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Report No: ICR00003645

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-48600, IDA-50560, IDA-H9600)

ON

A CREDIT AND TWO GRANTS

IN THE TOTAL AMOUNT OF SDR 38.2 MILLION
(US$59.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF SIERRA LEONE

FOR THE

FOURTH GOVERNANCE REFORM AND GROWTH GRANT,

FIFTH GOVERNANCE REFORM AND GROWTH CREDIT,

AND

SIXTH GOVERNANCE REFORM AND GROWTH GRANT

July 8, 2016

Macroeconomics and Fiscal Management Global Practice
Africa Region

CURRENCY EQUIVALENTS
(Exchange Rate as of May 31, 2016)

Currency Unit	= Leone
US$1.00	= Le 6,091

REPUBLIC OF SIERRA LEONE - FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

A4P	Agenda for Prosperity
AfDB	African Development Bank
BSL	Bank of Sierra Leone
CAS	Country Assistance Strategy
CMC	Cash Management Committee
DPL	Development Policy Lending
DPO	Development Policy Operation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GRG	Governance Reform and Growth
GRGC	Governance Reform and Growth Credit
GRGG	Governance Reform and Growth Grant
GRGG/C	Governance Reform and Growth Grant/Credit
GST	Goods and Service Tax
HR	Human Resources
ICR	Implementation Completion and Results Report
M&E	Monitoring and Evaluation
MDBS	Multi Donor Budget Support
MoFED	Ministry of Finance and Economic Development
NPA	National Power Authority
NRA	National Revenue Authority
PAF	Progress Assessment Framework
PDO	Program Development Objective
PFM	Public Financial Management
PRSP	Poverty Reduction Strategy Paper
TA	Technical Assistance
TIN	Tax Identification Number

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REPUBLIC OF SIERRA LEONE
GOVERNANCE REFORM AND GROWTH OPERATIONS

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A. Basic Information			
Program 1			
Country	Sierra Leone	Program Name	SL-Fourth Governance Reform and Growth Grant (GRGG-4) DPL
Program ID	P117822	L/C/TF Number(s)	IDA-48600
ICR Date	05/18/2016	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	Government of Sierra Leone
Original Total Commitment	SDR 6.40 million	Disbursed Amount	SDR 6.40 million
Implementing Agencies Ministry of Finance and Economic Development			
Cofinanciers and Other External Partners			
Program 2			
Country	Sierra Leone	Program Name	Sierra Leone - Fifth Governance Reform and Growth Credit
Program ID	P126355	L/C/TF Number(s)	IDA-48600, IDA-50560
ICR Date	05/18/2016	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	Government of Sierra Leone
Original Total Commitment	SDR 15.50 million	Disbursed Amount	SDR 15.50 million
Implementing Agencies Ministry of Finance and Economic Development			
Cofinanciers and Other External Partners			
Program 3			
Country	Sierra Leone	Program Name	Sierra Leone - Sixth Governance Reform and Growth Grant
Program ID	P133107	L/C/TF Number(s)	IDA-48600, IDA-50560, IDA-H9600
ICR Date	05/18/2016	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	Government of Sierra Leone
Original Total	SDR 16.30 million	Disbursed Amount	SDR 16.30 million

Commitment			
Implementing Agencies Ministry of Finance and Economic Development			
Cofinanciers and Other External Partners			

B. Key Dates

SL-Fourth Governance Reform and Growth Grant (GRGG-4) DPL - P117822				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	10/27/2010	Effectiveness:	12/21/2010	01/18/2011
Appraisal:	11/16/2010	Restructuring(s):		
Approval:	12/20/2010	Midterm Review:		
		Closing:	07/31/2011	07/31/2011
Sierra Leone - Fifth Governance Reform and Growth Credit - P126355				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	10/27/2011	Effectiveness:	1/31/2012	12/21/2011
Appraisal:	12/20/2011	Restructuring(s):		
Approval:	01/26/2012	Midterm Review:		
		Closing:	08/31/2012	08/31/2012
Sierra Leone - Sixth Governance Reform and Growth Grant - P133107				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	05/21/2013	Effectiveness:	02/11/2014	05/15/2014
Appraisal:	11/18/2013	Restructuring(s):		
Approval:	12/23/2013	Midterm Review:		
		Closing:	06/30/2015	06/30/2015

C. Ratings Summary

C.1 Performance Rating by ICR

Overall Program Rating	
Outcomes	Moderately Satisfactory
Risk to Development Outcome	Substantial
Bank Performance	Moderately Satisfactory
Borrower Performance	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

Overall Program Rating			
Bank	**Ratings**	**Borrower**	**Ratings**

Quality at Entry	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance	Moderately Satisfactory	Overall Borrower Performance	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
SL-Fourth Governance Reform and Growth Grant (GRGG-4) DPL - P117822			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			
Sierra Leone - Fifth Governance Reform and Growth Credit - P126355			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			
Sierra Leone - Sixth Governance Reform and Growth Grant - P133107			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			

D. Sector and Theme Codes

SL-Fourth Governance Reform and Growth Grant (GRGG-4) DPL - P117822		
	Original	**Actual**
Sector Code (as % of total Bank financing)		
Central government administration	65	65
Energy efficiency in Heat and Power	8	8
General industry and trade sector	27	27

Theme Code (as % of total Bank financing)		
Debt management and fiscal sustainability	11	11
Other Private Sector Development	12	12
Other accountability/anti-corruption	8	8
Public expenditure, financial management and procurement	61	61
Tax policy and administration	8	8
Sierra Leone - Fifth Governance Reform and Growth Credit - P126355		
	Original	**Actual**
Sector Code (as % of total Bank financing)		
Central government administration	70	70
General energy sector	15	15
General industry and trade sector	8	8
General water, sanitation and flood protection sector	3	3
Other Mining and Extractive Industries	4	4
Theme Code (as % of total Bank financing)		
Export development and competitiveness	5	5
Public expenditure, financial management and procurement	32	32
Regulation and competition policy	36	36
Tax policy and administration	27	27
Sierra Leone - Sixth Governance Reform and Growth Grant - P133107		
	Original	**Actual**
Sector Code (as % of total Bank financing)		
Central government administration	56	56
General education sector	11	11
Other Mining and Extractive Industries	11	11
Transmission and Distribution of Electricity	22	22
Theme Code (as % of total Bank financing)		
Administrative and civil service reform	11	11
Legal institutions for a market economy	23	23
Public expenditure, financial management and procurement	33	33
Tax policy and administration	33	33

E. Bank Staff		
SL-Fourth Governance Reform and Growth Grant (GRGG-4) DPL - P117822		
Positions	**At ICR**	**At Approval**
Vice President:	Makhtar Diop	Obiageli Katryn Ezekwesili
Country Director:	Henry G. R. Kerali	Ishac Diwan
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ICR Team Leader:	Yusuf Bob Foday	
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Sierra Leone - Fifth Governance Reform and Growth Credit - P126355		
Positions	**At ICR**	**At Approval**
Vice President:	Makhtar Diop	Obiageli Katryn Ezekwesili
Country Director:	Henry G. R. Kerali	Ishac Diwan
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ICR Primary Author:	Yusuf Bob Foday	

Sierra Leone - Sixth Governance Reform and Growth Grant - P133107		
Positions	**At ICR**	**At Approval**
Vice President:	Makhtar Diop	Makhtar Diop
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F. Results Framework Analysis

Program Development Objectives (from Program Document)

Development objectives are to: (a) improve the allocation and efficiency of public spending to support poverty reduction; (b) strengthen domestic resource mobilization and management; and (c) improve public sector reforms.

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

There was no revision to the original PDO. Due, however, to an oversight the data sheet of each program document indicated that the third PDO was “Increase Provision of Electricity”.

Indicator(s)

Sierra Leone - Sixth Governance Reform and Growth Grant - P133107				
Indicator	**Baseline Value**	**Original Target Values (from approval documents)**	**Formally Revised Target Values**	**Actual Value Achieved at Completion or Target Years**
Indicator 1:	Expenditure of individual budget categories (sectors) as a percentage of budgeted allocations			
Value (quantitative or qualitative)	13.3%	15%	–	13.6%
Date achieved	12/31/2009	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target met.			
Indicator 2:	Public domestic debt is stabilized (percent of non-iron ore GDP)			
Value (quantitative or qualitative)	15%	13%	–	11.7%
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target met			
Indicator 3:	Fiscal overhang will be limited to the 5 percent of revenue statutory limit on the central bank overdraft facilities and the combination of the change in domestic expenditure arrears and unpresented checks (float) will not exceed 2 percent of total actual expenditure			
Value (quantitative or qualitative)	Not available	a) =<5% b) =<2%	–	a) 1.7% b) 1.5%
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target met			
Indicator 4:	Cash Management Committee reports to be inclusive of information on the levels and age of arrears in 2014			
Value (quantitative or qualitative)	No	Yes	–	Yes
Date achieved	12/31/2013	12/31/2014	–	12/31/2014
Comments (including % achievement)	This indicator could not be fully assessed. Cash Management Committee (CMC) meeting reports included relevant arrears data in the first half of 2014, but could not be measured for the second half of 2014, as CMC meetings and reports were suspended due to the Ebola epidemic. Resumed in 2016 and reports with the relevant information are being produced.			

Indicator 5:	Procurement transactions are conducted through open competition (percentage of eligible procurement conducted through open competition)			
Value (quantitative or qualitative)	59%	75%	–	42%
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target not met. Based on past assessment records of this trigger, It was likely not going to be met despite Ebola.			
Indicator 6:	Over the remainder of 2013 and 2014, any expected or actual overspending outside of GBAA proscriptions will be followed by the submission of a supplementary budget to Parliament.			
Value (quantitative or qualitative)	No supplementary budget	Supplementary budget tabled	–	Supplementary budget tabled
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target met, no further supplemental budgets were required during the period.			
Indicator 7:	Ratio of number of teachers with HR records to number of teachers on payroll will be at least 98% at end-2014.			
Value (quantitative or qualitative)	35%	98%	–	76%
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target not met.			
Indicator 8:	Proportion of large taxpayers filing tax returns on time will be 90% or higher in 2014.			
Value (quantitative or qualitative)	45%	90%	–	92%
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target met and exceeded			
Indicator 9:	Tax revenue as a percentage of non-iron ore GDP will exceed 12% in 2014.			
Value (quantitative or qualitative)	9%	12%	–	10.8%
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target not met.			

Indicator 10:	National electricity utility will be under a performance-based contract to a reputable operator on efficient and transparent terms. (Management with efficient contract or transparent terms)			
Value (quantitative or qualitative)	No	Yes	–	No
Date achieved	12/31/2010	12/31/2014	–	12/31/2014
Comments (including % achievement)	Target not met as efforts for management contract were suspended due to the Ebola epidemic. Restarted following the declared end of the epidemic in late 2015 and as of mid-2016 shortlisted firms were preparing financial-technical proposals.			
Indicator 11:	Number of prepaid meters in Freetown to exceed 50,000 at end-2014 and collection efficiency rate to exceed 83% in 2014.			
Value (quantitative or qualitative)	Prepaid meters = 29,000 Collection efficiency = 67%	Prepaid meters = 50,000 Collection efficiency = 83%	–	Prepaid meters = 80,000 Collection efficiency = 76%
Date achieved	12/31/2010	12/31/2014	–	12/31/2015
Comments (including % achievement)	Partially met. Data unavailable for 2014 on account of Ebola, hence 2015 data utilized and reported. Important to note that recent audit of the electricity utility suggests that the baseline figure was much lower than in the Program Document.			

G. Ratings of Program Performance in ISRs

H. Restructuring (if any)

Not applicable

REPUBLIC OF SIERRA LEONE
GOVERNANCE REFORM AND GROWTH OPERATIONS

1. Program Context, Development Objectives and Design

1. **This Implementation Completion and Results Report (ICR) assesses the achievements of the expected results of the Governance Reform and Growth (GRG) Operations 4–6 for Sierra Leone.** This series of Development Policy Operations (DPOs) was intended to support the financing of the Government program articulated in the Second Poverty Reduction Strategy Paper (PRSP-2) with specific objectives to (a) improve the allocation and efficiency of public spending to support poverty reduction; (b) strengthen domestic resource mobilization and management; and (c) improve public sector reforms. The Fourth Governance Reform and Growth Grant (GRGG-4) (P117822) was approved by the Board of Executive Directors on December 20, 2010; the Fifth Governance Reform and Growth Credit (GRGC-5) (P126355) was approved by the Board on January 26, 2012; and the GRGG-6 (P133107) was approved by the Board on December 23, 2013.

1.1 Context at Appraisal

Background

2. **Following the end of the civil war, Sierra Leone made good progress in transitioning from the post-conflict situation and period to one of sustained economic growth, which in turn underpinned consistent progress in poverty reduction.** The period was initially marked by reconstruction and slow resumption of economic activity as displaced populations gradually returned to their home locations and responded to the establishment of peace after two decades of violence. Apart from agriculture, which was mainly subsistence related, the economy was undiversified and largely reliant on diamond production and exports. Good progress was made in poverty reduction during this time as the share of the population below the poverty line fell from 66 percent in 2003 to an estimated 55 percent by 2011, while inequality also fell.

