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Report No: 82579-SL

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR4.6 MILLION  
(US\$7 MILLION EQUIVALENT)

TO THE

REPUBLIC OF SIERRA LEONE

FOR A

SOCIAL SAFETY NETS PROJECT

February 28, 2014

*Social Protection, West and Central Africa  
Human Development Department  
Africa Region*

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2013)

Currency Unit = Sierra Leone Leones (Le.)  
Le. 4,315 = US\$1  
US\$ 1 = SDR 0.64935065

### FISCAL YEAR

January 1 – December 31

### ABBREVIATIONS AND ACRONYMS

ACC	Anti-Corruption Commission
AFS	Annual Financial Statements
AGD	Attorney General's Department
ASC	Audit Service Commission
AWP	Annual Work Plans
BD	Bid Document
CIC	Community Identification Committee
CfW	Cash for Work
CQS	Consultant's Qualification Selection
CSO	Civil Society Organization
CT	Cash Transfer
DA	District Administrator
DA	Designated Account
DC	District Council
DGRC	District Grievance Resolution Committee
DTC	District Technical Committee
EOI	Expression of Interest
FBS	Fixed Budget Selection
FM	Financial Management
FY	Fiscal Year
GBAA	Government Budgeting and Accountability Act
GoSL	Government of Sierra Leone
GRM	Grievance Redress Mechanism
HDI	Human Development Index
IAF	National Social Protection Inter-Agency Forum
IAS	Internal Audit Services
IBRD	International Bank for Reconstruction and Development
IC	Individual Consultant
ICB	International Competitive Bidding
ICT	Information and Communication Technologies

IDA	International Development Association
IE	Impact Evaluation
IEC	Information, Education & Communication
IFRs	Interim Financial Reports
IPF	Investment Project Financing
IPFMRP	Integrated Public Financial Management Reform Project
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISP	Implementation Support Plan
JCAS	Joint Country Assistance Strategy
LCA	Local Currency Account
LCS	Least Cost Selection
LTPC	Local Technical Planning Committee
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
MDGs	Millennium Development Goals
MIS	Management Information System
MTR	Mid-Term Review
MOU	Memorandum of Understanding
NASSIT	National Social Insurance Trust
NaCSA	National Commission for Social Action
NCB	National Competitive Bidding
NEC	National Electoral Commission
NGO	Non-Governmental Organization
NRRA	National Revenue Authority Act
NRS	National Registration Secretariat
ORAF	Operational Risk Assessment Framework
PAM	Project Accounting Manual
PDO	Project Development Objective
PFM	Public Financial Management
PMT	Proxy Means Test
PRSP	Poverty Reduction Strategy Paper
PP	Procurement Plan
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RFP	Request for Proposal
SBD	Standard Bidding Document
SLIHS	Sierra Leone Integrated Household Survey
SOCEP	Social and Economic Opportunities Department
SP	Social Protection
SPN	Specific Procurement Notices
SSL	Statistics Sierra Leone
SSN	Social Safety Net
SSS	Single Source Selection

TA	Technical Assistance
ToR	Terms of Reference
TTL	Task Team Leader
UNDB	United Nations Development Business
UNICEF	United Nations Children's Fund
WB	World Bank
WCs	Ward Committees
WFP	World Food Program

Regional Vice President:	Makhtar Diop
Country Director:	Yusupha B. Crookes
Sector Director:	Tawhid Nawaz
Sector Manager:	Stefano Paternostro
Task Team Leader:	Suleiman Namara

