase of DSDP. LCs determined how these funds ought to be spent, be it by contracting consultants to improve a particular functional area, promoting exchanges with other LCs or buying necessary

¹⁰ Movement of core LC staff between LCs was in fact based on the results of the CLoGPAS assessment. Makeni, for instance, got the only perfect score registered under any round of CLoGPAS in 2015, but went down to 55/80 in 2017, a below average rating, when the LC lost 7/9 of their officers to other LCs that in turn benefited from their expertise.

¹¹ This intermediate result is a merger of intermediate indicators 1 and 2 under Component 2. They are presented together because of their interlinked nature (procurement plans are drafted in line with budgets, which take on development plans) and because their results were the same from the beginning of project implementation.

¹² This is a merger of intermediate indicators 3 and 4 under Component 2. They are presented together because of their interlinked nature (development plans updates are the consequence of adequately shared and processed M&E data).



equipment.

- All MDAs in project sectors (Ministries of Education, Health and Sanitation, Water and Social Assistance) asked and received demand- (US\$ 133,016 total, in two tranches, in 2013 and 2014) and supply-driven grants (US\$ 50,000 per LC, in two tranches, in 2013 and 2014) for technical supervision of LCs. This represents an improvement from the first phase of the project, when grants for MDAs were available but not requested.
- DSDP2 funds disbursed through the inter-governmental system funded LCs in all districts of Sierra Leone and were used to undertake: (a) civil works; (b) procurement of drugs and medical supplies, vehicles, power supply equipment, and medical equipment; (c) training of health workers on family health, and infection prevention and control; (d) conduct of public health talk shows; (e) chlorination of wells and other water sources; (f) procurement of school furniture and equipment, textbooks, vehicles, and examination verification equipment; (g) procurement of solid waste collection vehicles and equipment; (h) financing of specialized educational support for children with disabilities; (i) provision of financial support to survivors of Ebola and their families; and (j) distribution of food and clothes to the poor.
- A Grievances Redress Mechanism (GRM) was successfully piloted in five LCs (Bonthe District, Freetown City, Kambia District, Kono District, and Tonkolili District) from September 2015 until project closing. The GRM provided project beneficiaries and wider local communities with a formal, structured, and direct communication platform to voice their feedback on decentralized service delivery. The GRM was three-tiered and grievances could be formulated at the ward-, LC- and national-level. When an answer was not available at the ward level it was passed on to LCs and if the problem persisted then DecSec intervened in representation of the GoSL. This model is incorporated under the JSDF project (mentioned below).

25. *Rating.* All indicators under Objective C point to positive results that can be plausibly attributed to the project. This is confirmed by the fact that: (i) DSDP2 was the only international donor financed operation providing capacity building support to LCs; (ii) there were no changes during implementation in the leadership/composition of LCs (beside personnel rotation between LCs); and (iii) diverse data sources all point to a strengthened capacity of LCs to manage decentralized services. Training, mentoring and capacity-building grants (in the fields of safeguards, M&E, FM, procurement, communications, and gender) were effective in tackling capacity constraints and adopting new solutions by LCs and the MDAs that oversee their activities. Results foreseen for Objective A were almost fully achieved, as capacity assessments show notable overall improvement over time. Based on this reasoning Objective A is rated **Substantial**.

26. *Phase II to phase III triggers.* Triggers were presented in the PAD to move from phase 2 of the DSDP series to a proposed phase 3, drawing from PDO- and intermediate-level indicators. These have been assessed in the section above, and are the following: (i) 30 percent of domestic revenues transferred to LCs (PDO-level indicator 1, with a reduced target down from 40 percent); (ii) transfer of at least 6 percent of GoSL expenditures (PDO-level indicator 2); (iii) 75 percent of LCs with CLoGPAS scores over 60 (similar to PDO-level indicator 3); (iv) at least two rounds of CLoGPAS and one round of INPSS completed (reflected in PDO-level indicator 3 and intermediate-level indicator 3.1); and (v) pilot implementation of the CMI undertaken. As noted in previous paragraphs, triggers (i), (iv) and (v) were achieved, and trigger (ii) was reached for all years of project implementation but 2014 and 2017 (the last FY assessed). Trigger (iii) fell short, as only 7 out of 15 LCs included in the IE had a CLoGPAS above 60 (or 46.7 percent of the IE sample). It is important to note here that the CLoGPAS final target for the project was reduced in the May 2016 restructuring from scores of 75/80 to 60/80 (a 20 percent decrease). If a similar, 20 percent downward adjustment were to be applied to trigger (iii), then the target would have been 48 instead of 60 and 14 out of 15 LCs (or 93.3 percent of the IE sample) would have reached the target in June 2018. A phase III of DSDP2 has not yet materialized and is pending further discussions at the country level.

27. *Total number of beneficiaries (PDO-level indicator 5; achieved).* The total number of beneficiaries is not included under any particular objective in the efficacy discussion and yet is a PDO-level indicator (5). The indicator could fall under



any of the three Objectives. Direct beneficiaries of DSDP2 include end-service receivers and participants in trainings at LCs and MDAs. On January 2016 it could be reasonably asserted that 704,801 people had been LC end-service beneficiaries (local service users under DSDP2 sectors) during FY 2015 (at that time disbursements stood at US\$ 22.91 million, or 79.7 percent of final disbursement). This is primary data compiled by the BA and can be found in the “relevant data” section under table 7 of Annex VI.¹³ Taking a different methodological approach, the IE estimated project beneficiaries by taking the national mean of sector users per service infrastructure per year and multiplying it by the number of service delivery infrastructures controlled by LCs. The IE identified 680,609 end-user beneficiaries for FY 2017, with disbursements at US\$ 27.82 million (see table 8 under Annex 6.A).¹⁴ The BA and IE indicate that PDO indicator 5 was exceeded by a wide margin, although an exact number cannot be provided (the June 2018 ISR for the project noted reaching the 200,000 beneficiaries target; this has been corrected in the RF under Annex 1.A).¹⁵ Similarly positive results (albeit with high variance between LCs) were reached in terms of gender distribution of beneficiaries, with a final estimate of 52.05 percent of beneficiaries being female (this is more concretely developed under Section III.E), beyond the target of 50 percent.

Justification of Overall Efficacy Rating

28. *Possibility of a split rating.* A split rating is not used in this ICR despite a moderate decrease in two PDO-level indicator targets (indicators 3 and 4) during the Ebola epidemic, as the level of ambition, difficulty and scope of the project remained unchanged. No changes were made during the restructuring to PDO-level indicator definitions or data sources, and PDO, activities, outputs and components remained all the same throughout implementation. The revised target for PDO-level indicator 3 was achieved, while the original target remained unmet, and this has been discussed and included in rating Objective C, as it does not affect other project Objectives, nor does it significantly impact the project’s overall achievements. The original target for PDO-indicator 4 was surpassed by 15 points as of end of project. Given the very limited impact of changes in PDO-level indicator targets, the effects of the restructuring are better captured without a split rating, which would have created confusion and overcomplicated this ICR.

29. *Rating.* Evidence under all Objectives is of similar strength and no particular Objective has a higher explanatory value as to whether the PDO and other project objectives were achieved. The adequate process to derive the overall efficiency rating is therefore a means average of the three ratings, which can each be assessed on a 4-point scale. Objectives A and C were rated *Substantial* (or 3 in a 4-point scale), whereas Objective B was rated *Modest* (or 2 in a 4 point scale). Since no arithmetic rating is possible under Bank guidelines, this is rounded up to 3 (*Substantial*). The overall efficacy rating must also consider that the target number of beneficiaries was surpassed and that PDO-level gender outcomes were achieved. No negative outcomes were observed as the result of the operation. For all these reasons, the Overall Efficacy Rating is ***Substantial***.

¹³ The original reference in the BA can be found in table 3.5; page 29. The BA compiled this data from LC reports, which are direct checks on service providers by LC officers, and were collected specifically for the BA between January and February 2016.

¹⁴ Mean sector data in the IE was drawn from sectors at the central level. Data for 2017 remained unavailable at the time of writing this ICR, but only 3.2 percent of DSDP2 funds remained at the time.

¹⁵ ISRs provided inconsistent data on the number of total beneficiaries through the project. The project presented beneficiary data for the first time in the June 2013 ISR and between then and June 2014 only provided the number of participants in workshops and trainings, but did not encompass LC services beneficiaries. In the December 2014, June 2015 and June 2016, ISRs beneficiary data drew from the national census, corresponding to the total number of inhabitants in Sierra Leone. This was corrected in the December 2016 ISR and subsequent ISRs to the more conservative 200,000 beneficiaries (an attained objective). The final RF under Annex 1.A of this ICR reflects the IE data, which was not available at the time the June 2018 ISR was produced and provides a conservative estimate of the number of beneficiaries.



C. EFFICIENCY

Assessment of Efficiency and Rating

30. *Economic Analysis.* No ex-ante economic impact analysis was prepared for DSDP2 and efficiency-related data is limited under the program, which makes it difficult to undertake a complete economic analysis. Contracting processes took place in a timely manner and out of 448 civil works completed, only 8 subprojects were pending finalization at project closing. Only 3 subprojects presented cost overruns of more than 5 percent in respect to their initial contract amounts. A Unit Cost Comparison of construction of health centers and schools under the project (57.8% of total projects) vis-à-vis similar subprojects in Guinea Bissau, Comoros and Madagascar, conducted by the same engineer, shows a comparatively efficient use of resources.¹⁶ Newly constructed schools, for instance, had an average cost of only US\$ 9,319 in Sierra Leone, compared to US\$ 65,752 in Guinea Bissau, US\$ 32,943 in Comoros, and US\$ 29,230 in Madagascar. A new health center cost US\$ 18,867 on average in Madagascar and US\$ 9,350 in Sierra Leone. Rehabilitation costs vary between projects depending on the state of the pre-existing structure; however, rehabilitation during the second phase of DSDP was more expensive, as works focused on bigger infrastructures (units costs comparison between subprojects is more difficult when it comes to rehabilitation, as more variance exists between the nature of the works).

31. *Institutional Analysis.* IPAU, the implementing agency in charge during the project of managing Component 4, including project management and fiduciary controls, was re-structured in 2017 to encompass additional responsibilities and streamlining activities across Bank operations, and was transformed into the Project Fiduciary Management Unit (PFMU). DecSec, which managed activities under Component 2 and 3, was mainstreamed and anchored into the government structure. Administrative costs under Components 2 to 4 were higher than expected, which required three restructurings reallocating proceeds from Component 1 to Components 2 to 4 (see Section II.B) to correct course. Three delays made administrative costs higher vis-à-vis the operation's activities, as the project was extended for 30 months. This was mostly due to ineligible expenditures being detected under the EU TF and the corresponding funding freeze until a reimbursement solution was found. Implementing agencies were required to do less while maintaining existing administrative structures, which had a negative effect on efficiency and increased operating costs. Implementing agencies nevertheless worked with LCs to ensure that costs of subprojects and LC services financed were efficient.

32. *Overall Efficiency rating.* Despite positive efforts and evidence that indicates substantial efficiency performance for subprojects, several events exogenous to the project and their response by the GoSL lowered administrative efficiency, which at the time of closing was below what is expected in the Bank's Social Protection and Jobs sector. Efficiency in the use of project resources for capacity building at all levels (GoSL, LC, WDCs) is unclear and the project was not able to produce an Economic Rate of Return (ERR)/Financial Rate of Return (FRR). For all these reasons efficiency is rated **Modest**.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

33. The Objectives were substantially relevant to the prevailing country conditions and the current government and Bank strategy (Section III.A). Efficacy was substantial, with the operation's activities plausibly connected to the achievement of Objectives outlined in Section III.B. Efficiency was modest due to delays and high administrative costs (Section III.C). There were moderate shortcomings in the project's preparation and implementation and, in combining these ratings (in line with the ICR Guidelines), the overall Outcome becomes **Moderately Satisfactory**.

¹⁶ Data for Sierra Leone from the subproject's database, compiled under DSDP2.



E. OTHER OUTCOMES AND IMPACTS

Gender

34. *Gender in the Results Framework.* Gender was recognized as an important dimension of the project at appraisal. This can be seen in the RF, which disaggregates female beneficiaries under PDO indicator 5 (setting a target of 52 percent of overall beneficiaries) and evaluates the number of LCs with at least 50 percent women participants in WDCs. This ICR presents below gender-related indicators information that impact all Objectives and that complements information assessed in the efficacy discussion in Section III.B.