3. **Ranked at almost the bottom of the Human Development Index, Sierra Leone looked to high economic growth to reduce poverty and achieve the Millennium Development Goals.** The severe deprivation of the majority of the population and the dilapidated state of public institutions led the Government to take strong ownership of poverty reduction, with a strategic focus on raising economic growth rates to achieve this. This was well articulated in PRSP-2 and PRSP-3 and the GRG programmatic series was consistent with priorities identified in both, which in turn shaped the main pillars of the series.

4. **Sierra Leone's economic performance was subdued in the aftermath of the global economic downturn when the first operation was appraised, but the start of large scale iron ore production changed economic prospects dramatically.** When the first operation was appraised in late 2010, Sierra Leone was still dealing with rising international fuel and food prices**,** and economic growth was expected to recover only slowly from 3 percent to 6 percent annually over the medium term. Over the course of this programmatic series, the economic and financial situation improved dramatically and unexpectedly. Construction of two large-scale iron ore mines led to large inflows of foreign direct investment (FDI) in 2010–11, giving a sharp

boost to the country's economic performance in both years. FDI inflows were also robust during this time in other mining sectors, commercial agriculture, and energy—all of which gave further impetus to economic activity. Consequently, real gross domestic product (GDP) growth averaged 5.7 percent annually during 2010–11 buoyed as well by domestically financed public investment. Construction-related employment was an important element of an emerging economic boom, particularly related to the iron ore industry. Commencement of iron ore production in the final weeks of 2012, which coincided with the appraisal of the second operation in this programmatic series, raised GDP growth that year to 15 percent. The first full year of iron ore production in 2013 saw GDP growth rise still further to 20 percent. Double-digit growth was expected again in 2014 as the iron ore mines reached their design capacity (Table 1).

Table 1. Sierra Leone: Selected Economic Indicators, 2011 - 18

	2011	2012	2013	2014	2015		2016	2017	2018
					EBS				
					15/12	Est	Proj.	…………………….	
	(Annual percent change, unless otherwise indicated)								
National account and prices									
GDP at constant prices	6	15.2	20.7	4.6	-12.8	-21.5	4.3	5	5.8
Excluding Iron ore	5.8	5.3	5.4	0.8	-2	1	3.3	4	5
Consumer prices (end-of-period)	16.9	12	8.5	9.8	14	12	9.5	9	8.5
Consumer prices (average)	18.5	13.8	9.8	8.3	13.1	9.9	9.5	9	8.5
Terms of trade (deterioration)	-5.6	5.4	-5	-16	-0.7	-18	-1.9	-2.4	-2.2
Export of goods	6.2	171.4	47.4	-15.4	-19.4	-55.1	13.7	32.6	21.7
Import of goods	85.2	20.2	-19.9	4.7	-3.9	-20.6	1.9	4.4	6.9
Average exchange rate (leoneper US$)	4349	4344	4337	4532	..	..	..	..	..
Nominal effective exchange rate change (end period, depreciatic	-4.1	-1	-2.4	-7.1	..	..	..	..	..
Real effective exchange rate change (end period, depreciation)	8.7	8	3.6	0.7	..	..	..	..	..
Gross international reserves, month of imports	1.8	2.2	2	3.6	3.8	4	3.6	3.4	3.4
Excluding iron ore related imports, months of imports	2.4	3.2	3.4	4.3	4.7	4.6	5	5.1	5
Money and credit									
Domestic credit to the private sector	21.8	-6.9	11.9	5.4	1	3.2	5	5.4	6.4
Base Money	13	18.5	17.7	30.2	7.1	10.4	12.2	15.4	16.2
M2	20	23.1	21.2	22.9	11	13	13.3	16.5	18.6
91-day treasury bill rate (in percent)	24.5	22.4	8	2.1	..	..	..	..	..
	(Percent of non-iron ore GDP, unless otherwise indicated)								
National accounts									
Gross capital formation	42.2	30	14.9	14.5	16	16.3	16.3	16.7	16.9
Government	9	8.2	6.4	5.9	7	7.3	6.3	6.2	6.4
Private	33.1	21.8	8.7	8.6	9	9	10	10.5	10.5
National savings	-17	5	2.7	-5.6	2.5	0.7	3.1	-0.3	0.3
External Sector									
Current account balance									
(including official grants)	-45	-43.3	-20.8	-20.1	-13.7	-13.5	-12.1	-10.9	-8.3
excluding official grants)	-48.8	-36.9	-22	-35.6	-18.3	-25.1	-19.4	-13.3	-10.7
External public debt (including IMF)	32.6	27.8	25.2	24.9	34.8	30.9	32.5	30.6	29
Central Government Budget									
Domestic Primary	-3.8	-3.8	-0.7	-5.6	-5.2	-5.5	-4.2	-2.9	-3
Overall balance	-4.6	-5.6	-1.9	-4	-4.8	-4.4	-4.2	-2.7	-2.4
(Excluding grants)	-10.1	-9.7	-4.9	-8.7	-10.1	-9.6	-8.1	-6.5	-6.6
Revenue	11.5	12.2	12.7	10.8	9.8	10.5	10.4	10.9	12
Grants	5.6	4.1	3	4.7	5.4	5.2	3.2	2.4	2.4
Total expenditre and net lending	21.6	21.9	17.6	19.5	20	20.1	19	19	19.1
Memorandun Item:									
GDP at market prices (billions of Leone)	12752	16460	21317	22690	22362	22326	25807	29508	33788
Excluding iron ore	12722	15331	18159	20542	22190	22254	25101	28360	32183
Excluding iron ore in millions of US$	2925	3529	4187	4533	4310	4384	4165	4264	4524
Per capita GDP (US$)	500	634	805	803	684	696	665	676	710

The advent of the Ebola epidemic in 2014 and the fall in iron ore prices resulted in a sharp reversal of growth, plunging the country into a period of social and economic turmoil. The rapid spread of the Ebola virus constituted a public health emergency throughout the country and threatened macro stability, growth prospects and gains made on poverty and human development. As Ebola spread, private sector activity came to a halt as businesses closed, and movement of goods and people was restricted. There were sharp job losses in the private sector, while agricultural exports and manufacturing output declined 30 and 60 percent, respectively (SIP 1).1 As the government was trying to generate additional resources to fight Ebola, iron ore production came to a halt in early 2015, largely as a result of the sharp drop in iron ore prices. GDP fell more than 21 percent while domestic revenue as a percentage of non-iron ore GDP dropped to 10.5 (end-2015) from 12.6 (end-2013) prior to the shocks. Banking sector vulnerabilities also increased, in part due to the pressures created by Ebola and the iron ore crisis.

The Government shifted its focus to addressing the Ebola epidemic, and budget execution was seriously disrupted. The majority of the spending was directed towards health and social welfare. The closure of the mines also affected economic activity and resulted in rising unemployment, worsening the crisis in Sierra Leone.

5. **Overall, the implementation period of this programmatic series was associated with a tremendous and unexpected improvement in economic performance and prospects, followed by an equally unexpected reversal in economic outcomes**. The downturn hit in the target year when the outcome indicators for the Program were meant to be measured and affected outcome indicators for the programmatic series.

Rationale for Bank Assistance

6. **The rationale for Bank assistance was therefore strong and remained the same for all GRG operations.** The measures supported by the GRG operation was designed to boast the economy that was under stress and was recovering from the effects of the global recession; preserve the fiscal space needed for poverty reduction by protecting poverty reducing spending priorities and reinforce the link between resource allocation and the objectives of growth and poverty reduction, through pursuit of procurement reforms, and improving the institutional set-up for public sector reform. The was encouraged by the Government's commitment to reform which was firm as evidenced by implementation of the previous series of programmatic DPOs, which had mainly supported restoration of economic stability. In addition, the operation foresees outcomes in line with the results targeted in the Joint Country Assistance Strategy[2] (JAS) which, in turn, would contribute to the goals of the PRS. The Government also recognized the critical nature of budget support for funding its poverty reduction aspirations and maintaining macroeconomic stability.

1.2 Original Program Development Objectives (PDO) and Key Indicators

7. The PDO specified in the program document was to support the financing of the Government program articulated in the PRSP-2 with specific objectives to (a) improve the allocation and efficiency of public spending to support poverty reduction; (b) strengthen

[1] National Ebola Recovery Strategy for Sierra Leone, 2015–17," prepared by Government of Sierra Leone.
[2] Joint Country Assistance Strategy for the Republic of Sierra Leone, IDA, IFC, and African Development Bank, Report no. 52297-SL, World Bank, 2010. The strategy was discussed by the World Bank Board on April 6, 2010.

domestic resource mobilization and management; and (c) improve public sector reform. This was directly aligned with the policy areas, which were designed to strengthen financial management and improve expenditure performance, increase value for money, promote transparency and good governance, and establish the basis for selected sectoral reforms. Each one of a number of broad sub-objectives had program specific key indicators associated with them, a subset of which were intermediate indicators as indicated in table 2.

Table 2. Program Sub-objective for the GRG Series by Policy Areas

Sub-objectives	**Key Indicators**
Policy Area 1: Public Finance Reforms	
Public debt management	Legal framework for public debt
Budget formulation, execution, and management	Budget variance < 10 percent
Public procurement, PFM, and public investment management	• Percentage of eligible procurement subjected to competition* • Percentage of contracts with full sets of documents* • Establishment of procurement unit* • Financial regulations governing public investment management • Public Private Partnerships Bill
Public sector management	Completion of teacher census, collection of biometric data, and verification of human resources (HR) records*
Domestic revenue reform	• Issuance of taxpayer identification numbers* • Percentage of timely filings and payments*
Policy Area 2: Improving Value for Money, Transparency, and Service Delivery	
Transparency and accountability	Right to Access Information Bill
Mining sector reform	National Minerals Authority Bill
Power and water sector reform	Power Purchase Agreement

*Note:**Denotes intermediate indicators.

1.3 Revised PDO and Key Indicators, and Reasons/Justification

8. **There were no revisions to the PDO, though results indicators were revised in the course of the program**.[3] During the third operation, a number of results indicators were replaced by new ones in order to acknowledge the changes in prior actions and to provide better measurement of the achievement of objectives as was the case for indicators 1, 2, 3 and 4. Others were redefined in a team's effort to sharpen the earlier indicators so that they could be more realistic and measurable, as was the case for indicator 8, 10. Some indicators were introduced because of the need to measure new results introduced since previous indicators were already achieved by the end of the second operation or to reflect the multi-year characteristic of certain

[3] The TTL for the series, however, acknowledge an oversight in the wording of the third pillar of the PDO noted in the Data Sheet of the GRGC6 which states 'increase provision of electricity' instead of the correct pillar, which is 'improve public sector reform'.

measures like indicator 5, 6, 7, 9 and 11. A table with detailed information on the changes and justifications can be found in Annex 6.

1.4 Original Policy Areas Supported by the Program

9. **Public Debt management** had been treated largely as a residual activity in Sierra Leone and lacked a formal framework. It became a key priority of the Government following two rounds of post-conflict debt relief extended by official creditors. Assessment suggested a modern model based on a stand-alone debt management function to be established. The series supported the legal and institutional framework for a debt management function and the establishment of a public debt unit. Supporting technical assistance (TA) was provided by the Bank and other development partners.

10. **Budget formulation, execution, and management** were targeted owing to weak budget performance with a focus on establishing and improving budget credibility. Additionally, given the Government's ambitious plans to expand domestically financed public investment, improving budget formulation and management required specific reforms to public investment management. In turn, this required a structured framework in legislation and financial management regulations and the institutional setting.

11. **Financial management reforms** aimed at improved compliance with the PFM legislation, observing due process with respect to sanctions and rewards, a general improvement in overall compliance. In this context, arrears management emerged as an important issue for overall budget management during the course of the programmatic series warranting its inclusion and efforts to account for and control arrears.

12. **Public procurement reforms** aimed at improving procurement planning and building government capacity for better public resource management. Thus, there was a focus on increasing compliance with procurement policy regarding preparation of procurement plans with an emphasis on quality of plans and improving compliance with the competitive process as prescribed. In addition, a procurement unit and committee were established within the Ministry of Finance and Economic Development (MoFED).

13. **Domestic revenue reform** was indicated by weak performance because the lack of systems, compliance, and capacity was an urgent priority for the Government particularly in view of its ambitious plans for domestically financed public investment. The programmatic series provided support to efforts to strengthen revenue performance through widening the tax net and broadening the base. These efforts were complimented with TA provided by the World Bank Group and other development partners.

14. **Public sector reforms.** These reforms were focused on the payroll and established a physical verification of all teachers and schools, including collection of biometric information, through which HR records were established for all teachers. This enabled payroll cleansing and restoration of the integrity of the teachers' payroll.

15. **Transparency and accountability.** The programmatic series supported the establishment of the necessary legal framework to provide for public access to information. Additional supporting measures were undertaken to ensure transparency and disclosure of

mineral receipts accruing to the Government. Anticorruption efforts were aided through legislation that sought to end discretionary and arbitrary granting of tax exemptions.

