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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF SIERRA LEONE

FOR THE

REHABILITATION AND COMMUNITY-BASED POVERTY REDUCTION PROJECT

TABLE OF CONTENTS

CURRENCY EQUIVALENTS	iii
WEIGHTS AND MEASURES	iii
ABBREVIATIONS AND ACRONYMS	iii
MAP OF THE PROJECT AREA	iv
LOAN SUMMARY	v
PROJECT BRIEF	vi
PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY	1
A. The Economy and Agricultural Sector	1
B. Lessons Learned from Previous IFAD Experience	2
C. IFAD’s Strategy for Collaboration with Sierra Leone	3
PART II – THE PROJECT	5
A. Project Area and Target Group	5
B. Objectives and Scope	5
C. Components	5
D. Costs and Financing	7
E. Procurement, Disbursement, Accounts and Audit	8
F. Organization and Management	9
G. Economic Justification	10
H. Risks	11
I. Environmental Impact	11
J. Innovative Features	11
PART III – LEGAL INSTRUMENTS AND AUTHORITY	12
PART IV – RECOMMENDATION	12
 ANNEX	
SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT	 13

APPENDIXES

I. COUNTRY DATA	1
II. PREVIOUS IFAD FINANCING IN SIERRA LEONE	2
III. LOGICAL FRAMEWORK	3
IV. FLOW OF FUNDS	7
V. COSTS AND FINANCING	8
VI. ORGANIZATION AND MANAGEMENT	10

CURRENCY EQUIVALENTS

Currency Unit	=	Leone (SLL)
USD 1.00	=	SLL 2 500
SLL 1.00	=	USD 0.004

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 ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 hectare (ha)
1 hectare (ha)	=	2.47 acres (ac)

ABBREVIATIONS AND ACRONYMS

AWP/B	Annual Work Plan and Budget
DFID	Department for International Development (United Kingdom)
HIPC	Highly Indebted Poor Country
I-PRSP	Interim Poverty-Reduction Strategy Programme
MAFFS	Ministry of Agriculture, Forestry and Food Security
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
PCU	Project Coordination Unit
PRSP	Poverty-Reduction Strategy Programme
UNOPS	United Nations Office for Project Services

GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE
Fiscal Year

1 January - 31 December

MAP OF THE PROJECT AREA



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.

Source: IFAD

REPUBLIC OF SIERRA LEONE

REHABILITATION AND COMMUNITY-BASED POVERTY REDUCTION PROJECT

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of Sierra Leone
EXECUTING AGENCY:	Ministry of Agriculture, Forestry and Food Security
TOTAL PROJECT COST:	USD 10.78 million
AMOUNT OF IFAD LOAN:	SDR 5.9 million (equivalent to approximately USD 8.51 million)
TERMS OF IFAD LOAN:	40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum
COFINANCIERS:	none
CONTRIBUTION OF BORROWER:	USD 1.12 million
CONTRIBUTION OF BENEFICIARIES:	USD 1.15 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	United Nations Office for Project Services

PROJECT BRIEF

Who are the beneficiaries? The project will enable vulnerable groups, which include the majority of the rural households in the project area (the two districts of Kailahun and Kono), to jump-start resumption of the development process and will enhance their coping capacity and resilience to future crises. Those most affected by the war and those suffering from different degrees of social exclusion – women in general, sexually-abused women, war-widows and youth – are particularly targeted. The project will improve the household food security and livelihoods of some 20 000 poor and vulnerable rural households (equivalent to approximately 160 000 people) in the project area.

Why are they poor? Sierra Leone has been ravaged by a ten-year civil war, leaving the country with the lowest Human Development Index in the world, and leading to extreme poverty and vulnerability. The war started in 1991 from the eastern districts of Kailahun and Kono, ending there in 2001. They have been the districts most harshly affected by displacement of population and war destruction. The war has had an immense impact on poor people's livelihoods and has placed considerable strain on the social fabric of rural society.

What will the project do for them? The strategic objective of the project will be to provide quick assistance to the communities in the proposed project area. Assistance at the community level is a critical part of the reintegration and regeneration process, as tremendous and large efforts are needed to restore basic production capacity to allow better coverage of basic food needs. The key interventions will be in the provision of basic agricultural packages (seeds, tools, inputs and livestock) and rehabilitation of rural infrastructure. This is strategically critical, as the increased return of refugees, internally displaced persons and former combatants will exert additional pressure on resources and economic opportunities, as well as create tension and disillusionment that could undermine the peace process. At the same time, the project will lay the basis for long-term and sustainable development through support to community-based institutions and capacity-building of community groups.

How will the beneficiaries participate in the project? The project will follow a phased approach, whereby short-term and long-term interventions will be carried out simultaneously, with actual interventions geared to local conditions. The short-term interventions can follow mechanisms that are relatively easy to establish and will resemble, to a certain extent, ongoing activities by other donors. However, in the case of the long-term interventions that will result in more sustainable community and farming activities development, appropriate mechanisms will be promoted by the project, whereby community participation in all development stages will be a fundamental strategic thrust for project implementation.

How was the project formulated? The participatory formulation process entailed: (i) the participation of a national counterpart team appointed by the Government of Sierra Leone; (ii) district and national consultative workshops; (iii) substantial visits to potential project districts, including interaction with local communities and community-based organizations using the participatory rural appraisal methodology; and (iv) broad-based consultations with donors within the Development Partnership Committee, chaired by the Vice-President of Sierra Leone, as well as separate consultations with the World Bank, the African Development Bank, the Department for International Development (United Kingdom), the Organization of the Petroleum Exporting Countries Fund for International Development, the United Nations Development Programme, the Food and Agriculture Organization of the United Nations, Swiss Agency for Development and Cooperation and the German Agency for Technical Cooperation.

REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
REPUBLIC OF SIERRA LEONE
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I submit the following Report and Recommendation on a proposed loan to the Republic of Sierra Leone for SDR 5.9 million (equivalent to approximately USD 8.51 million) on highly concessional terms to help finance the Rehabilitation and Community-Based Poverty Reduction Project. The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one percent (0.75%) per annum. It will be administered by the United Nations Office for Project Services as IFAD's cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

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. The 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 killed, thousands injured or maimed and thousands more suffering from post-traumatic stress. Over two million people were displaced, 500 000 of whom fled to neighbouring countries. A mass exodus of professionals and business people doubled Freetown's population to perhaps two million and drained the outlying areas of trained human resources. Infrastructure, businesses and much of the housing stock are in ruins. The 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.** The economy, after growing at 4% per annum in the 1960s, deteriorated sharply in the following two decades. Real GDP per capita peaked in 1970, while between 1971 and 1989 it fell by 37%. By 1990, the estimated GDP per capita had further declined by about 40%, reaching an 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. **The effect of the war on the agricultural sector** was particularly detrimental. Many farms and rural areas were abandoned and villages were burnt down and looted. Abandoned farms reverted to bush, and mangroves reclaimed considerable areas of lowland rice fields, while tree crops were swallowed by the regrowth of bush forest. Installations useful to the rural population were also destroyed. These included rice mills, water supply wheels, rice stores, palm oil processing units, market places, etc. The livestock herd was lost almost entirely.

¹ See Appendix I for additional information.

4. **Rural poverty.** Sierra Leone has the lowest Human Development Index in the world and a gross national income per capita of only USD 130, compared to the average of USD 470 for sub-Saharan Africa. Over 82% of the population currently live below the poverty line, and life expectancy is only 38 years. Fertility and infant mortality are high, and over a third of children and a fourth of adults are malnourished. Though poverty affects all regions in the country, it is more severe in rural areas, where 88% of the rural population live below the poverty line, based on the international standard definition of poverty (those who earn less than USD 1 per day).

5. **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) as well as the Poverty-Reduction Strategy Programme (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) **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; and decentralization and reactivation of local administration; (ii) **civil society:** building the 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) **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. Recent estimates in Kono and Kailahun suggest that access to potable water and adequate sanitation are as low as 5%. Policy-induced distortions have been eliminated, therefore the transitional phase is expected to focus on returning the rural population to the land and restarting production, facilitating resettlement and rural shelter as well as small-scale rehabilitation. Regarding mining, 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 by supporting related capacity-building efforts.

B. Lessons Learned from Previous IFAD Experience

6. IFAD has provided assistance to the Government of Sierra Leone through funding of four projects, with a total loan amount of SDR 27.07 million, equivalent to USD 39 million. The most recent IFAD loan to Sierra Leone, the North Central Agricultural Development Project, has suffered from the civil war and the loan was suspended several times for arrears with IFAD. With the settlement of the arrears through the Highly Indebted Poor Countries (HIPC) Initiative in September 2002, the project was extended to 31 March 2004 to contribute to the rehabilitation process in the project zone. However, its implementation raised several financial issues, including loan suspension for non-servicing of debt. Financial issues outstanding include no proper reconciliation, to date, of the initial deposit of USD 1.0 million to the special account; an unrecovered project loan made to project executing agencies and non-receipt of audit reports for 2001 and 2002, which are under preparation by an independent auditor. IFAD and the cooperating institution, the United Nations Office for Project Services (UNOPS), are actively following up with the Government authorities and the project to ensure that auditing requirements and reconciliation of advances to the special account are completed.

