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**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Executive Board – Eightieth Session**

Rome, 17-18 December 2003

**REPUBLIC OF SIERRA LEONE**

**COUNTRY STRATEGIC OPPORTUNITIES PAPER**



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**CURRENCY EQUIVALENTS**

Currency Unit	=	Leone (SLL)
USD 1.00	=	SLL 1786 (official rate)
SLL 1.00	=	USD 0.00056

**WEIGHTS AND MEASURES**

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m <sup>2</sup> )	=	10.76 square feet (ft <sup>2</sup> )
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

**ABBREVIATIONS AND ACRONYMS**

AfDB	African Development Bank
COSOP	Country Strategic Opportunities Paper
DFID	Department for International Development (United Kingdom)
EU	European Union
GTZ	German Agency for Technical Cooperation
IDPs	Internally Displaced Persons
I-PRSP	Interim Poverty-Reduction Strategy Paper
IsDB	Islamic Development Bank
NGO	Non-Government Organization
PRSP	Poverty-Reduction Strategy Paper
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

**GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE**  
**Fiscal Year**

1 January - 31 December

COUNTRY MAP: LOCATION OF IFAD-FUNDED OPERATIONS



**SIERRA LEONE**

REGIONS AND DISTRICTS

IFAD ON-GOING OPERATIONS



Source: IFAD

*The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.*

**IFAD PORTFOLIO OVERVIEW**

<b>Project Name</b>	<b>IFAD Approved Financing (USD '000)</b>	<b>Board Approval</b>	<b>Loan Signing</b>	<b>Loan Effectiveness</b>	<b>Current Closing</b>	<b>Project Completion Date</b>	<b>Cooperating Institution</b>	<b>Project Status</b>
Magbosi Integrated Agricultural Development Project (21-SL)	12 750	18 Sep 79	07 Nov 79	12 Mar 80	31 Dec 86	30 Jun 86	World Bank: IDA	Closed
Northern Integrated Agricultural Development Project II (NIADP-II 64-SL)	5 985	22 Apr 81	10 Jun 81	23 Sep 81	31 Mar 88	30 Sep 87	World Bank: IDA	Closed
Agricultural Sector Support Project (152-SL)	5 400	11 Sep 84	25 Oct 84	10 Dec 84	31 Dec 96	30 Jun 96	World Bank: IDA	Closed
North-Central Agricultural Development Project (NCAP 308-SL)	14 681	09 Sep 92	30 Dec 92	06 Sep 93	31 Mar 04	30 Sep 03	UNOPS	Ongoing
<b>TOTAL Assistance</b>	<b>USD 39 000</b>							

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**REPUBLIC OF SIERRA LEONE****COUNTRY STRATEGIC OPPORTUNITIES PAPER****EXECUTIVE SUMMARY**

1. **The war and its aftermath.** Decades of poor governance and neglect of rural areas culminated in a ten-year civil war that finally ended in January 2002. Hostilities began in 1991, when regional actors sought to control the diamond fields in Sierra Leone and the rest of the Mano River Basin. The social and economic effects were devastating: 20 000 people were killed, thousands injured or maimed and thousands more suffered from post-traumatic stress. Over two million people were displaced, 500 000 of whom fled to neighbouring countries. A mass exodus of professionals and businessmen doubled Freetown's population to perhaps two million and drained the outlying areas of trained manpower. Infrastructure, businesses and much of the housing stock are in ruins. Gross domestic product (GDP) per capita halved during the course of the war. In September 1998, the Government and the Revolutionary United Front agreed to peace-building actions that culminated in the demobilization of all combatants by 18 January 2002, when all parties to the conflict issued a Declaration of End of War. The end of the war brought new hopes for peace and reconciliation and raised expectations for the rapid reconstruction of the country.

2. **The socio-economic impact of the civil war.** After growing at 4% per annum in the 1960s, the economy deteriorated sharply during the next two decades. Real GDP per capita peaked in 1970, but dropped by 37% in 1971-89. Furthermore, by 1990, the estimated GDP per capita had further declined by about 40%, reaching the all-time low of USD 142 in 2000. The dismal performance of the economy has had an adverse effect on human and social development. Therefore, poverty has become pervasive and intensified, as economic and especially agricultural output has continued to decline, leading to drastic negative effects on food prices and rural incomes.

3. **National recovery.** With the end of the civil war in 2002, the Government of Sierra Leone is tackling the national recovery and reconstruction process through a two-pronged approach: the National Recovery Strategy (NRS) and the Poverty-Reduction Strategy Paper (PRSP). The objective of the NRS is to create the conditions that will consolidate peace and lay the foundations for longer-term development. There are three principal elements to the recovery process: (i) the Government and its executive functions: a programme for good governance is being developed, including elements such as enhancing financial management, institutional reform and reforming government procurement procedures, fighting corruption, decentralization and reactivation of local administration; (ii) civil society: the building capacity of community groups and civil-society organizations is of the utmost importance both for the Government and for the general good of the country; and (iii) the economy and related infrastructure: the Government attaches high priority to the restoration of agriculture and other economic activities in rural areas. The agricultural sector is particularly important because it currently employs 75% of the country's labour force. The 2000 Baseline Service Delivery Survey reported that between 78% and 90% of the rural population do not have access to safe drinking water and sanitation facilities, but recent estimates in Kono and Kailahun suggest that access to potable water and adequate sanitation are as low as 5%. As policy-induced distortions have been eliminated, the transitional phase is expected to focus on returning the rural population to the land and restarting production, facilitating resettlement and rural shelter, and small-scale rehabilitation. As far as mining is concerned, the Government's first challenge in this sector will be to establish a sound regulatory framework without imposing growth-inhibiting restrictions – applying free-market principles and enforcement of environmental and social standards. The Government also intends to move on two fronts to improve financial intermediation by adopting an appropriate framework for the emergence of microfinance institutions and supporting related capacity-building efforts.



4. **Lessons of experience.** IFAD has provided assistance to the Government of Sierra Leone through the funding of four projects for a total loan amount of SDR 27.07 million, equivalent to USD 39 million. The latest IFAD-supported project in the country, the North-Central Agricultural Development Project, was approved in September 1992 and became effective in September 1993. The closing date has been extended to March 2004 to allow for the implementation of specific rehabilitation activities aimed at restoring the productive capacity of small farmers in the project area. A number of lessons can be drawn from IFAD's experience that are relevant to the next phase in the country's transition from civil war to sustainable peace and development, but will need to be adapted to the new vulnerabilities, potential risks and prevailing environment. These are as follows:

- project design should empower local institutions to promote community-based development and implementation; and involvement of beneficiaries in project planning/implementation is a condition of relevance and sustainability of development activities;
- in post-conflict environments, demands for quick delivery of project outputs become more pressing and expectations are very high. Therefore, the involvement of communities in setting priorities and in implementation is key to creating a sense of ownership and commitment;
- rehabilitation of infrastructure and productive capacities are central to responding to the needs of a post-conflict environment; this should be implemented through a participatory process;
- income-generating activities should not be restricted to on-farm activities; they should be rural based, favouring youth and unemployed women. This is central to the success of securing sustainable resettlement of youth and internally displaced persons (IDPs);
- access to rural financial services is a condition for rural economic growth. Services must be provided by sound financial institutions that are cost-effective and properly supervised;
- HIV/AIDS is a development issue that must be addressed in rural areas as an integral part of the multisectoral development approach; and
- project design should not charge project management units with the direct implementation of activities, which should be carried out by the private sector, local institutions and non-governmental organizations through performance-based contracts, with project management devoting itself to coordination, contract management and monitoring and evaluation.