16. **Power and water sector reforms** focused very much on the former as electricity access rates were low by global standards at around 10 percent and the sector was in a deplorable financial and institutional state. This was a key reform priority for the Government as the lack of electricity was clearly a serious impediment to increased private sector participation and development. Mining sector reform and regulation became a priority given Sierra Leone's natural resource endowment and increased foreign investor interest in new nontraditional mineral areas. The Government recognized the need for an independent regulator in the national interest and supported the policy and institutional reforms in this direction, which saw the establishment of the National Mineral Authority.

1.5 Revised Policy Areas

17. No revisions in policy areas.

1.6 Other significant change

18. There were no significant changes in design, financing, or implementation arrangements.

2. Key Factors Affecting Implementation and Outcomes

2.1 Program Performance

19. The programmatic series comprised two single-tranche Development Policy Credits and a Development Policy Grant disbursed upon effectiveness, with a total disbursement of US$59 million over a four-year period (2010–2014), as shown in table 3.

Table 3. GRG Tranche Amounts and Release Dates

Operation	Tranche Amount (US$, millions)	Tranche Amount (SDR millions)	Tranche Release Date
GRGG-4	10.0	6.4	December 28, 2010
GRGC-5	24.0	15.5	February 2, 2012
GRGG-6	25.0	16.3	May 23, 2014

20. **The program performance was generally positive and as expected at the outset of the programmatic series**. With regard to timing, there were some deviations from the original plan. Fiscal and policy slippage in the lead up to the national elections in late 2012 led to a delay in the third operation, both to provide the new Government the opportunity to put appropriate measures in place and to provide comfort to the Bank and other development partners. This took place in parallel with a rapidly changing country context with the advent of large-scale iron ore mining and prospects for petroleum development. The Government also negotiated a new program with the International Monetary Fund, which compounded the delay. In turn, this provided the Bank the opportunity to revisit and refine the policy design and content of a number of the indicative triggers, with relevance to the changed circumstances. Three previously identified triggers concerned with bolstering public expenditure management were judged less relevant to the changed circumstances as noted above and elaborated further below (table 4).

These adjustments served to sharpen, realign, and prepare more targeted and easier-to-measure outcome indicators. The prior actions and implementation status for the release of funds for all three Governance Reform and Growth Grant/Credit (GRGG/C) operations are set out in table 6.2 of Annex 6.

2.2 Major Factors Affecting Implementation

21. **Implementation of the policy and institutional reforms supported under the programmatic series was generally satisfactory, though subsequent events have had a direct and negative bearing on the outcomes.** The good implementation performance was in large measure due to the commitment of the Government as well as the flexible and pragmatic approach taken by the Bank, which provided room for mid-course corrections. Other factors which buttressed implementation performance included a small, close-knit group of development partners that worked closely with the Bank and had areas of reform support common to the GRG series.

22. **A pragmatic approach to the reform agenda was critical in ensuring successful implementation.** This was particularly important in relation to the third operation of the programmatic series when it became apparent that vested interests would potentially undermine the proposed public sector reforms. In this case, the Bank anticipated developments and showed a flexibility with respect to revisiting and reformulating indicative triggers with a view to achieving the same objectives.

23. **The preparation and design of the programmatic series benefitted from a broad array of analytical work by the Bank and the ongoing TA.** In this regard, two public expenditure reviews in 2004 and 2010, together with the 2010 Public Expenditure and Financial Accountability Assessment, implementation support reports of the ongoing Public Financial Management Project, and a Country Procurement Assessment Review in 2011 were key elements underpinning efforts to strengthen public expenditure management. Ongoing TA to the revenue authority yielded an understanding of reform needs for improving domestic resource mobilization. Similarly, reports on the power sector and a power tariff methodology and project documents from an energy sector utility reform project and a mining sector TA project all contributed effectively to the reform element to promote and deepen public sector reform. The 2007 and 2013 poverty diagnostics also informed the operations, particularly concerning poverty and social impact.

24. **The design of the programmatic series benefited from an ongoing process of consultation and collaboration with principal development partners and in-country stakeholders.** Extensive consultations were held with the private sector and civil society to discuss the proposed reform program during the preparation of the CAS. Additionally, the Bank enjoys a close working relationship with the development partners providing budget support in Sierra Leone, which has been a key element in implementation success. The Bank also collaborated closely with the International Monetary Fund.

25. **On the negative side, twin shocks in 2014 from the collapse of international iron ore prices and the Ebola virus disease and epidemic hindered program implementation and heightened macroeconomic risks considerably.** While the macroeconomic risks were

anticipated in the program documents, particularly the one for the third operation, the extent of the price decline was not anticipated. In 2014, iron ore was the worst performing commodity in the world with the benchmark price falling 50 percent over the course of the year and reducing government revenues. This was due to both supply and demand factors. On the supply side, there is a global glut as capacity expansions launched earlier came on stream. The slowdown of China's economy and more generally the advanced countries, has led to a sharp fall in demand, which is not likely to be reversed in the near future.

26. **The Ebola epidemic was a serious pandemic, which had an extraordinary effect on the economic and social fabric of Sierra Leone.** Its emergence in 2014 and overlap with the iron ore shock resulted in a number of missed outcomes for the programmatic series, which had selected 2014 as the reference period for measuring result indicators. While the Government commitment remained strong through the program, scarce capacity was diverted to deal with containing the pandemic, rather than on implementation of policy reforms. In hindsight this was an appropriate response given the declaration of an international health emergency by the WHO and the critical importance of containing the disease.

27. **The Government commitment to implementing the agreed reform program was strong, though its relative strength waned beyond the central agencies of MoFED and the central bank**. Nonetheless, the strong commitment and support by the Government were essential to making progress when difficulties arose, as on two occasions. As it moved to implementation, the exercise to cleanse the teachers' payroll did not enjoy strong support beyond the central agencies and was probably politically difficult to execute, but it did eventually go through to completion, although with some delay. Likewise, reforms envisaged in the power sector met resistance from vested interests, which was also overcome only through sustained Government support.

28. **Lessons from previous operations were important in the design of the GRGG/C 4–6 series.** In this regard, the lessons from the ICR of the previous series[4] were particularly useful though they were not adequately timely to influence the first two operations of the series. These lessons include the following:

- For a post-conflict country in a fragile, state-building process, the benefits of a programmatic approach outweigh the risks, particularly the opportunity to reevaluate progress before each successive operation.

- In a country short of management capacity, a detailed monitoring and evaluation (M&E) framework is not likely to be sustainable without intensive donor inputs and supervision.

[4] Implementation Completion and Results Report on a Grant and Three Credits to the republic of Sierra Leone, for a Series of Governance Reform and Growth Operations, Report no. ICR1761, World Bank, 2012.

- If the timing of the approval process of donors for budget support is not well aligned with the Government's budgetary process, the program support for poverty reduction risks shortfalls due to uncertainty in funding.

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

29. **The program's development objectives were clear and the focus of the different pillars was well described, which supported the selection of appropriate indicators.** However the supporting M&E arrangements were inadequate particularly in the first two operations. More specific comments on the design, implementation, and utilization of the M&E arrangements are laid out in the following paragraphs.

30. **The program benefitted on the arrangements on cooperation between the Government and the MDBS partners**. As such the design, implementation, and utilization of the M&E framework are governed by these arrangements under the PAF. The main vehicle for this is the joint assessment annual review by the MDBS partners usually conducted in May/June each year. This is aligned with the budget process and timetable in Sierra Leone.

31. **Some of the MDBS partners predicate their decisions about the level of generalized budget support to be provided on the basis of the annual PAF review**. The PAF is a consolidation of commitments made by the Government with each partner and while significant efforts are made to harmonize its content, this is not entirely possible or appropriate as development partners each have to maintain their institutional imperatives and modus operandi.

(a) Design

32. **The results framework improved with each successive operation.** Additionally, as the series progressed, there were some changes in the policy focus of the borrower, as well as other emerging issues related to enhancing domestic revenue mobilization, which led to the revision of some triggers and indicators during the preparation of GRGC-5 and GRGG-6. These revisions enhanced the M&E framework of the series. While results indicators were designed to use publicly available data there were lags in the availability of information, and data quality varied, affecting results measurement. Both the policy matrix and the corresponding results indicators were prepared jointly with government counterparts, supporting the process of institutionalizing the M&E arrangements. As noted above, the design benefitted from inputs from the full set of MDBS partners.

(b) Implementation

33. **The GRG program was monitored through a continuous dialogue with Government counterparts to assess progress and address potential bottlenecks**. Monitoring was conducted on an ongoing basis together with other MDBS donors and supported by complementary investment projects and TA. On the Government side, the implementation of the M&E framework was led by MoFED in collaboration with other line ministries and agencies. However, as noted above, their ownership and capacity was more limited. They were all involved in the data collection efforts supporting the monitoring of the program. During the collection of data, the documentation received for preparation of this ICR was timely and complete. The quality of

data was satisfactory although some entailed considerable delay.

(c) Utilization

34. **The programmatic series used appropriate arrangements for M&E.** Regular monitoring and data collection undertaken as part of the assessment process of the series facilitated discussions with the Government on the implementation of reforms and progress on the indicators. In particular, these discussions led to the Government paying particular attention to poverty-related expenditures and transfers to local councils.

2.4 Expected Next Phase/Follow-up Operation

35. **A new programmatic DPO was delayed, partly due to the Ebola outbreak in 2014, but is currently under preparation**. The Bank is currently preparing a new series with a first operation envisaged by end-2016. The Bank is also preparing its Systematic Country Diagnostic for Sierra Leone which will underpin the next round of the Bank's Country Partnership Framework and future DPOs. Meanwhile, while the preparation of a programmatic DPO was delayed due to the Ebola outbreak, the Bank prepared two operations after the last GRGG/C series. They were called the Emergency Economic and Fiscal Support Operations. The first operation, approved in 2014, was meant to close the fiscal gap that was created as a result of the impact of Ebola on the economy. A supplement to the original operation was also approved by the Board in 2015.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design, and Implementation

Overall Rating: Moderately Satisfactory

(a) Relevance of Objectives: Substantial

36. **The overall objectives of the program were and remain highly relevant.** The program's development objective to improve the allocation and efficiency of public spending to support poverty reduction, to strengthen domestic resource mobilization and management, and to increase public sector reforms continue to be as relevant today as they were when the GRGG/C series was designed. The key components of the program were fully consistent with the Government's agenda to promote good governance and enhance the provision of public services. In addition, the GRGG/C operations supported the PRSP, covering the period 2008–12 with the latter operations overlapping with PRSP-3. PRSP-2 established three pillars to support higher growth: (a) good governance, security, and peace building; (b) pro-poor; sustainable growth for

food security and job creation; and (c) human development.[5] PRSP-3 (covering the period 2013–18), which seeks to deepen growth and diversification, is a key element of IDA's program in the country as noted in the CAS Progress Report presented to the Board on July 17, 2012.

37. **The GRGG/C operations were also aligned with the Bank's Joint Assistance Strategy FY10–FY13.** The Joint Assistance Strategy reflected the pillars of PRSP-2. Complementing policy-based lending were investment projects in other key sectors of the PRSP—notably agriculture, the management and development of transport infrastructure, health, education, and so on. GRGG-6 was originally envisaged for FY13, but was delayed due to the rapidly changing country context with the advent of large-scale iron ore mining and prospects for petroleum development coupled with the fiscal and policy slippage in 2012. Therefore, GRGG-6 supported outcomes common to both PRSP-2 and PRSP-3.

(b) Relevance of Design: Modest

38. **The design of the operation built on lessons learned from the previous GRGG/C 1–3 in Sierra Leone.** The policy measures supported by the program and results indicators were in line with the outlined objectives and chosen following a rationale: the need to be cautious, given the low capacity, while at the same time consolidating positive results of the country's reform program and long-standing Bank engagement. The program supported areas where the Bank was well-positioned to contribute with analytical and advisory services. The programmatic design of the operation emphasized the Government's and the Bank's commitment to the program objectives. The programmatic design allowed laying more emphasis on legislation in GRGG-4 and on implementing regulations in the subsequent operations.

39. **The design of the policy matrix as presented in the last operation underwent significant changes during the series**. The triggers planned for the second operation had to be replaced with new prior actions at the time that the second operation was prepared. While this was partly due to changes in government priorities, it was also because triggers for the second operation were worded more like results indicators. In addition, the result indicators as conceived for the first and second operations, were not as sharp and measurable and were defined in stages of completion instead of being indicators for the entire series. By the final operation most of these issues were addressed, triggers were replaced by prior actions that contained mainly policy and institutional reforms, the indicators more clearly identified the results to be measured, as well as the baselines and targets. Detailed changes in result indicators and justifications are described in table 6.1 of Annex 6. Finally, while results indicators were designed to use publicly available data there were lags in the availability of information, and data quality varied, affecting results measurement, which was the case for Indicator 4.

[5] The program for good governance consisted of a strengthened anticorruption agenda, improved public financial management, better public service delivery through capacity building, decentralized service delivery, and better statistics for monitoring outcomes. To support sustainable growth, the PRSP emphasized maintenance of macroeconomic stability through appropriate fiscal and monetary policies and effective debt management and support for key productive sectors and investments in infrastructure needed for these sectors to thrive. Finally, the pillar for advancing human development covered improvements in health and education services along with affordable housing, greater gender equality, and improved environmental management.