- The IE estimated that 52.05 percent of overall project beneficiaries of LC services were female between January 2013 and December 2016 (at which time project disbursement stood at 96.8 percent; see table 9 under Annex 6.A). The BA, which provides a more reliable assessment but earlier in time, determined that between 2013 and 2015 female beneficiaries stood at an early average of 54.3 percent (50 percent in 2015). This does not include beneficiaries who participated in workshops or received support other than services delivered by LCs in DSDP2 sectors. For a more expanded discussion on beneficiaries and reliability of this data refer to Section III.B.
- Most LCs maintained at least 50 percent female elected representatives in WDCs, in accordance with article 95.2.C of the LGA.¹⁷ Positions are not remunerated, and a high rotation existed in the 446 Wards of Sierra Leone (each of which has 10 WDC elected members). This makes the calculation of WDC membership difficult to assess. Informality in meetings also means a discrepancy may exist between membership and effective participation. Accounts from LCs, mostly as part of LC reports (when submitted; see Section V.A) and RTF reports did not always assess this information, but the project's implementing agencies provided estimates to the Bank team. According to LC reports (and the ISRs they informed), the number of compliant LCs varied between 14 and 19 during project implementation. Both the BA and IE made partial assessments of WDC female representation drawing from secondary data, which confirms findings in the LC reports.¹⁸ Due to the varying number of WDC members and conflicting accounts, this ICR maintains the result reflected in the June 2018 (last) DSDP2 ISR (17 compliant LCs) and deems that adequate evidence exists to affirm that most LCs did maintain 50 percent female membership in WDCs, although this indicator most likely falls short of its target of all LCs compliant. These results are partially attributable to the project, which organized induction meetings to LC Councilors and WDC members as well as other training to LC core staff that included gender modules, and fostered gender inclusion (progress reports submitted by the client reflect an emphasis on passing on the important message of equal representation in WDCs).

35. *Other gender impacts.* Project activities were gender inclusive and no unintended negative aspects were recorded in regards to gender. Meaningful participation of women in key project activities was achieved through workshops that focused on closing gender gaps and most new core staff at the LC level were female. The staff at project implementing agencies included five women in positions of responsibility (in charge of FM, M&E, IEC and gender). Strong female leadership also emerged from the last election with notable figures, such as Mayors in Makeni (the largest city in the Northern province) and in Freetown (largest and capital city), who are the two women in the highest elected office for the last 35 years in Sierra Leone.

¹⁷ Article 95.2.C of the LGA reads: "not more than ten other persons, at least five of whom shall be women, resident in that ward and elected by the ward residents in a public meeting."

¹⁸ The BA (page 31) reported all LC Chief Administrators (who are technical leads for LCs) affirming to have an aggregate of more than 50 percent female WDC members within their district. The IE (page 55) reduced the number of LCs that achieved total parity representation in WDCs to 12 out of 18, based on a similar assessment.



Institutional Strengthening

36. *South-to-South knowledge exchange.* Beyond capacity-building efforts already discussed in Section III.A and their positive effect in the long-term development of LC capacity, a South-to-South Knowledge Exchange was organized between DSDP2 and the PBS3 in Ethiopia.¹⁹ Heads of implementing agencies for both projects participated in the exchange, along with the Deputy Minister of Local Government of Sierra Leone, technical leads from LCs, along with their counterparts from Ethiopia. The exchange focused on discussing: (a) M&E and IEC systems; (b) inter-governmental transfers; (c) community monitoring; and (d) responses to shocks through adaptive social policy. Key takeaways for Sierra Leone included creating a Management Information System (MIS) to exchange data better across administrative levels and using an equalization formula in inter-governmental transfers to stimulate local tax revenue collection (see Sections V.A, on M&E utilization, and VI, on lessons learned). Assessment of the exchange by partners in Sierra Leone and Ethiopia was very positive.

37. *JSDF Project.* Ebola constrained development efforts, but also highlighted existing gaps in local service delivery and institutional shortcomings in responding to emergency situations at the grassroots level. The Japan Social Development Fund grant provided resources to deepen some of the DSDP2 initiatives related to Component 2 and to scale up Component 3 pilots in four LCs. The project became effective in June 2017 and maintained support to selected LCs, as well as a continuation of key DSDP2 aspects of institutional strengthening through JSDF closing (which is expected in December 2020). During the year of “co-implementation” of DSDP2 and JSDF, the project: (i) provided training to LCs, communities and local leaders on resilience to shocks; (ii) initiated citizen dialogues to create resilience mechanisms; (iii) organized mourning ceremonies and memorial services in honor of Ebola victims; (iv) created over 30 “Community Monitoring Groups” in key Wards to supervise public services, reporting results to LCs; and (v) instituted a two-tier Grievances Redress Mechanism so citizens can complain about or offer solutions to local services challenges. All these contributions are particularly aligned with Objectives A of DSDP2, as well as with the Sierra Leone CAS and SCD, which placed a premium on social accountability as a path forward to consolidating the devolution process.

III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

38. *Design of objectives and activities.* All components included in the project were well structured, had a clear operational logic, and were relevant to achieving DSDP2 objectives. The design focused on ensuring: (i) capacity development support for LCs to manage and integrate all the technical activities sponsored by the sector programs; and (ii) common disbursement procedures and channels for funding flows to LCs towards earmarked sector block grants. The timeframe for the operation could not have foreseen the delays needed to respond to the exogenous impact of Ebola and other factors (refer to Sections II.B and IV.B). Sequencing of tasks was also adequate and implementing agencies had appropriate capacity to manage their activities at appraisal. The project could however have opted for a simpler design, focusing on two of the three Objectives, which would have provided stronger coordination between the various stakeholders that participated in implementation (DecSec, PFMU, LGFD, sectoral MDAs, special taskforces, LCs, WDCs, etc.). The fragile country context, characterized by weak local institutions and governance structures, could have benefitted from developing Objectives A and C (with a focus on institutional capacity) or focusing solely on the transfers system (a focus on Objectives B and C).

¹⁹ The exchange took place in Addis Ababa in October 2017 and was paid for from the Bank’s Africa Growth Catalytic Trust Fund.



39. *Results framework.* Indicators, baselines and targets for the RF benefitted from the institutional arrangements and lessons learned from the first phase of DSDP and were appropriate for the intended objectives/outcomes. They also benefitted from CLoGPAS and INPSS surveys as data sources, with both instruments having been used during the first phase of DSDP. This provided methodological frameworks that were tested and historical data that could be reliably compared with results from the second phase.

40. *Risks and mitigation measures.* The risks and mitigation measures identified during preparation were adequate. All of the risks identified in the Overall Risk Assessment Framework (ORAF) were either moderate or low at appraisal and were effectively mitigated by the project. The higher risks were reduced as follows: (i) support for enhanced coordination between LCs and WDCs was adequately provided, as shown by the attainment of intermediate indicators 2.4 and 3.4 (moderate risk of inadequate coordination at appraisal); (ii) responsibilities of LCs and MDAs were clarified through the introduction of subsidiary agreements (moderate risk of overlapping competencies at appraisal); (iii) ESS Officers were contracted at DecSec and for all LCs, reducing the risk of changes in land use (moderate at appraisal); and (iv) subprojects were more closely monitored by implementing agencies and LCs, leading to lower than expected deviations in delivery and quality of subprojects (moderate risk at appraisal).

B. KEY FACTORS DURING IMPLEMENTATION

41. *Factors subject to government and/or implementing entities control.* Roles and responsibilities of the different stakeholders that participated in the project were clearly defined and outlined in the operations manual, which was updated during the life of the project. The project supervision mission Aide-Mémoires show that information was frequently shared between implementing agencies and the Bank. Minor tensions erupted between the M&E subunits at DecSec and PFMU, but these seem to be more related to the personality of officers in charge than to a lack of functional clarity: organizational priorities were clearly outlined throughout the project by the Bank team and followed the project operations manual. Aide-Mémoires reflect that human resources were sufficient, with implementing agencies maintaining FM, procurement, M&E, safeguards, civil works, IEC and capacity building officers employed at all times. A gender specialist joined DecSec in July 2016, with gender work being undertaken by the Director of DecSec and the M&E team prior to the gender specialist joining the team. DecSec was successfully mainstreamed under the Ministry of Local Government during DSDP2, showing ownership and commitment to decentralized services by the GoSL and capacity building and social accountability mechanisms were catalyzed. This included transferring all staff, salaries and operational expenditures from DSDP2 to the GoSL. Conditions satisfactory to the Bank team were maintained at all times at implementing agencies and collaboration with other ministries and government agencies functioned well. The only area where improvements could have been made was in coordination between implementing agencies. Small tweaks in the results reporting chain might in this sense have resulted in an even smoother implementation (see Section V.A for more information).

42. *Factors subject to World Bank control.* Supervision was adequate, with a proactive identification of opportunities (restructurings; South-to-South exchange; JSDF project; virtual exchanges with other Bank programs focusing on social accountability, capacity building and service delivery) and frequent follow up on implementation issues by the Bank team. The reaction by the Bank team to the EU TF ineligible expenditures (funds reported by the EU TF deadline of November 4, 2013) was promptly communicated to Bank management and due diligence was adopted to ensure appropriate action was taken. Adaptation to changing conditions and emerging risks is reflected in project restructurings and context-adaptive guidance to the GoSL. One change of TTLs took place during the project, which was done smoothly. There were no contradictions in Aide-Mémoires, ISRs or preparation discussions of the JSDF project, and reporting was candid.



43. *Ebola epidemic.* The Ebola epidemic impacted Sierra Leone between May 2014 and November 2016, claiming 3,956 lives.²⁰ The disease damaged the economy, which contracted from positive double digit to negative growth, led to social capital losses and a decrease in the effectiveness of service delivery. The epidemic disrupted the performance of institutions at the national and local level, as priorities shifted away from regular service delivery towards the effort of containing the spread of the disease. The GoSL's revenue base dwindled significantly due to reduced economic activity and limited ability to collect taxes. The number of health service beneficiaries decreased 23 percent and approximately 7 percent of health care workers lost their lives to Ebola.²¹ At least 20 percent of educational institutions lost trained and qualified teachers. Following the outbreak, services, such as water and sanitation projects, were disrupted, expert personnel fled the country, and public works were generally put on hold. The strain of EVD on service provision particularly affected the poor, vulnerable and disadvantaged. These institutional weaknesses and capacity constraints, which couldn't have been anticipated, played a key role in holding back project progress during and after the EVD outbreak, and resulted in the restructurings noted under Section II.C. Despite the very challenging environment, DSDP2 managed to coordinate with other programs in tackling Ebola at the local level by mobilizing additional resources for health centers, providing burial sites, and being at the center of the information and communications effort so sensitize citizens about the disease. The DSDP2 team also partnered with JICA and the Government of Japan to fund additional psychosocial sensitization activities for Ebola survivors through the JSDF project (see section III.E).

44. *Elections in Sierra Leone.* Peaceful presidential, parliamentary and local elections took place in Sierra Leone in March and April 2018, when DSDP2 disbursement of funds stood at US\$ 28.61 million, or 99.6 percent. This resulted in a change of leadership in the national government, although Parliament and most local administrations remained under incumbent control. The presidential elections affected grant disbursement to LCs, which were reduced to Le 8.22 million from January to June 2018, or approximately 23 percent of grants transferred during the same period in FY 2017. This is ascribed to the previous government's end of mandate focus on recovering from Ebola-incurred fiscal deficits and the new government calibrating new priorities during the first few months of their administration. It precluded the operation from meeting several end-of-project targets (see Section III.B). Transfers have been revamped since project closing (with a new horizontal allocation system), with levels and regularity that would have surpassed DSDP2 end-of-project targets (see Annex 6.A on inter-governmental transfers).

45. *Partial reimbursement to the EU Trust Fund.* Auditors from Ernst & Young conducted a EU verification to Sierra Leone in June 2016. Results showed (consistent with the other audits conducted under the project), that no fraud or corruption issues had arisen, but determined that expenditures amounting to EUR 1,084,277.60 were ineligible for financing under the TF due to a late disbursement of funds. Expenditures were eligible under the Bank loan, but did not comply with the tighter timeframe of the EU grant. Bank statements and transfer records show that funds were disbursed in a timely manner by the Bank to the GoSL, as all funds had been appropriately transferred by June 20, 2013, well before November 4, 2013, the EU-set disbursement limit. The GoSL in turn transferred the funds to LCs through the inter-governmental transfer window within the deadline, but LCs did not spend and account for funds during the designated timeframe, which meant that its use was technically ineligible. The Bank reimbursed ineligible expenses to the EU in the form of a transfer for a value of EUR 1,084,277, or US\$ 1,388,274, which were drawn from Component 1 of the parent operation in October 2017. The oversight was due to the interpretation of what constituted eligible expenditures under the project, as the DSDP2 project team had wrongly construed that once funds were transferred from the GoSL to LCs, they were considered as expenditures, but, per the Bank's disbursement policy, grants are only eligible when they are accounted for by the end beneficiary, based on the actual expenditures (for additional

²⁰ CDC database: <http://www.cdc.gov/vhf/ebola/outbreaks/2014-west-africa/case-counts.html>.

²¹ Article by Evans *et al* (2015): <https://openknowledge.worldbank.org/bitstream/handle/10986/22762/1-s2.0-S2214109X15000650.pdf?sequence=1>



information refer to Section V.B). The claim of ineligible expenditures by the EU resulted in the October 2017 restructuring, with an 8-month extension of the project closing date and a re-allocation between grant categories (see Section II.B). Although the reimbursement did not significantly affect project outcomes, it did disrupt project financing during the last eighteen months of the project, from the time ineligible expenditures were reported in late 2016 until project closing in June 2018.

