
Report on the 2022 country visit of the IFAD Executive Board to the Republic of Sierra Leone

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Action: The Executive Board is invited to take note of the report on the 2022 country visit to the Republic of Sierra Leone, as contained in the document.

Technical questions:

**Executive Board country visit participants
through Dr Yaya O. Olaniran**

Minister

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A. Background

1. Sierra Leone is a low-income country, ranked 182nd on the Human Development Index. About 60 per cent of the population are poor according to the United Nations Development Programme Multidimensional Poverty Index. Six out of 10 households are classified as food-insecure. The country has a population of about 7.5 million people, and it registered an average annual growth rate of 3.2 per cent between 2004 and 2015. Its demographic profile is that of a young population of whom 40.9 per cent are under 15 years of age; 80 are under 35 years of age. Only 3.5 per cent of the population are 65 years of age and above.
2. Before the COVID-19 pandemic, the country's provisional GDP for 2020 was projected to grow by 4.5 per cent. As a result of the pandemic, the actual GDP growth rate dropped from the projected 4.5 to 2.0 per cent, due to a decline in external demand for major exports, particularly diamonds, and decreased outputs in the mining, transport, trade and tourism sectors. The relaxation of COVID-19 restrictions by the Government, towards the end of 2021 and during 2022, led to an increase in output and growth. These recoveries brought about a GDP growth rate of 4.0 per cent in 2021.¹ According to the International Monetary Fund (IMF), current real GDP growth for 2023 is projected at 3.3 per cent.²
3. Inflationary pressure increased in 2022, mainly reflecting the sharp rise in global food and fuel prices and the pass-through effects on domestic prices, combined with the depreciation of the exchange rate emanating from the war in Ukraine and the ongoing rapid devaluation of the national currency. Inflation rose from 8.9 per cent in March 2021 to 29.1 per cent in September 2022.³ Public debt has grown to 76.9 per cent of the GDP due to a persistent fiscal deficit, reducing the fiscal space further. This is one of the highest levels of indebtedness in sub-Saharan Africa and the highest level reached by Sierra Leone since debt relief was obtained under the Heavily Indebted Poor Countries Initiative in 2008. Interest payments are absorbing a large share of revenue due to the high cost of domestic debt.⁴
4. Agriculture is the country's main economic activity, contributing 55.2 per cent in 2019 and 56.6 per cent of GDP in 2020. It is the largest sector in Sierra Leone's economy, accounting for 62 per cent of the country's labour force, and 22 per cent of its export revenue. Nonetheless, the level of government expenditure on agriculture has been low: 2.44 per cent from 2014 to 2019. With agriculture being the mainstay of the country and an estimated 5.4 million hectares of arable land, abundant farmland, varied ecosystems, fertile soil and sufficient rainfall, Sierra Leone offers a great opportunity for increased investment in agriculture.
5. This potential contrasts with the fact that over 4.7 million people are food-insecure (of whom just under 1 million are severely food-insecure) and over 3.3 million of them live in rural areas. Over the last five years, the number of food-insecure people has grown by more than half a million. And not only are more people food-insecure but the severity of food insecurity is also deepening. The number of people facing severe food insecurity tripled between 2010 and 2020.
6. The operating environment for IFAD in Sierra Leone is also challenging. The country has been impacted by 11 years of war between the years of 1991 and 2001, and subsequently by outbreaks of Ebola and the COVID-19 pandemic, with the resulting social and economic shocks. IFAD is currently one of the largest

¹ Statistics Sierra Leone - Statistics Sierra Leone's Report on the 2021 and 2022 Real Gross Domestic Product: https://www.statistics.sl/images/StatisticsSL/Documents/gdp/gdp_2021/GDP_Report_2021_2022.pdf.

² <https://www.imf.org/en/Countries/SLE#ataglanace>.

³ <https://mofsl.gov.sl/wp-content/uploads/2023/01/Budget-Transparency-2023-25.pdf>.