(c) Relevance of Implementation: Modest

40. **Implementation arrangements were and continue to be relevant.** MoFED was the executing agency due to its central role in managing the fiscal framework, implementing the result-based budgeting, and coordinating social policy within the Government. Some shortcomings were, however, encountered in the implementation of the program due to the scope of certain prior actions that required engagement with other Ministries outside the direct supervision of the Ministry of Finance, which was the case of the Ministries of Education and Energy. This situation also negatively affected the Government's commitment as a whole in implementing the agreed reform, which remained strong at the Ministry of Finance throughout the program but was not the case for the other implementing agencies. In the case of the Ministry of Finance, there wasn't strong support to implement the verification of the teacher's payroll, which led to delays in the implementation. While prior actions were completed, the result indicator on the ratio of number of teachers with HR records to number of teachers on payroll was not achieved by end-2014.

41. The relevance of the program improved through adjustments to the results framework to cover additional areas under the new prior actions for the third operation and through revisions to triggers/prior actions to reflect the pace of implementation and the change in government priorities.

3.2 Achievement of Program Development Objectives
Overall Rating: Moderately Satisfactory

Objective 1: Improve the allocation and efficiency of public spending to support poverty reduction[6]

The reforms supported by the GRGC Series were broadly implemented as envisaged and most of the quantitative targets were achieved with the exception of indicators 5 and 7, which were missed because the target could have been overambitious at the beginning and also due to lack of effective systems in place. Despite achievement of most of the quantitative targets, there were clear challenges of budget allocation and efficiency issues in public spending during the first two operations which manifested itself in huge overruns in some of the budget line items, most of which were accumulated into arrears due to lack sufficient revenue to finance the extra expenditures. For example in the first half of 2012, fiscal discipline weakened considerably with across-the-board spending overruns equivalent to 2.3 percent of GDP, despite revenue over-performance of 2.2 percentage points of GDP relative to the approved budget. In addition the issue of off-budget spending without seeking parliamentary approval was also common practice. In the area of procurement, whilst the procurement authority exists, its effectiveness is undermined by frequent interference from the authorities and lack of timely resources to undertake its responsibilities.

[6] In the area of Results Management. whilst the results indicators were met an assessment of PFM sector done by PEFA in 2014 showed that some areas related to budget credibility had worsen when compared with the 2010 assessment.

Outcome Indicator 1: In 2014, expenditure of individual budget categories (sectors) are to be within 15 percent of budgeted allocations.

42. This indicator was met. It was intended to promote budget discipline and credibility. At the time of the assessment, this indicator used the original 2014 budget, laid before the Parliament by the Minister of Finance in December 2013. From this, the top twenty administrative heads were identified. The Budget Bureau provided actual figures for 2014 and these were compared with the originally budgeted amounts. Overall, the variance in expenditure composition between actual and originally budgeted primary expenditure was 13.6 percent, below the milestone target of 15 percent.

Outcome Indicator 2: By the end of 2014, Public domestic debt is stabilized under 13 percent of non-iron ore GDP.

43. This indicator was met. In 2014, MoFED realized that the domestic debt burden was increasing rapidly. In response, the Ministry placed a moratorium on new domestic borrowing from the market. This helped to slow both the growth in domestic debt burden as well as the rise in the domestic interest rate on Government securities. It is however doubtful whether this will be sustainable as the authorities have resorted again to borrowing from the market, leading to the growth in both volume and price of the domestic debt.

Outcome Indicator 3: By the end of 2014, fiscal overhang will be limited to 5 percent of revenue statutory limit on the central bank overdraft facilities and the combination of the change in domestic expenditure arrears and unpresented checks (float) will not exceed 2 percent of total actual expenditure.

44. This indicator was met. This indicator was included to address persistent budget overruns, accumulation of arears and the monetization of the arrears by the Central bank. The achievement of the indicator was therefore a manifestation of improvement in prudent expenditure management and control as well as a relief to Central Bank in the conduct of its Monetary Policy.

Outcome Indicator 4: Cash Management Committee reports to be inclusive of information on the levels and age of arrears in 2014 -

45. This indicator could not be fully assessed due to lack of complete information at the time of the assessment. Before this indicator, the CMC did not include information on the level of arrears. The CMC reports, however, included relevant arrears data for the first half of 2014, but could not be measured in the second half of 2014, as the CMC meetings and reports were suspended on account of the Ebola epidemic, when all other line ministries practically abandoned their routine to pay attention to curbing Ebola. The commitment was however there and continued after the Ebola.

Outcome Indicator 5: By the end of 2014, 75 percent of procurement transactions are conducted through open competition.

This indicator was not met as originally designed. Procurement reform has been particularly difficult in Sierra Leone. As a result, the MDBS who were supporting procurement reforms revised their targets downward given recent developments. In 2014 with the outbreak of Ebola most of the public procurements were done under public health emergency and had no time to adhere to all procurement rules. The urgency of related procurement of medical supplies, equipment, and food, necessitated widespread use of noncompetitive procurement. The Government remains committed to restoring observance of statutory procurement requirements, especially in the case of the competitive process. Of relevance to this indicator—which is shared by the other budget support partners through their annual programs of support—is that these partners reevaluated the target in light of the burgeoning Ebola epidemic and revised it to 35 percent, which was subsequently achieved as the outcome was 42 percent in 2014.

Outcome Indicator 6: Over the remainder of 2013 and 2014, any expected or actual overspending outside of Government Budgeting and Accountability Act proscriptions will be followed by the submission of a supplementary budget to Parliament.

46. This indicator was met. The Supplementary Budget was taken to the Parliament though no further supplemental budgets were required during the period, based on the wording of the prior action.

Outcome Indicator 7: Ratio of number of teachers with HR records to number of teachers on payroll will be at least 98 percent at end-2014.

47. This result indicator was not met. Progress was partly affected by the Ebola outbreak which caused disruption in many aspects of public administration and closure of all schools for nearly one year. Previous assessments of this indicator by the joint MDBS group indicated slow progress by government in meeting it due to weak coordination between the General Accountant Department and the Ministry of Education, which are the two institutions responsible for its implementation.

Objective 2: Strengthen Domestic Resource Mobilization and Management

In improving domestic resource mobilization and management, the GRGG/C series proved Moderately Satisfactory in achieving its outcomes and objectives. The reforms were broadly implemented as envisaged backed by technical support by DfID to the NRA. Despite these only and one of the indicators was met, while indicator 9 was not achieved. Sierra Leone's revenue performance is weak compared to other West African economies (the revenue to GDP ratios in Cote d'Ivoire, Senegal and Liberia are approximately 16%, 20% and 26% respectively) and Sub-Saharan Africa as a whole, where the revenue to GDP ratio averages around 22%[7] Sierra Leone's revenue to GDP averaged around 10%. This is so despite the amount of investments and technical assistance from DfID and other donors. As this concerns government, the current PFMICP multi-donor funded project, managed by the bank is trying to improve this by investing in an Integrated Tax Administration System (ITAS). The project believes that the procurement and implementation of an ITAS solution is the single most important initiative for sustainably increasing domestic revenue collections in Sierra Leone. Such a system could routinely carry out a number of important tasks currently being carried out by NRA staff or not being conducted at

[7]Source: World Bank Databank, 2012 data

all.

Outcome Indicator 8: Proportion of large taxpayers filing tax returns on time will be 90 percent or higher in 2014.

48. This indicator was met. Recent efforts have been made by the NRA to increase compliance with respect to timeliness of filing of tax returns. Administrative and enforcement efforts include: (a) media campaigns (television, radio, and print media); (b) street campaigns; (c) public notices on billboards; and (d) telephone calls to tax payers (including all 150 large taxpayers and over 600 of the medium and small taxpayers). During the assessment, it was found that the target was exceeded by 2 percentage points in 2014.

Outcome Indicator 9: Tax revenue as a percentage of non-iron ore GDP will exceed 12 percent in 2014.

49. This indicator was not met despite the great efforts to support revenue mobilization, as tax revenues fell due to a slowdown in growth in 2014. While the NRA did make a strong effort in collecting tax revenue, the revenue to GDP ratio did not increase as expected, although 2010-2013 did see slightly higher ratios than the preceding years. Total NRA collections for 2014 amounted to Le 2,174bn (10.8% of non- iron ore GDP), reflecting a decline on 2013 collections of approximately 1.7%. This could be attributed to the closure of the two largest iron ore mines and the economic impact of the Ebola outbreak, which hit revenues substantially in the latter half of the year.

Objective 3: Improve Public Sector Reforms

50. The GRGG/C series proved less successful in achieving progress on reforms in this pillar. Some of the outcomes could not be measured due to lack of data in 2014 (indicator 11), while some were not achieved as a result of the Ebola epidemic (indicator 10).

51. The Government made good progress in developing policies and procedures conducive to expanding private sector development and better governance. Among which were the passing of the National Electricity Act and the act for the establishment of the Electricity and Water Commission both of which helped to bring positive changes to the sector.

Outcome Indicator 10: National electricity utility will be under a performance-based contract to a reputable operator on efficient and transparent terms in 2014.

52. This prior action was not achieved at the end of 2014, which was the target date. Efforts to attract a management contract were suspended due to the Ebola epidemic because no firm was prepared to sign a contract in such an environment. These were restarted following the declared end of the epidemic in late 2015 and as of mid-2016, shortlisted firms were preparing financial and technical proposals.

Outcome Indicator 11: Number of prepaid meters in Freetown to exceed 50,000 at end-2014 and collection efficiency rate to exceed 83 percent in 2014.

53. This indicator could not be assessed due to data unavailability for 2014 on account of Ebola. Hence, the 2015 data has been utilized and reported. These were based on an audit of the electricity utility, which also cast doubt on the baseline figure for collection efficiency as these were based on unaudited figures. Even with the 2015 data, only the installation of the pre-paid meter exceeded its target, whilst the collection efficiency tare fell short of its target.

3.3 Justification of Overall Outcome Rating

Rating: Moderately Satisfactory

54. **The overall outcome of the program is rated Moderately Satisfactory.** As mentioned above, the objectives of the DPL were very relevant when the operation was prepared and they remain relevant to date. At the same time, there were moderate shortcomings in the operation's achievement of its objectives for example in the first development objective, despite achievement of most of the quantitative targets, there were clear challenges of budget allocation and efficiency issues in public spending during the first two operations which manifested itself into huge overruns in some of the budget line items, most of which were accumulated into arrears due to lack sufficient revenue to finance the extra expenditures. In addition the issue of off-budget spending without seeking parliamentary approval was also common practice. Regarding the second objective of Strengthening Domestic Resource Mobilization and Management, the reforms were broadly implemented as envisaged backed by technical supports to the NRA from DfID and other donors including the World Bank under the IPFMR mutli-donor project. However, Sierra Leone's revenue performance remains weak compared to other West African economies (the revenue to GDP ratios in Cote d'Ivoire, Senegal and Liberia are approximately 16%, 20% and 26% respectively) and Sub-Saharan Africa as a whole, where the revenue to GDP ratio averages around 22%, Sierra Leone's revenue to GDP averaged around 10%. There were also some implementation delays, particularly in the last operation. More so, some performance indicators' targets were not met at the target date. There has been no policy reversal indicating the Government's commitment to continuing with the reforms and to achieving the PDO in future.

3.4 Overarching Themes, Other Outcomes and Impacts

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

55. **The three policy areas of the DPL series are expected to have had a positive impact on poverty reduction and social development.** The first one refers to the reforms that are related to improving the allocation of efficiency of domestic spending to support poverty reduction. This was seen throughout the series as poverty-related expenditure had increased steadily up to 2014. The impact of these reforms is expected to affect mainly the lower decile of the income distribution and is expected to have a direct impact on the poor and vulnerable. Furthermore, the measures improving the domestic resource mobilization and management will lead to increased revenue generation, most of which will likely be used to improve the social condition of the poor through poverty-related spending.

(b) Institutional Change/Strengthening

56. **The Bank's assistance to Sierra Leone under the DPL series supported numerous**

reforms aimed at institutional strengthening across the pillars of the operation. Complementary analytical and advisory activities under the umbrella of the DPL series have had a direct impact on institutional change.

57. The program contributed to substantial institutional strengthening in the areas of PFM, mining sector development, and power system management.

(c) Other Unintended Outcomes and Impacts

58. There are no other such outcomes that have not been discussed elsewhere.

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

59. Not applicable to the programs evaluated.

4. Assessment of Risk to Development Outcome

Overall Rating: Significant

Table 4. Ratings of Key Risks Likely to Affect Outcome of GRG Series

Risk Category	Rating
Macroeconomic Performance	Significant
Fiduciary Performance	Moderate
Political Factors	Moderate

60. The ICR finds the overall risk to development outcome significant, weighting significant macroeconomic risks against moderate fiduciary and political risks.

61. The key factors that could impede macroeconomic performance are a prolonged global recession that dampens growth as well as a rapid and continued fall in international commodity prices for metals. The resulting impact could be a further deterioration in the terms of trade and setbacks in the Government's ambitious program for infrastructure development necessary to spur growth. These factors threaten macroeconomic stability and significantly reduce the fiscal space for poverty reduction expenditures.