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

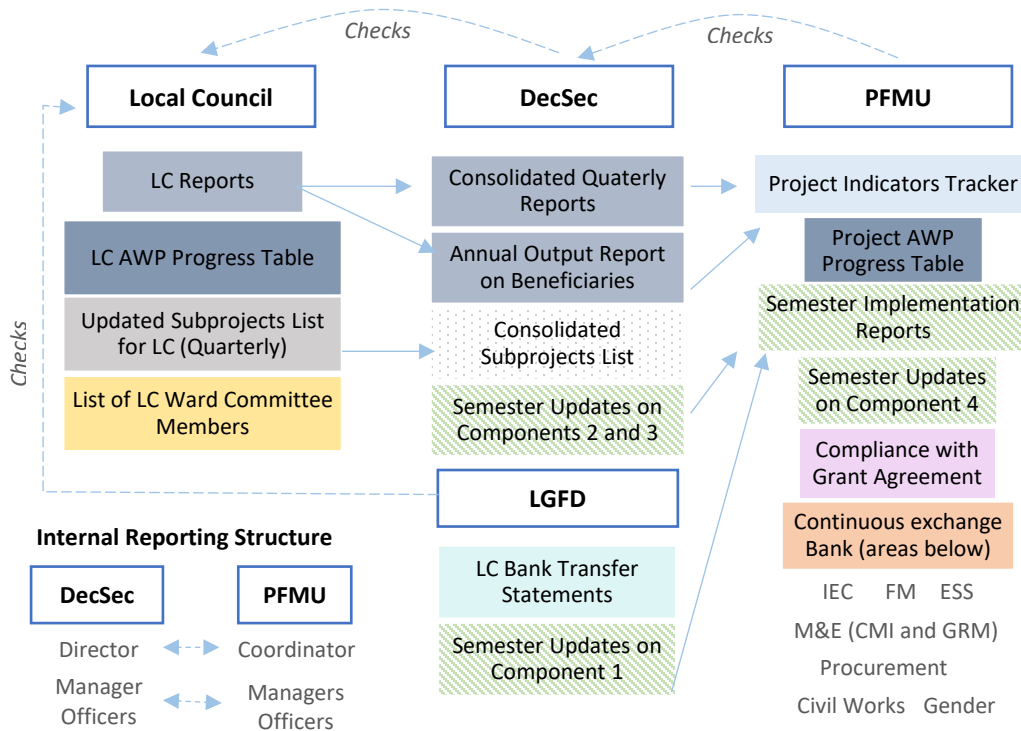
46. The operation's theory of change is clear and the indicators in place were adequate to monitor progress, albeit the project may have benefited from a more streamlined design with clearer goals that are more directly attributable to the project (see Section III.B; further expanded as lesson learned in Section VI). DSDP2 benefitted from the first phase of the project and used similar evaluation instruments and data sources (see subsection on the RF during preparation under Section IV.A), ensuring comparable data and methodological refinements over time. The project could however have centralized all required reports at the local level under the project (LC reports, LC M&E reports, LC output reports, RTF reports, among others). The RF drew on all of the previously referenced reports as data sources, which may have been combined under one instrument, with LCs reporting only once a month to central agencies (in this case, to DecSec; see reporting structure below).

M&E Implementation

47. The restructuring of the RF in May 2016 had a positive effect in more realistically assessing targets for PDO-level indicators and in dropping indicators related to WDC review of documentation, as the Bank team effectively ensured that most data required was made available. Information from the GoSL and external firms was triangulated by the Bank team to provide more realistic accounts.²² The results reporting chain for the project after the May 2016 restructuring (which consolidated various LC Reports) can be seen in figure 2 below.

Figure 2. Results Reporting Chain

²² The Economic Forum and Nimba Research conducted the CLoGPAS rounds, Seray Consulting Associates conducted the BA, and the Economic Forum was responsible for INPSS rounds and the IE.



Source: original for ICR

48. Figure 2 shows semester implementation progress reports (stripped), which were accounts of operation activities, outputs and next steps for each project component. Progress reports were submitted by dedicated M&E Officers at the PFMU and DecSec, and covered all areas of the project, but were not always submitted on time and several exchanges with the Bank team were needed to complete the documents. The PFMU reported to the Bank, ensured compliance with the Grant Agreement during project implementation, and maintained an indicator tracking tool during the project, which informed ISRs by the Bank team. Subprojects were adequately monitored by joint Client supervision teams and a Bank senior civil works specialist. The senior civil works specialist guided supervision missions to the field that verified the information in the consolidated subprojects list (in light brown, dotted, in figure 2) and created a consolidated database of all subprojects financed by DSDP2. LC reports were submitted more often than LC M&E reports and LC output reports (the two documents eliminated in the May 2016 restructuring) but were not consistently produced throughout the project (data also tended to be provided in a non-standardized format). The Bank team presented an updated model for LC reports in early 2017, which was effectively implemented by most LCs, but the fact that most DSDP2 funds had already been disbursed, coupled with a reduction in grant transfers, prevented the consistent adoption of the new formats across all LCs. Future operations that require LC involvement could benefit from the Bank M&E specialist / consultant providing individual mentoring to LC M&E Officers on reporting. Peer-to-peer sessions could then be organized between LC M&E Officers and the rotation of staff between LCs could help consolidate the utilization of tools.

49. The Bank team relied on M&E data coming from progress reports, external assessments (CLogPAS, INPSS, BA and IE) and evidences gathered during implementation support missions. M&E data informed all restructurings, including the RF revision in May 2016, which introduced relevant changes in definitions, targets and data sources. At project onset, IEC activities leaned heavily on generating publicity rather than disseminating key information and promoting transparency, an issue that was already noted in the DSDP (first phase) ICR in the form of a recommendation. The second phase corrected course and sought to disseminate results to the public more frequently. This was for example the case when scores assigned by CLogPAS to LCs were publicized in the press, radio and TV, with best performing LCs winning a



“reputational prize” through media exposure. The Bank prepared a blog, and other materials to disseminate DSDP2 stories, and worked with the Client to prepare a documentary on the project, which was subsequently released on Sierra Leone national TV.

50. Integration of M&E information at the multiple levels (line ministries, decentralization units, LCs, WDCs) was challenging, which on occasion affected data utilization. This was particularly the case in sharing data between LCs and implementing agencies (as noted in the reference to LC reports above), but also between line ministries acting as service providers and the LCs that paid for their services, or between the two project implementing agencies. Having a platform where information can be shared in a standardized format and with parameters that provide warnings when information is not delivered on time would have been very useful for better M&E utilization. This was in fact one of the conclusions/recommendations of the South-to-South exchange with PBS3 in Ethiopia (see Section III.E for an explanation of the South-to-South exchange and Section VI for a more extended recommendation through lessons learned). LCs could also have strengthened the results chain by monitoring targets set in subsidiary agreements with service providers, which, despite being produced consistently through the project, were not utilized for M&E.

Justification of Overall Rating of Quality of M&E

51. *Overall Rating of Quality of M&E.* The quality of the M&E systems is rated **Modest**, as significant shortcomings existed during the operation: (i) the results chain could have been better presented in the PAD and similar reports could have been combined (this was partially addressed through the May 2016 restructuring); (ii) primary data should have been prioritized over secondary data when monitoring; (iii) calculation of indicators should have been consistent throughout the project; and (iv) flows of information between key stakeholders were not always consistent. These shortcomings resulted in the project investing heavily in external assessments (CLOGPAS, INPSS, BA and IE). The M&E rating for the project is however close to Substantial, as the project was fairly complex and most of the noted problems are typical to fragile country environments. ISRs consistently rated M&E Moderately Satisfactory from June 2014 to project closing.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

52. *Environmental and social safeguards.* The project was rated as category B and triggered safeguards OP/BP 4.01 and OP/BP 4.12, as new constructions and rehabilitation works of sub-projects under Component 1 could result in land acquisition, resettlement, or prompt other pervasive social impacts. The Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) were prepared to provide guidance, mitigation and management of the Environmental and Social Safeguards impacts and risks as the actual location of sub-projects at the time of project preparation were not known. Subprojects did not necessitate follow up preparation of Resettlement Action Plans, Abbreviated Resettlement Action Plans, Environmental and Social Impact Assessments and Environmental and Social Management Plans due to the low scale of sub-projects, especially as most sub-projects were within already acquired lands being used by public agencies. A safeguards specialist was contracted by DecSec under the project to supervise safeguards implementation. Also, Environmental and Social Safeguards Officers were recruited at LCs during the operation to ensure safeguards compliance and received safeguards training and mentoring. Additionally, Bank specialists performed safeguards monitoring as part of routine field visits and spot checks every six months for the length of the operation. The following issues were detected and addressed:

- Limited subproject monitoring by LCs in some localities: vehicles for supervision were provided to LC Safeguards Officers, which had previously limited means of transportation to visit subprojects.



- Improper documentation for voluntary land donations: additional training was provided to LCs and additional supervision missions were scheduled by Bank safeguards specialists to resolve and ensure compliance with land donation guidelines.
- Develop dumpsites into landfill sites: the GoSL registered dumpsite subprojects with the Sierra Leone Environmental Protection Agency so they could be appropriately monitored.

Safeguards implementation was assessed as Moderately Satisfactory, with OP/BP 4.01 rated Moderately Satisfactory and OP/BP 4.12 rated Satisfactory throughout. Issues above did not significantly affect project performance and no waivers from the Bank's safeguards/fiduciary policies were required. The Bank complied with all policies triggered by the Project and produced a safeguards closure report.

53. *Fiduciary compliance – financial management.* Project audit reports were unqualified and submitted in a timely manner throughout the project. An In-depth Financial Management Review was also conducted at Mid-Term and confirmed that FM systems at both the project coordinating unit and LCs met the minimum Bank requirements. Grant disbursement presented some challenges, as there were initial delays in the disbursement of the IDA grant due to late submission of expenditure returns for the EU TF by several LCs, but this issue was resolved in a satisfactory manner by the project. Disbursement flow could nonetheless have been smoother throughout the project. Delays were incurred in reevaluating services to be delivered and local priorities due to the Ebola epidemic (no disbursements were made from the IDA fund to the GoSL between May 2014 and May 2015), and to reimbursing the EU TF after ineligible expenditures were found (resulting in a hold-up of disbursements from the IDA fund between June 2016 and October 2017). Despite a positive FM and procurement performance, the two main issues that emerged during the project were: (a) the existence of ineligible expenditures related to the EU TF (refer to Section IV.B for complementary information), and (b) currency exchange losses resulting from the appreciation of the US Dollar against the SDR.

- *Ineligibility claim by the EU TF due to late use of funds.* A partial EU refund took place, as the Client had wrongly construed that once funds are transferred from the GoSL to LCs they are considered as expenditures, but, per the Bank's disbursement policy, grants are only considered eligible when they are accounted for by the end beneficiary based on actual expenditures. The partial reimbursement was in the amount of EUR 1,084,277, or US\$ 1,388,274, in October 2017. Controls instituted by the DSDP2 task team included ensuring IFRs were cleared by the FM team at the PFMU prior to providing Bank clearances, FM and Client team quarterly supervision, capacity building and mentoring of LCs, and ensuring that a final external audit of the EU TF was undertaken in December of 2013 (which concluded there were no issues of ineligible expenditures). The Bank acknowledges that additional controls are needed, especially with trust funds that finance projects in local communities through inter-governmental transfers. Bank management agreed that a systematic Bank review of similar trust funds be carried out in order to evaluate whether there were any other similar lapses.
- *Exchange losses.* The total disbursement of DSDP2 IDA funds was of US\$ 24,125,580 as of project closing, with a disbursement ratio of 99.99 percent and exchange losses from the SDR to the US\$ accruing in the amount of US\$ 1,873,227. The project hence disbursed 92.79 percent of the US\$ 26 million that were originally allocated through IDA. Exchange losses were due to the international macroeconomic climate and therefore outside the control of the Client or Bank team.
- *Total project costs.* Total project cost at approval was US\$ 31.4 million by the time of project effectiveness. This amount was further reduced by the two events reflected in the bullet points above: (i) ineligible expenditures reimbursed to the EU in October 2017, for a value of US\$ 1,388,274 (presented as "revised amount" in the datasheet); and (ii) exchange losses from the SDR to the US\$ incurred for a value of US\$ 1,873,227. Moderate exchange gains of the Euro vis-à-vis the Leone were however experienced during the early years of the project, for a total amount close to US\$ 0.6 million. Final total expenditure under DSDP2 was US\$ 28.73 million (91.5 percent of



amount at approval, with a disbursement ratio of 99.99 percent). For complete data on each component refer to Annex 3 of this ICR.

FM was rated Moderately Satisfactory in all project ISRs.

54. *Fiduciary compliance – procurement.* The procurement documents prepared by the PFMU, as recipient of funds and implementing agency in charge of project management, were of satisfactory quality throughout the project and Bank comments were promptly addressed. ISRs and Aide-Mémoires reflect that minor delays in drafting and submitting Terms of References and technical specification documents between implementing agencies existed, particularly during the first semester of 2014, but delays do not seem to have occurred again or significantly affected implementation. Training was presented to LC Procurement Officers focusing on case studies using the New Bank Procurement Framework and additional procurement staff joined the PFMU during project implementation. Procurement performance was overall satisfactory, building on capacity from the previous Bank operation (DSDP, phase one) and was rated Satisfactory in all ISRs.