7. The following lessons can be drawn from IFAD's experience in Sierra Leone that are relevant to the next phase in the country's transition from civil war to sustainable peace and development: (i) project design should empower local institutions to promote community-based development and implementation, and involvement of beneficiaries in project planning and implementation is a

condition of relevance and sustainability of development activities; (ii) in post-conflict environments, demands for quick delivery of project outputs become more pressing and expectations are very high; therefore involvement of communities in setting priorities and implementation through a contractual relationship is fundamental to creating ownership and commitment; (iii) rehabilitation of infrastructure and productive capacities is central to responding to the needs of a post-conflict environment; this should be implemented through a participatory process; (iv) the issue of HIV/AIDS must be addressed, in rural areas, as an integral part of the multisectoral development approach; (v) project design should not overcharge project management units with direct implementation of activities, which should be carried out by the private sector, local institutions and non-governmental organizations (NGOs) through performance-based contracts, while project management devotes itself to coordination, contract management and monitoring and evaluation activities; (vi) national staff of project management units should be recruited through a transparent and competitive selection procedure to ensure relevant qualifications, as well as ability to cooperate and coordinate projects in an efficient and effective manner; and (vii) for smooth project implementation, the project management team requires full autonomy in its operations.

C. IFAD's Strategy for Collaboration with Sierra Leone

Sierra Leone's Policy for Poverty Eradication

8. **Government's Interim Poverty Reduction Strategy.** In support of the National Recovery Strategy, an Interim Poverty-Reduction Strategy Programme (I-PRSP) provided access to debt-relief through the enhanced HIPC initiative. It adopted a two-phased approach to fighting poverty: (i) a Transitional Phase covered by the I-PRSP; and (ii) a Medium-Term Phase that will be covered by the full PRSP, which will be formulated early in 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 mismanagement of scarce public sector resources, and promote good governance.

9. Phase II – the medium-term phase (2004-2006) – will address longer-term development issues. Among the main priorities are: expanding 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 supporting agriculture; developing mining resources; improving financial intermediation; modernizing infrastructure; and deepening governance improvements, not least through restoration of decentralized government and service delivery systems. Since agriculture is the driving force in the development of Sierra Leone, the medium-term phase for rural and agricultural development will focus on improving household food security and enhancing the opportunities for income-generating activities to reduce unemployment rates and the extent of rural poverty. This will be effected through, inter alia: (i) expanding the cultivated rice area; (ii) restocking of the country's livestock population; (iii) restructuring of delivery services; and (iv) rehabilitating rural infrastructure.

The Poverty Eradication Activities of Other Major Donors

10. Given the scale and complexity of the rural poverty problem in the post-conflict context, opportunities for addressing the phenomenon will need to be seized in a coherent and mutually reinforcing manner. The Development Partnership Committee, established in November 2002, is gaining importance and has been instrumental in enabling donors as well as the Government to continuously take stock of the development agenda and progress of poverty-reduction strategy processes. IFAD, together with the World Bank, African Development Bank and the United Kingdom Department for International Development (DFID), have adopted an operational approach to strengthening collaboration and enhancing partnerships in order to avoid sending conflicting messages from international donors that might lead to confusion, lack of coherent sectoral strategies, wasted resources and, ultimately, diminished effectiveness in fighting rural poverty. This initiative is based on the 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 projects, namely the Sierra Leone 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 that takes the acronym of New Rice for Africa cultivar) and improved rice production systems. The Islamic Development Bank is assisting in the establishment of rice seed banks. The African Development Bank is extending assistance with an artisanal fisheries project and is preparing a full Agricultural Sector Rehabilitation Programme. DFID assistance is governance-focused and provides support to the decentralization process as well as to the agricultural sector through the Community Reintegration Project. The United States Agency for International Development (USAID) is implementing a major programme and is involved in all major areas, including emergency food aid, health, agriculture, shelter and water sanitation. The European Union and the German Agency for Technical Cooperation (GTZ) have funded initiatives in emergency relief. The European Union's Rehabilitation and Resettlement Programme is rehabilitating schools, health facilities, water and sanitation, wells and the agricultural sector in general.

IFAD's Strategy in Sierra Leone

11. In the short-term (2003), the strategic thrust for IFAD will be to provide quick 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. The essential interventions will be in the provision of basic agricultural packages (seeds, tools, livestock and inputs) for expanding the areas cultivated; rehabilitation of health, sanitation and water supply infrastructure; and 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 internally displaced persons and ex-combatants will exert additional pressure on resources and economic opportunities, creating tension and disillusionment that could undermine the peace process.

12. For 2004-2005, three strategic thrusts offer the niche for IFAD's future operations in the country: (i) community development; (ii) revitalization of the rural financial market to promote rural growth; and (iii) crop diversification, income-generating activities and small-scale rural enterprises. Those thrusts will be reassessed as part of the preparation of the full PRSP early in 2004, with the assumption that progress in the consolidation of peace and economic recovery is satisfactory.

Project Rationale

13. The country's social fabric has been largely destroyed by the civil war. The project will place a strong emphasis on rebuilding social capital, providing an integrated response to rehabilitate and sustain the essential services, as well as restore the basic production capacity to pre-war levels. It will be using a community-driven development approach, with active participation of its beneficiaries in the design, implementation and monitoring of the interventions. This will ensure, among other advantages, that funds actually reach the community at the grass-roots level. The community will, in turn, make sure that the funds received are used judiciously to address their needs, including community infrastructure, group income-generating activities for agriculture, and other non-farm economic activities such as capacity-building at the grass-roots level.

PART II – THE PROJECT

A. Project Area and Target Group

14. **Project area.** The project area comprises two Eastern Province districts – Kono and Kailahun – on the border with Liberia and Guinea. The selection was based on a number of criteria, including vulnerability, accessibility, agricultural potential, geographical spread and avoidance of overlap with other donor operations. These two districts were hardest hit by the war and require strong external assistance to return to pre-war livelihood and production levels. The project area comprises 28 chiefdoms, 152 sections and about 3 053 villages or settlements.

15. **Target group.** In line with IFAD's mandate, the Rehabilitation and Community-Based Poverty Reduction Project will aim to improve the livelihoods of the most vulnerable rural households, especially those headed by women, paying particular attention to the special reintegration and development needs of the socially excluded populations most affected by the war. These include all the war-affected smallholder farming households (men and women) (45 500 households), made up of the following sub-groups: (i) previously displaced poor farmers (forming the majority of 45 500 households); (ii) recently returned internally displaced persons (18 000 households); (iii) war-widow- and other female-headed households (4 500 households); (iv) youth and ex-combatants (12 000 individuals); (v) sexually abused young women and single mothers (2 500 individuals); and (vi) vulnerable children and amputees, war-wounded or otherwise disabled people (16 000 individuals).

B. Objectives and Scope

16. The project's **development goal** is to reduce post-conflict poverty and food insecurity and to improve the livelihoods and living conditions of rural communities. This will be achieved through the support to short-term recovery of rural communities and farming activities development, while laying the basis for long-term rehabilitation and participatory development. The project will follow a **phased approach** where short-term and long-term interventions are carried out simultaneously, with actual interventions geared to local conditions. It will include activities that: (i) support community-based institutions and participatory development, to empower local communities in restoring livelihood security and basic entitlements, in order to diminish marginalization and make communities proactive in managing local resources; (ii) empower the poor and vulnerable by expanding their access to and control over fundamental assets, such as capital, knowledge and technologies, thereby also addressing the key issue of household food self-sufficiency; and (iii) rehabilitate rural infrastructure to improve production conditions, access to market and living conditions.

17. The anticipated **outputs** of the project will include: (i) restored and improved agricultural production capacity and household food security; (ii) strengthened community and farmer-based organizations; (iii) established mechanisms for participatory community development; and (iv) rehabilitated and expanded rural infrastructure.

C. Components

Support for Household Recapitalization and Farming Activities Development

18. **Recapitalization of target group households.** The objective of this component (27% of funds) is to restore capital lost or foregone at the household level (human, social, financial, material and physical livelihoods assets), through channelling direct benefits to vulnerable beneficiary groups. The related output will be restored and improved agricultural production capacity and improved household food security.