62. Regarding fiduciary risk, although PFM has improved, there remains the possibility that continued deficiencies in institutional capacity or corruption could adversely affect fiduciary performance. The mitigating factors that make this risk moderate are the strong commitment of the Government to sustained improvements in governance, projects to support capacity building and PFM reform, and the growing involvement of civil society in oversight activities.

63. On the political side, as the 2018 elections draw closer, there is the risk of an adverse impact on economic management and public finances. It is worth noting, however, that whatever the outcome of the elections, there seems to be only a moderate risk of a substantial reversal of the country's improving trend in governance.

64. Overall, because the significant macroeconomic risk is to a considerable extent outside the control of the Government and macroeconomic stability is a foundational element to

sustaining the satisfactory outcome, the ICR has rated the overall risk as Significant.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance
Overall Rating: Moderately Satisfactory

65. The Bank's performance was Moderately Satisfactory in ensuring quality at entry and Satisfactory in implementation support, with only minor shortcomings.

(a) Bank Performance in Ensuring Quality at Entry
Rating: Moderately Satisfactory

66. The program's design benefited from substantial analytical work. They included core diagnostic assessments by the Bank in collaboration with the Government and other donors. The design aspects related to the protection of fiscal space for poverty reduction and for the quality of budget execution are informed primarily by the 2004 Public Expenditure Review, which first identified the need to protect poverty-reducing programs in the context of uncertain revenues and grants, and the 2010 Public Expenditure Review which reconfirmed the need to improve the quality of budget execution to better protect poverty-reducing programs. The draft Public Expenditure and Financial Accountability 2010 report is another analytical work—being conducted by the development partners in association with the Government—which also informs this operation. The report highlights specific areas within the PFM cycle that require further improvement, including in the areas of budgetary planning, budget execution, and legislative oversight. The 2008 Poverty Diagnostic established that one of the reform options, a higher electricity tariff, would not adversely affect vulnerable groups. In particular, the proposed increase in the electricity tariff could be pro-poor if it resulted in the release of resources that could be better targeted to the poor through other poverty-reducing programs, given the extremely limited access to electricity by the poor. The design of the programmatic series benefited from broad stakeholder consultations conducted by the Government as part of the preparation of PRSP-2 and PRSP-3.

67. **Despite the above positive side, the design of the policy matrix was less than adequate for the first two operations.** Some of the expected triggers were overambitious and had to be changed as the series progressed. In addition, the result indicators as conceived for the first and second operations, were not as sharp and measurable and were defined in stages of completion instead of being indicators for the entire series. Detailed changes in result indicators and justifications are described in table 6.1 of Annex 6. Finally, while results indicators were designed to use publicly available data there were lags in the availability of information, and data quality varied, affecting results measurement, which was the case for Indicator 4.

68. **(b) Quality of Supervision**

Rating: Satisfactory

69. The GRG program benefited from consistency in team leadership and supervision over all three GRG operations. The team comprised the right caliber of sector colleagues who provided their technical expertise. The supervision of the program included at least one mission

annually. The implementation of the series was unhindered except that there was a slight delay in the last operation because the operation was originally approved by the Board as a credit but it was later converted to a grant, which needed some procedural approvals.

70. The donors participating in the MDBS[8] forum met annually in June to assess the performance of the entire program including the relevant GRG operation. Donor coordination resulted in improved performance measurement, by reducing the total number of performance indicators and enhancing specificity and the quality of the operation.

(c) Justification of Rating for Overall Bank Performance
Rating: Moderately Satisfactory

71. A Moderately Satisfactory rating is given because of issues with the first component—quality at entry. Though the program design benefited from substantial analytical work, the results framework and the outcome indicators were not well designed in the first operation—some of which had to be either modified or replaced in subsequent operations.

5.2 Borrower Performance

(a) Government Performance
Rating: Moderately Satisfactory

72. The Government showed substantial commitment to the GRG program which led to considerable institutional development over the course of the program. However, there were some temporary distractions from the first operation in the series due to fiscal slippages which emanated from the overspending in the 2012 elections which led to a temporary suspension of the IMF program with the country. The Government however worked with the Bank to get the program back on track and made significant progress with daily cash flow monitoring, new revenue efforts, and reforms in PFM. There were also some delays on the part of government in implementing some of the reform measures sometimes due to poor coordination between the Ministry of Finance and the Implementing agency, and in some other cases due to lack of required funds needed for the policy actions by the implementing agency. Also despite measures to improve budget allocation and efficiency, some off-budget projects were still finding their way into the budget mid-stream the budget implementation period without seeking Parliamentary approval. This act caused displacement of other less important activities that would have been

[8] In June 2006, the government of Sierra Leone and the Budget support donors decided to harmonize their disbursement and monitoring arrangement with the view of reducing the burden on government with respect to their time used in attending to budget support donors in their individual mission. As a result, the four budget support donors (World Bank, European Union, Department for International Development and the African Development Bank) grouped to be called the Multi- Donor Budget Support (MDBS). They decided to formalize the objectives and principles of their cooperation in a Memorandum of Understanding (MoU) was signed between them and the government. The new partnership framework responded to the recognition the previously separate disbursement and monitoring arrangements were generating excessive transaction costs and reporting hurdles for the Government. It was then agreed to group the various disbursement triggers of general budget support providers into a single Progress Assessment Framework (PAF) and to monitor progress against the targets set forth in such PAF through joint annual reviews.

approved by Parliament through the enactment of the appropriation bill.

(b) Implementing Agency or Agencies Performance
Rating: Moderately Satisfactory

73. MoFED, the implementing agency, prepared comprehensive, detailed letters of the development policies containing clear strategies for improved governance and growth policies leading to poverty reduction. The ministry gave particular attention to anticorruption efforts, citing both successes and shortcomings. Officials at MoFED were consistently accessible to the Bank and engaged in following up on progress in meeting triggers for GRG operations. The main shortcoming were the lack of formal monthly reporting to the Bank, as indicated in the implementation framework of the GRG program documents; lack of better coordination amongst the key players in government that were relevant for the operation and the Ministry of Finance inability to quickly provide resources to other line ministries that were charged with the direct responsibility of implementing some of the triggers, thus having negative impact on the program.

(c) Justification of Rating for Overall Borrower Performance
Ratings: Moderately Satisfactory

74. A Moderately Satisfactory rating in both dimensions—Government performance and Implementing Agency performance on account of the following:

a. Temporal distractions that led to a more than required period for the last operation to be delivered on time. This was due to some fiscal slippages which led to the temporal suspension of IMF program with the country.

b. Lack of proper coordination between the key implementing agencies

c. Lack of adequate and timely provision of resources needed for some policy measures.

6. Lessons Learned

75. **As there are limits to harmonization beyond which diminishing returns set in, it should be practiced pragmatically**. The effectiveness of Bank supported policies and institutional reforms can be enhanced by the complementarities of other Bank operations and the efforts of other donors in the reform areas. Yet the harmonization framework cannot provide the requisite flexibility required by quite different institutional requirements of each partner. This can impose an undesirable constraint and imposes costs. This process needs to be sustained and deepened in future, including looking at how best to choose appropriate actions in the PAF which reflect underlying policy actions.

76. **Engagement of Ministries beyond the central agencies of Government requires a strong mechanism at the center to ensure effective implementation**. Increasingly the scope of the series involved policies or actions that were outside the direct remit of the Ministry of Finance. When prior actions required inter-governmental coordination and action to achieve, implementation progress was patchy and difficult as in the case of Education and Energy. It is clear that some kind of additional actions will always be required to secure inter-governmental

support for implementation of the entire program supported through the PAF. An appropriate mechanism would be to elevate reform program implementation to a sub-committee of Cabinet and to obtain Cabinet endorsement of the PAF, ex-ante. This would appear to be a positive way to enhance (sectoral) ministerial accountability and at the same time improve program performance.

77. **In a country short of management capacity, a detailed M&E framework is not likely to be sustainable** without intensive donor inputs and supervision. Also the performance of agreed regular progress reports to be provided by the Ministry of Finance has been inconsistent and suggests that such requests may have been onerous or that ownership is weaker than assessed. This issue bears greater attention and effort given its potential effect on outcomes.

78. **The number of prior actions under each operation could be usefully reduced allowing the authorities to narrow their limited implementation capacity**. This needs to be carefully evaluated with considerations about the weight and balance of the reforms to be supported.

79. **There is need for subsequent operations to make sure there are clear links between triggers, outcome indicators (OIs) and PDOs**. In countries like Sierra Leone where capacity and in many cases wiliness on the part of government to reform are lacking, its will be important that subsequent operation be very focused and to clearly link triggers OIs and PDOs

80. **Government leadership while paramount is not sufficient to ensure satisfactory implementation progress**. The policy reforms supported by the GRG series, were derived from the Government's own reform agenda and therefore fully harmonized with reforms supported by the MDBS donors in the PAF. There was thus strong ownership of the reforms from the onset. Despite this implementation performance was at times uneven and as a result the MDBS partners made considerable efforts to increase the frequency of policy dialogue with the Government in order to provide the necessary support and impetus to timely completion of agreed prior actions.

81. **All operations could benefit of a mechanism to overcome unexpected widespread crisis that can negatively affect the performance of an operation as in the case of the Ebola crisis.** This should be the case only for extreme crises unforeseen as a risk at the time of the design of the operation, which would therefore have no mitigation measures envisaged. One option could be to extend the closing date of the project to provide the government with the opportunity to recover from the crisis and redress resources back to the implementation of the program. This restructure of the program should also include a change in the target date for achievement of result indicators. In addition, teams preparing ICRRs facing similar situations should make their best effort to clarify if the attribution of achievement or non-achievement of outcomes obeys to the effects of the crisis or to the poor performance of the program itself or the implementing agency.

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

(a) Borrower/implementing agencies

Not Applicable

(b) Cofinanciers

Not Applicable

(c) Other partners and stakeholders

Not Applicable

Annex 1. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team Members

P117822 – SL - Fourth Governance Reform and Growth Grant (GRGG-4) DPL			
Names	**Title**	**Unit**	**Responsibility/ Specialty**
Lending			
Cyrus Talati	Senior Economist	AFTP4	Task Team Leader
Yusuf Foday	Economist	AFTP4	Macroeconomist
Elianne Tchapda	Program Assistant	AFTP4	
Gláucia Ferreira		AFTP4	
Ismaila Ceesay	Lead Financial Management Specialist	AFTFM	Financial Managemnent
F. Tsri Apronti	Consultant	AFTPC	Procurement
Mudassar Imran	Senior Economist	AFTEG	Energy Specialist
Sameh Mobarek	Senior Counsel	LEGPS	Legal
Roberto Panzardi	Senior Public Sector Management Specialist	AFTPR	Governance
Vivek Srivastava	Lead Public Sector Development Spec.	PRMPR	Governance
Sebastian James	Senior Investment Policy Officer	CICRS	Tax Specialist
Umar Shavurov	Consultant	CICRS	Consultant
Marjorie Mpundu	Senior Counsel	LEGAF	Layer
Luis Schwarz	Senior Finance Officer	LOAFC	
Rajiv Sondhi		LOAFC	
Sudharshan Canagarajah		ECSP1	Peer Reviewer
Enrique Blanco Armas	Senior Economist	EASPR	Peer Reviewer
Supervision			
Cyrus Talati	Senior Economist	AFTP4	Task Team Leader
Yusuf Bob Foday	Economist	AFTP4	Macroeconomics
Ferdinand Tsri Apronti	Procurement Specialist	AFTPC	Procurement
Ismaila Ceesay	Lead Financial Management Specialist	AFTFM	Financial Management
Mudassar Imran		AFTEG	Energy
Sameh Mobarek		LEGPS	Legal
Roberto Panzardi	Senior Governance Specialist	AFTPR	Governance
Vivek Srivastava	Senior Governance Specialist	AFTPR	Governance
Elianne Tchapda	Program Assistant	AFTP4	
Sebastian James	Senior Investment Policy Officer	CICRS	Tax Specialist
Umar Shavurov		CICRS	Tax Specialist
Marjorie Mpundu	Senior Council	LEGAF	Lawyer
Luis Schwarz	Senior Finance Officer	LOAFC	
Rajiv Sondhi		LOAFC	

P126355 - Sierra Leone - Fifth Governance Reform and Growth Credit			
Names	**Title**	**Unit**	**Responsibility/ Specialty**
Lending			
Cyrus Talati	Senior Economist	AFTP4	Task Team Leader
Yusuf Foday	Economist	AFTP4	Macroeconomist
Elianne Tchapda	Program Assistant	AFTP4	
Gianluca Mele	Economist	AFTP4	