5. **IFAD's strategic framework.** The strategic niche for IFAD is to build on its experience in the country and elsewhere, and to assist the Government to move quickly into the sustainable development phase. The main thrust of the strategy would shift from assisting government institutions to according priority to supporting the livelihood strategies of households at the community level. This implies giving communities and related activities a more prominent place. Household food security, rural infrastructure and natural resource management will receive high priority, with emphasis on innovative aspects that could improve productivity and prevent environmental degradation. An important aspect of this thrust will be to empower women to fully participate in the development process. This will require supporting women to play an active role as mothers, producers and community managers. To that end, projects will address issues of food security, reliability of on- and off-farm income, easier mobility to access drinking water, markets, health, education, technology and rural finance services. Women's involvement in decision-making at the local level will be

promoted as a way to begin addressing women's strategic needs, and to mitigate the effects of cultural factors that tend to preclude or limit their presence in the public space. Building on the major thrust outlined above, the strategy will have the following thrusts:

- the promotion of strong civil-society organizations as a key element for integrating rural producers into the national economy. The promotion of cohesive farmers' organizations is part of the process of supporting economic players in rural areas. Support to pro-poor reforms of local governance and decentralization will be fundamental to this thrust. IFAD will contribute to donor coalition to help the Government establish explicit linkages to the development of adequate policies, and a legal and decentralized enabling framework for decision-making at the community level;
- the continuation of support to smallholder production of subsistence and cash crops to raise family income, as well as the identification and gradual exploitation of new opportunities for export and/or import substitution. The overall objective will be to raise household income and improve household food security. Support to promotion of effective beneficiary participation in all development and institutional activities will be fundamental to this thrust; and
- improved access to, and availability of, financial services will eventually be vital to encouraging capitalization at the farm level, which will be a determinant for the adoption of technology and improved production techniques. This thrust will be promoted in a prudent and pragmatic manner in building mainly on the informal sector, which could be an entry point for microfinance development.

6. **Main opportunities for project interventions and innovation.** In the short-term (2003), the strategic thrust for IFAD will be to provide rapid assistance to the communities that are hosting the resettlers. Assistance at the community level is a critical part of the reintegration and regeneration process, as efforts are needed to restore basic services and revive economic activities that can support both the resident population and the resettlers. Key interventions will be in the provision of basic agricultural packages (seed, tools, livestock and inputs) for expanding the areas cultivated, rehabilitation of health, sanitation and water supply infrastructure, rehabilitation of feeder roads, and social and economic infrastructure including shelters that can generate employment and income. This is strategically important, as the increased return of IDPs and ex-combatants will exert additional pressure on resources and economic opportunities, creating tension and disillusionment that could undermine the peace process. For 2004-2005, three strategic thrusts, i.e. community development, revitalization of the rural financial market to promote rural growth, and crop diversification, income-generating activities and small-scale rural enterprises, offer the niche for IFAD's future operations in the country. Those thrusts will be reassessed within the preparation of the full PRSP in early 2004, with the assumption that progress in the consolidation of peace and economic recovery is satisfactory.

7. **Policy dialogue.** The World Bank Consultative Group Meeting for Sierra Leone of November 2002, the subsequent creation of the Development Partnership Committee and the Country Strategic Opportunities Paper stakeholder workshop held in July 2002 were and are important windows for sharing policy issues with the Government, donor community and civil society. The Government called for more support for the Agricultural Sector Review (ASR) as part of the process of formulating the final PRSP. After consultations with the Government, IFAD and the Food and Agriculture Organization of the United Nations, World Bank, United Nations Development Programme and the Department for International Development (United Kingdom) are contributing to preparation of the ASR within the context of the PRSP formulation process. In addition to the PRSP, and within the piloting of IFAD's field presence in Sierra Leone, the following policy areas represent the concerns of IFAD, and will be pursued in a spirit of partnership:

- **Rural financial policies and regulatory framework.** The vast majority of rural small entrepreneurs do not have access to credit and savings facilities. The Bank of Sierra Leone is planning to reactivate the rural banking system, but in the absence of an enabling environment and an appropriate financial policy framework it will be difficult to rebuild a viable financial intermediation service. This would require IFAD's input, in collaboration with the World Bank, to work with the Government to develop such policies and regulatory framework.
- **Decentralization policies and local governance reforms.** The Government has embarked on a massive reform that will decentralize public-sector services to the newly elected local government. The latter will redress the past centralized policies that have contributed to the neglect and underdevelopment of the rural areas, which was one of the major causes of the civil war. The reform is designed to promote popular participation in local governance, consolidation of transparency and good governance practices, and empowerment of local governments to provide a wide range of public services in an effective, economic and transparent manner. IFAD will engage itself in the pursuit of the decentralization process, both in terms of strengthening local planning and implementation of rural development, as well as promotion of pro-poor policies and plans for women and unemployed youth.

8. **Tentative lending framework.** With prospects for a revival of economic growth looming on the horizon, the proposed IFAD strategy is to support rural poverty eradication efforts through specific interventions along the strategic thrusts outlined above. A lending programme of about USD 20 million over the next three-to-four years will fund one project to start early in 2004 and two strategic operations to follow successively. The total investment volume as a result of cofinancing is expected to be in the order of about USD 50-70 million.



## REPUBLIC OF SIERRA LEONE

### COUNTRY STRATEGIC OPPORTUNITIES PAPER

#### I. INTRODUCTION

1. The main objective of the present Country Strategic Opportunities Paper (COSOP) is to propose a strategic approach to development-oriented recovery assistance in Sierra Leone, based on the IFAD Framework for Bridging Post-Crisis Recovery and Long-Term Development and a number of analytical processes and policy documents developed with significant input from the United Nations system. These include the Interim Poverty-Reduction Strategy Paper (I-PRSP); the National Recovery Strategy, which outlines the recovery objectives and benchmarks to be achieved by end-2003; the United Nations Peace-Building and Recovery Strategy for 2003-2007, which outlines system support for the consolidation of peace and security in Sierra Leone consistent with the aspirations of the Millennium Development Goals; the 2003 Inter-Agency Appeal for Relief and Recovery for Sierra Leone, which addresses both relief and recovery needs; and the United Nations Development Assistance Framework for Sierra Leone 2004-2007, which outlines an integrated approach for a common United Nations response to recovery and development assistance in Sierra Leone. IFAD also consulted the World Bank's Transitional Support Strategy, the African Development Bank's Country Strategy and the European Union's Country Strategy.

2. The present report is the output of a cumulative and interactive process spread over the course of 2002, which involved consultations with the Government, development partners in Sierra Leone, resident donors, non-governmental organizations (NGOs) and civil society. The Government set up a task force composed of staff from the Ministry of Agriculture, Forestry and Food Security, the Ministry of Development and Economic Planning, and the Ministry of Rural Development and Local Government. The COSOP process was country-driven, and five ministers participated in the multistakeholder workshop, held in Freetown in July 2002, including the Minister for Finance and the Minister for Economic Development and Planning. Participants from all regions of the country attended the workshop, with substantial representation of rural women, NGOs, Members of Parliament, traditional chiefs and youth. Representatives of United Nations agencies, and multilateral and bilateral programmes also participated actively in the debate.

3. Finalization of the COSOP was timely for two reasons: the donors' meeting held in Paris, France<sup>1</sup>, in November 2002 was instrumental in shaping IFAD's niche within the United Nations Peace-Building and Recovery Strategy in Sierra Leone. During that meeting, and based on progress made in peace and relief programmes, the international community made substantial pledges for the next three years. IFAD has contributed to reducing Sierra Leone's debt vis-à-vis the Fund under the Debt Initiative for Highly Indebted Poor Countries. This will greatly assist IFAD to plan and focus on operations and implementation, bearing in mind that the specific nature of post-conflict interventions calls for adjustments in the existing project development cycle.