⁴ World Bank. Economic update on Sierra Leone.

contributors to agricultural transformation and rural development in the country, with over US\$130 million in active investment projects. The focus of IFAD's country strategic opportunities programme 2020-2025 is to support more productive value chains, promote greater inclusion of women and youth, increase incomes for rural households, and improve infrastructure. This is supported through two main projects: the Rural Finance and Community Improvement Programme, which provides rural households with access to finance through 17 community banks and 59 financial service associations; and the Agricultural Value Chain Development Project, which aims to increase production and improve marketing of rice, palm oil, cocoa and vegetables, thereby contributing to the Government's priorities of self-sufficiency in rice, crop diversification and rural poverty alleviation.

7. **Proceedings.** As part of the annual country visit programme for IFAD, an Executive Board delegation comprising representatives from Canada, China, Côte d'Ivoire, Germany, Indonesia, Mexico and Switzerland and led by their Spokesperson, Dr Yaya O. Olaniran, Permanent Representative of the Federal Republic of Nigeria to the United Nations Food and Agriculture Agencies in Rome, visited the Republic of Sierra Leone from 20 to 26 November 2022. The Board members were accompanied, inter alia, by the Associate Vice-President, Programme Management Department (Mr Donal Brown); the Director and Chief of Staff, Office of the President and Vice-President (Mr Charles Tellier); the Regional Director ad interim, West and Central Africa Division (Mr Sana Jatta); the Country Director (Ms Pascaline Barankeba); the Country Programme Officer (Mr Joseph Brima); the Director, Independent Office of Evaluation of IFAD (IOE) (Mr Indran Naidoo); the Secretary of IFAD ad interim (Ms Deirdre Mc Grenra); the Conference and Interpretation Meetings Assistant (Ms Flavia Antonelli); and the West and Central Africa Regional Office Assistant (Ms Nicole Guehi D'avila).
8. The main objectives of this mission were to:
 - (i) Visit projects co-funded by IFAD and the Government of Sierra Leone, so as to increase the Executive Board's knowledge of activities on the ground and allow Board representatives to meet beneficiaries, government officials and other partners;
 - (ii) Promote dialogue with state and local government officials regarding IFAD's role in Sierra Leone;
 - (iii) Gain insights into public policy as a means of promoting rural development;
 - (iv) Better understand the lessons emerging from the 2020 country strategy and programme evaluation (CSPE) carried out by IOE; what the Government and IFAD have learned from this CSPE; and how they have used it to prepare a new country strategy and enhance project performance;
 - (v) Provide Board representatives with a more comprehensive perspective of the country situation and the challenges faced by IFAD operations; and
 - (vi) Enable Board representatives to share informed guidance on strategic and operational matters with the rest of the Executive Board to enhance, in turn, their critical oversight and strategic role.

B. Overview of the field visit

9. The visit included high-level meetings with government representatives including with the President of the Republic of Sierra Leone, the Chief Minister, the Minister for Agriculture and Forestry and his Deputy Minister, the Deputy Minister for Finance, the Deputy Minister for Foreign Affairs and the Deputy Governor for the Central Bank of Sierra Leone; field visits in the south-east and the north-west of the country; discussions and presentations with the United Nations Resident Coordinator; and exchanges with other development partners. During the field

visit, Board representatives had an opportunity to hold discussions with beneficiaries, farmers' organizations, cooperatives, rural finance representatives, small and medium-sized enterprise representatives and local government authorities. Through a briefing by the Director of IOE and the Sierra Leone country team at the beginning of the visit, the delegation had an opportunity to look at the significant outputs achieved through IFAD programmes (e.g. in number of people reached, established financial services in rural areas, hectares rehabilitated, inclusion of youth, strengthening of community-based associations). At the same time, it was also an opportunity to better understand the country's background regarding poverty, the political and social environment ensuing from the legacy of 11 years of brutal war, the effects of Ebola and COVID-19, the current global food crisis, disruption of value chains, and rising inflation and prices (i.e. for energy, food and diverse inputs). The fifth Assessment Report of the Intergovernmental Panel on Climate Change indicates that Sierra Leone is among the African countries most vulnerable to the increasing impact of climate change; and globally, the country has been ranked as the third most vulnerable after Bangladesh and Guinea Bissau.⁵ This was confirmed in the different discussions with stakeholders.