19. Activities will include provision of seeds, tools, poultry, small ruminants, small-scale processing equipment and services that could improve the productivity of 20 000 farming households. Identifying these households and consulting them for need identification will be done through farmer organizations and village development committees, with contracted NGOs as overall implementers.

Support for Community-Based Institutions and Participatory Development

20. The objective of this component (20% of funds) is to strengthen grass-roots institutions and establish mechanisms for participatory community planning, decision-making, and monitoring and evaluation (M&E). The social preparation, mobilization, organization and empowerment of community institutions, as foundations for social advancement and economic development, constitute a major part of the project.

21. The project will also build skills of process facilitators and community-based group promoters in subjects such as participatory appraisal and planning, gender analysis, poverty assessment, and M&E. Group promoters resident in the communities will be selected by them and will be strengthened through a series of training sessions, to enable a gradual assumption of the leadership role at community level. Capacity-building of community groups will receive special attention, especially where literacy rates are extremely low. Group promoters will play a critical role as conduits of information, as well as in meeting management, record keeping and accounting. The capacity-building activities catering to the community groups will essentially comprise training, gender sensitization, awareness-enhancement on peace-building, awareness-building on HIV/AIDS, health and nutrition, in addition to special training for women and youth.

22. In a sub-set of pilot communities, the project will facilitate the use of participatory rural appraisal (PRA) techniques in the formulation of participatory community development plans, setting of priorities and identification of microprojects at village level. These plans will be approved and agreed upon initially by the village development committees and subsequently consolidated as Chiefdom Community Development Plans (CCDPs), to be approved by the project coordination unit. The community development plans will be updated through annual participatory evaluation and replanning exercises at the village level, and CCDPs at the chiefdom level through a similar process. A wide range of activities and microprojects that might be included in such plans will qualify for project assistance through a community development fund.

Rural Infrastructure Rehabilitation and Development

23. The objective of this component (24% of funds) is to restore public economic and agricultural infrastructure damaged or destroyed, and develop new infrastructure that improves living and production conditions. Rehabilitation activities will provide farmers with employment opportunities and increase their income and thereby help in the restoration of their livelihood in the local communities. Implementation of the proposed infrastructure works will be through NGOs, local enterprises or communities, or a combination thereof.

24. The project will finance improvement of minor feeder roads, linking villages to chiefdom headquarters (i.e. main roads and first-class feeder roads). The project will only finance rehabilitation of the more difficult sections that hamper traffic in the rainy season to: (i) improve access to vehicles and trucks; and (ii) link important crop-producing zones with existing all-weather roads. Priority will be given to repair rather than new construction, and labour-intensive methods will be favoured. NGOs, under the supervision of the Feeder Roads Department (Sierra Leone Road Authority), will implement this component with farmers' participation (on a cash-for-work or food-for-work basis). The rehabilitation of feeder roads will help in reducing post-harvest losses and ease the marketing of agricultural produce. The project will also finance the construction (or repair) of public and economic goods with a long life and without replacement needs, in order to improve production and living conditions. This includes storage facilities, drying floors, rice sheds, provision of new wells and

rehabilitation of some of the existing ones. The rehabilitation of existing wells and the construction of new ones will contribute to improve the living conditions of the population, and especially those of women. As inland valley swamps play a major role in the restoration and increase of agricultural production, through cropping intensification and diversification (rice and vegetables), their development will be promoted by the project in two ways: (i) the rehabilitation of formerly cultivated inland valley swamps, which will only need the clearing of weeds and bushes grown since they were abandoned, and some repairs to small concrete structures and sluice gates (about 1 250 ha of such swamps will be rehabilitated); and (ii) the implementation of new inland valley swamp schemes where technically, socially, economically and environmentally feasible. The promotion techniques will be derived from earlier experience and should remain simple because the supply of affordable fertilizers is not guaranteed. About 700 ha of swamps will be developed by the project.

25. Planning and supervision of small-scale irrigation rehabilitation and construction will be entrusted to private firms, NGOs or the technical staff of the Land and Water Development Department (LWDD) of the Ministry of Agriculture, Forestry and Food Security (MAFFS), depending primarily on the actual engineering capacity available in these institutions. LWDD will be supported with short-term technical assistance to enhance its capacity for the timely implementation of this component. Farmers' participation will be essential in carrying out the work, while NGOs or local communities will be contracted for construction purposes.

Project Management

26. MAFFS will be the overall executing agency of the project and will supervise the project coordination unit (PCU) through the Monitoring Unit in its Planning, Monitoring, Evaluation and Statistics Division. The PCU will be an autonomous unit with its own premises in Freetown. A national steering committee will be appointed to oversee the project. Overall project management will be the responsibility of the PCU, which will not undertake direct implementation, but will contract with implementing partners. Project support will be provided for contractual staff, equipment, operating costs and technical assistance. The project will be implemented over a period of five years. UNOPS will be appointed as cooperating institution to supervise project implementation.

D. Costs and Financing

27. **Costs.** The total cost of the project, including physical and price contingencies, is estimated at USD 10.78 million. The foreign exchange portion is estimated at USD 4.78 million, representing 44.3% of the total project cost. The local cost portion, excluding taxes, is USD 6.00 million, equivalent to 55.7% of the total cost. A summary of costs by component is provided in Table 1.

TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD '000)

Components	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
Support for household recapitalization and farming activities development	1 042	1 566	2 609	60	27
Support for community-based institutions and participatory development	1 578	370	1 948	19	20
Rural infrastructure rehabilitation and development	1 446	929	2 375	39	24
Technical assistance	621	1 209	1 830	66	19
Project management	530	449	978	46	10
Total base costs	5 215	4 523	9 739	46	100
Physical contingencies	133	53	186	29	2
Price contingencies	651	200	851	24	9
Total project costs	6 000	4 776	10 776	44	111

^a Discrepancies in totals are due to rounding.

28. **Financing.** The project will be financed by IFAD and Sierra Leone (the borrower). Total IFAD financing will be USD 8.51 million, representing 78.9% of the total project cost. IFAD resources will finance 100% of the foreign exchange costs and local costs amounting to USD 3.73 million (62.2% of total local costs) associated with civil works, operation and maintenance of equipment and vehicles, and training of staff, farmers and entrepreneurs. The borrower's contribution will amount to USD 1.12 million, equivalent to 10.4% of total project cost, to cover duties and taxes, salaries of non-PCU staff to be involved in project implementation and agriculture offices utilities in the two districts of the project area. The beneficiaries' contribution will amount to USD 1.15 million, equivalent to 10.7% of total project cost to cover voluntary labour of participants in the project activities. The project's financing plan is shown in Table 2.

TABLE 2: FINANCING PLAN^a
(USD '000)

Components	IFAD		Government		Beneficiaries		Total		Foreign Exch.	Local (Excl. Taxes)	Duties and Taxes
	Amt.	%	Amt.	%	Amt.	%	Amt.	%			
Support for household recapitalization and farming activities development	2 013	71	824	29	-	-	2 837	26	1 629	1 208	-
Support for community-based institutions and participatory development	1 800	86	296	14	-	-	2 095	19	375	1 721	-
Rural infrastructure rehabilitation and development	1 622	58	0	-	1 149	42	2 771	26	1 031	1 740	-
Technical assistance	2 000	100	0	-	-	-	2 000	19	1 271	728	-
Project management	1 073	100	0	-	-	-	1 073	10	470	602	-
Total costs	8 507	79	1 120	10	1 149	11	10 776	100	4 776	6 000	-

^a Discrepancies in totals are due to rounding.

E. Procurement, Disbursement, Accounts and Audit

29. **Disbursement.** The proposed IFAD loan will be disbursed over a period of five years. Disbursements from the loan account will be made against certified statements of expenditures in respect of eligible expenditures in such amounts as the Fund, or the cooperating institution on behalf

of the Fund, may designate from time to time by notice to the borrower. The records evidencing such expenditures need not be submitted to the Fund, but will be retained by the borrower for inspection by the representatives of the Fund and the cooperating institution. A special account for the project will be opened in United States dollars, in a commercial bank or in an institution, on terms and conditions acceptable to IFAD. All other payments will be disbursed upon the submission of full documentation. In certain circumstances, direct payment of suppliers and contractors may be made from the loan account. All withdrawals from the loan account will be subject to prior clearance by IFAD and the cooperating institution.