**SIERRA LEONE**  
**Social Safety Nets Project (P143588)**

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## PAD DATA SHEET

*Sierra Leone*

*Social Safety Nets Project (P143588)*

### PROJECT APPRAISAL DOCUMENT

*AFRICA*

*AFTSW*

Report No.: PAD689

Basic Information			
Project ID P143588	EA Category C - Not Required	Team Leader Suleiman Namara	
Lending Instrument Investment Project Financing (IPF)	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 25-Mar-2014	Project Implementation End Date 30-Jun-2017		
Expected Effectiveness Date 27-Jun-2014	Expected Closing Date 30-Sep-2017		
Joint IFC No			
Sector Manager Stefano Paternostro	Sector Director Tawhid Nawaz	Country Director Yusupha B. Crookes	Regional Vice President Makhtar Diop
Borrower: Republic of Sierra Leone			
Responsible Agency: National Commission for Social Action			
Contact: Saidu Conton Sesay	Title: Commissioner, National Commission for Social Action		
Telephone No.: +232-22-222211	Email: sc_sesay@yahoo.co.uk		
Project Financing Data (in USD Million)			
[ ] Loan	[ ] Grant	[ ] Guarantee	
[ ] Credit	[X] IDA Grant	[ ] Other	
Total Project Cost:	8.00	Total Bank Financing:	7.00
Financing Gap:	0.00		

Financing Source					Amount				
BORROWER/RECIPIENT					1.00				
International Development Association (IDA)					7.00				
Total					8.00				
Expected Disbursements (in USD Million)									
Fiscal Year	FY14	FY15	FY16	FY17					
Annual	0.61	1.95	2.68	1.76					
Cumulative	0.61	2.56	5.24	7.00					
Proposed Development Objective(s)									
The Project development objective is to establish the key building blocks for a basic national safety net system and to provide income support to extremely poor households in Sierra Leone.									
Components									
Component Name								Cost (USD Millions)	
Development of Systems for Implementation of Social Safety Net Interventions								1.2	
Cash Transfers to Extremely Poor Households								4.6	
Project Management and Capacity Building								2.2	
Institutional Data									
Sector Board									
Social Protection									
Sectors / Climate Change									
Sector (Maximum 5 and total % must equal 100)									
Major Sector			Sector		%	Adaptation Co-benefits %		Mitigation Co-benefits %	
Health and other social services			Other social services		50				
Education			Primary education		25				
Health and other social services			Health		25				
Total					100				
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.									
Themes									
Theme (Maximum 5 and total % must equal 100)									
Major theme				Theme			%		
Social protection and risk management				Social safety nets			100		
Total							100		



<b>Compliance</b>			
<b>Policy</b>			
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]	
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]	
Have these been approved by Bank management?	Yes [ ]	No [ ]	
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ X ]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]	
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>	
Environmental Assessment OP/BP 4.01		<b>X</b>	
Natural Habitats OP/BP 4.04		<b>X</b>	
Forests OP/BP 4.36		<b>X</b>	
Pest Management OP 4.09		<b>X</b>	
Physical Cultural Resources OP/BP 4.11		<b>X</b>	
Indigenous Peoples OP/BP 4.10		<b>X</b>	
Involuntary Resettlement OP/BP 4.12		<b>X</b>	
Safety of Dams OP/BP 4.37		<b>X</b>	
Projects on International Waterways OP/BP 7.50		<b>X</b>	
Projects in Disputed Areas OP/BP 7.60		<b>X</b>	
<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Internal audit services and audit		Two (2) months after the Effective Date	Once
The Recipient shall, not later than two (2) months after the Effective Date, appoint: (a) a consultant for NaCSA's internal audit service; and (b) two assistant internal auditors, all in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
External auditors		Four (4) months after the Effective Date	Once
To facilitate the carrying out of external audits under Part B.3 of this Section II, the Recipient shall, not later than four (4) months after the Effective Date, appoint an external auditor, in accordance with the provisions of Section III.C of Schedule 2 to the Financing Agreement.			

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Procurement filing		Three (3) months after the Effective Date,	Once
The Recipient shall, not later than three (3) months after the Effective Date, update its procurement filing and record keeping system, in form and substance acceptable to the Association.			
<b>Conditions</b>			
<b>Name</b>			<b>Recurrent</b>
Project Operational Manual			
<b>Description of Condition</b>			
The Recipient has prepared and adopted the Project Operational Manual, in accordance with the provisions of Section I.B.1 of Schedule 2 to the Financing Agreement.			
<b>Team Composition</b>			
<b>Bank Staff</b>			
<b>Name</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Randa G. El-Rashidi	Social Protection Specialist	Social Protection Specialist	AFTSW
Norbert O. Mugwagwa	Operations Adviser	Operations Adviser	HDNED
Richard Olowo	Lead Procurement Specialist	Lead Procurement Specialist	AFTPE
Suleiman Namara	Senior Social Protection Economist	Team Lead	AFTSW
Nina Rosas Raffo	Social Protection Specialist	Social Protection Specialist	AFTSW
Peter Ganda	Operations Officer	Operations Officer	AFTSW
Charles John Aryee Ashong	Procurement Specialist	Procurement Specialist	AFTPW
Viorel Velea	Senior Procurement Specialist	Senior Procurement Specialist	AFTPW
Sydney Augustus Olorunfe Godwin	Financial Management Specialist	Financial Management Specialist	AFTMW
Christine Makori	Senior Counsel	Legal	LEGAM
Samantha Zaldivar	Social Protection Consultant	Social Protection Consultant	AFTSW
Andrea Martin	M&E Consultant	M&E Consultant	AFTSW
<b>Non Bank Staff</b>			
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>City</b>