10. Presentations and discussions showed both opportunities and challenges ahead for IFAD in its country programme with Sierra Leone. For example, IOE pointed to the need for stronger market linkages and deeper developmental impact through strengthening value chain linkages. Other evaluation findings indicated the continued need to strengthen targeting and pursue agricultural diversification more vigorously to improve nutrition and build stronger economic resilience.
11. It was noted that the capacity of the small field office affected the ability to fully feed the lessons learned from programme implementation into government policy development and to strengthen non-lending activities in a country where government capacity remains a challenge. The field visits provided ample opportunities to observe and discuss some of these lessons with stakeholders and officials. The mission recognized the Government's strong focus on education, youth and future generations. Similarly, the need for a much stronger prioritization of food security, agriculture and a food systems approach in the future has been recognized by the Government. The high level of interreligious harmony within the society and the focus on women's empowerment (a Gender Equality and Women's Empowerment Act had just been passed prior to the visit) were noted and appreciated by the delegation. This corresponded to the energy and ownership shown by stakeholders encountered during the field visits, especially rural women, despite continuing inequality.
12. With the support of the United Nations Resident Coordinator, the delegation met with the Minister for Agriculture and Forestry and the Deputy Minister for Finance prior to field visits, for an early exchange on the collaboration between Sierra Leone and IFAD. The Government emphasized the importance of political commitment to follow up on pro-poor policies and to increase the priority given to agriculture, alongside health and education. Self-sufficiency in rice (currently the country imports substantial amounts despite a favourable natural habitat for its production), crop diversification, livestock development, production intensification (including through infrastructure development, mechanization, digitalization and private sector support) and sustainable management of forests and biodiversity, were some of the plans highlighted. Increased and consistent resources would have to be allocated to this in the budget (currently at 3 per cent of the 2022 national budget,⁶ which is well below the Maputo target of 10 per cent). Poor and underdeveloped infrastructure as well as low capacity of farmers would need significant support, inter alia, to raise the adoption rate of new farming

⁵ https://unfccc.int/sites/default/files/resource/SierraLeone_iNAP_Final.pdf.

⁶ https://mofsl.gov.sl/wp-content/uploads/2021/12/Budget-Speech_FY20221.pdf.

technologies and improved farm management practices. For youth (particularly young women), access to finance was seen as particularly difficult; the apex bank, supported by IFAD, is seen as critical in rural areas. The need for more and better data (digitalization) was also highlighted as important for the sector's development.

13. Government officials indicated that climate change is already affecting the country, therefore access to funds and a concerted effort to address this are seen as critical. The impact of the current global food and energy crises on the country was seen as significant, already raising the prices of imports like fuel or mineral fertilizer, increasing the need for subsidies, reducing tax revenue and creating problems with supply chains. Government officials also affirmed the critical need to strengthen coordination between government and international partners in agriculture, and using South-South and Triangular Cooperation, for example on rice, to help in policy development.
14. From 21 to 24 November, the delegation visited active projects in the south-east and the north-west of the country. These included:
 - (i) Bendu village in Bo district, where a community was being supported through the Agricultural Value Chain Development Project (AVDP) to rehabilitate 10 hectares of inland valley swamps and introduce climate-smart agriculture;
 - (ii) Kalia village located in the Kenema district, where AVDP is supporting the improvement of 11 hectares of palm oil plantation using a climate-smart approach;
 - (iii) Nonguwa Agricultural Business Centre in Kenema district. Here, AVDP is supporting the centre through the provision of production facilities (power tillers, basic farm tools, a transplanter), post-harvest facilities (combine harvester, thresher, rice mill, destoner, moisture metre, scales) and capacity-building (business plan development, improved agricultural practices, farming as a business);
 - (iv) The Lungi community in Port Loko district, where a large group of women vegetable farmers have been provided with 15 mini power tillers and accessories, a vegetable dryer, a 15 kVA generator and simple local farm tools;
 - (v) The Mile 91 community in Tonkolili district. This community has one of the most successful rural community banks in the country.
15. The mission particularly welcomed the opportunities for discussion in small groups with smallholders, officials, village association members, entrepreneurs, women and youth, and incapacitated farmers, which allowed a better understanding of rural livelihoods, problems and lessons learned. The visits also highlighted the enormous need for a sustainable increase and diversification of rural smallholder production, stronger regional and local value chains, and improved quality of food.