30. **Procurement.** Procurement will be in accordance with IFAD's loan agreement. All contracts for vehicles and motorcycles of over USD 10 000 will be procured through international shopping, and major civil works will be procured through local competitive bidding. Small and scattered civil works of less than USD 5 000 in value and those relating to microprojects will be conducted by local shopping procedures. Selection of implementing partners will be through shortlisting and proposal evaluation. Purchase of agro-industrial equipment, farm tools, office equipment and high-yielding seed varieties over USD 10 000 will be carried out by local competitive bidding, while purchase of such items or of motorcycles for USD 10 000 or less will be through local shopping. Monitoring, evaluation and some training activities will be conducted by agreements with the relevant government institutions or NGOs, or a combination thereof. Some training activities in appropriate subject areas may be included in all the contracts. Technical assistance will be procured following international shopping procedures, while local consultancy support and provision of training will be by local shopping procedures. All procurement will be carried out and evaluated by a committee headed by the project coordinator and comprising the project's financial controller, representatives of both MAFFS and the Ministry of Finance, to be appointed within one month from project start-up. In addition, the project procurement committee will be fully authorized, upon its formation, to award contracts to international and national suppliers without going through the current government procurement channels.

31. **Financial Management and Audit.** An annual audit of project accounts will be undertaken by an internationally-recognized firm of independent auditors acceptable to IFAD. The audit will examine the operation of the special account and the project operating accounts, and will also examine the statements of expenditure and issue a specific opinion on the procedures for contracting of implementing partners and other contractors, the accountability of such partners, and the management of programme resources by them. The annual audit report will be submitted to the Government, the cooperating institution and IFAD within six months of the close of the financial year under review. Financial management will be the responsibility of the PCU. A long-term technical assistance financial controller will have joint responsibility with the project's chief technical adviser for the functions of financial management, financial reporting and maintenance of the project's account books. Preparation of withdrawal applications will also be the joint responsibility of the chief technical adviser and the financial controller. Disbursements of funds will be based on the approved annual work plan and budget (AWP/B) prepared for each component and consolidated by the PCU.

F. Organization and Management

32. The project will be placed under MAFFS supervision. Project organization includes three levels, with specific allocation of tasks and responsibilities. These are: (i) the national policy concern represented by the national steering committee; (ii) the management and coordination level, represented by the PCU; and (iii) the decentralized consultation level with the district steering committee.

33. **National Steering Committee.** A national steering committee will be appointed to oversee the project. The appointees to the committee will include representatives of line ministries and members of civil society. The PCU will act as secretariat to the committee, which will meet at least twice a

year. The committee will formulate policy, approve AWP/Bs, approve amendments to AWP/Bs and receive reports from the PCU. It will not be concerned with day-to-day management of the project.

34. **District Steering Committees.** These committees will be chaired by the District Director of Agriculture (DDA), and will be established in Kono and Kailahun Districts. They will have similar composition to that of the national steering committee. The DDA will assign a secretary to the committee.

35. **Project Coordination Unit.** The PCU, responsible for overall project management, will not undertake direct implementation of the project, but will contract with implementing partners for specific activities and tasks. It is important that the PCU employ contractual staff, who should be fully dedicated to the project. Project positions, including professional and general staff, will be advertised through national media, except as indicated below, with detailed job descriptions and qualifications required. Short-listed candidates will be interviewed by a selection panel that will be set up by the Government and appointed subject to IFAD approval. The indicative PCU staff establishment will be: a chief technical advisor, a financial controller (each position advertised through international media), an administrative assistant, an accountant supported by two accounts clerks, an M&E officer, an assistant M&E officer, a community and gender development officer, a rural engineer, plus support staff, secretaries and drivers.

36. **Technical Assistance.** The PCU will be supported by technical assistance, including a chief technical adviser and a financial controller. In addition, short-term expertise in M&E and gender will be provided.

37. **Monitoring and Evaluation.** Project's M&E will be the overall responsibility of PCU in collaboration with the Planning, Monitoring, Evaluation and Statistics Division of MAFFS. Day-to-day coordination will be the responsibility of the PCU's M&E officer. A management information system and M&E system will be established by the M&E officer as soon as practicable after loan effectiveness, with the support of the technical assistance team. District Agriculture Offices will provide field-level monitoring of all work contracted out under the project to local suppliers of goods, services and works. Physical, financial and temporal monitoring will be based upon specifications and targets detailed in contracts under the project. Participatory monitoring will be a standard feature of project operations.

38. **Start-up activities.** To ensure a smooth transition between approval and loan effectiveness, IFAD will provide a grant (USD 75 000) to finance preliminary activities that will ensure smooth project start-up. The grant will finance the following activities: (i) selection of project staff; (ii) preparation of the procurement plan for the first three years; (iii) preparation of the AWP/B for the first year; (iv) preparation of the project implementation manual; (v) design of the M&E system; and (vi) design of the accounting system.

G. Economic Justification

39. Given the nature of the project, financial and economic analyses cannot accurately measure its impact, neither for the beneficiaries, nor at the country level. In the context of the proposed project, financial analysis was carried out on income-generating activities based on crop-specific models.

40. **Benefits and Beneficiaries.** The project will enable vulnerable groups – which include the majority of rural households in the project area – to jump-start resumption of the development process and will enhance their coping capacity and resilience to future crises. Those most affected by the war and suffering from different degrees of social exclusion, such as women in general, and sexually-abused women and war-widows in particular, but also youth, ex-combatants, amputees and war-wounded, will be to a large extent reintegrated into society, improving their livelihoods and social standing. Women will particularly benefit from interventions easing their workload, promoting their

agricultural production, income-generating activities and gender sensitization. At the community level, the project will result in empowerment to initiate, manage and sustain development, better relations and decreased gender and age inequalities, enhanced capacity to prevent and solve conflicts and, generally, improved confidence. Local governance will be promoted and more and better services will be locally available, in particular from non-government community-based or private service providers.

H. Risks

41. The biggest risk faced by Sierra Leone's rural poor is a return to civil conflict, political instability and chaos in public administration, that would prevent the government from responding to the population's needs for food and economically-productive activities. The project is expected to respond to this risk through investments in rehabilitation, employment, community development and the reinforcement of basic services. As conditions improve, endogenous resistance to a resurgence of conflict is expected to increase. However, it is still necessary to understand the profile of risks, identify high-risk groups, define the interface between vulnerability and poverty mapping, coordinate public programmes to reduce risks and reinforce the coping capacity of the rural poor. A participatory assessment of risks and vulnerability will be commissioned using available and forthcoming data from the Living Standards Measurement Survey of 2003. Risk and vulnerability concepts have already been introduced into the PRSP preparation process. This should enhance the PRSP's poverty diagnostic dimensions and inform the development of strategies to ensure that poverty levels do not increase. Risk and vulnerability concepts will be introduced in the design of community subprojects selected by communities. Subprojects will address the most common risks faced by communities, such as inadequate infrastructure, poor health, low school enrolment and the resumption of conflict.

42. With the assistance of a DFID Trust Fund, the project will introduce participatory poverty assessment methodologies and sustainable livelihoods strategies. In Sierra Leone, participatory poverty assessments are designed to strengthen the capacity of community-based organizations in local social assessment. These are carried out in the poorest communities, where social capital is fragile to non-existent. This process is expected to inform and strengthen the project's community mobilization, programming, M&E strategies and support a more systematic approach to the special needs of the most vulnerable groups, with an emphasis on women.

I. Environmental Impact

43. The increase in land use due to the project will affect the environment in six fields, three concerning both rainfed and inland valley swamp cultivation, three regarding swamp cultivation only. Other impacts that could come from the use of equipment are very limited (oil spills or the disposal of raw material after use). They will be almost negligible in Sierra Leone's conditions. The project will enhance the environment in its area. The Department of Environment will carry out environmental monitoring throughout the project implementation period.

J. Innovative Features

44. Project design and the operational scheme integrate innovative features, including: (i) use and consolidation of a community development approach within the process of decentralization initiated by the Ministry of Local Government and Community Development. It is proposed to devolve greater responsibility to communities and to strengthen the role of community institutions in planning and managing rehabilitation and development activities, which will not only make project planning and implementation participatory, but also promote self-reliance. This approach will also specifically address the aspect of community cohesion, as well as the social healing process, by focusing on activities to channel energy that could otherwise lead to conflicts into community and livelihood improvement; (ii) specific attention to developing the potential of women and rural youth and their systematic training in labour skills relevant to rural market opportunities; (iii) unlike previous

projects, that relied on government line agencies as service providers, the project will support government commitments in the I-PRSP that services will be provided by qualified NGOs and the private sector; and (iv) linking the National Recovery Strategy, policy dialogue and the PRSP process through the establishment of the Development Partnership Committee is well rooted in the development assistance approach of the donor community and will be used as a channel for establishing operational partnerships among multilateral and bilateral institutions.

