



1. Project Data

Operation ID P146726	Operation Name SL-Emergency Econ and Fiscal Support Op
Country Sierra Leone	Practice Area(Lead) Macroeconomics, Trade and Investment

L/C/TF Number(s) IDA-D0260,IDA-D0270,TF-15359	Closing Date (Original) 31-Dec-2015	Total Financing (USD) 30,000,000.00
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Bank Approval Date 17-Dec-2014	Closing Date (Actual) 30-Jun-2016
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	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	30,000,000.00	135,930.00
Revised Commitment	60,000,000.00	64,391.23
Actual	59,700,127.00	64,391.23

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2. Project Objectives and Policy Areas

a. Objectives

The operation's objective, as contained in the Letter of Development Policy (Program Document, p. 39), was "to ensure Government's Ebola Response Plan is executed through adequate budgeting and transparent use of resources, consistent with strengthening longer-term fiscal management and transparency."



b. Were the program objectives/key associated outcome targets revised during implementation of the series?

c. Pillars/Policy Areas

The operation was organized around two pillars:

1. Strengthen budget management and reduce fiscal risks heightened by Ebola. This pillar aimed at improving accountability for funds and ensuring that funds were used for their intended purposes, namely hazard pay for emergency workers who were in a high-risk environment during the Ebola crisis. Payments to regular and volunteer workers had been problematic, initially made in cash and distributed to District Officers in each district. The government realized that this system invited abuse and waste. The operation was to establish a formal hazard payment system through bank accounts or mobile payments, and to provide for that system to be audited on a regular basis. The non-Ebola part of this pillar had two main elements: Phase I of a Treasury Single Account (TSA), expected to secure a higher level of budgetary control, execution, and accountability and thus enhance the predictability of resource flows to service delivery agencies; and audited financial reports for the Sierra Leone Commercial Bank and Rokel Commercial Bank for the 2013 fiscal year, expected to progressively identify and manage fiscal risks, as these two institutions had been a significant source of fiscal risk to the government.

2. Improve transparency and accountability for public resources. This pillar pursued two sets of fiscal transparency reforms. The first involved submission of a Supplementary Budget to Parliament for extra-budgetary expenditure for 2014, necessary because of the need for accountability and oversight, and also because Sierra Leone's cash accounting system meant that overspending in one year would lead to a fiscal overhang in the following year. The second was intended to increase revenue transparency in the minerals sector through the publication of mining lending agreements and the annual disclosure and dissemination to the public of detailed information on revenues from the sector.

d. Comments on Program Cost, Financing, and Dates

Financing was in the form of a US\$ 30 million Development Policy Grant, including US\$ 10 million from the International Development Association (IDA) Crisis Response Window (CRW). CRW financing was provided entirely on grant terms rather than on the country's standard IDA terms (half credit, half grant), justified by the demonstrable regional and global positive externalities that would flow from mitigating the spread of the virus. A US\$ 30 million supplemental operation (standard IDA grant terms) was prepared in 2015 to address a financing gap owing to the continuation of the Ebola crisis and a decline in the price of iron ore, the country's main export commodity.

The Ebola crisis required an extraordinary coordinated response from the government and a wide array of development partners: the International Monetary Fund, United Nations Development Programme (UNDP), United Nations Mission for Ebola Emergency Response, World Health Organization, World Food Program, Médecins San Frontiers, United States Centers for Disease Control and Prevention, African Development Bank, United Kingdom Department for International Development, and European Union. Sierra Leone received US\$ 126 million through the Bank's regional Ebola Emergency Response Project, which supported



international medical teams, protective gear, essential medicines, logistics equipment, and food items. This operation therefore represented just a small slice of the overall World Bank and international response to the outbreak.

The initial operation was approved on December 17, 2014 and was disbursed in full the next day. The supplemental financing was approved on December 8, 2015 and was disbursed in full on December 17, 2015. Both operations closed on June 30, 2016.