C. Impact of IFAD programming

16. IFAD's investment in access to rural finance has so far reached 245,000 households through functional community banks (CBs). These provide basic financial services in rural areas; areas in which commercial banks are averse to operating due to high transaction costs. Newly established financial services associations (FSAs), which are community-owned and -managed financial institutions, allow for the mobilization of savings in the form of equity through sale of shares and in turn extend them as loans to grass-roots businesses. These rural financial institutions increase the access to rural finance for farmers, civil servants, petty traders and other enterprises. Both CBs and FSAs have increased employment opportunities for educated young people in rural areas. The

instruments improved income levels and the standard of living in rural communities.

17. In close partnership with the Government of the Republic of Sierra Leone, IFAD's support to the Agricultural Value Chain Development Project has improved the integration of farmers into value chains. A total of 3,000 farm households benefited from access to land tenure and focused oil palm production. IFAD's investment in establishing an oil palm plantation is contributing towards the afforestation of areas that suffered from deforestation due to the previous cultivation of rice by rural farmers. Farmers are supported in the application of climate-smart agriculture approaches, which permit them to harvest palm oil and additional crops and grow *Gliricidia* trees from the same plot. A similar approach was chosen for over 1,500 farming households that received access to land tenure and improved varieties of cocoa within the main cocoa belts across various districts. With communities having improved access to rural finance, some processing facilities (such as palm oil milling) and logistics (such as motorbike riders) strengthened the connection between producers and consumers.
18. IFAD's support to 30 women-led farmer-based organizations (FBOs) permitted these women to expand their production base and add value to the vegetables produced. The group has cumulatively cultivated and harvested 150 hectares of bulb onions. The FBOs, through the establishment of a federation of women vegetable producers, received joint access to processing, which extended the shelf life of the products. This strengthened their negotiation position when placing the products on the market and improved their social and economic welfare. Climate-resilient agricultural instruments and the support of knowledge transfer strengthened the empowerment of women and self-governance of the FBOs.

D. Issues that affect the success of IFAD programming

19. Funding, including lack of access to adequate financing; poor infrastructure; the relative cost of hired labour; insufficient capacities; and the lack of adequate tools and better mechanization are all important factors that impede rural farmers' productivity in Sierra Leone. On the basis of the field visit and discussions with a broad range of partners, the mission highlighted the following additional challenges faced by IFAD in its operations in the country and by rural smallholders. The mission encouraged IFAD Management and the country team to explore ways to address these challenges with the Government and stakeholders in future project design and country strategy development.
 - (i) **Limited institutional capacities.** While there is high potential for rural smallholder production, it is hindered by the **limited presence and capacity** of government institutions to support smallholders and their organizations, including through knowledge transfer and extension and training services at the local level. Access to methods for improved **results measurement was identified as important.**
 - (ii) **Rural finance.** Sustainably accessing finance is a challenge for smallholder farmers in the project sites. **Affordability** and finding the **right pricing** can still be difficult (especially with high inflation rates). Building **financial literacy and adopting risk management tools and strategies** for times of economic downturn remain relevant. Also, **distance and communication** are challenges for clients in remote areas. Responding in a modern, digitalized and efficient way to the expanding needs of rural communities and smallholders as they grow vertically in the value chains continues to be a major problem that will need to be addressed in the future. Extra effort will be needed to make sure that credit provided remains predominantly focused on agricultural development and that capacity for agricultural lending is increased. Paving the way for more banks to provide services to rural smallholders must remain a goal.