Ismaila Ceesay	Lead Financial Management Specialist	AFTFM	
F. Tsri Apronti	Consultant	AFTPC	Procurement
Mudassar Imran	Consultant	AFTEG	Energy
Nikolay Nikolov		AFTEG	Energy
Peter Meier	Consultant	AFTEG	
Sameh Mobarek	Senior Counsel	LEGPS	
Mark Moseley	Lead Counsel	LEGPS	Layer
Roberto Panzardi	Senior Public Sector Management Specialist	AFTPR	Governance
Vivek Srivastava	Lead Public Sector Development Spec.	PRMPR	Governance
Mamadou Barry	Senior Mining Specialist	SEGOM	Mining Specialist
Sylvia Kalley		SEGOM	Mining Specialist
Sebastian James	Senior Investment Policy Officer	CICRS	Tax Specialist
Marjorie Mpundu	Senior Counsel	LEGAF	
Christine Makori	Counsel	LEGAF	Layer
Luis Schwarz	Senior Finance Officer	CTRLA	
Supervision			
Cyrus Talati	Senior Economist	AFTP4	Task Team Leader
Ferdinand Tsri Apronti	Procurement Specialist	AFTPC	Procurement
Ismaila Ceesay	Lead Financial Management Specialist	AFTFM	Financial Management
Mudassar Imran	Senior Economist	AFTEG	Energy
Nikolay Nikolov	Senior Energy Specialist	AFTEG	Energy
Peter Meier	Consultant	AFTEG	Energy
Sameh Mobarek	Senior Counsel	LEGPS	Legal
Mark Moseley	Lead Counsel	LEGPS	Infrastructure Lawyer
Roberto Panzardi	Senior Governance Specialist	AFTPR	Governance
Vivek Srivastava	Senior Governance Specialist	AFTPR	Governance
Mamadou Barry	Senior Mining Specialist	SEGOM	Mining Sector
Sylvia Kalley	Senior Mining Specialist	SEGOM	Mining Sector
Gianluca Mele	Economist	AFTP4	Macroeconomics
Yusuf Bob Foday	Economist	AFTP4	Macroeconomics
Elianne Tchapda	Program Assistant	AFTP4	
Sebastian James	Senior Investment Policy Officer	CICRS	Tax Specialist
Umar Shavurov	Consultant	CICRS	
Marjorie Mpundu	Senior Council	LEGAF	Lawyer
Christine Makori	Council	LEGAF	Lawyer
Luis Schwarz	Senior Finance Officer	LOAFC	

P133107 - Sierra Leone - Sixth Governance Reform and Growth Grant			
Names	**Title**	**Unit**	**Responsibility/ Specialty**
Lending			
Cyrus Talati	Senior Economist	AFTP3	Task Team Leader
Yusuf Foday	Economist	AFTP3	
Gregory Smith	Economist	AFTP3	
Daniel Weise	Consultant	AFTP3	
Dora Harris	Program Assistant	AFTP3	
Elvira Morella	Senior Energy Specialist	AFTEG	
Viorel Velea			

Kristen Himelein	Economist	AFTP3	
Ismaila Ceesay	Lead Financial Management Specialist	AFTFM	
Waqar Haider			
Nikolay Nikolov		AFTEG	
Christine Makori	Senior Counsel	LEGAF	
Luis Schwarz	Senior Finance Officer	CTRLA	
Supervision			
Viorel Velea	Procurement Specialist	AFTPC	Procurement
Gregory Smith	Economist	AFTP3	Private Sector
Yusuf Bob Foday	Economist	AFTP3	Macroeconomics
Daniel Weise	Consultant	AFTP3	
Ismaila B Ceesay	Lead Financial Management Specialist.	AFTFM	Financial Management
Dora Harris	Program Assistant	AFTP3	Tax Specialist
Nikolay Nikolov	Senior Energy Specialist	AFTEG	Energy Sector
Christine Makori	Senior Counsel	LEGAF	Lawyer
Luis Schwarz	Senior Finance Officer		
Cyrus P. Talati	Senior Economist	AFTP4	Macroeconomics

(b) Staff Time and Cost

P117822 - SL-Fourth Governance Reform and Growth Grant (GRGG-4) DPL		
Stage	**Staff Time and Cost (Bank Budget Only)**	
	No. of staff weeks	**US$, thousands (including travel and consultant costs)**
Lending		
FY10	6.08	88,632
FY11	45.25	264,977
Supervision		
FY11	4.27	84,146
Total:	**55.60**	**437,756**
P126355 - Sierra Leone - Fifth Governance Reform and Growth Credit		
Stage	**Staff Time and Cost (Bank Budget Only)**	
	No. of staff weeks	**US$, thousands (including travel and consultant costs)**
Lending		
FY12	53.94	393,319.69
Total:	**53.94**	**393,319.69**
P133107 - Sierra Leone - Sixth Governance Reform and Growth Grant		
Stage	**Staff Time and Cost (Bank Budget Only)**	
	No. of staff weeks	**US$, thousands (including travel and consultant costs)**
Lending		
FY13	17.85	148,790.93
FY14	36.01	190,980.13
FY15	1.50	5,752.80
Supervision		
Total:	**55.36**	**345,523.86**

Annex 2. Beneficiary Survey Results

Not applicable.

Annex 3. Stakeholder Workshop Report and Results

Not applicable.

Annex 4. Summary of Borrower's ICR and/or Comments on Draft ICR

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
World Bank's Second Series of Governance Reform and Growth Grant/Credit (GRGG/C)
IMPLEMENTATION COMPLETION REPORT

1. Introduction

1. This report presents the Government of Sierra Leone's assessment of the implementation outcome of the second series of the World Bank's GRGG/C 4, 5, and 6 over the period 2011 through 2014. The programs' total funds amounted to approximately US$59 million released to the Government in yearly tranches. It comprised: (a) GRGG-4 in the sum of SDR 6.4 million (US$10 million equivalent); (b) GRGC-5 for SDR 15.5 million (US$24 million equivalent); and (c) GRGG-6 for SDR 16.3 million (US$25 million equivalent).

2. The scope of this report is limited to an outline of the programs, an assessment of the programs' impact on the economy, the challenges faced, lessons learnt, and the conclusion.

2. Program Scope

3. The GRGG/C program was delivered as a new series of three GRGG/Cs (that is, 4, 5, and 6) after a successful implementation of an earlier series in 2010. The new DPO was consistent with the new Joint Country Assistance Strategy of Sierra Leone's budget support partners (the World Bank, U.K. Department for International Development, European Union, and AfDB). Unlike the previous GRGG/C series, the program design revealed a drastic reduction in the number of benchmarks or triggers, which had nested actions or benchmarks that impeded harmonization, and placed MoFED in a position where some of the benchmarks or triggers were completely out of its domain. It supported the implementation of the Government's development objectives articulated in the Agenda for Change (PRSP-2) and the Agenda for Prosperity (A4P) (PRSP-3) over the period FY11–14.

4. GRGG/C 4 and 5 sought to strengthen public sector management, particularly covering public debt management, expenditure management, public procurement, and teacher payroll integrity and costs; and improve government revenues through legislative changes to curtail discretionary tax exemptions. GRGG-6 maintains the themes of the previous two GRGG/Cs and is directly concerned with the stated PRSP goals. It is also consistent with the economic diversification agenda of PRSP-3, especially as it relates to the electricity sector; issuance of TINs, improvement in enforcement, and disclosure of mineral revenues; and achievement of policy reforms in the power sector through institutional restructuring and legislative changes and submission to Parliament of public-private partnerships; and freedom of information legislation.

5. The second GRGG/C series focused on (a) improving the allocation and efficiency of public spending to support poverty reduction; (b) strengthening domestic resource mobilization and management; and (c) increasing the provision of electricity.

3. Institutional Development Impact

6. Credit to the second series of the GRGG/C programs, the economy gained significant

respite from serious fiscal and economic management challenges from 2011 to 2014. During the period, Sierra Leone recorded strong economic growth, maintained a relatively stable macroeconomic environment, achieved significant improvement in infrastructure (roads, electricity, and water supply), increased agricultural production, and improved delivery of social services underpinned by good governance and political stability, promoting sustainable inclusive green growth and poverty reduction.

7. Iron ore production topped 6 million tons in 2012, recording massive employment for thousands of youths while significantly expanding ancillary productive activities and support services. The agricultural sector experienced high yields in food items bringing down food prices. Real GDP surged from 15.2 percent in 2012 to 20.1 percent in 2013. The increasing revenues enabled the Government to fund massive road construction projects across the country, including rebuilding old city and new township roads. Thermal plants and solar energy for street lights were provided in all provincial headquarter towns, including investing in water and sanitation and in the social sectors. The World Bank funds helped in narrowing the financing gap in the national budget. It enabled the employment rate to increase, the exchange rate stabilized while keeping inflation low.

8. However, the collapse of world market prices in iron ore, from end-2013 onward, spiraled the leone into depreciation, degrading the higher revenues. From May 2014 up to a period of 18 months until November 2015, the Ebola epidemic struck deep into the entire country. The sharp drop in the iron ore prices, including the suspension of offshore oil explorations coupled with the outbreak and lingering effects of the Ebola epidemic, devastated the country socially and economically, bringing to standstill other key growth points namely, agriculture, tourism, transportation, manufacturing, and services.

9. Against this background, the World Bank funding received through the second GRGG/C series brought respite to economic management. The local currency proceeds of the funds facilitated the MoFED to provide for continuous support to government priorities articulated in the Agenda for Change (PRSP-2) and the advance program implementation under the A4P (PRSP-3). It enabled the Government to pay salaries of public sector employees uninterrupted and on time. Through the Weekly Foreign Exchange Auction window of the Bank of Sierra Leone (BSL), foreign exchange funds received under the programs were made accessible to meet private sector requirements to import essential goods.

3.1 Macroeconomic Performance

10. Despite the shocks that affected the economy, spurred by the expansion of iron ore production and export, and supported by the World Bank and other partners, Sierra Leone recorded its highest growth rate in a row as real GDP raised from 6 percent in 2011 to 15.2 percent in 2012 and up in 2013 to 20.1 percent. Consistent with the projected annual growth rate of 11.3 percent, the economy suffered a major setback following the emergence in late-May 2014 of the Ebola virus disease. Growth dived low in the second half of 2014 through 2015 on the back of falling iron ore prices, the lingering effects of Ebola, and the devastating flood that hit Freetown and other parts of the country in September 2015. Economic growth declined in 2014 to 1 percent and is projected to further contract by 21.5 percent in 2015, with the widening of fiscal and balance of payment financing gaps. Following a three-year boom, the iron ore

mining sector, which is the country's major foreign exchange earner, was particularly hard hit in 2014, as Ebola lingered further and as declines in world market prices continued, coupled with delayed investments and scaling back of production. The Leone, which had enjoyed stability since 2011, was eroding in value terms against the major international currencies in 2014 due to foreign currency shortage, 92 percent of which was delivered by the iron ore trade.

11. Despite the challenges posed by these shocks, the country made substantial progress in maintaining macroeconomic stability and helped reduce the number of the population living below the poverty line of US$1 per day from 70 percent in 2004 down to about 55.5 percent in 2014.

3.1.1 Inflation Rate

12. Consumer prices, as measured by inflation, which were high at the beginning of 2012, declined consistently falling to a five-year low, mostly on account of the stable exchange rate, money supply moderation, and increased availability of locally produced food as well as Government policy interventions to cushion the impact of domestic pump prices on fuel and essential imported food items. Inflation reached a single digit after several years, to 6.5 percent in May 2014 from 8.2 percent in December 2013 and 11.4 percent in December 2012, underpinned by increased supply of food items combined with prudent government cash flow policies and supported by a proactive monetary policy and stable exchange rates. However, as the Ebola rage persisted, inflation continued to trend lower in the second half of 2014 to around 7.8 percent reflecting lower world food prices, rising agricultural production, and currency and fuel price stability. The resources provided under the second GRGG/C operation enabled the Government, which was hard pressed for funds, to rebuild the country's infrastructure to open up domestic food supplies from farm gates to local markets and to ease movement of the population and transportation.

3.1.2 Revenue and Expenditure Performance

13. The second series of GRGG/C operations came in to support the implementation of Government's development programs as articulated in the Agenda for Change and the A4P (which aims at setting the stage for long-term growth), to help close up financing gaps over the period, arising from ambitious development projects, including institutional capacity strengthening and infrastructural projects. Government revenue projections over the period mirrored a fiscal policy in 2012 characterized by higher-than-budgeted domestic revenues and expenditures while external grants were lower than budgeted. Domestic revenues rose 28.1 percent above those collected in 2011, spinning from higher income taxes, GST, and customs and excise taxes as the iron ore industry boomed. In 2012, with the election campaign in full swing, significant fiscal slippages occurred over the second half of the year. This resulted in the widening of the overall budget deficit, in nominal terms. The MoFED embarked on fiscal consolidation and prudent budget and monetary policy execution in 2013 through regular CMC meetings. As a result, domestic revenue collection was Le 262 billion higher than budgeted with the annual budget outcome recording Le 2.83 billion in 2013 from Le 2.51 billion in 2012 due to an increase in personal income tax, corporate tax, GST, and customs and excise tax spurred by higher iron ore operations. Budget deficit was narrowed from 9.7 percent of GDP in 2012 to 4.9 percent of GDP in 2013. The increased revenues were necessary as the Government aimed to

maintain macroeconomic stability while also expanding investment spending to support the implementation of the Agenda for Change and the A4P.

14. In 2014, the fiscal position weakened, on account of the shortfall in domestic revenue collection and unforeseen expenditure, occasioned by Ebola and lower revenue collection from the iron ore sector, as prices in the world market sharply declined and went into a spiral. Revenue from excises on petroleum products was also below projections because of a drop in sales volumes. Non-tax revenue was also lower than projected because of a slowdown in economic activity. The fiscal deficit, excluding grants, therefore, widened to 8.2 percent of GDP in 2014 from 4.9 percent in 2013. The deficit was financed largely by borrowing from the domestic banking and non-bank sources.