C. BANK PERFORMANCE

Quality at Entry

55. *Relevance and approach.* The project built upon the institutional arrangements set up by both IRCBP (2004-2008), and the first phase of DSDP (2009-2011), which assisted in establishing the local government system in Sierra Leone and instituted the inter-governmental grant transfer mechanism. The operation was strategically relevant at the design stage and consistent with government policies and priorities, as well as the Bank's CAS (see Sections III.A and IV.A), and benefitted from insights and active participation from country office staff. Key lessons from the first phase were integrated in the design of the project and relevant stakeholders were effectively engaged in contributing to the main design of the operation. Among successful recommendations from DSDP incorporated into DSDP2 were the signature of LC agreements with service providers (subsidiary agreements; refer to objective B under Section III.B and Section V.A), the better integration of sector plans into LC budgets and LC development plans through a new indicator, incorporation of the ESMF and RPF to ensure safeguards compliance for new constructions, and social accountability activities catalyzing a bottom up approach to service delivery. Shortcomings detected under the first phase of DSDP were partially mitigated as part of project design, including improved monitoring of local services by providers (see Section V.A) and timely distribution of TLM (see Objective A under Section III.B).

56. *Monitoring and evaluation; risk assessment.* The DSDP (phase one) M&E framework was successfully updated to more clearly capture intended outcomes, while building on existing systems to monitor implementation progress. This was most notable by using upgraded versions of CLoGPAS and INPSS (providing comparable results) and scaling up community monitoring of social services (stimulating demand-side social accountability). In the M&E framework, data also depended on various sources, which led to challenges in collecting data. The risk assessment was candid and comprehensive.

Quality of Supervision

57. The Bank team produced thirteen ISRs (one for each semester of project implementation) and undertook supervision missions in line with Bank guidelines. Support from locally based Bank staff was maintained for follow up work, and the Bank team undertook joint field monitoring and supervision with implementing agencies. Missions were staffed with team members engaged in identifying and addressing implementation bottlenecks and findings were detailed in quality Aide-Mémoires and management letters (including the Mid-Term Review), with candid performance reporting, although indicator data was not always methodologically consistent across documents and between ISRs (see



Section V.A). The Bank team worked to mitigate this by seeking additional resources to improve M&E and developing an MIS to consolidate data, however, due to budget constraints, the MIS proposal was postponed.²³ Recommendations in Aide-Mémoires were monitored over time and for the most part complied with by the GoSL. Restructurings were also completed in a timely manner and reflected project needs, while counterpart funding was provided. Technical assistance was provided by the Bank team by supporting the Client in areas related to M&E, civil engineering, FM, procurement, safeguards, social accountability, capacity building and governance. Bank staff turnover during the project was moderate, including a change in TTL during Project implementation, but continuity of supervision was ensured and no shortcomings arose as a result of staff.

58. The main threats to development outcomes for the project came in the form of the fiscal and physical challenges of the Ebola outbreak and the EU TF claim of ineligible expenditures. In the first case, the project adapted to the changing circumstances and aligned activities with the government-coordinated effort to face the epidemic at the LC level. Additional funding was successfully sought to cover the gaps that couldn't be directly addressed by DSDP2 through the JSDF grant. The EU reimbursement for expenditures incurred after eligible dates indicates a lack of timely financial supervision (particularly in the monitoring of project spending by LCs), but was resolved to the satisfaction of the EU and the client. The Bank team also ensured this situation didn't occur again in the closing of DSDP2, where all project funds were effectively disbursed by LCs by the end disbursement date of October 29, 2018. No other fiduciary shortcomings occurred despite the challenging context. Indicators at end of project show improvements to development outcome in all areas and inter-governmental transfers have re-commenced.

Justification of Overall Rating of Bank Performance

59. Moderate shortcomings existed for quality at entry and during project implementation, but the Bank maintained good quality of supervision throughout the project, responding adequately to emerging risks, attaining most of the development outcomes and ensuring continuity of activities through the JSDF Project. The Bank team maintained quality reporting and provided advise and support to the GoSL despite severe risks during the Ebola outbreak, and found effective ways to monitor the situation during crisis conditions. Bank performance is rated ***Moderately Satisfactory***, in line with the Outcome rating in Section III.D.

D. RISK TO DEVELOPMENT OUTCOME

60. *General risk to development outcome.* The project consolidated key institutional structures that mitigate future risks to development outcomes by mainstreaming DecSec into the Ministry of Local Government and finding a natural continuation of Objectives A and C activities in the JSDF Project. Improvements through capacity building of LCs are expected to be long term in nature and so are social accountability interventions, which are key to catalyzing access to decentralized service delivery, improved accountability and transparency, as anticipated in the CAS and SCD.

61. *Risk of recentralization.* Staff turnover at implementing agencies was very low during DSDP2, although, since project closing, the director of DecSec and several employees of the agency have been replaced. DecSec has been instrumental since its creation in 2004 in providing training to LCs and ensuring alignment of LC and central government priorities, while acting an "ambassador" role for decentralization within the GoSL (particularly vis-à-vis the more reluctant line ministries that devolved functions to LCs). Replacing skilled staff with good institutional memory without a proper transition could present a gap in knowledge transfer and indirectly impact decentralized service delivery activities. If the GoSL does not provide adequate operational resources for DecSec expenses going forward this could similarly inhibit

²³ The Bank team prepared a Korea World Bank Group Partnership Facility grant proposal to strengthen M&E through an integrated MIS system in early 2016.



progress towards better decentralization services. The current political leadership at the GoSL does not hold a parliamentary majority and curtailment of the LGA is very unlikely, but Sierra Leone has a weak record in following statutory provisions (it is ranked 103/113 in regulatory enforcement by the World Justice Project) and presents a high governance risk (as stated in the CAS and SCD).²⁴ A discontinuation of decentralization in the form of a downsizing of DecSec (impacting Objective A), insufficient transfers to LCs (affecting Objective B), or recentralizing devolved functions (Objective C) poses an evident risk to development outcome.

62. *Risk of insufficient support to new Local Councils.* The 2004 LGA was amended by Parliament on June 22, 2017, introducing LC border and constituency changes. This resulted in three new LCs becoming active after the April 2018 elections. With the new setup, Port Loko has now both a City and District Council, and two new districts, Falaba and Karene, have been created in the North from partitions in Koinadugu and Bombali districts, respectively (see updated map under Section VI.D). These changes mean there are now 22 LCs, with newly created LCs expected to become fully operative during the latter half of 2018. These changes had no effect on DSDP2 during implementation, as they are currently taking place, but could pose a risk to the future development outcomes. Anecdotal evidence during the DSDP2 closing mission and the ICR preparation mission point to inadequate support to new LCs, where service delivery lags and staff shortages are being experienced. This is likely to impact LC management capacity (Objective A) over time, if not addressed.

V. LESSONS AND RECOMMENDATIONS

63. **A simple project design is key to providing successful support to local governments in a fragile country environment characterized by weak governance structures.** The project followed the structure of the first phase of DSDP and expanded its activities, covering aspects that require different types of expertise: (i) local service delivery (mostly in the form of infrastructure subprojects), (ii) fiscal decentralization and grants administration, and (iii) social accountability. As indicated in Section IV.A, the project could have benefitted from a simpler design that may have prevented weaknesses in the project reporting chain, occasional delays in implementation and reduced administrative costs. A more centered focus on reforming the grants administration system and creating more robust fiscal structures through local revenue generation would have strengthened outcome results under Objective B. Alternatively, concentrating on building capacity of LCs by working more directly with the local institutions and focusing on the services they deliver may have strengthened Objective A.

64. **Increased coordination and knowledge exchange between local governments should be encouraged to consolidate progress.** Objective A indicators and outputs show that LCs were overall increasingly able to meet targets on several areas of expertise (FM, procurement, M&E, safeguards, etc.). Results were nonetheless greatly influenced by a few LC Officers that brought their expertise with them as they rotated from one LC to the next, as can be reflected in the high variation of individual LC scores in the CloGPAS survey. It is recommended the GoSL and any future operations involving LC skills-building use peer-to-peer mentoring between officers and exchange visits between the political/administrative leadership of LCs to districts different than their own. Similar projects in other sectors and countries dealing with local government may also benefit from having best performing officers/managers as “ambassadors of good practice,” as well as from general cross-fertilization between institutions.

65. **An integrated MIS would allow for better consolidation and utilization of service delivery data in Sierra Leone.** One of the main challenges facing the project was to gather and disseminate data so it could inform decision-making and

²⁴ In its 2017-2018 Rule of Law Index, the World Justice Project rated Sierra Leone particularly low in “effective regulatory enforcement” (0.39/1). <http://data.worldjusticeproject.org/#/groups/SLN>



empower local staff in the decision-making process. Any new grant financing for decentralized service delivery in Sierra Leone should explore data-sharing mechanisms through an integrated MIS between DecSec, LGFD, LCs and service providers in order to better understand, promote, and manage resources and local services. This recommendation emerged from the South-to-South exchange with PBS3 in Ethiopia, which has a well-functioning MIS that could be used as an informative model (see Sections III.E and V.A).

66. Post-conflict countries with deep geographic ethno-political divides may benefit from a decentralized framework of government to diminish social tension. This is an overarching lesson learned deriving from World Bank support to decentralization since 2004. Sierra Leone can be regarded as an example of peaceful, democratic transition after the ten-year civil war that ended in 2002. Even though its model of decentralized governance evolves slowly and continues to be at an early stage, it has introduced new possibilities for services to be delivered closer to beneficiaries, for citizen engagement, and for elected public officials to uphold democratic values. The repartition of power that decentralization allows resulted in greater ownership of citizens over the local agenda, mitigated tensions between ethnic groups and set the basis for increased cooperation. Sierra Leone has gone through four elections at the parliamentary, presidential and local level, and citizen satisfaction with political institutions has increased since 2004, based on historical INPSS results.

67. Integrated delivery of targeted health and education services leads to improved citizen satisfaction and human development outcomes. DSDP2 comprised demand- and supply-side interventions to improve utilization of health and education services, with the goal of building up human capital. The project introduced adaptive social accountability instruments across sectors (among which grievances redress systems) that led to increased citizen satisfaction vis-à-vis services delivered, as reflected by citizen perception results under INPSS (see table 1 under Annex 6A for end project results). A strong focus on gender was also integrated into the project. Since the start of DSDP2, key Human Development Indicators in the areas of health and education, such as life expectancy, number of expected years of schooling or the literacy rate all improved.

68. Efficiency gains for Sierra Leone may exist in adopting a grant distribution system similar to the Ethiopia PBS project. The fiscal distribution system used in Ethiopia, where central government shares specific subsector transfers (tied to concrete local sectoral priorities) and block grants (which allow for discretionary spending of local government and are calculated through an equalization formula) could be replicated in Sierra Leone. The use of the equalization formula, which assesses total local fiscal gaps and then subtracts aggregate local revenue potential in order to allocate funds, is applicable and could be particularly useful in Sierra Leone, where LCs face revenue mobilization challenges and an adequate incentives system is lacking (this was one issue highlighted in the 2018 SCD and stressed in Sections III.A and III.B of this ICR). This lesson learned / recommendation emerged from the South-to-South exchange with PBS3 in Ethiopia (see Section III.E) and would be especially relevant to cement future outcomes under DSDP2's Objective B.



ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Improve availability and predictability of funding for LCs

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Domestic revenues transferred to LCs on an annual basis, excluding DSDP funds	Percentage	41.00	40.00	40.00	20.73
		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018

Comments (achievements against targets):
Target not met.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Transfer of funds to LCs as a percentage of total GoSL expenditures	Percentage	6.00	6.00	6.00	6.78
		01-Jun-2012	01-Jun-2012	01-Jun-2012	22-Jun-2018

Comments (achievements against targets):



Target has been met.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs with CLoGPAS social accountability aggregate score over 60	Percentage	42.00	75.00	60.00	60.20
		21-May-2012	21-May-2012	06-May-2016	22-Jun-2018

Comments (achievements against targets):

Target has been met.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Citizens satisfied with service delivery in key sectors	Number	37.00	70.00	60.00	85.00
		21-May-2012	21-May-2012	06-May-2016	22-Jun-2018

Comments (achievements against targets):

Target has been met.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
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Direct project beneficiaries (% of which is Female)	Number	0.00 21-May-2012	200000.00 21-May-2012	200000.00 21-May-2012	680609.00 22-Jun-2018
Comments (achievements against targets): Both, Revised (52%) and Achieved Targets (52.05%) have been met.					

A.2 Intermediate Results Indicators

Component: Component 1: Grants to LCs

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs receiving transfers from DSDP within each quarter	Number	19.00 21-May-2012	19.00 21-May-2012	19.00 21-May-2012	0.00 22-Jun-2018
Comments (achievements against targets): Target not met.					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs receiving timely transfers	Number	19.00	19.00	19.00	0.00



(received within the quarter) from the Consolidated Revenue Fund (GoSL budget).		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018
Comments (achievements against targets): Target not met.					

Component: Component 2: Capacity Devt. & Technical Assistance to Strengthen LCs and MDAs capacity.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs with integrated development plans and budgets (finalized in accordance with sector plans).	Number	19.00	19.00	19.00	19.00
		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018
Comments (achievements against targets): Target met.					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs with procurement plans	Number	19.00	19.00	19.00	19.00



(which include LC transfers and DSDP funds)		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018
Comments (achievements against targets): Target met.					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs that have Jan.-Dec. budget execution rates of 90 percent of available funds.	Number	19.00 21-May-2012	19.00 21-May-2012	19.00 21-May-2012	19.00 30-Dec-2017
Comments (achievements against targets): Target met.					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs producing annual updates on the implementation progress of the development plans.	Number	0.00 21-May-2012	19.00 21-May-2012	19.00 21-May-2012	19.00 22-Jun-2018
Comments (achievements against targets):					



Target met.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
National Public Service Surveys conducted.	Yes/No	Y 21-May-2012	Y 21-May-2012	Y	Y 22-Jun-2018

Comments (achievements against targets):

Target met.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Disaggregated list of DSDP-related investments by type and/or sector.	Yes/No	Y 21-May-2012	Y 21-May-2012	Y 21-May-2012	Y 22-Jun-2018

Comments (achievements against targets):

Target met.