<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Sierra Leone	Western Area	Western Area	<b>X</b>		
Sierra Leone	Southern Province	Southern Province	<b>X</b>		
Sierra Leone	Northern Province	Northern Province	<b>X</b>		
Sierra Leone	Eastern Province	Eastern Province	<b>X</b>		

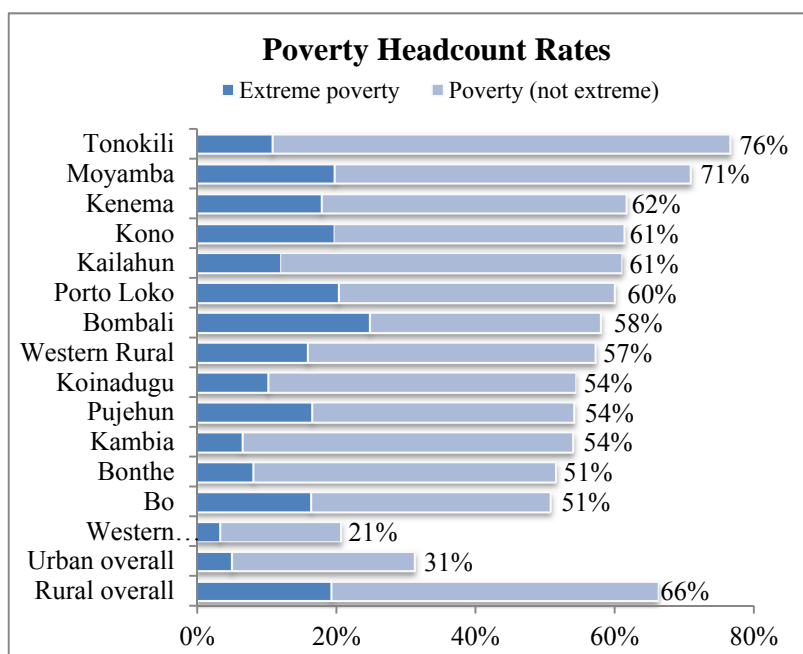


## I. STRATEGIC CONTEXT

### A. Country Context

1. **Sierra Leone is a post-conflict country that has experienced strong growth over the last decade, yet nearly half of the population remains poor.** Since emerging from a decade-long civil war in 2002, the economy has been on a recovery path, averaging 5.8 percent annual per capita growth between 2003 and 2011.<sup>1</sup> Despite this growth, in 2011 more than half (53 percent) of the country's six million inhabitants remained below the poverty line and nearly one million (14 percent) were extremely poor. Although poverty reduction over this period was higher outside of the capital, Freetown, poverty in Sierra Leone remains disproportionately rural, with 78 percent of the poor living in rural areas. Further, there is regional variation in poverty rates, with poverty highest in the Northeast and lowest in the West.<sup>2</sup>

2. **In addition to high levels of poverty, a large number of Sierra Leoneans are also food insecure and exposed to shocks.** According to the World Food Program (WFP), almost half (45 percent) of households or 2.5 million people are food insecure during the lean season.<sup>3</sup> In the last 15 years, Sierra Leone has experienced



four major floods that affected over 220,000 people, causing loss of lives and severe economic damage.<sup>4</sup> Global economic shocks, such as the 2007/2008 global food, fuel, and financial crisis, also severely affect households' economic conditions. Yet many of the existing social programs suffer from low coverage, high leakage, and inefficient program administration.<sup>5</sup>

3. **Development indicators in the areas of education, health, and nutrition are amongst the lowest in the world and the country is unlikely to meet many of the Millennium Development Goals (MDGs).** Sierra Leone is consistently ranked at the bottom of the UNDP Human Development Index – in 2012 it ranked 177 out of 186 countries. Life expectancy is 42 years, or just over half of the life expectancy in the top 20 ranked countries. About 37 percent of the population is literate, with the level at just 25 percent for women. Only half of Sierra Leone's primary schools are functioning, many of them in inadequate conditions, and about 26 percent of children ages 6-17 do not attend primary or secondary school.