3. Relevance of Objectives & Design

a. Relevance of Objectives

The objectives, essentially a hybrid of fiscal transparency reforms and support to the campaign to fight the Ebola epidemic, were (and remain) highly relevant to country conditions. The Ebola virus outbreak, beginning in May 2014, put immeasurable strain on the country's government and society, placing solid economic, governance, and fiscal management achievements of the previous decade at risk. Even before the outbreak, economic management challenges were emerging, reflected in fiscal slippage, slow progress on structural reforms, and policy reversals. Indeed, prior to the onset of Ebola, a new three-year programmatic series of development policy operations was under preparation, and discussion with the government was advanced. The Ebola threat heightened fiscal constraints from both the revenue and expenditure sides, placing considerable additional pressure on public finances. Although the Ebola crisis is now over, there is always the possibility of another outbreak, and readiness and control of resources remain relevant.

The objectives emphasizing budget management, reduction of fiscal risks, and transparency and accountability for public resources complemented both the broader World Bank response to the expanding Ebola crisis in 2014 and ongoing public financial management reform in the country. The operation's objectives reflected the Bank's comparative advantage in public financial management reform as well as its critical role in providing emergency financing to support the broader effort to contain the Ebola epidemic. It was specifically intended to help ensure that there was control over how key resources were being monitored and used. The Country Assistance Strategy (CAS, 2010-2013) at the time of preparation contained two pillars, human development and inclusive growth; there has not been a new CAS. The objectives were highly relevant to the country's third Poverty Reduction Strategy Paper (2013-2018), *An Agenda for Prosperity*, whose main aim was to promote inclusive growth, economic diversification, and value-addition, as well as the Revised National Ebola Response Plan and its goal of rapid reversal of the Ebola crisis with cushioning of its impact on the development agenda.

Rating
High

b. Relevance of Design

Considerable international assistance was mobilized in the face of the Ebola epidemic, but most of these



efforts were outside the national budget. The operation was organized around two broad pillars that were logically and plausibly connected to strengthening the government's management of public resources in response to the social and economic crisis, as well as the macroeconomic and fiscal demands resulting from Ebola. The ICR (p. 13) states that the objectives folded financial transparency and accountability measures into the government's Ebola response, even though these measures were not strongly related to the response, but the operation makes more sense conceptually if viewed the other way around: it folded financial transparency and accountability measures related to Ebola into a broader effort on fiscal management and transparency. According to the ICR (pp. 4-5), macroeconomic indicators at the time of appraisal suggested an adequate macroeconomic framework to support a development policy operation, but uncertainty surrounding the economic impact of Ebola prevented the usual three years of macro-fiscal projections.

The Bank was part of a multi-donor budget support group that worked together on the Performance Assessment Framework that helped coordinate the pursuit of a number of key fiscal management and transparency reforms. The operation was designed to help the government to ensure that the large volume of development support coming from a range of development partners to address the Ebola crisis was effectively used and monitored (ICR, pp. 5-6). Adequate budgeting and transparent use of resources were plausibly to be achieved through the establishment of an effective system for hazard payments. The activities related to this objective were more strongly connected to transparency than to adequacy of budgeting, though it could be argued that savings from minimization of false claims increased overall availability of funds. Strengthening longer-term fiscal management and transparency was connected to the operation's elements of a transparency and accountability reform program, including establishment of the TSA, diagnostics for two main commercial banks that had been a significant source of fiscal risk, submission of the Supplementary Budget to Parliament, and the publication of revenue data and lending agreements for the mining sector. These activities clearly were not intended to be comprehensive, but rather were first steps toward a longer-term reform program. Overall, these planned activities could reasonably have been expected to lead to progress along the operation's objectives.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Ensure Government's Ebola Response Plan is executed through adequate budgeting and transparent use of resources