Component: Component 3: Results and Social Accountability.



Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs' M&E Units receive, process, and transmit (to relevant stakeholders) data related to sector activities.	Number	0.00	19.00	19.00	19.00
		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018
Comments (achievements against targets): Target met.					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Community monitoring mechanisms in four LCs in four sectors established.	Yes/No	N	Y	Y	Y
		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018
Comments (achievements against targets): Target met.					
Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Ward Committees	Percentage	46.00	75.00	65.00	95.00



performing spot checks on service providers (in education, health and sanitation, rural water, social assistance services)		21-May-2012	21-May-2012	06-May-2016	22-Jun-2018
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Comments (achievements against targets):
Target met.

Component: Component 4: Project Management.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
LCs with at least 50% female representation in Ward Committees	Number	17.00	19.00	19.00	19.00
		21-May-2012	21-May-2012	21-May-2012	22-Jun-2018

Comments (achievements against targets):
Target met.



B. KEY OUTPUTS BY COMPONENT

Objective 1. Strengthened capacity to manage decentralized services	
Outcome Indicators	<ol style="list-style-type: none"> 1. Citizens satisfied with service delivery in key sectors 2. % clinics with essential drugs in stock (trigger) 3. % people with access to improved rural water source (trigger) 4. % people with access to improved health and sanitation services (trigger) 5. % schools with TLM according to agreed standards (trigger)
Intermediate Results Indicators	<ol style="list-style-type: none"> 1. National Public Services Surveys Conducted 2. Community monitoring mechanisms in four local councils in four sectors established 3. WDCs performing spot checks on service providers in DSDP2 sectors
Key Outputs by Component (linked to the achievement of the Objective 1)	<ol style="list-style-type: none"> 1. 10/15 LCs met all or all but one of the CLoGPAS minimum conditions 2. Knowledge exchange between DSDP2 and PBS3 in Ethiopia 3. DecSec mainstreamed within GoSL 4. Additional (JSDF) project effective by DSDP2 closing
Objective 2. Strengthened inter-governmental fiscal transfer system	
Outcome Indicators	<ol style="list-style-type: none"> 1. % domestic revenues transferred to LCs on annual basis 2. Transfer of funds to LCs as percentage of government expenditure
Intermediate Results Indicators	<ol style="list-style-type: none"> 1. LCs receiving transfers from DSDP within each quarter 2. LCs receiving timely transfers (received within the quarter) from the Consolidated Revenue Fund (GoSL budget)
Key Outputs by Component (linked to the achievement of the Objective 2)	<ol style="list-style-type: none"> 1. Timely subsidiary agreements between LCs and service providers in all districts



	<ul style="list-style-type: none"> 2. Yearly government-wide workshops on inter-governmental transfers conducted 3. Project audits submitted and adequate FM reporting
Objective 3. Strengthened inter-governmental transfer system	
Outcome Indicators	<ul style="list-style-type: none"> 1. LCs with CLoGPAS aggregate score over 60
Intermediate Results Indicators	<ul style="list-style-type: none"> 1. LCs with integrated development plans, budgets and procurement plans (finalized in accordance with sector plans) (merger indicators 2.1 and 2.2) 2. LCs that have Jan-Dec budget execution rates of 90% of available funds 3. LCs' M&E Units receive, process, and transmit data to relevant stakeholders and produce development plans updates (merger indicators 2.3 and 2.4) 4. Disaggregated list of DSDP-related investments by type and/or sector
Key Outputs by Component (linked to the achievement of the Objective 3)	<ul style="list-style-type: none"> 1. Two tranches of capacity development grants disbursed to LCs 2. Disbursement of two tranches of demand-driven and two tranches of supply-driven capacity-building grants for MDAs 3. 448 civil works subprojects completed (98.7% execution rate; 97.3% functioning facilities) 4. Funding of relevant services by LCs in relevant sectors 5. GRM successfully piloted in five LCs

**ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION****A. TASK TEAM MEMBERS**

Name	Role
Preparation	
Qaiser Khan	Task Team Leader
Randa El-Rashidi	Operations Specialist
John Van Dyck	Operations Officer
Evelyn Awittor	Operations Officer
Christine Makori	Legal Counsel
Joyce Agunbiade	Financial Management Specialist
Tsri Apronti	Procurement Specialist
Viorel Velea	Team Member
Luis Schwarz	Team Member
Christabel Kwabi	Team Member
Anders Jensen	Team Member
Vivek Maru	Team Member
Gibril Salor Jalloh	Team Member
Roberto Panzardi	Team Member
Nicholas Menzies	Team Member
Ebo Sey	Team Member
Gregoria Dawson-Amoah	Team Member
Lydie Anne Billey	Team Member
Supervision/ICR	
Randa G. El-Rashidi	Task Team Leader
Sheikh Alhaji Yayah Sesay	Team Member
Abu Kargbo	Operations Officer
Daniel Rikichi Kajang	Procurement Specialist



Sydney Augustus Olorunfe Godwin	Financial Management Specialist
Franklin Kuma Kwasi Gavu	Environmental Specialist
Gloria Malia Mahama	Social Specialist
Saki Kumagai	Team Member
Cerni Escale Cabre	Team Member
Joseph Kaindaneh	Team Member
Mariama Khai Fornah	Team Member
Daniel Dupety	Team Member
Abdulai Darimani	Team Member
Innocent Kamugisha	Team Member
Michael J. Goldberg	Team Member
Ebo Sey	Team Member
Isadora Nouel Cordido	Team Member
Lydie Anne Billey	Team Member
Fatu Karim-Turay	Team Member
Salieu Jalloh	Team Member
Allan Dunstant Odulami Cole	Team Member



B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
Preparation		
FY10	.200	801.12
FY11	12.413	103,041.25
FY12	35.319	225,360.12
FY18	0	67,611.59
FY19	0	484.42
Total	47.93	397,298.50
Supervision/ICR		
FY12	2.196	11,810.33
FY13	32.364	119,629.50
FY14	38.690	170,847.45
FY15	27.545	156,829.06
FY16	32.035	215,233.08
FY17	41.423	226,060.13
FY18	29.644	154,672.25
FY19	10.995	56,215.44
Total	214.89	1,111,297.24



ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US\$M)	Actual at Project Closing (US\$M)	Percentage of Approval (US\$M)
Component 1: Grants to LCs. These grants would complement government fiscal transfers and flow through the same mechanism as those used by the government.	22.9	16.80	73.4%
Component 2: Capacity Devt. & Technical Assistance to Strengthen LCs and MDAs capacity. To carry out their core functions and central govt. capacity to provide adequate strategic guidance to LCs	3.0	5.0	166.6%
Component 3: Results and Social Accountability. This component will support the focus on social accountability throughout the project, which will be scaled up over the implementation period.	4.1	4.7	114.6%
Component 4: Project Management. The objective of this component is to ensure timely implementation and satisfactory monitoring of the project - financing administrative and operational costs.	1.2	2.2	183.3%
Total	31.4	28.7	91.4%



ANNEX 4. EFFICIENCY ANALYSIS

Efficiency analysis information is presented under section III.C.



ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

Borrower ICR

1. DESCRIPTION OF THE PROJECT STORY LINE

1.1 *Context at Appraisal*

1. There is a particular need to strengthen the national and sub-national democratic institutions and translate the likely gains of economic growth into improvements in poor people's lives – improved service delivery is particularly key in the achievement of this objective. To address the shortfalls in service delivery and poor human development outcomes, the Government of Sierra Leone (GoSL) committed to decentralization in 2004 through the passing by Parliament the Local Government Act (LGA) and its attendant Statutory Instrument in 2004. Under the current system, Local Councils (LCs) are responsible for the delivery of primary and junior secondary education, primary and secondary health care, rural water, sanitation, solid waste management, agriculture, youth services, social assistance services, and firefighting services. MDAs retain the responsibility for strategic planning, setting of standards, quality control, and monitoring.

2. An adaptable program (credit during Phase I and grant during Phase II) was prepared to assure predictable resource flows to LCs. The US\$20million DSDP Phase 1 fully financed by the World Bank was commissioned in February 2010 and closed in June 2012. It focused mainly on increasing the amounts, predictability and level of discretion for recurrent transfers to LCs in key sectors, consolidate and expand the progress made in capacity building. Additionally, a programmatic vehicle that can be progressively used to channel expanded resources to sub-national levels from various contributors was constructed and launched. As such, the convening prowess of the World Bank could be leveraged to promote this integrated funding approach, and help the Government to coordinate existing work and to attract additional support.

1.2 *Rationale for the DSDPII*

3. Following the successful completion of the DSDP Phase 1, the Government launched the DSDP II, which became effective in July 2012 with a grant of US\$ largely funded by the World Bank with contribution from the European Union towards the implementation of the DSDPII. The essence of the DSDPII was to focus more explicitly on translating institutional capacity into better service outcomes with continued focus on refining the grants system and cross-cutting constraints.

4. Devolution of basic services and transfer of increased resources to LCs, in particular in health and sanitation, education, and rural water, have yielded promising results with respect to improvements in infrastructure, availability of materials, and service coverage and access. Success has varied in different sectors due to a combination of institutional, legal, administrative, and financial factors. Phase II of the program continued to catalyze and sustain the devolution of basic services and transfer of increased resources to LCs, with the aim of strengthening the proposed outcomes. The project funding also allowed for quality improvements in the overall government program by strengthening capacity building efforts, better planning and monitoring systems, and mainstreaming innovative measures of strengthening social accountability.



1.3 Relevance of Objectives during Preparation

5. The overall objective of the program at design, the Project Development Objective (PDO) was to (i) strengthen government capacity to manage decentralised services; (ii) improve availability and predictability of funding for LCs; and (iii) strengthen the Recipient's intergovernmental fiscal transfer system. During the MTR the relevance of the PDO was reinforced.

6. The DSDPII objectives aligned very well with the Poverty Reduction Strategy Paper Phase III (PRSP III; 2013-2018) through the allocation of financial resources for the LCs to undertake the devolved functions, strengthening capacities for service delivery, and promoting social accountability for the maximisation of benefits from investments made by LCs utilizing public funds. The PRSP III (Agenda for Prosperity) builds on the successes of the Agenda for Change (PRSP II) and lays the foundation for Sierra Leone's path to the goal of attaining middle-income country status. The Project's indicators, including the value of LC transfers, among others, were relevant to the PRSP III support for local governance and decentralization.

7. 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 DSDPII in contributing to the Government's priorities and Bank assistance strategy.

8. Component 1 provides grants to the LCs to complement the grants transferred to LCs for selected basic services. The second component focuses on capacity development and technical assistance in support of effective governance, public sector performance and efficient service delivery. Component 3 (brings in a new dimension to service delivery in Sierra Leone especially at the decentralised level. This component, in addition to strengthening ongoing traditional M&E initiatives, introduces mechanisms that ensures the drilling down of the accountability function to the community level, and creating avenues for citizens to channels complaints and concerns and seek redress. The three components are interrelated in the improvement of decentralised service delivery and their linkages have been made clearer by the Program indicators both at the PDO and Intermediate Results levels.

1.4 Relevance of Objectives at Completion

9. The Project Development Objectives remained unchanged throughout Program implementation. The indicators measuring the PDO were discussed during the MTR and considered relevant and appropriate. The Program's objectives, design, and implementation remained relevant to the development priorities of Sierra Leone throughout its implementation. The Program's indicators, including the value of LC transfers and LC achievement of service output targets, among others, were relevant to the PRSP II (2008-2012) and PRSP III (2013-2018) support for local governance and decentralisation. The Program supported the deepening and strengthening of the decentralisation process, which is viewed in the context of the PRSP II and PRSP III as a strategic intervention and a precondition for achieving the Government's strategic priorities, particularly the delivery of basic social services through devolution. Various reports and analyses lend credence to the relevance of the PDO and indicators to help alleviate key challenges faced by the Government in its efforts towards strengthening decentralisation and service delivery. The DSDPII Beneficiary Assessment (BA) undertaken in 2015, revealed that most stakeholders interviewed at district and community levels considered the DSDP II to be relevant to meeting the needs of the populace and contributing to the decentralisation process.



2. ASSESSMENT OF THE OUTCOME OF THE OPERATION AGAINST THE AGREED OBJECTIVES

2.1 Achievement of Project Development Objectives

10. The achievement of the Project Development Objective was rated Moderately Satisfactory at close of the Program (29th June 2018)²⁵ even though in previous ISRs, the PDO had been consistently rated as Satisfactory, the latest being that of 11th January 2018²⁶. This was due to: (i) the decline in fiscal transfers from the Government of Sierra Leone (GoSL) during the last two semesters of project implementation despite surpassing it consistently from 2012 till 2016; and (ii) a decline in regularity of transfers. The achievement of PDO Indicator 1 (40% of domestic revenues transferred to LCs on an annual basis, excluding DSDP funds) was not achieved by the end of 2017. At the intermediate results level, achievement was more impressive than at the PDO level. This was the only PDO indicator that was not met. Targets for all other indicators were surpassed.