PART III – LEGAL INSTRUMENTS AND AUTHORITY

45. A loan agreement between the Republic of Sierra Leone and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

46. The Republic of Sierra Leone is empowered under its laws to borrow from IFAD.

47. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV – RECOMMENDATION

48. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Sierra Leone in various currencies in an amount equivalent to five million nine hundred thousand Special Drawing Rights (SDR 5 900 000) to mature on or prior to 1 September 2043 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES
INCLUDED IN THE NEGOTIATED LOAN AGREEMENT**

(Loan negotiations concluded on 11 December 2003)

1. **Project accounts.** The Government of the Republic of Sierra Leone (the Government) will open and thereafter maintain, in the Freetown branch of a bank agreed by the Government and IFAD, two current accounts denominated in leones for project operations. One account will receive proceeds of the loan and the other account will receive Government counterpart funds. Both project accounts will be protected against set-off, seizure or attachment on terms and conditions proposed by the Government and accepted by IFAD. The chief technical adviser and the financial controller will be fully authorized to jointly operate the project account for loan proceeds, and the chief accountant of MAFFS will be fully authorized to operate the project account for counterpart funds.
2. **Counterpart contribution.** During the project implementation period, the Government will make counterpart funds available from its own resources in an aggregate amount of USD 1 120 000 equivalent for project operations, in accordance with its customary national procedures for development assistance. For such purpose, the Government will deposit counterpart funds in an initial amount of USD 100 000 into the project account for counterpart funds to cover the first six months of project implementation, and will replenish such project account by depositing the counterpart funds called for in the AWP/B for the relevant project year semi-annually in advance.
3. **Gender focus.** Throughout the project implementation period the Government will:
 - (a) identify constraints to gender-sensitive project implementation and endeavour to minimize such constraints;
 - (b) facilitate women's participation in project activities and benefits;
 - (c) support gender sensitization and awareness-raising at all levels; and
 - (d) ensure that the monitoring and evaluation system includes gender-sensitive indicators and collects gender-disaggregated data.
4. **Project implementation manual.** Within three months of date of loan effectiveness, the PCU will have finalized the project implementation manual.
5. **Counterpart contribution.** The Government will meet the cost of: (i) non-PCU project staff salaries; and (ii) field office rent, utilities and stationary throughout the project implementation period under its counterpart contribution.
6. **Tax exemption.** The Government will exempt from taxes the importation, procurement and supply of all goods, civil works and services financed by the loan. To this end, the Minister of Finance will issue a certificate to such effect for the first project year no later than 30 days after the date of loan effectiveness, and renew such certificate annually during the project implementation period.
7. **Insurance of project personnel.** The Government shall insure locally-recruited PCU staff against health and accident risks to the extent consistent with, and in accordance with, procedures under its customary practice in respect of its national civil service.

8. Additional conditions precedent to effectiveness of the loan agreement:

- (a) the national steering committee shall have been duly established;
- (b) the PCU shall have been duly established;
- (c) the AWP/B for the first project year shall have been approved by IFAD;
- (d) the Government shall have duly opened the special account and the project accounts;
- (e) the Government shall have made the initial deposit of counterpart funds into the appropriate project account;
- (f) the draft project implementation manual shall have been submitted to IFAD for approval;
- (g) the Government shall have selected the auditor of the project for appointment;
- (h) the loan agreement shall have been duly signed, and the signature and performance thereof by the Government shall have been duly authorized and ratified by all necessary administrative and governmental action; and
- (i) a favourable legal opinion, issued by the Attorney General and Minister of Justice, in form and substance acceptable to IFAD, shall have been delivered by the Government to IFAD.

APPENDIX I

COUNTRY DATA

SIERRA LEONE

Land area (km² thousand) 2001 1/	72	GNI per capita (USD) 2001 1/	140
Total population (million) 2001 1/	5.14	GDP per capita growth (annual %) 2001 1/	3.3
Population density (people per km²) 2001 1/	72	Inflation, consumer prices (annual %) 2001 1/	2.1
Local currency	Leone (SLL)	Exchange rate: USD 1 =	SLL 2500
Social Indicators			
Population (average annual population growth rate) 1995-2001 1/	2.2	Economic Indicators	
Crude birth rate (per thousand people) 2001 1/	44	GDP (USD million) 2001 1/	749
Crude death rate (per thousand people) 2001 1/	25	Average annual rate of growth of GDP (%) 1/ 1981-1991	0.4
Infant mortality rate (per thousand live births) 2001 1/	182	1991-2001	-4.3
Life expectancy at birth (years) 2001 1/	37	Sectoral distribution of GDP 2001 1/	
Number of rural poor (million) (approximate) 1/	3.9 a/	% agriculture	50
Poor as % of total rural population 1/	76.0 a/	% industry	30
Total labour force (million) 2001 1/	1.92	% manufacturing	5
Female labour force as % of total 2001 1/	37	% services	20
Education			
School enrolment, primary (% gross) 2001 1/	93 a/	Consumption 2001 1/	
Adult illiteracy rate (% age 15 and above) 2001 1/	n/a	General government final consumption expenditure (as % of GDP)	17
Nutrition			
Daily calorie supply per capita, 1997 2/	2 122	Household final consumption expenditure, etc. (as % of GDP)	95
Malnutrition prevalence, height for age (% of children under 5) 2001 3/	34	Gross domestic savings (as % of GDP)	-12
Malnutrition prevalence, weight for age (% of children under 5) 2001 3//	27	Balance of Payments (USD million)	
Health			
Health expenditure, total (as % of GDP) 2001 1/	5 a/	Merchandise exports 2001 1/	28
Physicians (per thousand people) 1999 1	.. a/	Merchandise imports 2001 1/	166
Population using improved water sources (%) 2000 3/	57	Balance of merchandise trade	-138
Population with access to essential drugs (%) 1999 3/	0-49	Current account balances (USD million)	
Population using adequate sanitation facilities (%) 2000 3/	66	before official transfers 2001 1/	n/a
Agriculture and Food			
Food imports (% of merchandise imports) 2001 1/	n/a	after official transfers 2001 1/	n/a
Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/	3.1	Foreign direct investment, net 2001 1/	n/a
Food production index (1989-91=100) 2001 1/	80	Government Finance	
Cereal yield (kg per ha) 2001 1/	1 078	Overall budget deficit (including grants) (as % of GDP) 2001 1/	-8 a
Land Use			
Arable land as % of land area 2000 1/	7	Total expenditure (% of GDP) 2001 1/	21 a/
Forest area as % of total land area 2000 1/	15	Total external debt (USD million) 2001 1/	1 188
Irrigated land as % of cropland 2000 1/	5	Present value of debt (as % of GNI) 2001 1/	114
		Total debt service (% of exports of goods and services) 2001 1/	102
		Lending interest rate (%) 2001 1/	24
		Deposit interest rate (%) 2001 1/	8

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

PREVIOUS IFAD FINANCING IN SIERRA LEONE

Project Name	IFAD Approved Financing (USD '000)	Board Approval	Loan Signing	Loan Effectiveness	Current Closing	Project Completion Date	Cooperating Institution	Project Status
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 – Phase 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
TOTAL Assistance: USD 39 million								