<sup>1</sup> IMF World Economic Outlook Databases (2013).

<sup>2</sup> Source: Sierra Leone Integrated Household surveys, 2003 and 2011 rounds.

<sup>3</sup> The State of Food Security and Nutrition in Sierra Leone (2011).

<sup>4</sup> Université Catholique de Louvain (<http://www.emdat.be/>)

<sup>5</sup> Sierra Leone Social Protection Assessment (2013).

4. **The country's maternal and child health outcomes remain stubbornly low compared to other countries in Sub-Saharan Africa.** According to the latest estimates, the country's maternal mortality ratio was the sixth highest in the world and one of the highest in the region, at 890 maternal deaths per 100,000 live births in 2010, compared to the regional average of 500 deaths per 100,000.<sup>6</sup> Since the introduction of the Free Health Care Initiative in 2010,<sup>7</sup> the country has made important progress toward increasing access to health services. For example, the percentage of births delivered in a health facility increased from 29 percent in 2007 to 52 percent in 2011,<sup>8</sup> yet close to half of all births are still not being assisted by a skilled attendant. The under-5 mortality rate is extremely high at 217 deaths (per 1,000 live births), compared to 130 for the whole of Sub-Saharan Africa. And chronic malnutrition for children ages 0-5 is on the rise, increasing from 40 percent in 2005 to 44 percent in 2010.<sup>9</sup> Such poor maternal and child health can impair development and perpetuate poverty throughout the lifecycle.
5. **In sum, the country faces the difficult challenge of putting in place a safety net system** that can support the poor and food insecure households to achieve basic consumption, mitigate shocks, and over the longer run, increase human capital accumulation.

## **B. Sectoral and Institutional Context**

6. **On March 30, 2011, the Cabinet approved a National Social Protection Policy that defined specific outcomes and prioritized interventions for the sector.** The policy focused on 10 areas, one of which was providing transfers to increase the use of social services. The policy also called for additional analytical work to guide the rationalization and expansion of safety nets.
7. **In 2011, the Government of Sierra Leone, with the support of the World Bank, launched a Social Protection Assessment.** The objective was to guide the development of an improved social protection system and to inform the implementation of the social protection policy. The assessment, which concluded in June 2013, recommended that the government focus its efforts on three major programs selected from areas covered in the Social Protection Policy, including: (i) a cash transfer to very poor households with children; (ii) a social pension targeted at war victims and the elderly; and (iii) a permanent labor-intensive public works program that seeks to help those rural and urban households that are seasonally exposed to food insecurity and the unemployed.
8. **The Social Protection Assessment further recommended the establishment of systems to increase the cost-effectiveness of interventions and to improve coordination between actors implementing SP and related programs.** It recommended that efforts be made to: establish social protection systems that would function as a multi-program operational platform, which would also create links between transfer programs and health and education services; reduce program fragmentation and duplication; and improve coordination between Ministries, Departments, and Agencies (MDAs), Local Councils, NGOs, and other service organizations implementing social programs.

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<sup>6</sup> World Health Organization (2010). Trends in maternal mortality: 1990 to 2010.

<sup>7</sup> The FHCI abolished all user fees in public facilities for pregnant women, lactating mothers, and under-5 children.

<sup>8</sup> Report on the 2011 Integrated National Public Services (INPSS) Survey Public Services, Governance, and Social Dynamics (June 2012). Institutional Reform and Capacity Building Project Evaluations Unit.

<sup>9</sup> World Bank (2012) Sierra Leone Draft Social Protection Assessment Report.