2.2 Achievement of Specific Objectives

Achievement of Specific Objective 1: Strengthen Government capacity to manage decentralised services.

11. The achievement of the Program's objective to strengthen Government capacity to manage decentralised services is viewed as impressive given that, at the close of the Project, the related intermediate indicators had been met. LCs received grants from the Government of Sierra Leone (GoSL) utilized for the execution of devolved functions. The grants were distributed to LCs based on horizontal and vertical allocation criteria established by the GoSL. Sectoral allocations under DSDP II mostly complemented the GoSL allocations according to the following distribution: health and sanitation 25%; education 25%; rural water 30%; solid waste management 10%; and social assistance 10%. Funds were programmed and utilized towards expenditures for devolved functions based on LC annual work plans and budgets. The DSDP II supported the implementation of 448 sub-projects distributed among 1,139 sub-projects in the health, education, rural water, solid waste and social welfare sectors.

12. The DSDP II actioned certain initiatives that improved the effectiveness of the Ward Committees (WCs). The Subsidiary Grant Agreements signed between the LCs and the LGFD included a clause requiring LCs to ensure they facilitate WCs to meet at least once per month, as stipulated in the LGA04. In addition to the sitting allowances paid to WC members by the GoSL, a pilot²⁷ was supported by the DSDP II that provided small grants to WC members to improve the monitoring of service delivery in health, education, water and sanitation, and social services within their Wards including holding meetings regularly.

13. Development planning and budgeting processes were strengthened under the DSDP II. A series of trainings were organised bringing together sector heads of the health, education, water, agriculture and social welfare sectors and key official of LCs. Towards guaranteeing uniformity of the integrated development plans and budgets and reporting, the DecSec and the LGFD developed guidelines and reporting format for the preparation of integrated LCs development plans and budgets, and reporting on the execution of those plans and sector activities. The LGFD in collaboration with the PFMRU undertook support missions to assist the LCs in budgets preparation. The support ensured that development plans and budgets are holistic and fostered local ownership by the LCs. Further, the

²⁵ ISR, 29th June 2018

²⁶ ISR 11th January 2018

²⁷ The pilot covered four LCs i.e. Bombali, Moyamba, Koinadugu and Kono District Councils. For each of the LCs, 50% of the WCs were selected.



absorptive capacities of the LCs were improved and the speed of LC programs and activities accelerated to avoid the ramification of delays.

14. Efforts towards strengthening procurement management at the LC level were heightened during the implementation of the DSDP II. For the first time, a procurement clinic was organised for the core staff of the LCs. The Civil works situations of the LCs were also improved. The LCs were supported to create LC Civil works database and regularly updated them throughout the Program, monitor all subprojects and ensure alignment between the demand and supply of services. The demand-driven grant initiative for capacity development was expanded upon to move from the generic form of delivering capacity development to more focused, specific need-based, and locally owned capacity development initiatives. In addition to the LCs as targets for this support, the devolving MDAs were brought on board. The supply driven grant window was activated to provide a more flexible opportunity of capacity building support to devolving MDAs covered by the Program. Supply driven grants were disbursed to MDAs to perform their post-devolution functions.

15. Refresher training for LC M&E Officers was carried out to sharpen the skills of M&E Officers in basic statistics, monitoring and evaluation techniques data collection, processing, management and reporting. An M&E clinic was organised in 2014 to deliberate on issues preventing LC M&E Officers from achieving maximum efficiency. Logistical support including motorbikes, laptops and cameras in 2015, and internet subscription were provided in 2015 for 19 M&E Officers. The fourth and fifth rounds of CLoGPAS took place in 2013 and 2015 respectively to assess performances of LCs. The Implementation of the Independent National Public Services Surveys (INPSS), as a performance monitoring tool, commenced in November 2015 to monitor the provision of public services as decentralization progresses and to provide an indication as to whether Local Councils are able to maintain and improve service provision. A Beneficiary Assessment (BA) was conducted in 2015 to systematically understand and document the views of the DSDP II clients/beneficiaries on service delivered by the Project with a view to improving the quality of services delivered to them and identifying targeting prospects for the project. The first CMI pilot was scaled up in 2014 to fifteen (15) communities for each of four (4) pilot districts, this time, assessing services on the health, education, water, waste management, and social assistance sectors. It was concluded in 2016. The Impact Evaluation (IE) was conducted in May/June 2018 to provide an objective assessment of the impact of DSDP II on service delivery outcomes at the local level in Sierra Leone, and specifically, the achievement of Project Development Objective.

16. A South-to-South Exchange visit to Ethiopia was conducted and the knowledge exchange provided an excellent avenue for the GoSL to learn from the Government of Ethiopia's successful experience in decentralised government services. The overarching objective of the visit was to strengthen the capacity of the Sierra Leone delegation managing DSDP II, improving access to basic service delivery, creating more viable arrangements between the national and local government and equipping government staff with the necessary technical and institutional tools. The creation of a Management Information System (MIS) to strengthen sharing of data and information among MDAs, LCs and project implementation agencies was a key takeaway for the Sierra Leone.

17. A US\$ 3 million grant was secured from the Government of Japan to implement the Strengthening Community Mobilisation and Local Council Service Delivery in the Post-Ebola Context Project. The project became effective in June 2017 and is expected to close in December 2020. The project is administered by the Bank using the same mechanisms and institutional arrangements of the DSDP II and complements the DSDP II towards strengthening institutions and upgrading local services through community monitoring and other social accountability mechanisms. The project was implemented concurrently with the DSDP II during its first year and within the period (i) organised training for LC officials and Civil Society Organisations (CSOs), (ii) initiated community-wide meetings, forums and



dialogues to build social cohesion in communities, (iii) organised community support activities such as memorial services, planting trees and dedicating community projects in honor of victims Ebola victims to foster grieving and mourning processes, (iv) scaled up the Community Monitoring Initiative (CMI) in two pilot districts and the Grievance Redress Mechanism (GRM) in four pilot districts.

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

18. The purpose of this objective was to ensure that, the GoSL was consistent in its contribution towards achieving the objective of availability of funds to LCs in a predictable manner. Thus, this arrangement ensured that the DSDP II grant funds were not regarded as a substitute for Government funding to the LCs. The LCs failed to receive the end target of a share of 40% of domestic revenues (less wages, interest obligations, and statutory transfers to National Revenue Authority and Road Fund) at the close of the Program. By end of December 2017, only 25% of share of 40% of domestic revenues was transferred to the LCs. On a more positive note, however, the percentage of total Government expenditures transferred to LCs annually with an end target of 6%, was met throughout the implementation of the Program. At close of Program, the % transfer of funds of total Government expenditures to LC stood at 6.78%. The GoSL disbursed a total of US\$57,608,022 (SLL284,178,601,472) between June 2012 and December 2017). Regarding the DSDP II transfers, it was expected that LCs would receive timely transfers from DSDP II funding each quarter (15th of the first month of each quarter as captured in the original indicator). This requirement, on the recommendation of the MTR, was amended to read 'any time within the quarter' to adjust to the realities on the ground. A total of US\$ 5,891,754 (SLL25,462,562,136) was disbursed to the LC from the EU funds between November 2012 and June 2012. For the IDA funds, US\$10,992,575 (SLL58,604,805,887) was disbursed from 3rd Quarter 2013 to 2nd Quarter 2018. A grand total of US\$74,492,350 (SLL368,245,969,4950) was disbursed to the LCs under the DSDP II. Even though the targets set for both the GoSL and DSDP II in terms of quantum and timeliness of disbursements of grants to LCs were not fully met, the DSDP II grants ensured (i) increase in available financing for the implementation of devolved functions, thus strengthening the decentralisation reform, (ii) rehabilitation of essential service delivery facilities in health, education and water sectors, improving access to basic services and contributing to improvement in national service delivery, and (iii) additional funding provided for critical and vulnerable groups (physically challenged, blind, aged, etc.).

Achievement of Specific Objective 3: Strengthen the Intergovernmental Fiscal Transfer System (IFTS)

19. The DSDP II Project used the existing IFTS, which regulates funding to local level development activities by the central government with the aim of bringing services closer to the people, reducing gaps in service delivery, and equalizing geographic inequalities between different regions of the country. The Government under the DSDP II, carried out a number of interventions that did not only build on the DSDP I but introduced additional dimensions that culminated into reasonable progress and stability of the inter-governmental fiscal transfer system. Consequently, the formula-based grant system became more responsive to the realities on the ground and ensured its fairness and acceptability. Annual review of the formula-based grants distribution system seminar was organised to consider the proposed vertical pool for FY 2014 and agree, in consultation with devolving MDAs and devolved sector heads, on the set of indicators to determine horizontal allocations and align them with the recommendations of the Second Generation Intergovernmental Fiscal Transfer System introduced in FY 2012.

Achievement of Programmatic Indicators

20. The information received from the HMIS, showed that, the target of 50% of respondents indicating availability



of essential drugs in health facilities was surpassed by the estimate of 56.0% as reported by the IE. In terms of people with access to an improved rural water source, the end target was 65%, according to the INPSS conducted in 2016 indicates that this target was surpassed by a slight margin reported as 67.4%. Relating to the number of people with access to improved sanitation services, the end target of 48% was met according to the IE which stated that as at January 2018, 92.47% of respondents had access to improved sanitation services. For the number of schools with teaching and learning materials according to agreed standards, an end target of 80% was set. The INPSS, conducted in 2016, indicated that only 23% delivery of TLM had been distributed. According to the IE, which was conducted in mid-2018, the situation improved to 58%, but could not reach the target of 80%.

Components Administration and Performance

21. The Program components were well aligned with and relevant to the achievement of the PDO. Regular disbursement of funds to LCs under Component 1 adds predictability to local finances and enables LCs to plan ahead in implementing public services, further strengthening the inter-governmental fiscal transfer system. It also removed uncertainties that could potentially slow down or undermine delivery of services to achieve expected outcomes. This is done in combination with technical assistance to LCs provided by central actors at the GoSL (especially by DecSec) to strengthen capacity under Component 2 of DSDP II. Additional support to strengthen LC capacity to manage decentralized services is provided through the use of participatory assessment tools through the CMI and GRM, which enhanced citizen engagement and accountability. Project management under Component 4 was also critical to the successful implementation of the project and the achievement of the desired results.

3. ASSESSMENT OF THE KEY FACTORS AND EVENTS DURING PREPARATION AND IMPLEMENTATION THAT AFFECTED PERFORMANCE AND OUTCOMES

3.1 Key Factors during Preparation

22. The program design reflected the challenges in the country's decentralisation sector. The project design incorporated the lessons learned from the DSDP I, which was helpful in ensuring that strategies were fashioned out to avoid bottlenecks encountered during the implementation of the DSDP I. The use of existing Government systems and reinforced the use of Subsidiary Agreements between the LC and Central Government to strengthen monitoring of the LC grants through the establishment of service output targets linked to these funds were prioritized by the Program design. The existing Inter-Governmental Fiscal Transfer System (IFTS) was maintained.

23. The Program's institutional arrangements also reflected an emphasis on using existing structures within Government and each Unit had its defined responsibilities within the Program. The LGFD, housed within the MoFED, managed the transfer of funding to the LC and was responsible for Component 1 (Grants to LCs). The DecSec, Directorate of the MLGRD, managed the implementation and coordination of the decentralisation process and LGFD jointly managed Component 2 (Capacity Development and Technical Assistance). While DecSec was responsible for the non-fiscal aspects of the capacity development and technical assistance aspect, the LGFD was responsible for the fiscal aspects. Component 3 (Results and Social Accountability) was managed by DecSec. The PFMU which later became the PFMU of MoFED, provided program management support to the three Components.

24. The proper identification and analysis of country risks at appraisal was helpful in ensuring that, the appropriate mitigation measures were put in place, and that throughout the implementation of the Program, environmental risks were comprehensively monitored.



3.2 Key Supporting Factors during Implementation

3.2.1 The key factors that positively affected implementation

25. The following key factors positively impacted on implementation of the DSDPII are detailed below.

- Introduction of clinics. Clinics were introduced under the DSDP II. Procurement and M&E clinics to create an opportunity for inward reflection of key personnel of the LCs with the view to recognizing the progress that the LCs were making in executing and managing those processes, and to also unearth the challenges and bottlenecks that are responsible for the frequent concerns raised in relation to the abilities of LCs to effectively carry out those core technical functions.
- Strengthening the involvement of Civil Society in the decentralisation process. With the view to strengthening the participation of Civil Society in the decentralisation process, in 2014, a partnership was struck with the Civil Society Coalition of Sierra Leone as an implementing partner to conduct a community monitoring exercise in parallel to the upscale of the Community Monitoring Intervention (CMI). The involvement of the CSOs complemented the efforts of DecSec in strengthening social accountability in the LCs.
- Design and rollout of a communication strategy for the Program. The Project communications strategy was prepared in 2013 and continually updated to support the DSDPII. The communication strategy guided the outreach, information and education interventions regarding keeping the public well informed about the progress the Program was making and also receiving feedback which was helpful in reshaping Program interventions and activities.
- Conduct of the Mid-Term Review (MTR) of the Program. Even though the commencement of the MTR for the DSDPII delayed due to the EVD, it was undertaken from November 2014 to 8th -18th November 2015. Discussions during the MTR focused on improving indicators and aligning project activities with the PDO's goals, ensuring internal coherence and project sustainability. Recommendations were made for the Key Performance Indicators (KPIs) to be revised to reflect the project's adjusted focus towards effectively aligning with the PDO through restructuring the program to reflect changes in indicators and in the results framework.