Rationale

The operation helped to provide funding for medical personnel salaries and hazard pay through a formal, non-cash payment system for a large number of geographically dispersed workers for their contributions to the Ebola response. The system was developed with support from UNDP in three phases: (i) cash-based



with poor verification; (ii) improved cash system with photos and verified lists of workers; and (iii) full automated system with biometric identification. By project closure, 100% of clinical and non-clinical workers were paid through the formal hazard payment system, exceeding the target of 80% (the ICR does not provide information on the number of workers covered). All payments were made electronically, either by mobile phone or to bank accounts. The internal audit department (IAD) of the Ministry of Finance and Economic Development (MOFED) carried out two annual audits of these accounts, covering the period from September-December 2014 and December 2014-December 2015. This partially achieved the target of quarterly audits. The IAD also carried out a separate audit of ineligible workers claiming hazard pay in April 2016, and the Auditor General carried out two audits that are posted to the Audit Service's website. The ICR (p. 10) states that the new system is believed to have reduced the number of false claims, and that many individuals returned money after having been identified by audits as having falsely claimed payments -- a signal that "people respected the rules" and legitimacy of this new system (ICR, p. 17). The operation ensured that Ebola workers were paid adequately and in a timely manner, and that payments were no longer made to ineligible workers.

Rating
Substantial

Objective 2

Objective

Strengthening longer-term fiscal management and transparency

Rationale

Progress in longer-term public financial management was mixed. Establishment of the TSA is behind schedule, mainly due to the Ebola crisis, but key initial steps were taken. Infrastructure and the platform to support the TSA were secured. Connectivity was established between the Accountant General's Department, the Bank of Sierra Leone, and all commercial banks. A Ministerial Committee to oversee TSA implementation was put in place. The number of agency accounts has been reduced from more than 1,500 separate government bank accounts to approximately 300. However, several ministries, departments, and agencies still hold non-transparent and inaccessible bank accounts with potential idle funds. As of the writing of the ICR, these remaining accounts were linked for consolidation, and software for the TSA was under development. The estimate of contingent liabilities of the two designated commercial banks was carried out, as were financial audits of the two state-owned banks, meeting the target. The Supplementary Budget for 2013 was submitted to and sanctioned by the Parliament, meeting the target and indicating that the amount of expenditure exceeding the planned budget was officially recognized. The budget execution rate is reported by MOFED to have increased from 75.4% in 2014 (a partial year estimate, not valid for comparison) to 111.1% for 2016; although this technically met the target of 90%, interpretation of this information is difficult, as budget overrun was current before the program and continued after the program. According to the last Public Expenditure and Financial Accountability (PEFA) report, aggregate government expenditure outturn exceeded the original approved budget by 30.7% in 2010, 16.3% in 2011, and 23.7% in 2012, with the corresponding figure for 2016 reported in the ICR as 15%. Unpaid bills and arrears



accumulations therefore continue to be generated. Transparency in the mining sector has improved, with all leases and revenues publicly available. Mining leases signed through 2012, as well as those in subsequent years, have been published, and all revenues from mining sources through 2016 have been publicly reported; this exceeds the target of 90% of lease agreements and revenue data published, and increases transparency of a key sector that contributes significantly to public revenues. Overall, while important actions were completed related to transparency, longer-term fiscal management remains a question, as budget execution rates are still outside the target range, and the follow-up to the two distressed commercial banks is unclear.

Rating
Modest

5. Outcome

Relevance of the operation's objectives is rated High, as the objectives were strongly aligned with country conditions, government strategy, and Bank strategy, in line with the need to fold an urgent response to the Ebola outbreak into longer-term public financial management concerns. Relevance of design is rated Substantial, reflecting the plausible and logical connection between the program's elements and its development objectives. Achievement of the objective to ensure that the Ebola response was executed through adequate budgeting and transparent use of resources is rated Substantial, as the operation ensured that Ebola workers were paid adequately and in a timely manner, and that payments were no longer made to ineligible workers. Achievement of the objective to strengthen longer-term fiscal management and transparency is rated Modest. Important actions were completed related to transparency, signaling that the government intends to improve the transparency of major players in the economy. Longer-term fiscal management, however, remains a question, as budget execution rates are still outside the target range, and the follow-up to the two distressed commercial banks is unclear. Taken together, these ratings indicate moderate shortcomings in the operation's preparation and implementation, leading to an Outcome rating of Moderately Satisfactory.