3.1.3 External Sector Performance

15. The increased foreign exchange funds arising from iron ore operations, tax receipts, and external inflows (including GRGG/C resources) enabled the BSL to make accessible foreign currencies to the private sector through the Weekly Foreign Exchange Auction window to support exports and imports of essential goods. As a result, external trade was buoyant between 2012 and the first five months of 2014. Spurred by higher commodity prices and increased production volumes, merchandize exports increased by 147.3 percent from US$385.6 million in 2011 to US$953.4 million in 2012. Exports increased much higher to US$1.93 billion in 2013, but decreased to US$1.55 billion in 2014 as the lingering effects of Ebola continued.

16. Iron ore exports accounted for an average of 92 percent of the export earnings over the reporting period. Agricultural exports declined by 36.1 percent from US$46.8 million in 2011 to US$29.9 million in 2012; while in 2013, agricultural exports contracted, though the volume of agriculture support services provided increased tremendously. As a result, agriculture exports increased significantly from US$8.96 million in 2013 to US$25.6 million in 2014.

17. Over the review period, imports of petroleum products increased with growing mining operations. Generally, imports decreased as importation of mining-related machinery and transport equipment declined from US$1.96 million in 2012 to US$1.6 million in 2013, dropping to US$1.4 in 2014. Food imports decreased while imports of chemicals also gradually fell reflecting the lull in manufacturing activities on account of falling FDI, lower world market prices for commodities, and the outbreak of Ebola.

18. The high trade deficits in 2011 and 2012 (that is, US$1.25 billion and US$650.1 million, respectively) converted into trade balances at US$362.3 million in 2013 and decreased to US$170 million in 2014.

3.1.4 Exchange Rate

19. The nominal exchange rate of the Leone remained relatively stable during the booming period in iron ore trade (2011–2013). Depreciation of the Leone was recorded at about 28 percent in 2012; and on account of unfavorable market conditions in iron ore trade, the Leone depreciated by 13.8 percent in 2014 and 13 percent in 2015.

20. The gross foreign exchange reserves position remained buoyant in the review period,

rising from US$376.8 million in 2011 to US$417.9 in 2012 and from US$473.5 million in 2013 to US$571.6 million in 2014, representing a minimum of three months of import cover to a maximum of four months of import cover in 2014.

3.1.5 Monetary Policy

21. The monetary policy stance was tightened significantly in the first half of 2011 to mop up excess liquidity that was carried over from the previous year. In November 2011, amendments to the Bank of Sierra Leone Act reduced the statutory limit on credit to the Government, established stricter repayment timelines for such credits, and narrowed the scope of central bank participation in Treasury bill auctions. As a result, growth in monetary aggregates slowed in 2011 as government borrowing from the central bank declined significantly. The distortion imposed on the domestic financial market of auctioning larger volumes of Treasury bills than expected in 2012 resulted in high yields in both nominal and real terms and crowded out credit to the private sector.

22. Net credit to the Government from the banking system increased by 18 percent compared with 6 percent to the private sector and 21 percent for net foreign assets. As a consequence, broad money increased by 23 percent over 2012. Holdings of Treasury bills by domestic banks and the non-bank public increased by a substantial 60 percent from Le 714 billion at end-2011 to Le 1,143 billion at end-2012. The BSL overdraft to the Government (Ways and Means Advances) increased from Le 27 billion at end-2011 to Le 48 billion at end-2012, although it remained within the required 5 percent of the previous year’s revenue ceiling.

23. In 2013, the restraints on expenditure and repayment of arrears mainly from foreign currency inflows led to excess liquidity in the banking system. With the central bank having exhausted its stock of liquidity management instruments and with a policy shift toward longer dated bills, 3-month Treasury bill yields declined significantly. The shift to longer-dated securities moved part of the interest charges into 2014. On the other hand, interest rate on government securities gradually fell in the financial market bringing the Monetary Policy Rate down from 20 percent in April 2014 to below 10 percent in 2015. The cost of borrowing money however remained sticky in the commercial banks.

4. Progress Achieved in Structural Reforms

As part of the multi-donor program support, Government pursued the implementation of a number of structural and institutional reforms under the second series of the GRGG/C program. Below are highlights of some of the key reforms undertaken:-

4.1 Strengthening Public Financial Management

24. The Government made an effort to implement a number of indicators with a view to strengthen budgeting and budget execution. To this end, over the period, fiscal indiscipline resulting in overspending and underspending in key areas caused variations between the budget estimate and the actual budget. This resulted in huge overruns and arrears build-up from 2011 to 2013. Notably, with regard to overspending, it was the case for the Ministry of Education and the infrastructure development bill, whereas in the case of underspending it was the case for transfers to local councils, Audit Service Sierra Leone, and the NRA. The failure of local

councils to make early half-yearly expenditures returns explained why transfers were lower than planned. The implementation of the Agenda for Change and the A4P gave rise to a huge financing gap where overspending related to an increase in domestically financed infrastructure projects and recurrent expenditure trends. Moreover, the cholera outbreak and unexpected counterpart funding required from donors, coupled with lower revenue outcomes and higher election-related expenditures in 2011 and 2012, resulted in huge stock of accumulated expenditure arrears, giving reason to the BSL to withhold printed checks and the accountant general failing to process invoices because of cash shortages. Overspending was also due to high wage payments linked to the implementation of PFM reforms, the continued implementation of the fuel subsidy, and capital spending, principally on road construction and electricity generation.

25. The Government appreciates the donors' recognition to increase the fiscal space, thus agreeing to continue to be assessed on the issues of overspending and underspending in the budget through the multi-year PAF.

26. The ministry took proactive steps to establish a CMC comprising MoFED, the BSL, NRA, Petroleum Agency, National Mineral Agency, and others. The key objective of the CMC is to maintain fiscal consolidation and ensure fiscal discipline focusing on complementarity between fiscal and monetary policies, including revenue generation, spending on priority sectors aligned to the A4P and poverty reduction. From 2013 to the first five months in 2014, the Government was able to eliminate high expenditures arrears by taking a zero-borrowing stance from the central bank, thereby, reducing huge interest payments and narrowing the fiscal deficits. To strengthen PFM reforms, the Public Financial Management Act and the accompanying Financial Management Regulations were passed into law in 2015, to address several loopholes and to replace the old act.

4.2 Adequate Funding for Road Maintenance

27. The country's infrastructure gap as articulated in the A4P is extremely wide compared to several countries in Sub-Saharan Africa. The Road Maintenance Fund was established to expedite road maintenance activities. However, the lack of adequate funds was compelling, even when a two-tier system was introduced with higher pump prices for commercial users to increase revenue. The Government was therefore forthright in the A4P to acknowledge the challenges regarding road maintenance and also appreciates donor concerns for the need to ramp up the fiscal space to fund road maintenance not only for the sustainability of road investments, but also for the safety of its users.

4.3 Strengthened Procurement Process to Achieve Value-for-money

28. The Government is fully aware of the need to ensure value-for-money. In this vein, it is essential that the procurement of goods, works, and services be done on a competitive basis wherever possible. The new procurement cadre has been established and is functioning within many line ministries and the National Public Procurement Authority has extended its coverage to over 150 institutions The Public Procurement Act (2004) states the ceilings on transactions above which a competitive tender exercise should be followed. Application of standard procedures and limitation of the use of waivers or derogations have been drastically minimized. The Procurement Act has been revised and enacted into law in 2015. It incorporates proposed

changes emanating from the Country Procurement Assessment Review (2012) geared to match with changing dynamics. The Government is keen to ensure that the reporting and recording of procurement activities and timely reporting on procurement transactions by procurement officers attached to ministries, departments, and agencies is improved.

4.4 Implementation of Treasury Single Account

29. The implementation of the treasury single account commenced in 2013. The Government recognized that there was a fragmented system for handling government receipts and payments. This in turn greatly hampered the progress toward preparing comprehensive public accounts that will include all government operations and provide a unified view and centralized control over government's cash resources. Consequently, the Government's cash flow is constrained, as cash lies idle for long periods in numerous bank accounts, while the Government resorts to short-term borrowing at high cost. Connectivity has been established between the Accountant General's Department, BSL, and all commercial banks to facilitate the process. Due to the lingering effects of the Ebola epidemic and the traveling restrictions, there were delays in TA affecting project execution. However, the Treasury Single Account software had been installed and the Accountant General's Department in collaboration with the BSL has gone live with the operationalization of the Treasury Single Account.

4.5 Improved Teachers' Payroll

30. Maintaining an accurate teachers' payroll has been a sticky issue over a period. Essentially, teachers make up more than half of the public sector payroll and it is therefore in the Government's interest to make sure that the teachers' payroll is accurate and reflect actual teacher staff strength on the ground. Equally, additions, removals, and promotions as reflected on the payroll should have the correct supporting documentation on file in the Ministry of Education. In 2012, the teachers' payroll verification exercise was completed and requisite changes made to the teachers' payroll. However, discrepancy developed between Ministry of Education Science and Technology and Public Service Reforms Unit after the survey was conducted by an independent surveyor, as to how the recommendations should be taken forward, and the minister resisted no changes to the payroll. The Government set up the Teaching Service Commission on July 2, 2015 with the responsibility to, among others, register and license all teachers and to maintain and annually upgrade a register of licensed teachers which is published in the Gazette. Confidence has now been restored in the teachers' payroll.

4.6 Enhanced Tax Compliance and Improved Domestic Revenue Mobilization

31. Progress on domestic resource mobilization was encouraging, though still below regional averages. Domestic revenue collection grew in nominal terms at an average rate of around 30 percent, as reflected in a steady improving revenue to GDP ratio. Having stagnated at around 11 percent of GDP since 2005, domestic revenue increased to 11.6 percent in 2011. From 2012 through the first half of 2014, the ratio improved significantly due to a mixture of administrative improvements and revenue windfalls from large-scale iron ore mining, hydrocarbon exploration, and collection of a huge stock of outstanding arrears. While the NRA NRA made strong progress in ensuring taxpayer compliance during the reporting period, the issue of clearing the outstanding stock of arrears had been a thorny issue in the activities of the agency. Billions of Leones were

held unsettled within both government and nongovernment sectors. Administrative and enforcement efforts were embarked upon by the NRA to collect revenues through measures including: (a) media campaigns (television, radio, and print media; (b) street campaigns; (c) public notices on bill boards; and (d) telephone calls to tax payers (including all 150 large taxpayers and over 600 of the medium and small tax payers). Stringent monitoring of tax compliance and efforts to reduce tax and duty waivers also improved domestic tax collection. The good revenue generation track record decimated with the outbreak of Ebola from May 2014 onward, as iron ore price dropped in the world market and FDI declined, as a result.

32. The World Bank resources came in handy to give succor to the revenue decline.

4.7 Management of the Energy Sector

33. Sierra Leone's power sector was confronted with a number of challenges during the reporting period which, among others, include high retail tariffs; financial distress due to high technical, nontechnical, and commercial losses, exacerbated further by accumulated arrears; a dilapidated distribution network that needs extensive additional rehabilitation; a high exposure to volatile international oil prices as a significant part of dry season generation must be met by diesel generators. Electricity supply was largely inadequate to meet fast growing demand and could not be realistically expanded

34. Over the period, significant institutional reforms were undertaken, including establishment of a number of new entities, through the unbundling of the sector, separating generation and transmission from distribution. A framework is also provided for Power Purchase Agreements. The National Electricity Bill was submitted to the Parliament in September 2011 and was subsequently enacted in November 2011. The Government made an effort to reduce nontechnical losses through massive installation of prepaid meters to increase revenue collection efficiency which boosted the commercial performance of the sector

5. Overall Impact

35. Macroeconomic stability performance is strengthened on all the elements, except for a shortage of foreign currency in the economy. However, the Government is delighted with the steps taken by the World Bank and other MDBS partners to agree on common principles and make a strategic selection of policy areas and on program adjustments as warranted, including agreeing on budget support operations with a three- to five-year time horizon. The funds provided have helped to cushion the substantial reduction in the supply of foreign exchange to the economy. Nonetheless, exchange rate pressure remains as iron ore mining is yet to take off effectively. It has helped the reversal of the trend in inflation rate from double digits. Interest rates and the exchange rate remain market-driven. Real interest rates are positive while the exchange rate remains relatively stable. While prospects for mining revenues remain bright, continued development partners' assistance in relative terms remains strong to support the availability of official foreign exchange through an auction system by the BSL to provide for private sector-led investment activities.

6. Sustainability

36. Backed by continuous and sustained donor budget support during the post-Ebola

recovery period into the medium term and the prospect of resumption of iron ore mining, the availability of foreign exchange made available through the BSL auction system to provide for private sector-led investment activities will be sustained.

7. Lessons Learnt

37. Communication through regular monthly meetings with ministries, departments, and agencies and the visitations made strengthened and deepened commitment to provide information for reporting purposes on agreed benchmarks. The catalytic role of the Economic Policy and Research Unit of the MoFED in monitoring, implementation, and reporting of agreed reforms with development partners led to the achievement of desired outcomes.