- (iii) **Focus and targeting.** With limited resources available, IFAD needs to ensure that it has a solid targeting approach. This includes a consideration of how IFAD projects can benefit from the support of other partners (such as WFP) to better target underserved groups that have the potential to grow their activities – especially women that have been affected by civil war or the pandemic.
- (iv) **Sustainability and scaling up of projects.** Ensuring the sustainability of the project benefits is a challenge, as is the scaling up of successful initiatives within value chains. In addition, tapping the full potential of public-private partnerships and strengthening market information, knowledge transfer and extension need to be considered.
- (v) **Timely government counterpart funding** as a basis for partnership and ownership and for achieving programme results remains a challenge.
- (vi) **Market and private sector linkages.** In order to strengthen value chains for rural smallholders, stronger linkages to consumers and reduced dependency on traders are challenges to be addressed to counter dependence on the state and donors. It is urgent to forge greater participation from the private sector for the strengthening of value chains.
- (vii) **Women and youth involvement and empowerment.** Creating job opportunities for the high number of young people is a major challenge. For rural areas, the choice and implementation of policy instruments will be key. This includes types of training that meet market needs and support young people's efforts to become market players and decision makers. The level of attention given to the needs of women affects IFAD's impact substantially.
- (viii) **Strengthening diversification of crops and investments** remains an issue, given the concentration and priority placed on products like rice and palm oil. At the same time, in order to increase farmers' resilience to economic and climate shocks, there is a need to improve diversification of products. Equally important is the strengthening of respective markets and value chains. Diversification is also required for improved nutrition. There is a lack of an adequate enabling environment and inappropriate incentives, including a lack of incentive coherence among donors, which is impacting IFAD programming.
- (ix) **Severe effects of climate change, deforestation and biodiversity.** Preventing environmentally damaging agricultural practices that lead to deforestation and biodiversity loss is a major challenge, particularly in a country already dealing with the impact of climate change.
- (x) **Lack of investment in rural roads, irrigation and water and electricity.** Lack of investment in rural (feeder) roads, irrigation and water and rural electricity impedes sustainable agricultural growth and rural transformation.

E. IFAD's capacity in policy engagement

20. The country visit confirmed the importance of close collaboration and strong partnership between the Government of Sierra Leone and IFAD as well as with other development actors active in the field. Coordination mechanisms may exist, but relevant actors do not meet regularly enough to build trust, facilitate partnerships and optimize use of synergies. Creating a regular working platform that supports coordination, collaboration and policy dialogue remains an important task for the Ministry of Agriculture and Forestry. IFAD should facilitate the faster advancement of good plans and policies towards implementation.
21. Strengthened country office capacity to engage with other United Nations partners and donors in Sierra Leone would help to leverage efforts in the agriculture and food security space, where better partner-donor coordination and Rome-based

agency (RBA) collaboration as well as stronger coordination with the Government would result in greater impact.

22. It was also clear to the mission that IFAD and the Ministry of Agriculture and Forestry have important lessons to share with each other and that these lessons also offer opportunities for scaling up of results and improving coherence. Such lessons can go beyond project design. IFAD should find ways to more actively and concretely share its experience and channel knowledge into Government policy design processes. While support from the regional office is important, stronger and more continuous engagement in-country to build the relationship with the Ministry of Agriculture and Forestry and other government agencies was seen as even more relevant. If gains in agriculture are a priority for the Government, then the IFAD office must have the capacity to engage effectively in policy dialogue, possibly teaming up with other international partners.