9. **The government also adopted a Social Protection Strategy in 2012.** This strategy outlines the government’s priority of developing a national safety net system capable of responding effectively to the needs of vulnerable groups both during periods of crisis/shocks and in normal times, as well as improving their human capital over the long term. The government plans to focus on greater allocation of budgetary resources to increase the scope and coverage of the existing and limited social safety net system. As a result, a Social Protection (SP) Secretariat housed by the National Commission for Social Action (NaCSA) and under the overall leadership of the Chief of Staff (Office of the President) was created. The SP Secretariat, which includes representatives from the various line ministries, is leading the technical discussions between the government, the Bank, and other partners on the development of social safety net systems.

10. **The Government of Sierra Leone (GoSL) is implementing a number of SP programs in the Ministries of Agriculture, Education, Health, and Social Welfare, and many NGOs are also active in the country.** The government recognizes that there are challenges with these programs with regard to coverage, targeting, leakage, and program administration and that a more effective and efficient utilization of expenditures has the potential to increase the coverage of social safety nets and mitigate the impact of shocks for a large group of poor and vulnerable households. Therefore, this project seeks to support the GoSL in its efforts to build a SP system and to provide timely income support to an increased number of poor households via a consolidated approach. A unified system of safety nets administration would therefore help the GoSL build both resilience and opportunities for the poor.

### **C. Higher Level Objectives to which the Project Contributes**

11. **The GoSL has launched the Third Poverty Reduction Strategy for 2013-2017, the “Agenda for Prosperity.”** This strategy includes a new social protection pillar with the objective of strengthening the SP delivery system to ensure the poor and vulnerable in Sierra Leone are afforded an equal opportunity to access basic services while helping them cope with and mitigate risks. This is also a major signal that the political will exists to move beyond crisis support and build an SP system that can protect the poorest and most vulnerable, reduce poverty, make growth more inclusive, and promote social cohesion. Once an SP system is established, it is also likely to reduce reliance on food price controls, which discourage local agricultural producers, as well as on untariffed and costly fuel subsidies.

12. The Joint Country Assistance Strategy (JCAS) for fiscal years 2010-2013 is organized around two pillars: growth and human development. The proposed project contributes to the JCAS in two ways: first, it contributes to the human development pillar result areas as indicated above and in particular, better management of risks, improved access to education and health services, and transparency in public resource management; and second, the JCAS flags several risks including social stability risk. The proposed project, in a post-conflict setting, can increase the opportunities for extremely poor households to participate in universal coverage programs and economic growth, thereby contributing to social cohesion.

## II. PROJECT DEVELOPMENT OBJECTIVE(S)/GLOBAL ENVIRONMENT OBJECTIVE(S)

### A. Project Development Objective

13. The project development objective (PDO) is to establish the key building blocks for a basic<sup>10</sup> national safety net system and to provide income support to extremely poor households in Sierra Leone.

### B. Project Beneficiaries

14. The project will target approximately 12,000 extremely poor households<sup>11</sup> in the poorest district in each of the country's four regions. The project will begin as a pilot in four out of the fourteen districts in order to balance capacity limitations with innovation. The poorest district in each region is defined as the district with the highest incidence of extreme poverty. The distribution of beneficiaries across districts will be based on the distribution of poor in the selected districts as shown in Table 1 below.

**Table 1: Distribution of Target Beneficiaries across Selected Districts**

(1) Region	(2) District	(3) Number of Extreme Poor	(4) Share of Extreme Poor	(5) Target Households
Eastern	Kono	55,821	22%	2,600
Northern	Bombali	113,195	44%	5,300
Southern	Moyamba	49,868	19%	2,300
Western	Western Rural	38,316	15%	1,800
<b>Total</b>		<b>257,200</b>	<b>100%</b>	<b>12,000</b>

15. Transfers will be made to a woman within each targeted household in order to increase the potential for higher impacts on human capital.<sup>12</sup> The proposed project is therefore expected to indirectly benefit all household members within the targeted households (particularly young children and pregnant and lactating mothers); this represents approximately 72,000 people.<sup>13</sup> In addition, the project is expected to benefit target communities more widely through the soft conditions, or complementary workshops on human development topics. The cash transfers, as well as the SP systems built by the project also are expected to enhance the benefits of existing social services. Finally, by strengthening their capacity and improving coordination/integration, the proposed project is expected to benefit participating MDAs and other key stakeholders, in particular: the Ministry of Agriculture, Food Security, and Forestry; Ministry of Education, Science, and Technology; Ministry of Finance and Economic Development; Ministry of Health

<sup>10</sup> A basic national safety net system includes: (i) tools and a functioning targeting system; (ii) beneficiary registry; (iii) management information system; (iv) payment system; and (v) grievance redress mechanism and anti-corruption measures.