LOGICAL FRAMEWORK

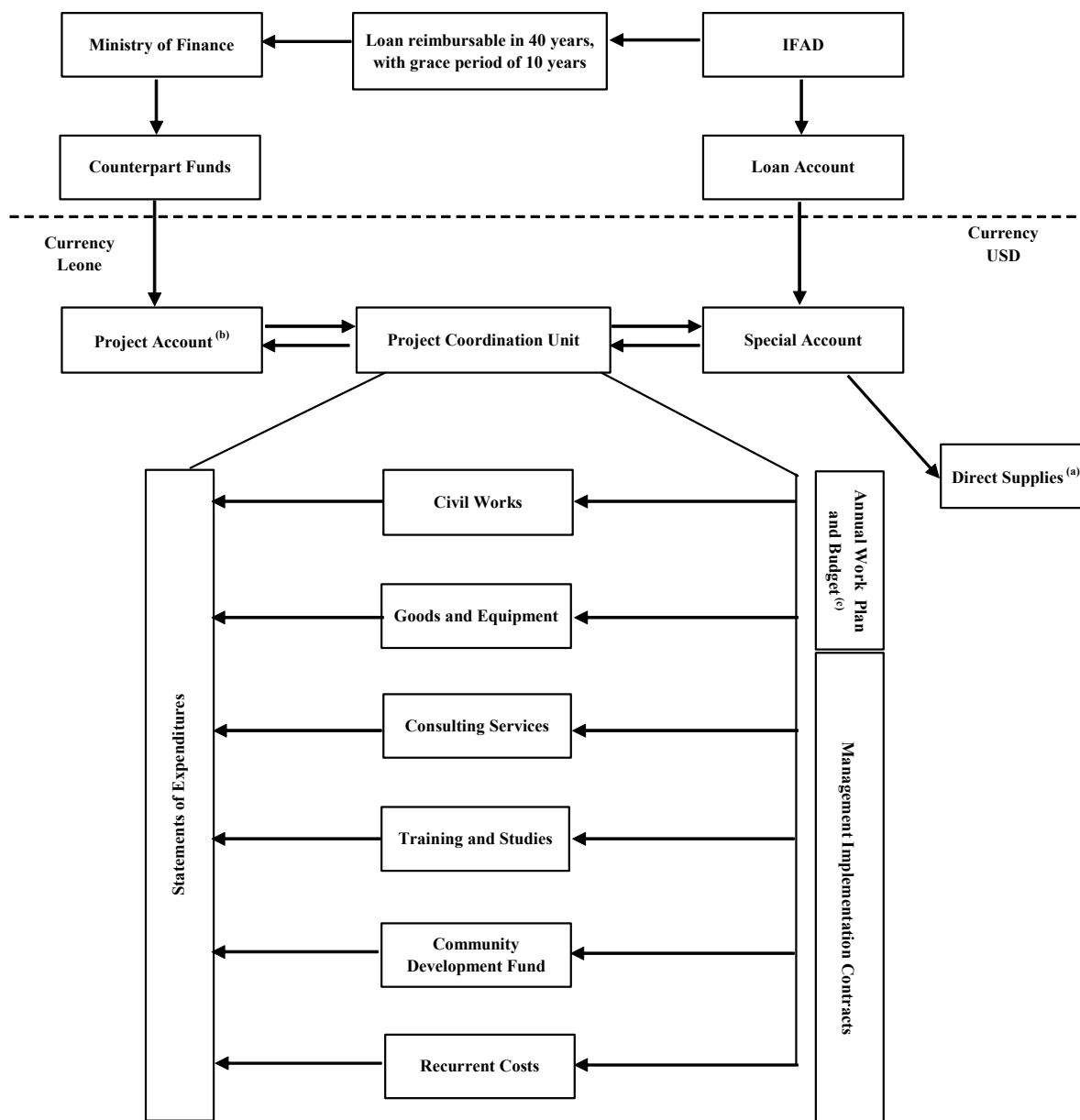
NARRATIVE SUMMARY	VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS AND RISKS
<p>DEVELOPMENT GOAL Reduce post-conflict poverty and food insecurity, and improve livelihoods and living conditions of rural communities</p>	<ul style="list-style-type: none"> * Agricultural production at pre-war levels and increasing * Rural income at pre-war levels and increasing * Rural living conditions restored to pre-war levels and improving 	<ul style="list-style-type: none"> * Project impact surveys * Project M&E systems 	<ul style="list-style-type: none"> * Government policy and macro-economic reform are conducive to poverty reduction. PRSP and plan of action are approved * Stable political and macro-economic environment consolidated * Commitment of all stakeholders to participate in poverty reduction efforts
<p>PROJECT OBJECTIVE Support the short-term recovery of rural communities and the improvement of agricultural production, while laying the basis for long-term rehabilitation and participatory development</p>	<ul style="list-style-type: none"> * 20 000 households (equivalent to ca 160 000 people) have improved food security and raised income from sale of agricultural produce, reduced post-harvest losses and improved market access * 1 000 community and farmer groups able to actively manage local resources * Strong chiefdom-wide community- and farmer-based organizations active and functioning in 28 targeted chiefdoms * Participatory community development process started in 28 targeted chiefdoms * Rural infrastructure (roads, stores, drying floors, inland valley swamps) rehabilitated and expanding 	<ul style="list-style-type: none"> * Project Progress Reports * Supervision Reports * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * Government policy and macro-economic reform are conducive to poverty reduction * Stable political and macro-economic environment exists * Commitment of all stakeholders to participate in poverty reduction efforts * Smooth coordination and cooperation with other projects and programmes * Flexibility in project implementation * Implementation capacity will improve
<p>OUTPUT Restored and improved agricultural production capacity and household food security</p>	<ul style="list-style-type: none"> * 20 000 farming households (equivalent to 160 000 people) received productive agriculture-related inputs * 28 small-scale rice mills, 35 oil presses, 35 cassava graters and other post-harvest units installed and operational, as demanded, reducing post-harvest losses and generating income and employment * 1 000 young men and women trained, as part of community development training, as skilled workers (blacksmith, carpenter, soap maker, etc.), providing services and adding value to agricultural products * 8 Farmer Field Schools conducted * 30 000 men and women farmers, members of farmer-led agricultural development groups, using improved agricultural practices with higher value output * 20 000 women farmers, better able to organize themselves, their households and their productive and income generating activities after the community development training completed 	<ul style="list-style-type: none"> * Project monitoring data * Project Progress Reports * Supervision Reports * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * Timely distribution of agricultural inputs * Distributed agricultural inputs used correctly * Training is carried out as planned and effective * NGOs and community-based organizations prepared to be trained in participatory development process and other required topics as needed * Young men and women are willing to improve their skills and receive additional training * Farmers are willing to participate in the conducted Farmer Field Schools * Agricultural input/output markets and access to these markets will improve

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS AND RISKS
Strengthened community- and farmer-based organizations	<ul style="list-style-type: none"> * 1 000 active and effective community and farmer groups formed or strengthened * Number of activities and participants increased in each of 28 chiefdoms * Number of participatory rural appraisals carried out 	<ul style="list-style-type: none"> * Project monitoring data * Annual Community Consultative Reports * Supervision Reports * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * Farmers are willing to participate in the newly formed groups * Participation in the new activities increased * Women groups are willing to participate in participatory rural appraisal processes
Established mechanisms for participatory community development	<ul style="list-style-type: none"> * Pilot mechanisms for participatory community development processes developed and tested in each project district * 1 000 village-level and 28 chiefdom-level Community Development Plans prepared and implemented * Sensitization capacity on HIV/AIDS, gender and peace-building developed in farmers' associations and women groups in each project district * 50 Group Promoters from village women, members of farmers or women farmers organizations, trained in community group capacity-building * Community development fund utilized for development of small-scale infrastructure identified in at least 800 village-level community development plans 	<ul style="list-style-type: none"> * Project monitoring data * Annual Community Consultative Reports * Supervision Reports * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * Willingness of individuals in the local communities to participate in the newly established mechanisms * Villagers will be able to set up plans for action at the local level * Women will volunteer to assume the role of Group Promoters * Local people are able to identify local projects to be funded by the Community Development Fund * Local committees able to understand the procedures for disbursing from the Community Development Fund
4 Rehabilitated and expanded rural infrastructure	<p>Rehabilitation of rural roads as needed:</p> <ul style="list-style-type: none"> * 45 km of secondary feeder roads linking villages to primary feeder roads or main roads rehabilitated * 45 km access roads linking inland valley swamp (IVS) sites to feeder roads network * 50 km of footpath * 6 footbridges <p>IVS rehabilitation and expansion as demanded:</p> <ul style="list-style-type: none"> * 1 250 ha of small-scale IVS rehabilitated * 700 ha of small-scale IVS developed <p>Improvement of post-harvest facilities as demanded:</p> <ul style="list-style-type: none"> * 6 community stores constructed and 13 rehabilitated * 4 drying floors constructed or rehabilitated <p>Other community infrastructure rehabilitated and expanded as needed:</p> <ul style="list-style-type: none"> * 10 new wells * 10 rehabilitated wells <p>Other small infrastructure as needed</p> <p>Capacities of local contractors improved in bidding for and successfully implementing contracts, and maintaining infrastructures:</p>	<ul style="list-style-type: none"> * Project Progress Reports * Contractors' Progress Reports * Annual Community Consultative Reports * Reports of the Sierra Leone Road Authority (SLRA) * LWDD Reports * Supervision Reports * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * There is an adequate number of local contractors able to carry out and maintain the works * Local staff participating in the design, monitoring and supervision of the infrastructure are mobile and motivated * Food- and cash-for-work provided to farmers participating in the IVS and road works <p><i>Risks:</i></p> <ul style="list-style-type: none"> * Weak contractor capacity * Conflict at infrastructure work sites between workers (farmers and others) * Sustainability compromised by need for speed in addressing acute needs

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS AND RISKS
	* 7 small local contractors winning and successfully implementing project contracts		
Activities Provide target households and groups with agricultural inputs that will restore basic agricultural production capacity	Inputs	* Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report	* Local farmer and women farmer organizations will be effective in identifying vulnerable groups and collecting requirements * NGOs will be effective in purchase and delivery of identified needs * Village development committees and community organizations effective in input distribution
Provide target groups and communities with small-scale post-harvest processing equipment and related employment		* Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report	Feasibility studies (social, economic and environmental) positive
Provide skills training and related equipment to generate income and employment for youth and women		* Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report	Trainers can be found and a sufficient number of productive micro-enterprises of interest to young men and women can be identified
Support farmers' associations and women groups in obtaining services and developing their farming activities		* Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report	Nucleus of master trainers available in locally operating NGOs or farmer organizations (expected output from Special Programme for Food Security)
Facilitate and gradually expand participatory community development process		* Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report	* Participatory development process acceptable to all stakeholders * Community Development Fund used correctly
Build capacity of participatory community development process facilitators		* Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report	* Necessary participatory process (as well as gender and other) knowledge can be found and hired to train NGOs and other stakeholders