8. Conclusion

38. In conclusion, the steps taken by the World Bank and other MDBS partners to agree on common principles and make strategic selection of common policy areas significantly improved the performance rate The second series of GRGG/Cs helped to make available foreign currency for import of essential commodities; preserve the fiscal space needed for poverty reduction while limiting domestic bank financing that should have occurred had the funds not been received; promote efficiency, transparency, and accountability in the use of public resources; improve the investment climate and promote exports; and achieve progress in the poverty reduction strategy against a slowdown associated with the global economic and financial crises.

39. The program also helped to sustain lower prices for essential commodities and to support the counter-cyclical measures taken by the Government to cushion the pass-through effect of falling international commodity prices on the people of Sierra Leone.

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Annex 5. Comments of Cofinanciers and Other Partners/Stakeholders

There were no cofinanciers for the series.

Annex 6. Supporting Tables

Table 6.1. Changes in Indicators and Justification

GRGG-4 Result Indicators	**GRGC-5 Result Indicators**	**GRGG-6 Result Indicators**	**Comments/Justification for Change**
Policy Area 1: Improve the allocation and efficiency of public spending to support poverty reduction			
Weighted average absolute deviation between planned and actual domestic primary spending, expressed as a percentage of the budgeted amounts for all 20 largest spending budget heads—a measure of budget credibility and execution efficiency	Variance between primary expenditure outturn and originally budgeted primary expenditures expressed as share of originally budgeted primary expenditures—a measure of budget credibility and execution efficiency	Indicator 1: In 2014, expenditure of individual budget categories (sectors) is to be within 15 percent of budgeted allocations Indicator 2: By the end of 2014, public domestic debt is stabilized under 13 percent of non-iron ore GDP Indicator 3: By the end of 2014, the fiscal overhang will be limited to the 5 percent of revenue statutory limit on the central bank overdraft facilities and the combination of the change in domestic expenditure arrears and unpresented checks (float) will not exceed 2 percent of total actual expenditure. Indicator 4: CMC reports to be inclusive of information on the levels and age of arrears in 2014	At the end of GRGC-5, overspending and accumulation of arrears were becoming an issue and the team thought some policy measures were necessary at that time to be put in place through the DPO. Hence, the introduction of these new indicators to measure the new policy measures that were introduced.
Increased transparency in the public procurement process, strengthened public procurement capacity and system,	The share of eligible transactions subjected to an open competitive process increased to 68 percent	Indicator 5: By the end of 2014, three-quarters of procurement transactions are conducted through open competition	This was a multi-year reform measure. At the beginning of the procurement reform, the emphasis was on capacity strengthening. After that was achieved, the emphasis changed to transparency in

GRGG-4 Result Indicators	GRGC-5 Result Indicators	GRGG-6 Result Indicators	Comments/Justification for Change
improved value for money		Indicator 6: Over the remainder of 2013 and 2014, any expected or actual overspending outside of Government Budget and Accountability Act proscriptions will be followed by the submission of a supplementary budget to Parliament.	public procurement that would result in value for money.
Verification of at least 50 percent of teachers on the payroll by physical interview, including verification of key records data on the payroll and HR records, by June 2011	Complete the census of teachers by verifying key records data through direct interview	Indicator 7: Ratio of number of teachers with HR records to number of teachers on payroll will be at least 98 percent at end-2014	Changes in the indicators here were again due to the fact that it was done in phases and each phase required a different indicator to measure success. From the launch of the verification exercise to completion of the exercise through data entry and analysis, and finally to implementation of the outcomes, one of which was updating the HR records of teachers.
Policy Area 2: Strengthen Domestic Resource Mobilization and Management			
Taxpayer base with TIN to increase by 20 percent over 2011	Taxpayer base with TIN increased to 10,198 by mid-2011, exceeding 2010 baseline of 6,359	Indicator 8: Proportion of large taxpayers filing tax returns on time will be 90 percent or higher in 2014	The change in this indicator was due to the team's effort to sharpen the earlier indicators so that they can become more realistic and measureable.
Reduction in the value of tax exemptions granted as measured through the statement of tax expenditures for the previous year	Target an increase of 20 percent in the number of income tax payers filing on time in 2012 over that in 2011	Indicator 9: Tax revenue as a percentage of non-iron ore GDP will exceed 12 percent in 2014	These were different measures all geared toward increasing revenue enhancement at different points in time.

GRGG-4 Result Indicators	GRGC-5 Result Indicators	GRGG-6 Result Indicators	Comments/Justification for Change
Policy Area 3: Improve Public Sector Reform			
Bill submitted. Will increase transparency and accountability of public sector decision making	Bill submitted. Will increase transparency and accountability of public sector decision making	Indicator 10: By the end of 2014, national electricity utility will be under a performance-based contract to a reputable operator on efficient and transparent terms	The changes here were meant to make the indicators clearer, more targeted, and easy to measure.
Will allow for unbundling of the power sector and open door to much needed restructuring and reform	Will allow for unbundling of the power sector and open door to much needed restructuring and reform	Indicator 11: Number of prepaid meters in Freetown to exceed 50,000 at end-2014 and collection efficiency rate to exceed 83 percent in 2014	Here, there was a shift in focus from the unbundling after it was achieved to the sector's revenue enhancement in an efficient way.

Table6.2. Prior Actions and Status for GRGG-4, GRGC-5, and GRGG-6

Prior Actions for GRGG-4	Status
Development Objective One: Improve the allocation and efficiency of public spending to support poverty reduction	
1. Submission to the Parliament of a bill that will govern public debt management including the accumulation and management of contingent liabilities	Met. Bill submitted to the Parliament in October 2010. The borrower has prepared and submitted the bill to the Parliament; the bill had been enacted into law; and the bill is being implemented.
2. Submission to the Parliament of the amendments to the Government Budgeting and Accountability Act (2005)	Met. Bill submitted to the Parliament in October 2010. The borrower has submitted the amended bill to the Parliament in October 2010 and the bill was approved by the Parliament in December of the same year.
3. The Government will have met the following procurement benchmarks: (a) At least 50 public entities will have prepared procurement plans for 2010 that are approved by MoFED or other applicable oversight institutions, including each of the 45 that produced plans in 2009. (b) The share of 20 randomly selected 2010 procurement plans that meet agreed criteria for good quality will increase by 5 percentage points over the benchmark of 42 percent established against 2009 procurement plans. In addition, at least 10 plans will be completed and approved by MoFED before January 1, 2010. (c) MoFED will have established a Procurement Unit and a Procurement Committee in compliance with the applicable procurement law and regulations.	Met.

Development Objective Two: Strengthen Domestic Resource Mobilization and Management	
4. Submission to the Parliament of a law or amendments to the laws governing taxation of income and external trade that will reduce the opportunities for discretionary tax exemptions and increase the transparency and accountability of exemption decisions.	Met. Bill submitted to the Parliament in October 2010.
Development Objective Three: Improve Public Sector Reform	
5. Submission to the Parliament of a bill to regulate the formation of public-private partnerships to encourage investment while minimizing risks to the Government. The borrower has submitted the bill to the Parliament in October 2010. The bill was enacted in early 2011.	Met. Bill submitted to the Parliament in October 2010.
6. Submission to the Parliament of a Freedom of Information Act.	Met. Bill submitted to the Parliament in October 2010.
7. Approval of the proposed restructuring of the power sector, including the policy commitment to reform the National Power Authority (NPA).	Met. The borrower has given the approval through the enactment of the electricity bill. The NPA had been reformed and unbundled into two utilities.
Prior Actions for GRGC-5	**Status**
Development Objective One: Improve the allocation and efficiency of public spending to support poverty reduction	
1. The variance in expenditure composition in fiscal year 2010 for the 20 largest budget heads will not exceed overall deviation in domestic primary expenditure by more than 9 percentage points.	Met
2. The share of 2010 procurement transactions above the competitive threshold, which is conducted through open competition, will improve by 5 percentage points over the benchmark of 58 percent established against the 2009 procurement transactions.	Met
3. The share of 2011 procurement plans that meet agreed criteria for good quality will increase by 5 percentage points over the benchmark of 50 percent established against 2010 procurement plans.	Met
4. Commence national verification of all teachers on the payroll.	Met
Development Objective Two: Strengthen Domestic Resource Mobilization and Management	
5. National Revenue Authority (NRA) to issue Tax Identification Numbers (TIN) to cover all current tax filers (income tax and goods and service tax [GST]) and expand TINs to cover potential taxpayers with the aim of improving compliance.	Met

6. NRA to take enforcement action to increase compliance with respect to timeliness of filing of income tax returns (for companies and non-companies).	Met
7. Disclose publicly in the first half of 2011, a statement on mining revenues collected in 2010 (licenses, royalties, income tax, Pay as You Earn (PAYE), GST, and so on) from the 10 largest mining enterprises by turnover, in accordance with §159 of the Mines and Minerals Act, 2009, and consistent with the government commitments under the Extractive Industries Transparency Initiative.	Met
Development Objective Three: Improve Public Sector Reform	
8. Cabinet approval of the key principles that will guide the tariff methodology as laid out in the tariff study.	Met
9. Submit to the Parliament a bill for an Electricity and Water Regulatory Commission Act.	Met
10. Submit to the Parliament a bill for a National Electricity Act.	Met
11. Formalize power sales from Bumbuna to the NPA through a power purchase agreement.	Met
Prior Actions for GRGG-6	**Status**
Development Objective One: Improve the allocation and efficiency of public spending to support poverty reduction	
1. MoFED to fully account for unpaid obligations incurred in 2012 and to extinguish these in first half of 2013.	Met
2. Submit a Supplementary Budget for 2013 to the Parliament.	Met. The Supplementary Budget was presented to the Parliament on the July 5, 2013.
3. Complete teacher verification exercise and update HR records and teacher payroll accordingly	Met
Development Objective Two: Strengthen Domestic Resource Mobilization and Management	
4. NRA to take administrative and enforcement action to increase compliance with respect to the timeliness of the filing of income tax returns.	Done as the authorities embarked on various forms of public relations measures and other public education meant to sensitize taxpayers regarding their obligations.
5. NRA to initiate recovery proceedings in all cases of income tax arrears.	Met. The NRA authorities prepared a flyer, closed businesses with arrears, and impounded company assets with the view of collecting their arrears.
6. Disclose publicly in the first quarter of 2012, a statement of the revenue collected in 2011 from the top	Met. This was disclosed on MoFED's web page.

extractive industries covering at least 90 percent of the total collection, by revenue type, in accordance with §159 of the Mines and Minerals Act, 2009, and consistent with the government commitments under the Extractive Industries Transparency Initiative.	
Development Objective Three: Improve Public Sector Reform	
7. Submit to the Parliament the National Minerals Authority Bill	Met. This bill was submitted and enacted and the National Minerals Authority is now fully functional.
8. NPA to implement operational loss reduction plan.	Met. Over 80,000 prepaid meters installed; revenue management system installed and now functional in 2015.
9. Government to commit to a performance-based contract for utility operation and management to be awarded to a competitively selected specialized firm.	Met. The Government made the commitment for this to happen, as the cabinet gave a written approval. However, efforts to attract a management contract were suspended due to the Ebola epidemic. These were restarted following the declared end of the epidemic in late 2015. As of mid-2016 shortlisted firms were preparing financial and technical proposals.

MAP


IBRD 33478
SIERRA LEONE
SELECTED CITIES AND TOWNS
DISTRICT CAPITALS
NATIONAL CAPITAL
RIVERS
MAIN ROADS
RAILROADS
DISTRICT BOUNDARIES
INTERNATIONAL BOUNDARIES
GUINEA
GUINEA
LIBERIA
ATLANTIC OCEAN
KOINADUGU
BOMBALI
KAMBIA
PORT LOKO
TONKOLILI
KONO
WESTERN AREA F.R.
MOYAMBA
BO
KENEMA
KAILAHUN
BONTHE
PUJEHUN
FREETOWN
Wara Wara Mts.
Loma Mts.
Gori Hills
Bintimani (1 948 m)
Falaba
Kabala
Bendugu
Kamaron
Kurubonla
Yana
Kamakwie
Fadugu
Madina Junction
Kambia
Pendembu
Batkanu
Bumbuna
Alikalia
Mange
Gbinti
Makeni
Binkolo
Kayima
Port Loko
Lunsar
Magburaka
Matotoka
Tefeya
Yengema
Sefadu
Lungi
Pepel
Masingbi
Njaiama-Sewafe
Masiaka
Yonibana
Yele
Gandorhun
Koindu
Songo
Waterloo
Mongeri
Kailahun
Buedu
Rotifunk
Moyamba
Dambara
Panguma
Pendembu
Banana Islands
Yawri Bay
Mano
Lago
Daru
Shenge
Sembehun
Bo
Blama
Kenema
Kribundu
Joru
Turtle Islands
Sherbro Island
Momaligi
Bonthe
Mattru
Sumbuya
Potoru
Pujehun
Zimmi
Lake Mabesi
Lake Mape
Fairo
Sulima
13°W
12°W
11°W
10°N
9°N
8°N
7°N
0 20 40 60 Kilometers
0 20 40 50 Miles
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