#### II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT

##### A. Country Economic Background

4. **Country profile.** Sierra Leone covers an area of about 74 000 km<sup>2</sup> and is bordered by the North Atlantic Ocean, Guinea and Liberia. The economy is dominated by agriculture and mining. During the pre-war years, about 47.3% of the gross domestic product (GDP) came from agriculture, while mining contributed nearly 13.7%, making a total of 61% for both sectors. The country is well endowed with

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<sup>1</sup> The meeting was organized by the World Bank and co-chaired by the United Nations Development Programme (UNDP). The purpose was to discuss the peace and recovery process and update the pledges of multilateral and bilateral organizations, including IFAD. Representatives of all major donors attended the meeting.

natural and human resources, with a population estimated at 4.9 million people (mid-2000) and growing at 2.6% per annum. One of the striking features of the population is its youthfulness, with about 45% under 15 years of age and 68% aged less than 50. The human resource base is therefore enormous and provides the impetus and urgency for socio-economic development. Massive unemployment, underemployment and chronic poverty afflict Sierra Leone's population, despite the sizeable potential that exists for the development of agriculture, agro-based industries, mining, fisheries, hydro-power and tourism.

5. **Macro-economic developments.** After growing at 4% per annum in the 1960s, the economy deteriorated sharply during the next two decades as a result of devastatingly bad governance; massive state intervention; concentration of state spending on non-poor; imposition of economic policies that held back overall economic activity; and heavily taxed agriculture. Real GDP per capita peaked in 1970 but dropped by 37% in 1971-89. Furthermore, by 1990, the estimated GDP per capita had further declined by about 40%, reaching the all-time low of USD 142 in 2000. The most recent household survey estimated that some 82% of the population lived below the poverty line and about 49% in severe poverty.

6. **The socio-economic impact of the civil war.** The civil war further aggravated the adverse legacies from long periods of economic decline and mismanagement, including diminished capacity and weak institutions. The dismal performance of the economy has had an adverse effect on human and social development. Poverty has therefore become pervasive and intensified as economic, and especially agricultural output, has continued to decline, leading to drastic negative effects on food prices and rural incomes. The civil war lasted for more than a decade, leaving 20 000 persons killed and half the population displaced. It also wrecked most of the infrastructure, businesses and much of the housing stock, and caused a cumulative decline of 48% in GDP per capita in 1999. By 2000, Sierra Leone ranked last on the United Nations Human Development Index.

7. **Recent developments.** By late 2001, the Government had made remarkable progress towards re-establishing peace, while experiencing an incipient economic recovery with low inflation. The demobilization of combatants was completed in January 2002, and the Government has been able to quickly re-establish its authority over the national territories. The national legislative and presidential elections of May 2002 were conducted in a very peaceful atmosphere and witnessed the wide participation of all political parties. The Government has also made solid progress in stabilizing the economy, helped by considerable external support. Prudent monetary and fiscal policies helped to bring inflation under control despite a major realignment of domestic relative prices. Increasing consumer and investor confidence, much greater freedom of movement of people and goods, resettlement and rehabilitation activities, greater agricultural output, a 74% increase in power supply, the donor-financed expansion of imports, and the strong growth of domestic trade have all contributed to the quickening pace of recovery. Exports, while severely depressed, are beginning to rebound. Recorded exports rose to USD 26 million in 2001, 90% of which consisted of diamonds channelled through the certification process. Foreign investment rose quickly with the end of the war, owing to the exceptional profitability of mining activities. It is expected that Sierra Rutile (SR), with the world's largest and highest-grade deposit of natural rutile, will resume and expand operations by early 2004.

## B. Agricultural Sector

8. Sierra Leone's total land area is estimated at 72 326 km<sup>2</sup>. About 5.36 million ha (74% of the territory) is cultivable land, divided into uplands (60 650 km<sup>2</sup>, or 80% of the total land area) of relatively low fertility, and lowlands (11 650 km<sup>2</sup>, or 20% of the total land area), which are fertile swamps that would have considerable potential for increased cultivation in the event proper farm management techniques were to be applied. Rains, which range from 2 000 mm in the north to 4 000 mm in the south, are over-abundant for half of the year (hence the leached and intrinsically poor soils), followed by a rather marked dry season during the other half. Surface water is abundant,

supplied by nine major and three minor river basins. More than 95% of the original dense forest has been cleared, and much of the cleared area is now degraded to poor savannah land.

9. **Prevailing farming systems.** Only about 600 000 ha of the land is cropped annually (over 80% of it in the uplands) by about 400 000 families. The combination of customary and statutory land laws has permitted the coexistence of traditional farming with the establishment of large plantations, as well as the development of swamps and forests. Subsistence bush-fallow cultivation is the predominant type of farming, with smallholdings usually ranging from 0.5 to 2.0 ha of cultivated land under food crops. Up to 15 different crops are traditionally grown in mixed stands in one season, rainfed upland rice dominating. This type of farming accounts for about 60% of agricultural output and employs two thirds of the farming population. Reduced fallow periods and increasingly frequent bushfires have caused widespread soil degradation and declined yields. Sustainable production will require a switch from shifting to more productive and intensive settled agriculture, through swamp reclamation and development of small irrigation schemes.

10. **Agriculture** is the main source of livelihood in Sierra Leone, as over 75% of the country's population is engaged in subsistence farming on small farm holdings. The majority of the farmers cultivate rice as the main crop, although tuber crops such as cassava and sweet potatoes, and cereals such as millet and maize, are gaining momentum. Given the natural resource base of the country, the agricultural sector has the potential for providing sustained increases in agricultural employment, incomes and food, as well as for making import savings through increased production of rice and animal products.

11. Agricultural production was adversely affected by unfavourable macroeconomic policies during the 1980s and more particularly by the civil war in the following decade. It is estimated that rice production (the main food staple) has declined by 65% over the last five years, that the production of other food crops has stagnated and that non-export crops have declined by 70%. Over 90% of the cattle have been either killed or transferred to neighbouring countries. Fisheries production has fallen to 50% of pre-war levels. This had led to the increasingly wide spread of poverty and unemployment, malnutrition, increased dependency on food imports and greater foreign indebtedness.

12. **Tree crops** constitute the bulk of agricultural exports and of domestic palm oil consumption. The main crops are coffee, cocoa, kola nuts and oil palm, followed by rubber and cashew. Present yields are low due to lack of maintenance and renewal. Fuelwood production is the most important forestry activity and provides a complementary income to most farmers. Logging is of little economic significance, but has a negative impact on the remaining forest reserves.

13. **Livestock** is run mainly by semi-nomadic herders. In the wet season, the herds are grazed in the bush and other uncultivated uplands; and in the dry season on harvest residues, swamps and bolilands. Birth rates are low (45%), mortality is high and offtake is only 7%, due mainly to feed deficiencies and uncontrolled parasites and disease. Poultry is a widely owned form of livestock, as well as the most numerous. Pigs are the least widely owned, but they are to be found around urban centres. Fisheries are predominantly artisanal and marine captured, and foreign fleets mainly engage in industrial fishing. Aquaculture is not significant, and therefore more emphasis is now being placed on production from farming in the hinterlands. Prior to the civil war, the total catch was estimated at 65 000 t, with artisanal fishing catches accounting for up to 70%.

14. **Gender dimension.** Women account for about 51% of the total population, and contribute to providing most household food requirements. Nevertheless, they are marginalized in society and lack access to productive assets, including land, credit, training, and technology. However, women have a very entrepreneurial vocation and resort mainly to food production and petty trading to earn income for meeting their children's needs. Illiteracy rates among women are high, due to lower school enrolment rates, labour and teenage pregnancies.