F. Recommendations

23. The short visit and the interaction in Freetown and in the regions with government officials, farmers and other stakeholders, implementing agencies and development partners active in agriculture, rural development and rural finance provided rich information and an opportunity for substantive exchanges and dialogue. In particular, the mission:
- (i) Welcomes the **higher priority foreseen for agriculture and rural development**, including in budget allocations by the Government of Sierra Leone. The importance of **wider cross-government ownership** of policies and projects, and agriculture in general, requires commitments not only from the Ministry of Agriculture and Forestry but also from other relevant departments such as finance, labour, infrastructure/transport.
 - (ii) Welcomes the commitment of the Government to meet **cofinancing** agreements, which we see as a reflection of the partnership and accountability of the Government.
 - (iii) Recognizes the **engagement of local smallholders and associations** as a key asset for rural development, and the leverage that this will bring in terms of wider benefits to the communities, including the important role of women's associations and networks that continue to invest.
24. The following recommendations to IFAD, the Government and stakeholders are based on this:
- Ensure **alignment with national strategies** and the building of bridges between them, including between national pathways on food systems transformation and the environment and climate change.
 - Continue to **build capacities of farmers** in crops that have **potential for scaling up and diversification and reduce dependency** on imports.
 - **Support the implementation of the new National Strategy for Financial Inclusion 2022-2026, focusing on women and youth.**
 - **More rural finance should be going to smallholder farmers and agricultural value chain development.** Therefore, continue to support rural finance in a way that meets the needs of smallholder clients – by increasing not only access but also the level of financing to rural farmers and value chain actors. In addition, financing of this sector needs to be **professionalized** with experts who understand farming.
 - Digital infrastructure (ICT) across rural areas should be improved in order to permit better **standardization and digitalization of services** to improve access to financing and technical assistance and increase efficiency.

- Greater identification and support for the **scaling up of successful initiatives within value chains, giving particular attention to market development and product quality.**
- **Strengthen collaboration with other United Nations agencies**, including WFP and FAO, and with international financial institutions such as the World Bank, African Development Bank or IMF, particularly on joint complementary programming and minimizing inconsistency.
- Continue to build an effective **working platform** that supports coordination, collaboration and policy dialogue between the Government of Sierra Leone and IFAD, and between the Government of Sierra Leone and partners/donors, including the RBAs, and the **leadership and support** of the **United Nations Resident Coordinator.**
- Strengthen the **analysis and dissemination of market and risk information**, knowledge transfer, and the **building of expertise and capacities within rural and community institutions**, including agricultural advisory services for farmers.
- **Ensure that sustainability** of the initiatives is a key consideration, one in which the **Government's role is essential.**
- Promote an enabling environment for public-private-producer partnerships.
- Revisit, modernize and streamline the business model and governance structure of the **apex bank system** to better respond to the expanding needs of rural communities and smallholder farmers as they grow.

G. Conclusions

25. The Government and communities of Sierra Leone are strongly committed to rural poverty alleviation. IFAD's long-standing commitment to the country is highly appreciated, and provides the environment for strengthening and continuing its partnership.
26. The mission recognized the strong commitment and engagement of stakeholders, particularly women, in rural areas. Despite all the challenges and hardships, people, and especially women, invested in agriculture, in economic activities, in the education of their children but also in working together. This is also something to build on.
27. The basis for success is peace, reducing fragility and building functioning institutions and creating an enabling environment for economic and rural development. Proper governance that creates stability will facilitate implementation of plans.

H. Acknowledgements

28. The Executive Board members participating in the mission wish to thank foremost the President, his Government and the staff, especially in the Ministry of Agriculture and Forestry and the Ministry of Finance, as well as the people of Sierra Leone for their hospitality and their commitment to making the visit a success. We wish to thank the IFAD team, who did an excellent job in preparing the visit and accompanying us. We would like to thank all the individuals, community groups and associations for their time and active engagement in discussing their challenges and lessons with us. And a special thanks to those widows who shared with us the impact of IFAD's support on their lives after the tragic losses from war and Ebola. While there are many challenges, there is also inspiration and hope as a result of the clear commitment demonstrated by those we met to make a better life for themselves. And finally, as a team, we wish to thank our Spokesperson for his leadership and for always hitting the right tone.