3.2.2 The key factors that negatively affected implementation

26. The key factors that negatively affected implementation are detailed below.

- Delays from LCs to timely access quarterly disbursements, even when Government transfers were not ready. Under Component 1, there were delays from LCs to access quarterly disbursements on time at the early stages of the program. These delays were associated with LCs not submitting timely expenditure returns. The situation, however, improved after regular coaching and mentoring support was provided by LGFD and DecSec. 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 the quarter, was found to be unrealistic.
- The impact of exogenous factors. The EVD outbreak considerably slowed down implementation of program activities since movement and assembly of people were restricted. The economic recession experienced in 2015 due to the dramatic fall in iron prices, affected the ability of the Government to sustain its commitment towards releasing the agreed quantum of funds on which contradicted provisions of timelines stipulated in the PAD and PIM. Expenditures related to preparing for the Presidential, Parliamentary and LC elections in March 2018 were also prioritized. Loss arising from exchange rate as the US\$ significantly appreciation against the



SDR which stood, as at close of business on June 18, 2018, at US\$ 1,873,227.05 impacted on the availability of funds to finance the four component especially Component 1.

- Refund to the EU in relation to ineligible expenditures. The ineligible expenditures amounting to over EUR 1,084,277.60 refunded to EU came about as a result of the Project Team misinterpreting the funding conditions of the EU. Even though the ineligible expenditures did not amount to any corrupt practice on the basis of an independent FM audit carried out by the EU, there was insistence on the part of the EU that the refund was made. This refund affected the completion of some sub-projects on time as it took funds away from committed allocations needed to complete the works.
- Weak capacities of LC Civil Works Units. Civil works constraints were detected at the LC level during the implementation of the Program, which included: (i) missing data on procurement, implementation, timeline, costs and payments, both at local and national levels; (ii) CWOs of LCs not fully involved in the design and implementation of all civil works; (iii) logistical constraints and (iv) lists of subprojects for 2013-14 and 2015 needed to be more precise. These constraints affected the quality and timely completion of some sub-projects.
- Procurement delays affected the timely implementation of certain activities. The Program at certain stages experienced some procurement delays due to overburdening of the few Procurement Officers serving a multiple of donor projects at the PFMU. This lapse had some impact on the timely implementation of some activities. This situation improved after the PFMU was given clearance to recruit additional procurement staff.
- The Staffing Challenges. While the practice of moving staff from one LC to another is not an issue, the manner transfers of core staff of LCs were carried throughout the implementation of the Program can hardly be justified as consistent with good human resource management practices and this had impacts on project implementation.

4. EVALUATION OF THE BORROWER'S OWN PERFORMANCE DURING THE PREPARATION AND IMPLEMENTATION OF THE OPERATION

4.1 Borrower Performance

4.1.1 Government Performance

27. The Government demonstrated effective commitment to the Program and the overall implementation of the decentralization reform and improvement of basic service delivery. Before the outbreak of the EVD and the economic recession in 2014, the Government was on top of its responsibility to transfer the quantum of resources agreed in the Results Framework to the LCs. Throughout the Program, the GoSL met the PDO Outcome Indicator 2 which required GoSL to transfer 6% of total GoSL expenditures to LCs annually. The GoSL was proactive in meeting its obligation to establish the PFMU to manage the basket fund for decentralised services implementation in Sierra Leone. The GoSL also introduced the national joint monitoring at the policy level bringing on board experts from relevant institutions to periodically visit the LCs to review progress, identify bottlenecks and challenges and provide on-the-spot support. The GoSL continued to provide local technical assistance support to the LCs by paying the salaries of the Resident Technical Assistants assigned to each of the LCs to provide resident-based support to them. The GoSL spearheaded the conduct of national forums to discuss the impediments limiting devolution and to collectively agree on roadmaps to move the process forward. During program implementation, the Government reviewed salaries and allowances of both the political and technical wings of LCs upwards as a way of motivating them to give of their best. The Government, in 2016, adsorbed the wage bill of the staff of the DecSec as per the Financing Agreement.

28. The structure of the Program was reasonably adequate for the successful implementation of the Project and



achievement of the PDO. The Program had a Coordinating Unit seated in the MoFED primarily to deal with the fiduciary issues, coordinate the preparation of AWP, and annual reports for submission to the World Bank. Even though Program implementation was confronted by many challenges (some of them due to exogenous factors), the PMT was able to ensure the successful completion of the Program and achieving most of the PDO and Intermediate Outcome Indicators. The holding of regular PMT meetings contributed significantly in ensuring effective functional relationships. In the area of strengthening project management and technical competence of the Units implementing the Program, staff were supported to participate in relevant training program and conferences, and international study tour was organised for key staff to Ethiopia to share experiences on the implementation and management of the decentralisation process and decentralised service delivery. The regular ISMs were very useful and helpful in moving the Program in the right direction and providing the needed technical support to resolve issues. The quality and appropriateness of members selected by the World Bank to participate in the ISMs was highly commendable. However, certain key aspects of the decentralization process remain outstanding. The review of the LGA04 and related legislation and the devolution process are yet to be completed.

4.1.2 Implementing Agency or Agencies Performance

29. The performance by the Implementing Agencies, including the LGFD, DecSec, and PFMU, throughout the Project highlighted their commitment to achieving the development objectives. The LGFD was proactive transferring quarterly DSDP and GoSL grants to LCs, especially before the EVD outbreak. DecSec highlighted the Project's learning from its M&E tools not only through its improvements to the INPSS and CLoGPAS but also through the design of capacity building activities based on the findings of the CLoGPAS. PFMU provided satisfactory fiduciary oversight throughout implementation to ensure compliance with the Project's covenants. As part of this oversight, PFMU served to coordinate M&E data collection and reporting. The LGFD, DecSec, and PFMU consistently worked as a team and ensured complementarity and coordination.

4.2 Lessons Learnt

30. During the implementation of the DSDP II, a number of lessons were generated which could be useful for the design of a successor program or related projects in Sierra Leone or else. They are discussed below.

- Effective linkage among Components towards the achievement of the overall Program Objective. The three technical components of the Program were properly integrated to ensure that each reinforces the other in the achievement of the overall objective of the Program. While Component 1 provided grants to the LCs, Component 2 supported the development of the required capacities especially at the LC level to ensure that LCs were able to effectively utilize funds received to implement sub-projects. The third component reinforced the ongoing traditional M&E initiatives including performance-based management measures such as the CLoGPAS to improve results. The component also up-scaled or introduced community-based accountability initiatives such as the CMI with score cards and the GRM to strengthen social accountability, community support and ownership and sustainability. The combined effect of the three in this logic was reflected in the achievement of the overall project objective.
- When program monitoring at the beneficiary level is integrated, the realization of the impacts of monitoring are optimized. Program monitoring at the beneficiary level needs to be integrated and properly coordinated in order to realize the intended effect. Fragmented program monitoring will hardly bring out the fullness of the impact. The introduction of the National Joint Monitoring Missions was a step in the right direction since a combination of relevant experts were available at the LCs to look at issues comprehensively and be in a better



position to assess the overall performance of an LC and put together holistically and interconnected packages of recommendations for improvements on all fronts.

- The timeframe for submission of expenditures can interrupt the smooth implementation of sub-projects. The timeframe for LCs to submit quarterly expenditure returns was too short i.e. end March, June, September, to access grants in April, July and October respectively. This was why during the implementation period, the Bank and the Government had to adjust the timeframe for the disbursements from quarterly to half-yearly to ensure that substantial funds were transferred to the LCs in one installment and they had ample time to report on the utilization of those funds.
- The challenges of collection and sharing of data in service delivery. Even though under the DSDPII efforts were made to improve data collection and sharing by the LCs and their devolved units through continued technical assistance, this aspect will require continued strengthening as the teams on the ground are weak. Developing an MIS will improve the flow of administrative data and other supporting information on service delivery.
- ISMs can be productive and impactful if the right combination of experts is put together with effective leadership. The ISMs have proved to be very useful in guiding the Project Management Team to stay on course and to effectively handle complex and emerging issues and challenges. The regular productive interface between the TTL and the PMT either through emails, telephones or video conferencing has been very helpful in keeping the Team on its toes and also providing timely support to the Team in a very participatory manner. The link between the local Bank staff and the PMT on a regular basis has also been helpful in moving the program forward.

5. DESCRIPTION OF THE PROPOSED ARRANGEMENTS FOR FUTURE OPERATION OF THE PROJECT

31. The following recommendations are proffered for the design, implementation and management of future operations.

- Project operatives should be made to understand the requirements of donors financing. The Project had to refund an amount of EUR 1,084,277 to the EU as a result of expenditures deemed as ineligible for financing under the TF. The ineligible expenditures were not related to fraud or corruption as determined by Auditors from Ernst & Young who conducted a EU verification to Sierra Leone in June 2016. The DSDP2 had inadvertently misinterpreted what constitutes eligible expenditures in relation to the timeframe for the disbursement, utilization, reporting and accounting for funds. To avoid future occurrences, it is recommended that project staff at central and beneficiary level are orientated on the rules and procedures of donor agencies, and adherence to these requirements. Rules and guidelines should be closely monitored throughout the implementation of the project.
- Improve the fiscal flows to LCs and ensure effective financial management. Strengthen the regularity of fund transfers to LCs in compliance with the LGA04 to allow for proper service delivery and link LC transfers to LC performance, including sanctions for non-compliance with sector requirements and/or fiduciary issues. Review and estimate costs for LC mandates and include these in the overall budget, develop strong incentives structure to encourage LCs to generate local revenue for service delivery. It is recommended that the half-yearly basis of disbursement of grants be maintained. However, the half-yearly payment should be done within the first quarter.
- Separate financing model for recurrent and development expenditures should be made. To avoid unnecessary delays, the financing models should be separated between recurrent and development expenditures in the design of future projects. This should be clearly defined including clear roles and responsibilities of stakeholders in implementation and data collection in the Operations Manual. Two funding windows should be made for same with different mode of transfers.



- Strengthen community-based engagement in the O&M of sub-projects. There is a need to strengthen community engagement in the operations and maintenance of subprojects to improve subproject sustainability. This has been piloted under the CMI and GRM models to strengthen this element. However, the government needs to further capacity and resource allocation to LCs to operate and maintain the facilities. The LCs should include their annual budget line for supporting operation and maintenance of facilities in addition to revenue that could be raised from user fees and/or development levies. LCs should continue to emphasize the community ownership and management approach to infrastructure management by deepening public awareness, strengthening community-based structures and promoting community participation in project planning, execution and management.
- Undertake measures to strengthen data collection and sharing. The creation of an MIS system between key actors DecSec/MLGRD, LGFD, PFMU, MDAs and service providers is recommended to improve the flow of administrative data and other supporting information on service delivery.
- Undertake properly conducted monitoring of project performance at the beneficiary level. It is recommended that the Project Monitoring Unit of the PFMU is supported to handle its responsibility with support from the M&E Unit of DecSec. The Unit should undertake periodic (preferably quarterly) field monitoring to assess project performance at the beneficiary level. This will ensure that information is regularly available to update the DSDP II results framework. The national joint monitoring missions should be sustained to help fill the void for oversight support in the performance of devolved functions by LCs but should be designed to ensure that composition of monitoring teams and timing are adequate, the LCs are in a position to fully cooperate with the missions, the policy makers utilize the outcomes of the reports more effectively.

ANNEX 6. SUPPORTING DOCUMENTS

A. KEY RESULTS

Table 1. Citizen Satisfaction with Service Delivery in key project sectors (IE, June 2018)

LC Service	Very satisfied		Satisfied		Dissatisfied		Very dissatisfied		Respondents
Primary Education	38	13%	224	74%	37	12%	3	1%	302
Jr. Secondary Education	36	16%	178	79%	9	4%	1	0%	224
Health facility	67	13%	430	85%	7	1%	0	0%	504
Health care	64	13%	430	85%	10	2%	0*	0%	504
Rural water	71	14%	372	74%	45	9%	16	3%	504
Waste management	0	0%	213	47%	147	33%	89	20%	449
Social Assistance	24	13%	124	67%	8	4%	30	16%	186
Total	300	11%	1971	74%	263	10%	139	5%	2673

Table 10 (page 40) of the IE. Original source: interviews with service users,

*This cell was empty under the IE. It is assumed to be a typing mistake.

Table 2. Percentage of domestic revenues transferred to LCs

Year	2013	2014	2015	2016	2017	Average
% transferred	40.3	25.0	49.3	46.4	20.73	36.3

Composite table created specifically for the ICR. Data sources: LGFD reports and ISRs.