15. Due to the civil conflict, women have endured additional gender-related problems associated with sexual assault, stress, and the psychological strain of carrying unwanted pregnancies, and increased vulnerability to trauma and depression. Moreover, respect for children's rights is very limited as both the number of orphans and the incidence of child labour are increasing. Sixteen per cent of all children live with neither of their biological parents, while 48% are engaged in unpaid work. The civil war has also left behind thousands of children in extremely difficult circumstances, as they were conscripted to swell the ranks of the various armed factions.

16. **Environmental issues.** Sierra Leone faces a number of environmental problems as a result of natural factors, population growth, and economic and social activities. Some of the factors that have been identified as critical include: land degradation caused by a variety of factors such as agriculture and mining activities; cattle grazing; recurrent bush fires; population pressure; deforestation due to an increased demand for agricultural land and urban requirements for timber and fuelwood; loss of biodiversity; and pollution of fresh water resources due to mining and municipal waste. Moreover, the civil war had an adverse impact on the environment because of the destruction of water resources and uncontrolled mining. The massive competition for resources occasioned by heavy post-conflict reconstruction expenditures tends to suggest that environmental concerns will receive less than their fair share of attention.

17. The Government has enacted a National Environmental Protection Act to ensure the effective protection of the environment. The Act establishes the administrative machinery to implement the necessary measures, but a major constraint to its implementation is the country's weak institutional capacity. The administrative machinery created under the Act would require substantial support from trained manpower and other resources to operate effectively.

18. **Constraints.** Currently, the most compelling problems to be found in the agricultural sector are shortfalls in food production, lack of agricultural inputs and, in particular, the poor state of farms and rural infrastructure in general. All these problems are interconnected. Rural communities are totally decapitalized, and little investment is taking place in productive ventures. The resources made available to these communities are largely used to satisfy basic consumption requirements. This trend may continue for some time, unless a conscious decision is taken to transfer substantive resources and technical know-how to boost productive investment in the rural areas at large.

19. Total domestic production of the main staple food crop, i.e. rice, amounts to only about 250 000-300 000 tons, or about 50-60% of the pre-war production level. The total rice area cultivated is only about 60-70% of pre-war figures, but has been growing over the last year. In the meantime, the country's population has increased by about 40% in the same period. The country is now heavily dependent on food aid and imports, which is understandable as it is just emerging from a crippling civil war, but this should change thanks to intensified agricultural production. It should also be noted that – at the present level of technology – the upland areas (the predominantly cropped ecology) are considered to have reached their maximum level of exploitation and the fallow periods practised in many parts of the country are far too short, thus posing a serious environmental concern. The output of export crops, such as coffee and cocoa, is also at its lowest level. It is hoped that production of all major crops will grow steadily as resettlement and rehabilitation efforts are completed, and sustained investments are made in farming.

20. Another constraint, which was never solved adequately even before the war, is access to rural financial services. Although there are five commercial banks in the country, they do not lend to the agricultural sector in general and small farmers in particular. Their lending operations are focused on larger corporations. The two existing development banks, i.e. the National Development Bank and the National Cooperative Development Bank, previously provided loans in the rural areas but all their branches were closed after the war. Numerous NGOs now operate their own credit programmes, practically under a policy void.



21. The Government is working on drawing up a microfinance development strategy. It is hoped that, by providing agricultural credit to small farmers, local community organizations – including farmers' associations and different groupings – will be improved.

22. **Potential for development.** Given its favourable resource endowment, the country's potential for agricultural development is considerable and has yet to be realized. Even before the war, the agricultural resource base in the lowland areas was utilized to a very limited scale. Less than 15% of the country's arable land is currently used, even in the fertile lowlands. Furthermore, given that large abandoned lowland areas have been already developed, together with extensive plantations of tree crops, there is wide scope for bringing them back into production thus making use of the sunk costs. The vast water resources have yet to be tapped for irrigated agriculture. The country's favourable climate allows for the cultivation of a wide range of annual food crops and tree crops for export. An average rainfall of about 3 000 mm, distributed over a six-month period, makes it possible to grow a second crop in many parts of the country.

23. After jump-starting the agricultural sector by means of the current emergency and recovery programmes, the Government should seize this opportunity to change its past agricultural strategy towards sustainable development based on active community participation, in order to decide on investments aimed at enhancing growth in the overall rural economy. Fortunately, there is a tradition of community-based mutual help in the country and an interest to cooperate in any way that is useful to farmers. This in itself is an important asset that could be used for achieving sustainable community development.

### C. Rural Poverty

24. The I-PRSP presents an analysis of the situation of poverty in Sierra Leone. It also identifies bad governance, corruption, poor economic management, stagnant economic growth, increased vulnerability due to the prolonged civil conflict, massive unemployment, and poor provision of basic public services, as some of the interrelated factors that continue to worsen poverty in Sierra Leone.

25. **Poverty.** According to 1990 household survey data, about 65% of the population lived in the rural areas, while 33.5% and 1.2% lived in small and large towns, respectively. Overall, 81.6% of the population lived below the poverty line of USD 1 per day. The incidence of poverty was highest in the rural areas, with 88.3% of the rural population considered to be poor compared to 70.9% of those in small towns and 76.6% in large towns. Poverty was more prevalent in the Northern Province, where 85.7% of the population were poor compared to 80.8% in the Western Area, 80% for the Eastern Province and 77.5% for the Southern Province. The shortfall in income/consumption levels of the poor relative to the poverty line (depth of poverty) was highest in the Northern Province (P1=65%), followed by the Southern Province (P1=56.7%), Eastern Province (P1=55.7%) and Western Area (P1=50.9%). The poverty-severity index was also most severe in the Northern Province (P2=42%) followed by the Southern Province (P2=47.9%), Eastern Province (P2=46.5%) and the Western Area (P2=39.3%).

26. **Health.** The Human Development Report 2001 of the United Nations Development Programme ranks Sierra Leone in last position, with life expectancy at birth reported at 38.4 years versus 48.8 years for sub-Saharan Africa in general. Existing information from the Ministry of Health and Sanitation, district health units, NGOs and United Nations agencies shows that, during the last ten years, the health status of the population has deteriorated dramatically. Severe dislocations caused by the civil war have destroyed most of the health and other social-sector support systems. Infant and maternal mortality rates are extremely high; shortages of drugs, health and other personnel are widespread. The need to repair and/or replace basic facilities and services competed with efforts to mitigate outbreaks of communicable diseases. The impact of all these events and factors rendered, and continues to render, untold harm in terms of psycho-social trauma throughout the society, but

especially for violated women and young girls, amputees, refugees, and internally displaced persons (IDPs). Added to this, the civil war has led to an imminent HIV/AIDS pandemic.

27. The dislocation of large segments of the population and the separation of families has contributed to the spread of HIV/AIDS. By 1998, the National Commission for Social Action estimated that the conflict had led to the internal displacement of at least three million people, with about 1.5 million fleeing to neighbouring countries as refugees. The resulting absorption of relatives into households has increased the already considerable strain on the social fabric of society. For example, social problems such as teenage pregnancy, crime and juvenile delinquency are on the rise, as is the incidence of HIV/AIDS and other war-related physical and psychological trauma.

28. The most recent survey (2002) estimated the prevalence of HIV/AIDS among adults to be about 4.6%, which suggests the epidemic is now more diffused among the general population; and with the increasing integration of ex-combatants, the trend is likely to be on the rise. The major factors that contributed to the rapid spread of HIV/AIDS are similar to those in other African countries and have been further intensified by the civil war, dislocations, poverty and frequent violence against women. This worrisome situation calls for a multisectoral response, along with full recognition of HIV/AIDS as a developmental problem.

29. **Education.** The conflict has also severely affected education in Sierra Leone, particularly in the newly accessible areas. More than 500 000 children of 10-14 years of age, mostly IDPs, refugees and some ex-combatants, have missed several years of schooling. Most school structures were severely damaged, some of them beyond repair. Almost all schools lack furniture, equipment and teaching materials, and buildings not damaged and vandalized during the fighting have deteriorated because of lack of maintenance.