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS AND RISKS
		* Project Completion Report	
Build capacity of community groups		<ul style="list-style-type: none"> * Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * Government policy and macro-economic reform are conducive to poverty reduction and PRSP and plan of action approved * Stable political, macro-economic and regional environment consolidated * Commitment of all stakeholders to participate in poverty reduction efforts * Effective decentralization
<ul style="list-style-type: none"> * Rehabilitate feeder roads * Develop and repair community infrastructures (e.g. stores, drying floors, rice mills, etc.) 		<ul style="list-style-type: none"> * Project monitoring data * Annual Community Consultative Reports * Supervision Report * Mid-Term Review Report * Project Completion Report 	<ul style="list-style-type: none"> * Government policy and macro-economic reform are conducive to poverty reduction and PRSP and plan of action approved * Stable political, macro-economic and regional environment consolidated * Commitment of all stakeholders to participate in poverty reduction efforts * Adequate planning and coordination of feeder road programme with SLRA and the National Commission for Social Action

FLOW OF FUNDS



Notes:

- (a) Service providers paid from Special Account;
- (b) Programme Account for local counterpart funds;
- (c) Disbursement based on annual work programme, budget, and associated implementation contracts.

COSTS AND FINANCING

Table 1 – Expenditure Accounts by Financiers (USD)

	IFAD		Beneficiaries		Government		Total		For. Exch.	Local (Excl. Taxes)
	Amount	%	Amount	%	Amount	%	Amount	%		
I. Investment Costs										
A. Civil Works	1 510 270	66.8	749 463	33.2	0	-	2 259 733	21.0	1 038 206	1 221 527
B. Vehicles	361 284	100.0	-	-	-	-	361 284	3.4	361 284	-
C. Equipment										
1. Office Equipment	169 383	100.0	-	-	-	-	169 383	1.6	167 723	1 661
2. Machinery and Tools	289 251	100.0	-	-	-	-	289 251	2.7	289 251	-
Subtotal Equipment	458 634	100.0	-	-	-	-	458 634	4.3	456 973	1 661
D. Farm Inputs /a	964 693	100.0	-	-	-	-	964 693	9.0	964 693	-
E. Studies	383 856	100.0	-	-	-	-	383 856	3.6	226 454	157 402
F. Technical Assistance	1 061 443	100.0	-	-	-	-	1 061 443	9.8	1 061 443	-
G. Training	1 371 862	100.0	-	-	-	-	1 371 862	12.7	282 311	1 089 551
H. Community Development Fund	300 000	100.0	-	-	-	-	300 000	2.8	240 000	60 000
Total Investment Costs	6 412 041	89.5	749 463	10.5	0	-	7 161 504	66.5	4 631 364	2 530 140
II. Recurrent Costs										
A. Salaries and Allowances	1 203 378	64.6	-	-	659 705	35.4	1 863 083	17.3	-	1 863 083
B. Operation and Maintenance (O&M)										
Civil Works O&M	-	-	399 488	100.0	-	-	399 488	3.7	-	399 488
Vehicles O&M	326 421	100.0	-	-	0	-	326 421	3.0	132 179	194 243
Equipment O&M	44 362	100.0	-	-	0	-	44 362	0.4	12 486	31 876
Office Expenses	520 954	53.1	-	-	460 295	46.9	981 249	9.1	-	981 249
Subtotal O&M	891 737	50.9	399 488	22.8	460 295	26.3	1 751 519	16.3	144 665	1 606 854
Total Recurrent Costs	2 095 115	58.0	399 488	11.1	1 119 999	31.0	3 614 602	33.5	144 665	3 469 937
	8 507 156	78.9	1 148 951	10.7	1 119 999	10.4	10 776 106	100.0	4 776 029	6 000 077

Table 2 – Expenditure Accounts by Components - Totals Including Contingencies (USD)

	Support for Household Capitalization and Farming Activities Development			Support for Community-based Institutions and Participatory Development			Rural Infrastructure Rehabilitation & Development			Technical Assistance		PCU	Total
	Capitalization of Target Group Households	Improvement of Agro-processing & Employment	Farmer-led Agricultural Development Groups	Participatory Community Development Process	Capacity-Building of Facilitators	Capacity-Building of Community Groups	Rehab. of Feeder Roads	Development of Community Infrastructure	Rehab & Expansion of Small-scale Irrigation	Project Technical Assistance			
I. Investment Costs													
A. Civil Works	-	-	-	-	-	-	339 261	182 230	1 727 575	-	10 667	2 259 733	
B. Vehicles	121 440	-	-	-	-	-	-	-	-	136 620	103 224	361 284	
C. Equipment													
1. Office Equipment	20 240	-	-	-	-	-	-	-	-	-	149 143	169 383	
2. Machinery and Tools	-	289 251	-	-	-	-	-	-	-	-	-	289 251	
Subtotal Equipment	20 240	289 251	-	-	-	-	-	-	-	-	149 143	458 634	
D. Farm Inputs /a	964 693	-	-	-	-	-	-	-	-	-	-	964 693	
E. Studies	61 449	-	-	181 690	-	-	-	-	-	-	140 718	383 856	
F. Technical Assistance	-	-	-	-	-	-	-	-	-	1 061 443	-	1 061 443	
G. Training	-	-	171 871	439 560	211 998	548 432	-	-	-	-	-	1 371 862	
H. Community development fund	-	-	-	300 000	-	-	-	-	-	-	-	300 000	
Total Investment Costs	1 167 822	289 251	171 871	921 250	211 998	548 432	339 261	182 230	1 727 575	1 198 063	403 752	7 161 504	
II. Recurrent Costs													
A. Salaries and Allowances	588 168	-	-	243 769	169 913	-	122 337	-	-	201 347	537 549	1 863 083	
B. Operation & Maintenance													
Civil Works O&M	-	-	-	-	-	-	399 488	-	-	-	-	399 488	
Vehicles O&M	133 807	-	-	-	-	-	-	-	-	106 613	86 001	326 421	
Equipment O&M	26 167	-	-	-	-	-	-	-	-	-	18 195	44 362	
Office Expenses	460 295	-	-	-	-	-	-	-	-	493 598	27 356	981 249	
Subtotal O&M	620 268	-	-	-	-	-	399 488	-	-	600 211	131 553	1 751 519	
Total Recurrent Costs	1 208 436	-	-	243 769	169 913	-	521 825	-	-	801 558	669 101	3 614 602	
Total PROJECT COSTS	2 376 257	289 251	171 871	1 165 018	381 911	548 432	861 086	182 230	1 727 575	1 999 621	1 072 853	10 776 106	
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign Exchange	1 167 822	289 251	171 871	264 288	110 440	-	204 968	106 104	719 695	1 271 224	470 366	4 776 029	

ORGANIZATION AND MANAGEMENT

1. The project will be placed under Ministry of Agriculture, Forestry and Food Security (MAFFS) supervision. Project organization includes three levels, with specific allocation of tasks and responsibilities. These are: (i) national concern, represented by the national steering committee; (ii) management and coordination level, represented by the Project Coordination Unit (PCU); and (iii) the decentralized level, with the district steering committee.

2. **National Steering Committee.** A national steering committee will be appointed to oversee the project. The committee will be headed by the Minister of Agriculture, Forestry and Food Security, or his designate. The appointees to the committee will include representatives of the Ministry of Finance; Ministry of Agriculture, Forestry and Food Security; Ministry of Development and Economic Planning; Ministry of Local Government and Community Development; Ministry of Social Welfare, Gender and Children Affairs; Ministry of Fisheries and Marine Resources; Ministry of Lands, Country Planning and Environment, Department of Environmental Protection; Ministry of Youth and Sports; Ministry of Water and Energy; Directorate of Feeder Roads at the Sierra Leone Roads Authority; and two members of Farmers Associations, together with two members selected by NGO partners. The PCU will act as secretariat to the committee, which will meet at least twice a year.

3. **Project Coordination Unit.** The PCU, responsible for overall management of the project, will not undertake direct implementation, but will contract with implementing partners for specific activities and tasks. It is important that the PCU be staffed with contractual staff to be fully dedicated to the project. Project positions, including professional and general staff, will be advertised through national media, with detailed job descriptions and qualifications required. Short-listed candidates will be interviewed by a selection panel that will be set up by the Government. The indicative staff establishment of PCU would be: an Administrative Assistant, an Accountant supported by two Accounts Clerks, an M&E Officer, an Assistant M&E Officer, a Community and Gender Development Officer, a Rural Engineer, plus support staff, secretaries, drivers etc.