Table 3. Funds transferred to LCs as a percentage of government expenditure

Year	2013	2014	2015	2016	2017	Average
% transferred	13.8	10.4	19.1	10.3	6.78	12.1

Composite table created specifically for the ICR. Data sources: LGFD reports and ISRs

Table 4. GoSL Consolidated Revenue Fund transfers (2013-2018)

GoSL Transfers 2013- 2018 (in Leones)	
FY 2013	
Semester 1	29,648,878,532.00
Semester 2	26,639,991,022.00
<i>Annual Total</i>	<i>56,288,869,554.00</i>
FY 2014	
Semester 1	24,989,081,929.00
Semester 2	22,525,020,151.00
<i>Annual Total</i>	<i>47,514,102,080.00</i>
FY 2015	
Semester 1	62,052,523,338.00



Semester 2	21,532,473,614.00
<i>Annual Total</i>	<i>83,584,996,952.00</i>
FY 2016	
Semester 1	52,048,690,395.00
Semester 2	1,791,641,435.00
<i>Annual Total</i>	<i>53,840,331,830.00</i>
FY 2017	
Semester 1	35,762,817,171.00
Semester 2	-
<i>Annual Total</i>	<i>35,762,817,171.00</i>
FY 2018	
Semester 1	8,217,229,224
Semester 2	45,906,289,989
<i>Annual Total</i>	<i>54,123,519,213.00</i>
Grand Total	276,991,117,587.00

Composite table created specifically for the ICR. Data sources: LGFD reports

Table 5. CLoGPAS results by LC (CLoGPAS, April 2014 and April 2016; IE, June 2018)

Local Council	2011	2013	2015	2017
Bo City Council	54	62	59	78
Bo District Council	46	50	56	77
Bombali District Council	32	55	62	-
Bonthe District Council	30	54	51	53
Bonthe Municipal Council	40	37	52	-
Freetown City Council	47	42	49	46
Kailahun District Council	33	41	54	61
Kambia District Council	48	62	29	58
Kenema City Council	42	49	56	-
Kenema District Council	36	42	62	75
Koidu District Council	42	45	44	59
Koinadugu District Council	46	39	67	57
Kono District Council	50	44	53	62
Makeni City Council	32	52	80	55
Moyamba District Council	46	47	44	60
Port Loko District Council	49	62	48	49
Pujehum District Council	49	45	42	-
Tonkolili District Council	40	61	70	53
Western Area Rural District Council	48	36	54	60
Total	42.6	48.7	54.2	60.2

Composite table created specifically for the ICR from **Table 9 of the 2013 CLoGPAS (page 23)**, **Table 4.2 of the 2015 CLoGPAS (page 36)** and **Table 9 of the IE (page 39)**. Original source: fieldwork assessment for CLoGPAS and IE.



Table 6. Subprojects per region and sector

Sector	East	North	South	West	Total	% total
Education	37	45	36	16	134	29.91
Health & Sanitation	14	35	52	24	125	27.90
Rural Water	29	69	76	8	182	40.63
Social Welfare	0	2	1	0	3	0.67
Solid Waste	1	1	2	0	4	0.89
Total	81	152	167	48	448	100.00
% of total	18,08	33,93	37,28	10,71	100,00	

Composite table created specifically for the ICR. Data source: subprojects database (as of June 30, 2018).



Table 7. Number of Direct Beneficiaries and Percentage Female (BA, March 2016)

District / City	2013					2014					2015				
	Male		Female		Total	Male		Female		Total	Male		Female		Total
	No.	%	No.	%		No.	%	No.	%		No.	%	No.	%	
Tonkolili Dist.	16,080	43%	21,365	57%	37,445	16,080	43%	21,365	57%	37,445	36,544	72%	14,080	28%	50,624
Kailahun Dist.	8,384	33%	16,876	67%	25,260	8,384	33%	16,876	67%	25,260	19,248	71%	7,936	29%	27,184
Bo District	10,304	41%	14,863	59%	25,167	10,304	41%	14,863	59%	25,167	21,520	66%	11,104	34%	32,624
Pujehun Dist.	19,104	58%	13,734	42%	32,838	19,104	58%	13,734	42%	32,838	23,728	66%	12,208	34%	35,936
Bonthe Dist.	16,528	51%	15,937	49%	32,465	16,528	51%	15,937	49%	32,465	20,304	58%	14,704	42%	35,008
Freetown City	21,904	33%	43,690	67%	65,594	31,904	42%	43,690	58%	75,594	21,904	58%	15,760	42%	37,664
Bo City	15,318	57%	11,456	43%	26,774	10,352	35%	19,065	65%	29,417	21,424	53%	19,152	47%	40,576
Bonthe Mun.	21,296	59%	15,098	41%	36,394	21,296	59%	15,098	41%	36,394	20,368	52%	18,656	48%	39,024
Moyamba Dist.	18,496	52%	16,746	48%	35,242	18,496	52%	16,746	48%	35,242	20,608	51%	19,952	49%	40,560
Makeni City	26,709	49%	27,452	51%	54,161	10,352	27%	27,452	73%	37,804	26,709	49%	27,452	51%	54,161
Koidu City	15,408	38%	25,628	62%	41,036	15,408	38%	25,628	62%	41,036	10,992	48%	11,984	52%	22,976
Bo City	5,840	18%	26,292	82%	32,132	5,840	18%	26,292	82%	32,132	13,456	46%	16,016	54%	29,472
Kenema Dist.	13,248	50%	13,289	50%	26,537	13,248	50%	13,289	50%	26,537	12,112	45%	14,720	55%	26,832
Kambia Dist.	10,704	44%	13,578	56%	24,282	10,704	44%	13,578	56%	24,282	16,192	45%	19,728	55%	35,920
Bombali	15,552	54%	13,278	46%	28,830	15,552	54%	13,278	46%	28,830	14,320	40%	21,440	60%	35,760
Western Rural	15,744	38%	25,890	62%	41,634	15,744	38%	25,890	62%	41,634	13,744	39%	21,264	61%	35,008
Kono Dist.	13,472	50%	13,267	50%	26,739	13,472	50%	13,267	50%	26,739	13,152	35%	24,448	65%	37,600
Koinadugu	9,936	36%	17,890	64%	27,826	9,936	36%	17,890	64%	27,826	9,248	35%	17,344	65%	26,592
Kenema City	21,792	49%	22,478	51%	44,270	21,792	49%	22,478	51%	44,270	7,296	33%	14,768	67%	22,064
Port Loko Dist.	9,216	35%	16,784	65%	26,000	9,216	35%	16,784	65%	26,000	12,720	32%	26,496	68%	39,216
Total	305,035	44%	385,591	56%	690,626	293,712*	43%*	393,200	57%*	403,552	355,589	50%	349,212	50%	704,801

Table 3.5 of the DSDP2 Beneficiary Assessment. Original source: LC reports collected during fieldwork, January/February, 2016

* These averages were incorrectly calculated in the original document and have been modified for display in the ICR.



Tables 8 and 9. Estimate Number of Direct Beneficiaries per Sector and Sex (IE, June 2018)

Sectors	Mean per sector	Sd	N· projects	Total beneficiaries
Education	990	1,045	128	126,656
Health and Sanitation	2,971	2,324	124	368,351
Rural Water	1,016	1,128	181	183,844
Social assistance	114	34	3	342
Waste Management	354	456	4	1,416
Total	1,617	1,809	440	680,609

	2013	2014	2015	2016	Total	%
No. of projects	150	32	132	105	440	-
Male	111,254	23,734	97,904	77,878	326,346	47.95
Female	120,771	25,765	106,279	84,540	354,263	52.05
Est. Beneficiaries	232,026	49,499	204,183	162,418	680,609	100

Tables 11 and 12 of the DSDP2 Impact Evaluation (pages 41-42). Original source: MDA / service provider data. Table 4 was modified to include the percentage of women for every implementation year.



B. MINIMUM CONDITIONS AND PERFORMANCE MEASURES UNDER CLOGPAS

Minimum Conditions	Performance measures
<p>1. Financial Management:</p> <ul style="list-style-type: none"> a. Full Financial Management Staff complement in post (i.e. Finance Officer, Accountant, Accounts and Revenue Clerks & Finance Officer); b. Laying of the Auditor General’s Report and Annual Accounts before council; c. Preparation and submission of Final Accounts; existence of Internal Auditor in post. <p>2. Development Planning:</p> <ul style="list-style-type: none"> a. Revision Development Plan; b. Submission of Development Plans to LGFD; c. Involvement of key stakeholders in the review of Development Plan. <p>3. Project Implementation:</p> <ul style="list-style-type: none"> a. Submission of Project Briefs to LGFD; b. Submission of progress reports to LGFD / Ministry of Finance and conduct of Environmental Impact Assessments for projects implemented. <p>4. Budgeting and Accounting:</p> <ul style="list-style-type: none"> a. Preparation and submission by council to LGFD of a Balanced Budget; and b. Linkage of budget to revised Development Plan; submission of draft budget to LGFD. <p>5. Transparency and Accountability:</p> <ul style="list-style-type: none"> a. Posting of budgets, development plans on the notice board and in other conspicuous places in council premises and erect of notice boards in Wards. <p>6. Functional Capacity of the Local Council.</p> <ul style="list-style-type: none"> a. At least one ordinary meeting per month for the previous year; and 	<p>1. Management, Organization and Institutional Structures.</p> <ul style="list-style-type: none"> a. Meeting of sub-committees in council; b. Submission of decisions of sub-committees to council for approval; c. Standing Orders elaborated for council’s daily work; d. Council and committees following of Standing Orders in their daily operation; e. Functionality of Records Management system; and f. Council Management meetings and follow-up on decisions reached in Management Meetings. <p>2. Transparency, Openness, Participation and Accountability.</p> <ul style="list-style-type: none"> a. Existence of notice boards; b. Posting of specific council documents; c. Openness of council budget; d. Declaration of assets by councillors and other staff; e. Openness of council meetings and attendance of council meetings by ordinary citizens. <p>3. Planning Systems, Project Implementation, Monitoring and Evaluation.</p> <ul style="list-style-type: none"> a. Functionality and constitution of Local Technical Planning Committee; b. Existence of an Annual Work Plan; existence of a detailed M&E plan; and c. Compliance with the M&E plan; d. Implementation of projects from the Development Plan and use of the Rapid Results Initiative. <p>4. Human Resource Management.</p> <ul style="list-style-type: none"> a. Existence of Personnel Files; b. Existence and use of a Performance Appraisal System; c. Conduct of training needs assessments; d. Payment of 25% top-up salaries to staff; e. Payment of other allowances to staff. <p>5. Financial Management, Budgeting and Auditing.</p> <ul style="list-style-type: none"> a. Functional capacity of Budget and Finance Committee; b. Preparation of Bank Reconciliation Statements; c. Posting of financial statements on notice boards in council and Wards; d. Preparation of Expenditure Vouchers;



Minimum Conditions	Performance measures
<p>b. Councils maintain of an attendance register for ordinary members attending council meetings.</p>	<p>e. Banking of own source revenue and loan approvals.</p> <p>6. Fiscal Capacity and Local Revenue Generation.</p> <p>a. Size of estimated local collectible revenue; size of actual collectible revenue;</p> <p>b. Maintain of database of properties;</p> <p>c. Cost of collecting revenue and existence of Rate System.</p> <p>7. Functionality of Procurement Unit.</p> <p>a. Existence of approved Procurement Plan;</p> <p>b. Posting of Procurement Plan;</p> <p>c. Posting of Awards and notices on notice boards and documentation of Procurement proceedings.</p> <p>Additional Competences:</p> <p>1. Devolved Sector Performance: Health</p> <p>a. Functionality of the Local Council Health Committee;</p> <p>b. Frequency of DHMT visits to health units;</p> <p>c. Reports on the use of sector grants;</p> <p>d. Existence of co-ordination meetings between council management and health sector;</p> <p>e. Status reports on district health.</p> <p>2. Devolved Sector Performance: Education</p> <p>a. Functionality of Local Council Education Committee;</p> <p>b. Frequency of inspection visits to primary schools;</p> <p>c. Functionality of School Management Committees;</p> <p>d. Reports on use of sector grants;</p> <p>e. Gender of enrolment in primary schools;</p> <p>f. Frequency of co-ordination meetings between council management and sector;</p> <p>g. Report on status of education in the district.</p> <p>3. Devolved Sector Performance: Agriculture</p> <p>a. Functionality of Local council Agriculture Committee;</p> <p>b. Submission of reports by extension staff;</p> <p>c. Report on use of grants; frequency of co-ordination meetings between council management and sector; report on the overall status of agriculture in the district.</p> <p>4. Local Economic Development (LED)</p> <p>a. Existence of LED Strategy;</p> <p>b. Potential of projects to create increased economic activity;</p> <p>c. Implementation of training on LED;</p> <p>d. Ambition of council to facilitate Private Public Partnership.</p> <p>5. Gender</p> <p>a. Gender requirements of Ward Committees;</p>



Minimum Conditions	Performance measures
	<ul style="list-style-type: none">b. Frequency of women’s attendance in meetings;c. Positions of women in committees;d. Enrolment of pupils in junior secondary and primary schools;e. Gender sensitivity of projects. <p>6. <i>Ward Committees</i></p> <ul style="list-style-type: none">a. Functionality of Ward Committees;b. Openness of Ward Committee meetings;c. Organization of consultations for Development Planning;d. Monitoring of service delivery in health, education and agriculture.



C. MAP OF SIERRA LEONE (CLEARED BY THE BANK'S CARTOGRAPHY UNIT, OCTOBER 2018)