#### **D. Constraints on and Opportunities for Rural Poverty Reduction**

30. The rural poor are disadvantaged in virtually all aspects of human resources development, whether it be health, nutrition, education or food security. Therefore, they are vulnerable. As a result of poor human development, productivity is often low. Low productivity also stems from limited access to land, adapted technologies, markets, support and financial services. However, with an enabling macroeconomic framework, good governance, decentralization, equity and a gender-balanced strategy, the agricultural sector offers potential both for development and for reducing rural poverty.

#### **E. National Strategy for Rural Poverty Reduction**

##### **Government's Poverty-Reduction Strategy**

31. **Formulation process.** The framework for the Government's poverty-reduction strategy is given in the I-PRSP. The Government adopted a two-phased approach to fighting poverty: a transitional phase covered by the I-PRSP, and a medium-term phase that will be covered by the full PRSP to be formulated in early 2004. The preparation process is expected to focus on long-term policies to reduce poverty, revive the war-ravaged economy, consolidate peace, reduce corruption and the mismanagement of scarce public sector resources, and promote good governance.

32. To develop the strategy and action plan under the PRSP, a number of diagnostics, policy-based and sector-specific surveys and studies will be needed. In addition, the dimensions of poverty in Sierra Leone should be articulated and the poverty profile updated so as to determine the causes and incidence of poverty and analyse the growth potential and impact on poverty of the various sectors of the economy.

33. **Government's poverty-reduction strategy.** The strategy will continue to focus on meeting the immediate challenges of the transition from war to peace, emphasizing the continued implementation of sound economic policies to attain macroeconomic stability and relaunch the economy within an overall framework of good governance. The strategy is being implemented in two phases: the transitional phase (2001-2003), which focuses on improving the living standards of the most vulnerable groups, including returnees, IDPs and other war victims, as well as addressing urgent rehabilitation and reconstruction requirements with particular emphasis on improving access to income-generating opportunities and delivery of basic social services to the most vulnerable groups. The medium-term phase (2004-2006) will address longer-term development issues to be elaborated in the full PRSP, which is being developed through a consultative process involving all stakeholders including the rural poor. Key priorities include increasing the access of the poor to health, education and markets; accelerating economic recovery and growth by instituting a framework conducive to private-sector development; resurrecting and developing agriculture; developing mining resources; improving financial intermediation; modernizing infrastructure; and further strengthening governance, not least through restoration of decentralized government and service delivery systems.

34. Medium-term strategies for rural and agricultural development will focus on improving household food security and enhancing opportunities for income-generating activities to reduce unemployment rates and rural poverty. These strategies include expansion of the rice area under cultivation; restocking of the country's livestock population; restructuring of delivery services; and rehabilitation of rural infrastructure.

### III. LESSONS FROM IFAD'S EXPERIENCE IN THE COUNTRY

35. **Previous IFAD's operations in Sierra Leone.** IFAD has provided assistance to Sierra Leone through the funding of four projects for a total loan amount of SDR 27.07 million, equivalent to USD 39 million. In addition, three grants have been provided, including USD 0.6 million in support of expeditious project implementation; an IFAD/NGO Extended Cooperation Programme grant of USD 75 000 for assistance in capacity-building and input distribution by the Adventist Development and Relief Agency under the North-Central Agricultural Development Project; and a supplementary funding grant of USD 150 000 for support to highly vulnerable groups in the agricultural sector, especially war widows and women heads of households, to be implemented by the Christian Child and Community Development Organization.

36. Two of IFAD's four projects in Sierra Leone, namely, the Magbosi Integrated Agricultural Development Project and the Northern Integrated Agricultural Development Project II, closed in 1986 and 1988, respectively. The Agricultural Sector Support Project was suspended between 1987 and 1992 due to loan arrears, and closed in 1996. The latest IFAD-supported project in the country, the North-Central Agricultural Development Project, was approved in September 1992 and became effective in September 1993. The closing date has been extended to March 2004 to allow for the implementation of specific rehabilitation activities targeted at restoring the productive capacity of small farmers in the project area.

37. **Lessons from IFAD's experience.** A number of lessons can be drawn that are relevant to the next phase in the country's transition from civil war to sustainable peace and development, but will need to be adapted to new vulnerabilities, potential risks and prevailing environment:

- project design should empower local institutions to promote community-based development and implementation; and involvement of beneficiaries in project planning/implementation is a condition of relevance and sustainability of development activities;
- in post-conflict environments, demands for quick delivery of project outputs become more pressing and expectations are very high. Therefore, the involvement of

communities in setting priorities and in implementation is key to creating a sense of ownership and commitment;

- rehabilitation of infrastructure and productive capacities are central to responding to the needs of a post-conflict environment; this should be implemented through a participatory process;
- income-generating activities should not be restricted to on-farm activities, but should be rural based, favouring youth and unemployed women. This is central to the success of securing sustainable resettlement of youth and IDPs;
- access to rural financial services is a condition for rural economic growth. Services must be provided by sound financial institutions that are cost-effective and properly supervised;
- HIV/AIDS is a development issue that must be addressed in rural areas as an integral part of the multisectoral development approach; and
- project design should not charge project management units with the direct implementation of activities, which should be carried out by the private sector, local institutions and NGOs through performance-based contracts, with project management devoting itself to coordination, contract management and monitoring and evaluation.

38. **Lessons of experience from other post-conflict countries.** IFAD has also engaged in a wide range of activities and partnerships in war-torn countries that have enabled it to learn generic lessons relevant to Sierra Leone. These lessons have confirmed the importance of: building up the confidence of beneficiaries to ensure progressive ownership of the activities undertaken; empowerment at the grass-roots level must be the first objective to allow beneficiaries to be active recipients and major players in the decision-making process; and empowerment of beneficiaries should be followed by viable government decentralization efforts. This will require policy reforms and an effective, adjusted institutional structure. Devolution of authority in Sierra Leone is still at an early stage and transitional mechanisms will need to be carefully worked out to support the process. IFAD, along with other donors, will engage the Government in policy dialogue with regard to needed policy and institutional reforms.

#### IV. STRATEGIC FRAMEWORK FOR IFAD

##### A. IFAD's Strategic Niche and Proposed Thrusts

39. Five distinct phases can be identified along the continuum from crisis to development: pre-crisis civil conflict; crisis; reconciliation/restoration of peace; resettlement/rehabilitation; and sustainable development. These phases may overlap, or reverse, and each of them may have a different duration, depending on the prevailing environment and the commitment of all involved parties to move forward to the next phase. At each phase, the nature of the risks and vulnerabilities affecting the rural poor may be different, and therefore the typology of interventions, target groups and instruments to be deployed by IFAD may differ as the process moves along the continuum. This points up the need for better understanding of the social fabric and the dynamics of the interaction among the parties involved in the conflict that can shape the interventions and modalities. This would allow for definition of a strategic niche for IFAD that may be anchored within the country realities in order to empower IFAD's target groups.

40. **Target areas.** The country is currently in the resettlement/rehabilitation phase. The Government's authority has been re-established over all areas, most ex-combatants and IDPs have been resettled, and a process of rehabilitation is currently going forward with the support of several

donors, including the World Bank, the Department for International Development (DFID) (United Kingdom), the European Union (EU), and various United Nations agencies. For the short term, the Southern and Eastern Provinces deserve the highest priority because the devastation was greatest there and led to large segments of the population becoming destitute. On the other hand, since war in the Northern Province and Western Area did not cause as much damage as in the south-east, some interventions (e.g. community development, subsistence and cash crops, institutional grass-roots support) with which IFAD has more experience may be more productive in the Northern Province than elsewhere in the near future. Consequently, a country-wide approach that cuts across both the north-west and south-east would be a more prudent strategy, as that would make it possible to start up development activities in more peaceful and stable conditions. It would also allow IFAD to address the more pressing needs of the south-east and at the pace that developing conditions allow.