4. **District Steering Committees.** These committees will be chaired by the District Director of Agriculture (DDA), and will be established in Kono and Kailahun Districts. They will have a similar composition to that of the national steering committee. The DDA will assign a secretary to the committee.

5. **Performance modalities.** The implementation of individual activities at the district level will be followed up by the DDA. The Chief Technical Adviser of the project will collaborate with the Director General of Agriculture, the Director of the Planning, Evaluation, Monitoring and Statistics Division at the national level, and the District Directors of Agriculture of Kono and Kailahun in the drawing up of the implementation programme (AWPB). The PCU will collaborate with the Land and Water Development Department (LWDD) and the Sierra Leone Road Authority (SLRA) in making the necessary arrangements for rehabilitation of feeder and access roads, design and construction of community infrastructure and making the boreholes. Implementation of activities will be contracted out to the relevant agency (agencies) and/or entrepreneurial groups (local contractors). Seed multiplication will be carried out by farmers themselves, under the supervision of the Rice Research Institute, which will be contracted by PCU. Distribution of farm inputs and training activities under the community development component will be contracted to some NGOs and local community organizations. The group promotion and other community-supportive activities will be contracted out to NGOs with experience and capacity for mobilizing, animating and training farmers, especially women groups. The orientation on HIV/AIDS prevention and the planning for campaigns on the issue will constitute an integral element in all the training courses administered under the project. Maintenance of feeder and access roads, IVS and other community infrastructure will be the responsibility of the beneficiaries. The Department of Environmental Protection will be responsible for environmental monitoring. Annual Consultative Workshops will be arranged by the DDA office

and the PCU at the district and national levels, respectively, involving all stakeholder representatives in project performance evaluation and AWPB preparation. UNOPS will supervise project implementation.

6. Mechanism for disbursing funds under Community Development and Community Development Fund. A decentralized and participatory mechanism will be followed in the implementation of the community development component through empowerment and capacity-building at the local level, including women empowerment and participation at all levels of development. A transparent and accountable system of channelling funds for the component – including the Community Development Fund (CDF) will be established by the project, where it will be administered by the community and monitored by the PCU. The Chiefdom Development Committee (CDC) will be responsible for disbursement of the CDF allocations in a number of tranches to the communities, which will utilize the approved amount for implementing small infrastructure schemes identified in the community development fund. The CDC will apply a set of eligibility criteria for approval of CDF schemes. The criteria will include: (i) a formal request from the farmers organization in the form of a group resolution taken in a meeting; (ii) the scheme is included in the community development plan as well as the CCDP; (iii) the beneficiary contribution in the form of labour and/or material is clearly specified; (iv) the scheme is technically feasible; (v) the scheme is socio-economically beneficial; (vi) it is environment friendly; and (vii) it includes a community-supported O&M plan. The CDC will have the responsibility for quality control of all community resources created or developed from project financing, and will undertake quality control through close monitoring and supervision of implementation, with the assistance of the contracted NGO and the project-appointed group promoters.

7. Start-up activities. To ensure a smooth transition between approval and loan effectiveness, IFAD will provide financing in the amount of USD 75 000 equivalent to implement preliminary activities that will ensure smooth project start-up. The financing will cover the following activities: (i) selection of project staff; (ii) preparation of the procurement plan for the first three years; (iii) preparation of the AWPB for the first project year; (iv) preparation of the Project Implementation Manual; (v) design of the M&E system; (vi) design of the accounting system; and (vii) preparation of agreements with other donors, projects and implementing partners. IFAD will recruit the relevant consultants to implement these tasks and pay them directly from the proceeds of the financing.

8. Project coordination. The national steering committee's role will be consultative and directed at the utilization of any inter-ministerial coordination partners. The committee will also be responsible for reviewing and approving AWP/Bs and ensuring that proposed activities are in line with government priorities. The PCU will coordinate activities, but will contract out implementation activities to NGOs, grass-roots organizations, and available local contractors using competitive procurement procedures, and enter into implementation contracts with departments or agencies for specific parts of the project. It will also be responsible for ensuring the overall M&E of all project components and activities. Farmers' participation and provision of labour for cash and/or food will be arranged with implementing partners. CDF will be administered by local CDCs and the PCU, and funds will be released after the full identification of the microprojects and the implementing body. The DDAs will be District Project Coordinators. The district steering committees will be responsible for supervision of the project at district level. DDAs of Kono and Kailahun will be full members of the national steering committee.

9. Overall project monitoring. Monitoring and evaluation are two distinct functions; monitoring is a management matter, which is based on the parameters established in the project's logical framework. Monitoring indicators are based on the Annual Work Plan and scheduled project activities. Financial monitoring will be against the budget associated with the Annual Work Plan. Physical and financial monitoring is a function of the PCU, which will be responsible for regular reporting based on monitoring. PCU will analyse monitoring reports throughout implementation to

compare progress achieved against that projected in the AWPB, allowing project staff to make timely and informed decisions. Project M&E will be the overall responsibility of PCU in collaboration with the Planning, Monitoring, Evaluation and Statistics Division of MAFFS. Day-to-day coordination of M&E will be the responsibility of the PCU M&E Officer. A management information and M&E system will be established by the M&E Officer as soon as practicable after loan effectiveness, with the support of the TA team. District Agriculture Offices will provide field-level monitoring of all work contracted out under the project to local suppliers of goods, services and works. Physical, financial and temporal monitoring will be based upon specifications and targets detailed in contracts under the project. Participatory monitoring will be a standard feature of project operations.

10. **Community-level participatory decision-making, monitoring and evaluation.** Beneficiary monitoring addresses the effect of programme operations on participating communities in relation to project objectives and goals. In doing so, it must gauge the effect of project components and delivery mechanisms. An ongoing regular system of participatory surveys will be instituted to measure the demands for and use of project services and assistance, beneficiary involvement in participatory planning, beneficiary perceptions of community-led development and implementation of respective community development plans. Appropriate key evaluation indicators will be developed by M&E staff to assess community programme implementation performance. Annual consultative meetings at all levels will be a form for this participatory monitoring.

11. **Baseline survey.** A baseline survey will be conducted early in Project Year (PY) 1, employing participatory rural appraisal tools. The survey will seek to establish benchmarks for farm households, family, gender community and district monitoring indicators for assessing impact relating to project activities. The survey will also look at the interlinks and effects between the project components. The baseline survey will provide the data against which future impact and assessments will be compared. An NGO or research organization will be contracted to undertake the field work and analysis, based on terms of reference prepared by the PCU. Throughout project life, a representative sample of beneficiaries will be consulted and surveyed using a simple quantitative and qualitative questionnaire, which will allow analysis and monitoring of major parameters and impact. A computerized management information system (MIS) will be established, based on the data from periodic monitoring and those from the regular beneficiary participatory surveys. The data collected specifically for impact assessments as part of the mid-term review of the project in PY3 and at project completion at the end of PY5 will also be recorded within the MIS. The MIS will serve the needs of both the monitoring and the evaluation functions. The ongoing evaluation function could be contracted out to an independent body, such as an NGO or the University of Sierra Leone.

12. **Mid-Term Review and Project Completion Report.** The mid-term evaluation and the mid-term review will be conducted as part of one overall exercise, to benefit from economies of scale and so as not to overstretch the absorptive capacities of the interviewees. The future direction of the project and the initiatives to be employed in its final two years will be determined. The mid-term evaluation will base its study on the indicators for which the baseline data had been collected from project start-up. The mid-term review will include a participatory workshop with project beneficiaries, management and partner institutions. In the proposed participatory process approach, recommendations resulting from the mid-term process could lead to a redirection of emphasis and consequent need to institute reallocations between loan categories with amendments to the loan agreement as appropriate. At the end of the project, a project completion report (PCR) will be prepared, and submitted to the Government and financing agencies within one year of project end.

13. **Reports.** Each implementing agency and implementing partner will be required to submit quarterly progress reports to the PCU, covering all their activities in connection with the project. PCU will prepare consolidated six-monthly progress reports and comprehensive annual reports in a format acceptable to IFAD. Six-monthly and annual reports will be submitted to the national steering committee and IFAD within 45 days of the end of the period to which the report refers. The content of

those progress reports will include key qualitative and quantitative information, and a descriptive and analytical account of achievements relative to original targets, and project impact. Reports will also highlight implementation problems and actions to be taken to remedy them, and by whom. Annual reports will reflect cumulative progress against annual targets and conformity with the project implementation schedule, compliance with legal requirements, and reconciliation of expenditures.

ORGANIZATIONAL CHART