- a. Outcome Rating**
Moderately Satisfactory

6. Rationale for Risk to Development Outcome Rating

Institutional risk is moderate. The government has allocated additional resources to its Office of National Security, which will be the lead agency for any future epidemic. The establishment of a functioning payment system will be relevant to any future crisis, but it is not clear how smoothly re-mobilization could occur. Political



risk is also moderate. Although the ICR (p. 19) cites apparent government commitment to continued transparency in key sectors and institutions, sustainability of achieved momentum will require deliberate effort.

The risk to the financial management part of the program, however, is significant. Though the TSA continues to move forward, there are important questions surrounding budget execution. World Bank support is forthcoming. The Productivity and Transparency Support Credit (P156651), approved in June 2017 and scheduled to close in December 2018, continues efforts in support of transparency in fiscal management. In addition, the Public Financial Management Improvement and Consolidation Project (P133424), designed to address capacity issues in fiscal management and transparency reforms, remains active. Though these operations should help to mitigate risk to achieved outcomes, concerted follow-up action is required to consolidate and build on results.

a. Risk to Development Outcome Rating

Substantial

7. Assessment of Bank Performance

a. Quality-at-Entry

World Bank support for rapid program processing, in response to the urgency of the Ebola crisis, came from the highest levels. The president of the Bank received daily briefings on the outbreak, and management agreed to a single combined corporate review rather than the two normally required. As a result, the time from the concept stage to Board approval and effectiveness was relatively short (November 7 - December 17, 2014). The Bank, together with other partners, relied on extensive existing analytical work, along with technical assistance and financing provided by Bank operations in the health sector, public financial management, and the minerals sector linked to the Development Policy Loan, as well as the Bank's Regional Ebola Emergency Response Project that supported Liberia, Guinea, and Sierra Leone (PAD, pp. 22-3; ICR: p. 3-4). Thus, the Sierra Leone Ebola Emergency Support Project benefited from the quality of the Bank's overall engagement, including how various instruments such as analytical work, and both regional and country-based investment operations managed by different Global Practices in the Bank, reinforced and complemented each other. Seizing the opportunity to scale up the biometric payment system developed with UNDP support was particularly opportune, drawing on the Bank's prior experience in other countries with making payments through mobile phones, as well as the Bank's public financial management and financial sector experience (for identifying key issues that needed to be addressed, such as conducting diagnostics of commercial banks).

There were moderate shortcomings. There was a lack of outcome-oriented results indicators, and the Program Document specified expected results that were beyond the scope of the program (see Section 9a). Provision for follow-up on the public financial management measures was weak.

Quality-at-Entry Rating

Moderately Satisfactory



b. Quality of supervision

Overall, supervision was appropriate in an extremely challenging environment, though there were moderate shortcomings. According to the ICR (p. 8), Implementation Status and Results Reports did not update results. The Bank team missed an opportunity, through the Supplemental Financing, to heighten and sustain impact on the fiscal management side, and it retained results indicators that related (in some cases) to already-completed actions rather than actual outcomes. On the other hand, it should be underlined that this was an extraordinarily difficult place to work, with travel bans, quarantines, personal tragedy, several days when the government decreed that everyone should stay at home so teams could go house to house, and high risk to Bank staff and their families.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

8. Assessment of Borrower Performance

a. Government Performance

Government commitment was generally strong, characterized by "tireless" work with development partners to coordinate and implement the effort to halt the Ebola outbreak (ICR, p. 11). All actions were substantially met. The National Ebola Response Center was established, providing an essential communications hub for information the public about the ongoing crisis.