41. The strategic niche for IFAD is to build on its experience in the country and elsewhere so as to assist the Government to move quickly into the sustainable development phase. The main thrust of the strategy will shift from support to government institutions to giving priority to supporting the livelihood strategies of households at the community level. This implies giving communities and related activities a more prominent place. Household food security, rural infrastructure and natural resource management will receive high priority, with emphasis on innovative aspects that could improve productivity and prevent environmental degradation.

42. An important aspect of this thrust will be to empower women to fully participate in the development programme. This calls for helping them play an active role as mothers, producers and community managers. To that end, projects will address the issues of food security, reliability of on- and off-farm income, easier mobility to access drinking water, markets, health, education, technology and rural finance services. Women's involvement in decision-making at the local level will be promoted as a way to begin addressing women's strategic needs, and to mitigate the effects of cultural factors that tend to preclude or limit their presence in the public space. This endeavour will build on women's experience in setting up and managing self-help groups. To this effect, future projects will adopt a gender-and-development approach, which will allow for systematic analysis of the gender consequences of development activities. The country programme will closely interact with the IFAD/Government of Norway programme in the Western and Central Africa region, to incorporate lessons learned in gender mainstreaming.

### **B. Main Opportunities for Innovations and Project Interventions**

43. In the short-term, the strategic thrust for IFAD will be to provide rapid assistance to communities that are hosting resettlers. Community-level assistance is a critical part of the reintegration and regeneration process, as efforts are needed to restore basic services and revive economic activities that can support both the resident population and the resettlers. Critical interventions will involve providing basic agricultural packages (seed, tools and inputs) for expanding the cultivated areas, rehabilitating health, sanitation and water supply infrastructure as well as feeder roads and social and economic infrastructure, including shelters that can generate employment and income. This is strategically important, as the increased return of IDPs and ex-combatants will exert additional pressure on resources and economic opportunities, creating tension and disillusionment that could undermine the peace process. The World Bank, DFID, the German Agency for Technical Cooperation (GTZ), EU, the World Food Programme, the Islamic Development Bank (IsDB), and the United States Agency for International Development (USAID) are all actively supporting government efforts. A number of international and national NGOs have the capacity to implement the proposed complementary activities that are urgently needed.

44. **For 2004-2005**, three strategic thrusts offer the niche for IFAD's future operations in the country. These operations will be reassessed during preparation of the full PRSP in early 2004, with the assumption that progress in the consolidation of peace and economic recovery is satisfactory:

- empowering the poor, especially women, and consolidating democracy and good governance in the rural areas;
- revitalizing rural financial markets to promote rural growth and equity for rural poverty reduction; and
- diversification, through a market-driven strategy, to promote sustainable small rural enterprise development and income-generating activities.

### **C. Outreach and Partnership Possibilities with NGOs and the Private Sector**

45. The presence of international and national NGOs in Sierra Leone is very dense and visible, as they are heavily involved in dealing with emergencies arising from the civil conflict phase, the reconciliation/peace restoration phase and, at present, the resettlement/rehabilitation phase. The weak institutional base of public-sector services, the collapse of local governments, and inaccessibility of large areas during the civil war, has prompted NGOs to fill the gap with support from external funding. In this context, IFAD has established the contractual basis for the involvement of three NGOs in the implementation of the restructured North-Central Agricultural Development Project, and experience to date shows very positive and promising prospects. Future IFAD's operations should expand on this partnership model to a variety of NGOs that have experience in working with rural communities and involving them in the implementation process.

### **D. Opportunities for Linkages with Other Donors and Institutions**

46. Given the scale and complexity of the rural poverty problem in post-conflict situations, opportunities will need to be seized for addressing the phenomenon in a coherent and mutually-reinforcing manner. The recently established Development Partnership Committee (DEPAC) is gaining in importance and has been instrumental, both for donors and for the Government, in continuously taking stock of the development agenda and progress under poverty-reduction strategy processes. Along with the World Bank, the African Development Bank (AfDB) and DFID, IFAD has adopted an operational approach to strengthening collaboration and enhancing partnerships. This helps to avoid sending conflicting messages that might lead to confusion, lack of coherent sectoral strategies, wasted resources and, ultimately, diminished effectiveness in fighting against rural poverty. This initiative is based on agreement that the most effective approach to ensuring concrete international support for rural development in Sierra Leone involves community-level development. The World Bank, with its Transitional Support Strategy Framework, is assisting Sierra Leone's transition from post-conflict reconstruction to sustainable poverty reduction. Two of its projects, namely, the HIV/AIDS Response Project and the National Social Action Project, are particularly relevant for partnership. The Food and Agriculture Organization of the United Nations (FAO) is implementing a major National Special Programme for Food Security, which uses similar approaches and targets groups for community mobilization. In this respect, it has introduced the farmer-field school approach and community-based agricultural extension and is assisting in the dissemination of *Nerica* (a rice variety) and improved rice production systems. IsDB is assisting in the establishment of rice seed banks. AfDB is providing assistance with an artisanal fisheries project and is preparing a full agricultural sector rehabilitation programme. DFID assistance is governance-focused and provides support both to the decentralization process and to the agricultural sector through its Community Reintegration Project. USAID is implementing a major programme and is involved in all major areas, including emergency food aid, health, agriculture, shelter and water sanitation. EU and GTZ have funded initiatives in emergency relief. EU's Rehabilitation and Resettlement Programme is rehabilitating schools, health facilities, water and sanitation, wells and the agricultural sector in general.

### E. Areas for Policy Dialogue

47. The Consultative Group meeting of November 2002, and subsequently the creation of DEPAC and the COSOP stakeholders' workshop of July 2002, were and are important windows for sharing policy issues with the Government, donor community and civil society. The Government called for more support for the country's Agricultural Sector Review (ASR) as part of the process of formulating the final PRSP. After consultation with the Government, FAO, World Bank, UNDP, DFID and IFAD are contributing to the preparation of the ASR within the context of the PRSP formulation process. In addition to the PRSP, while piloting IFAD's field presence in Sierra Leone, the following policy areas represent the concerns of IFAD and will be pursued in a spirit of partnership:

- **Rural financial policies and regulatory framework.** The vast majority of small rural entrepreneurs do not have access to credit and savings facilities. The Bank of Sierra Leone is planning to reactivate the rural banking system, but in the absence of an enabling environment and an appropriate financial policy framework it will be difficult to rebuild a viable financial intermediation service. This would require IFAD's input, in collaboration with the World Bank, to work with the Government to develop such policies and regulatory framework.
- **Decentralization policies and local governance reforms.** The Government has embarked on a massive reform that will decentralize public-sector services to the newly elected local government. This will redress the previous centralized policies that have contributed to neglect and underdevelopment of the rural areas – one of the main causes of the civil war. The reform is designed to promote popular participation in local governance, consolidation of transparency and good governance practices, and empowerment of local governments to provide a wide range of public services in an effective, economic and transparent manner. IFAD will follow up the decentralization process, both in terms of strengthening local planning and implementation of rural development, as well as promotion of pro-poor policies and plans for women and unemployed youth.

### F. Action Areas for Improving Portfolio Management

48. Project implementation was seriously disrupted by the ten-year civil war, with all its implications for development objectives and project assets. The only ongoing IFAD project, the North-Central Agricultural Development Project, is due to close at the end of March 2004. Based on past experience, it will be important to bear in mind the weak institutional and management capacity of the country. In this context, steps are being taken to provide technical assistance in project implementation. The need for international expertise in financial management cannot be overemphasized, considering the previous record of financial mismanagement in IFAD-funded projects in the country.

### G. Tentative Lending Framework and Rolling Programme of Work

49. With prospects for a revival of economic growth looming on the horizon, the proposed IFAD strategy is to support rural poverty-eradication efforts through specific interventions along the lines of the above-mentioned strategic thrusts. A lending programme of about USD 20 million is proposed for the next three to four years to fund one project to be submitted to the December 2003 Session of the Executive Board, and two strategic operations to follow successively. The total investment volume, as a result of cofinancing, is expected to be in the order of USD 50-70 million.





APPENDIX I

COUNTRY DATA

SIERRA LEONE

<b>Land area (km<sup>2</sup> thousand), 2001 1/</b>	72	<b>GNI per capita (USD), 2001 1/</b>	140
<b>Total population (million), 2001 1/</b>	5.14	<b>GDP per capita growth (annual %), 2001 1/</b>	3.3
<b>Population density (people per km<sup>2</sup>), 2001 1/</b>	72	<b>Inflation, consumer prices (annual %), 2001 1/</b>	2.1
<b>Local currency</b>	Leone (SLL)	<b>Exchange rate: USD 1 =</b>	SLL 2500
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate), 1995-2001 1/	2.2	GDP (USD million), 2001 1/	749
Crude birth rate (per thousand people), 2001 1/	44	Average annual rate of growth of GDP 1/ 1981-1991	0.4
Crude death rate (per thousand people), 2001 1/	25	1991-2001	-4.3
Infant mortality rate (per thousand live births), 2001 1/	182	Sectoral distribution of GDP, 2001 1/	
Life expectancy at birth (years), 2001 1/	37	% agriculture	50
Number of rural poor (million) (approximate) 1/	3.9 a/	% industry	30
Poor as % of total rural population 1/	76.0 a/	% manufacturing	5
Total labour force (million), 2001 1/	1.92	% services	20
Female labour force as % of total, 2001 1/	37	Consumption 2001 1/	
<b>Education</b>		General government final consumption expenditure (as % of GDP)	17
School enrolment, primary (% gross), 2001 1/	93 a/	Household final consumption expenditure, etc. (as % of GDP)	95
Adult illiteracy rate (% age 15 and above), 2001 1/	n/a	Gross domestic savings (as % of GDP)	-12
<b>Nutrition</b>		<b>Balance of Payments (USD million)</b>	
Daily calorie supply per capita, 1997 2/	2 122	Merchandise exports, 2001 1/	28
Malnutrition prevalence, height for age (% of children under 5), 2001 3/	34	Merchandise imports, 2001 1/	166
Malnutrition prevalence, weight for age (% of children under 5), 2001 3//	27	Balance of merchandise trade	-138
<b>Health</b>		Current account balances (USD million)	
Health expenditure, total (as % of GDP), 2001 1/	5 a/	before official transfers, 2001 1/	n/a
Physicians (per thousand people), 1999 1	.. a/	after official transfers, 2001 1/	n/a
Population using improved water sources (%), 2000 3/	57	Foreign direct investment net, 2001 1/	n/a
Population with access to essential drugs (%), 1999 3/	0-49	<b>Government Finance</b>	
Population using adequate sanitation facilities (%), 2000 3/	66	Overall budget deficit (including grants) (as % of GDP), 2001 1/	-8 a
<b>Agriculture and Food</b>		Total expenditure (% of GDP), 2001 1/	21 a/
Food imports (% of merchandise imports), 2001 1/	n/a	Total external debt (USD million), 2001 1/	1 188
Fertilizer consumption (hundreds of grams per ha of arable land), 2000 1/	3.1	Present value of debt (as % of GNI), 2001 1/	114
Food production index (1989-91=100), 2001 1/	80	Total debt service (% of exports of goods and services), 2001 1/	102
Cereal yield (kg per ha), 2001 1/	1 078	Lending interest rate (%), 2001 1/	24
<b>Land Use</b>		Deposit interest rate (%), 2001 1/	8
Arable land as % of land area, 2000 1/	7		
Forest area as % of total land area, 2000 1/	15		
Irrigated land as % of cropland, 2000 1/	5		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database CD ROM 2003

2/ UNDP, *Human Development Report*, 2000

3/ UNDP, *Human Development Report*, 2003

### LOGICAL FRAMEWORK

	Narrative Summary	Objectively verifiable Indicators	Sources of verification	Assumptions
<b>GOAL</b>	<ul style="list-style-type: none"> <li>* To reduce poverty and household food insecurity</li> </ul>	<ul style="list-style-type: none"> <li>* Percentage increase in per capita GDP in rural economies</li> <li>* Percentage reduction in rural households below the poverty line</li> <li>* Number of employed rural youth and women</li> </ul>	<ul style="list-style-type: none"> <li>* Core welfare indicator survey</li> <li>* FCS poverty profile surveys</li> <li>* National accounts</li> </ul>	<ul style="list-style-type: none"> <li>* Continued commitment of all parties to peace and political stability</li> <li>* Continued Government commitment to poverty reduction and decentralization</li> <li>* Government support to outsourcing public service delivery to NGOs and private sector</li> </ul>
<b>PURPOSE</b>	<ul style="list-style-type: none"> <li>* To develop sustainable rural infrastructure and services</li> <li>* Agricultural production, natural resource systems and off-farm rural enterprises in Sierra Leone</li> </ul>	<ul style="list-style-type: none"> <li>* Percentage of community-based subprojects implemented</li> <li>* Sustained increases in farm and off-farm per capita rural production</li> <li>* Number of employment opportunities generated for rural women and youth</li> <li>* Number of viable community-based institutions, management and maintenance structures established</li> </ul>	<ul style="list-style-type: none"> <li>* Quarterly reports</li> <li>* Annual review workshops by beneficiaries</li> <li>* Programme supervision report</li> </ul>	<ul style="list-style-type: none"> <li>* Communities have been assisted by a range of implementation partners to undertake participatory identification, planning implementation, and M&amp;E of rural poverty reduction, rural and agricultural development, as well as natural resource management activities</li> </ul>
<b>OUTPUTS</b>	<ul style="list-style-type: none"> <li>* Productive capacity (on- and off-farm): sustainability increased</li> <li>* Communities and rural institutions developed and accessible to the rural poor</li> <li>* Agriculture and rural development policy reforms incorporated into the policy dialogue</li> <li>* Gender database disaggregated for incidence of rural poverty and household food security</li> </ul>	<ul style="list-style-type: none"> <li>* Percentage of the population in targeted rural areas that has adopted integrated approaches to management of agricultural and natural resources within strengthened institutional framework at the local, district, province levels</li> </ul>	<ul style="list-style-type: none"> <li>* Quarterly reports</li> <li>* Annual review</li> <li>* Review workshops by beneficiaries</li> <li>* M&amp;E reports</li> </ul>	<ul style="list-style-type: none"> <li>* Macroeconomic and policy environment is conducive for economic returns to investments in agricultural and natural resource management</li> <li>* Efficiency gains will be sufficient to provide incentives for environmental management and integrated rural development</li> <li>* HIV/AIDS and malnutrition are not worsening the social and economic environment beyond manageable levels</li> <li>* Administrative capacity and institutional set-up is consistent with a coherent policy framework</li> <li>* Rural infrastructures (social and economic) and agricultural services (best practices and inputs) have been put in place or improved</li> </ul>

## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Sierra Leone has abundant natural resources</li> <li>• Many well educated people</li> <li>• Freedom from marked religious and ethnic strife</li> <li>• Newly elected government committed to economic and social reforms as well as good governance</li> <li>• Government committed to decentralization of central authority to the provinces, district and villages</li> <li>• Women are very active entrepreneurs and producers of food</li> </ul>	<ul style="list-style-type: none"> <li>• Poverty is rampant and social development is poor</li> <li>• Weak institutional capacities and poor implementation of plans</li> <li>• Sierra Leone has experienced three decades of centralized, corrupt governments that have neglected rural areas and discriminated against agriculture</li> <li>• The country has the lowest social and economic indicators and is ranked last on the Human Development Index</li> <li>• HIV/AIDS is widespread</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• The Government considers poverty reduction and revitalization of agriculture and the fight against corruption as principle strategic objectives</li> <li>• The rural poor, and especially women, have high expectations after suffering a decade of civil war</li> <li>• Fiscal and administrative reforms are under way that give the provinces and local governments more power to assume responsibilities for social and economic service delivery and raise revenue</li> <li>• Rural financial markets reforms are planned and sectoral policy and regulatory framework will soon be developed</li> <li>• The potential for increasing the productivity of food crops and rice is good and prospects for increasing the share of cassava production are high. The development of enterprises for processing and marketing are promising</li> <li>• Despite years of neglect of traditional export crops such as coffee, cocoa, palm oil, rubber and cashew nuts, the revival of the plantations is feasible through private-sector participation</li> </ul>	<ul style="list-style-type: none"> <li>• Although demobilization of ex-combatants, and the reintegration and resettlement of IDPs has been completed swiftly, the risk of disillusionment among them remains high as the process is tedious and the social dimensions are complex</li> <li>• Political stability, security, and the economic situation are still fragile and potentially volatile, despite the strides the Government has made. With such a low income and revenue base, even good tax efforts will not be sufficient to finance sustained poverty reduction without donor commitment. The risk of wavering donor support after the end of the emergency operations is high</li> <li>• Implementation capacity remains weak despite donors' efforts; NGOs are playing an important role and they should be supported. The potential for conflict in the Mano River Basin remains high, particularly if civil war flares up again in Liberia</li> </ul>

**IFAD'S CORPORATE THRUSTS AS RELATED TO THE PROPOSED COUNTRY PROGRAMME**

1. The COSOP has been conceived within the framework of IFAD's corporate strategy and the strategic regional thrusts for Western and Central Africa.
2. The consequences of civil war and HIV/AIDS have emerged as major threats to the livelihood systems of rural people in Sierra Leone. Within the strategic framework, IFAD will work to forge strong partnerships with other donors, the Government, NGOs and community-based organizations (CBOs) in order to systematically respond to such threats. With regard to post-conflict assistance to Sierra Leone, IFAD will remain basically a lending institution for long-term development. However, it will need to respond to the needs of Sierra Leone's desperately poor rural people during the critical transition period between relief and long-term development. This transition period is important economically because the most basic elements of rural people's capacity to make a living need to be restored, given that many people have lost everything. The Rehabilitation and Community-Based Poverty Reduction Project currently under preparation is in line with IFAD's regional policy in a post-conflict context and its major thrusts contribute to the regional strategy for rural poverty reduction. The challenge is to pursue it effectively in the context of a post-conflict situation.
3. Gender is a particularly important element of IFAD's strategic framework. Women will be empowered to fully participate in development projects. Their access to decision-making at the local level will be promoted as a way to begin addressing their strategic needs and to mitigate the effects of cultural factors that tend to preclude or limit their presence in the public space. This endeavour will build on women's experience in setting up and managing self-help groups. The project under preparation will adopt a gender-and-development approach, which will allow for systematic analysis of the gender consequences on development activities.

**ACTIVITIES OF OTHER PARTNERS IN DEVELOPMENT – ONGOING AND PLANNED**

<b>Project Title</b>	<b>sector</b>	<b>Donors</b>	<b>Status</b>	<b>Potential Synergies for IFAD</b>
Community Reintegration and Rehabilitation Programme (CRRP)	Multisectoral	World Bank/ International Development Association (IDA), and AfDB	Nearing completion	The project supported the reintegration and resettlement of ex-combatants and IDPs through cash and packages for agricultural production. IFAD can build on the work undertaken to support the communities that are hosting these IDPs and ex-combatant so as to reduce tension and promote economic opportunities.
Social Action and Poverty Alleviation Programme (SAPA)	Multisectoral	AfDB	Nearing completion	The programme has promoted microcredit activities in the rural areas that seem to have been very successful. IFAD can build on these successful microcredit operations.
Integrated Rural Development Programme (IRDP)	Multisectoral	IsDB	Commenced in 2002	The programme provides for the rehabilitation of rural infrastructure and distribution of tools and inputs. IFAD can link up with these operations to fill any gaps.
Support to Resettlement and Rehabilitation	Multisectoral	UNDP	Nearing completion	IFAD can learn from their UNDP's experience.
Sierra Leone Resettlement and Rehabilitation Programme (SLRRP I)	Multisectoral	EU	Completed	IFAD can learn from their EU experience.
Sierra Leone Resettlement and Rehabilitation Programme (SLRRP II)	Multisectoral	EU	To start in September 2002	IFAD can link up with these operations.
Community Resettlement and Reintegration Project (Pilot Phase)	Multisectoral	DfID	Ongoing and expected to close by the end of the year	DfID has expressed interest in cofinancing with IFAD the new operation for community rehabilitation, which can build on experience under the pilot phase and other donor activities.
Health Service Rehabilitation Project	Health sector	AfDB	Ongoing	The project will finance infrastructure development for the health sector. IFAD could link with what they may cover in the rural areas.
Sierra Leone HIV/AIDS Response Project (SHARP)	Multisectoral HIV/AIDS Control and prevention	World Bank/IDA	Expected to become effective in October 2002	The project is the first national effort to control and prevent HIV/AIDS infection. IFAD should link up with the project under the umbrella of the National Council for HIV/AIDS and its secretariat, using the same approach and addressing the needs in the rural areas not covered by the project.
Health sector Support Project	Health sector	EU	Ongoing	The project will focus on the rehabilitation of hospital and referral systems mainly in urban areas.
Health Reconstruction and Development Project	Health sector	World Bank/IDA	Under Preparation	IFAD should acquaint itself with the project plans to avoid duplication.
Rehabilitation of Basic Education	Education sector	World Bank/IDA	Negotiations yet to take	IFAD should acquaint itself with the extent to which the

<b>Project Title</b>	<b>sector</b>	<b>Donors</b>	<b>Status</b>	<b>Potential Synergies for IFAD</b>
Project (REBEP)			place	project is planning to cover rural areas.
Agricultural sector Rehabilitation Project	Agricultural sector	AfDB	Planned	IFAD should hold discussions with AfDB about its plans and explore opportunities for cofinancing.
Diversified Food Security Project	Agricultural sector	AfDB	Planned	IFAD should hold discussions with AfDB about its plans and explore opportunities for cofinancing.
Peri-urban Smallholder Agricultural Project	Agricultural sector	AfDB	Planned	IFAD should hold discussions with AfDB about its plans and explore opportunities for cofinancing.
Special Programme for Food Security	Agricultural sector	FAO	Planned	The programme is expected to distribute inputs and seed to farmers. IFAD should investigate the scope of FAO activities.
Artisanal Fishing Project	Marine and Fishing sectors	AfDB	Planned	IFAD should hold discussions with AfDB about its plans and explore opportunities for cofinancing.
Transport Rehabilitation Programme	Transport sector	World Bank/IDA	Planned	IFAD should hold discussions with World Bank about its plans and explore opportunities for cofinancing.
Targeted Food Assistance for Relief and Recovery of Refugees, IDPs and Returning Refugees	Food-for-Work and Food-for-Agriculture in war-affected areas	WFP	Ongoing	Although the programme is near completion and no plans have yet been developed for continuation, the experience gained should be of great value to IFAD's future operations.
Economic Rehabilitation and Recovery Credit (ERRC)	Balance of payment Support	World Bank/IDA	Completed	