Government Performance Rating

Satisfactory

b. Implementing Agency Performance

The MOFED put appropriate pressure on the Ministry of Health to encourage its district offices to provide official lists of hazard workers to the fiduciary agents who were verifying payments. All actions were implemented. However, there were some "soft spots" (ICR, p. 11). The MOFED website, which is the vehicle for budget transparency, was outdated, making it a challenge to measure and improve budget execution rates. Again, the extraordinarily difficult working conditions should be noted as a factor in any performance shortcomings.

Implementing Agency Performance Rating

Moderately Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory



9. M&E Design, Implementation, & Utilization

a. M&E Design

The Program Document (p. 31) contained a detailed results matrix, with baselines and targets specified for a logical set of results indicators connected to each objective. Indicators and targets were (appropriately) not overly ambitious, given the challenging environment created by the Ebola crisis. Some of the indicators, however, were of limited value, as they simply recorded already-completed actions. In addition, some of the expected results specified in the Program Document (pp. 18-21) were longer-term in nature, largely beyond the operation's scope, and not entirely captured by the results indicators (specifically, management of the fiscal risks from contingent liabilities, with the indicator -- diagnostics of two main commercial banks -- constituting only a partial first step). The MOFED was responsible for tracking results indicators in a highly challenging environment where virtually all resources were channeled directly toward the Ebola response.

b. M&E Implementation

According to the ICR (p. 14), there is little evidence that the MOFED monitored the operation's results indicators during implementation, but necessary data and audits were provided to the ICR mission. Completion of prior actions was verified, but there was no updating of progress in the Supplemental Financing Document.

c. M&E Utilization

Because progress along the operation's results indicators was tracked only at the ICR stage, it is unlikely that the operation's M&E data and analysis were used to inform implementation.

M&E Quality Rating

Modest

10. Other Issues

a. Environmental and Social Effects

The Program Document (p. 24) states that the operation was not likely to have positive or negative effects on the environment. Socially, the operation supported a successful fight against a deadly virus that has disproportionate impact on women and the poor. About half of the frontline emergency workers who received hazard payments were women.



b. Fiduciary Compliance

The operation followed standard Bank procedures for development policy lending. Disbursements were not tied to any specific purchases, and no special procurement requirements were needed. Based on an assessment of fiduciary risk as moderate (Program Document, p. 26), there were no special or additional fiduciary arrangements established in terms of a requirement for an audit. The ICR notes no deviation from these provisions.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		High	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

The ICR (pp. 23-24) notes several lessons, with which IEG concurs:

1. Even in the case of a national emergency, it is possible to make progress in government fiscal management reform.



- 2 . It is important to have a central command with strong authority to coordinate the many actors coming together to fight an epidemic.
- 3 . A fiduciary agent can play a critical implementation role in emergency contexts.
- 4 . In emergency situations, it is vital to consider practical project management issues such as payment of workers.
- 5 . The existence of widespread mobile phone use offers an opportunity to convey funds to workers in an emergency situation.
- 6 . Results indicators should not rely just on completed actions, but should attempt, to the extent possible, to capture the outcomes of completed actions of the project.

The first lesson merits highlighting and augmenting: not only was it feasible to carry out financial management actions that would put the government in a better position to implement the next generation of sector reforms, it achieved important synergies by marrying budget and transparency imperatives of the Ebola crisis with longer-term financial management and transparency concerns. Another key lesson is that development policy operations benefit from the quality of the Bank's overall engagement, including how various instruments such as analytical work, and both country-based and regional investment operations, along with the work of other development partners, reinforce and complement each other.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clear, concise, and adherent to guidelines. It does a particularly good job of putting both the Ebola and financial management/transparency elements of the operation in broader context. It tightly links planned actions with intended and achieved outcomes, pointing out where the operation's results framework (especially results indicators) exhibited shortcomings. Its lessons should prove valuable to future operations in emergency contexts.

a. Quality of ICR Rating

High