<sup>11</sup> Following Sierra Leone's official statistical definitions, for purposes of the cash transfer component, a household will be defined as members of a family that sleep under the same shelter and eat out of the same pot (i.e., prepare food together). This same definition will apply to polygamous households.

<sup>12</sup> In exceptional cases the recipient will be male. In child-headed households, the child in charge of the household will be the recipient, and if there are no females over the age of 18, the male household head will be the recipient.

<sup>13</sup> Based on the Sierra Leone Integrated Household Survey, the average household size among the extreme poor is 6.



and Sanitation; Ministry of Labor and Social Security; Ministry of Local Government and Rural Development; Ministry of Social Welfare, Gender, and Children’s Affairs; Ministry of Youth Affairs; Office of the Chief of Staff (Office of the President); Anti-Corruption Commission; National Registration Secretariat; National Social Protection Inter-Agency Forum; Statistics Sierra Leone; and, civil society organizations.

### **C. PDO Level Results Indicators**

16. Progress towards meeting the PDO will be measured through the following key outcome indicators (detailed indicators and intermediate indicators can be found in Annex 1).

- Proportion of beneficiary households in the four target districts below the extreme poverty line;
- Proportion of beneficiary households in the four target districts receiving cash transfers by the 15th day of every payment quarter;
- Proportion of cash transfer component related to grievances resolved within three months of being recorded in the GRM database; and
- Direct project beneficiaries, (of which female).

## **III. PROJECT DESCRIPTION**

### **A. Project Components**

#### **Component One: Development of Systems for Implementation of Social Safety Net Interventions (Cost: US\$1.2 million)**

17. The objective of this component is to put in place the building blocks of a basic national safety net system in Sierra Leone. These systems will support the social safety net intervention (Component Two), while creating linkages to existing national systems and social programs. Specifically, this component will finance the following:

18. **Design of a targeting system.** This support will focus on the development of tools for a three-stage common targeting system combining geographical, community identification of potentially eligible beneficiaries, and verification by proxy means testing (PMT). Tools will be developed to: (i) guide targeting of geographical areas at the sub-district level (i.e., chiefdoms, wards, and villages); (ii) carry out the community-based identification of potentially eligible households; and (iii) verify households’ eligibility through application of a PMT. The project will support the provision of technical assistance to the SP Secretariat (under NaCSA) for the design and set-up of the targeting system. The Social Safety Nets Steering Committee will validate the tools developed and inform the National Social Protection Inter-agency Forum (IAF) as per its regular reporting arrangements.<sup>14</sup>

19. **Development of a beneficiary registry.** The beneficiary registry will be a database containing information on potential beneficiaries of social safety nets, and will be linked, if

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<sup>14</sup> The Steering Committee is accountable to the IAF and is comprised of Sector Directors who are responsible for implementing SSN activities in their respective sectors. IAF members include various ministries, NaCSA, and non-state actors.

feasible, to the national identification system. It will be housed at the SP Secretariat and managed by NaCSA, but will be accessible to other social programs for targeting purposes. Development of the registry will also include the design of a comprehensive plan to manage and update data (e.g., changes to household information, recertification).

**20. Development of a Management Information System (MIS).** The project will finance development of an integrated MIS, which will incorporate data from the beneficiary registry and will facilitate the collection, processing, management, and dissemination of data essential for project operations and monitoring. The SP Secretariat will manage the MIS. Development of the MIS will build on the experience of the ongoing labor-intensive public works (Cash for Work - CfW) program implemented by NaCSA, which recently introduced a system to electronically record and manage program data.

**21. Setup of a Payment system.** The payment system will draw from the successful experience of the CfW program whereby payments are outsourced to a service provider who delivers payments to beneficiaries via an agent-based model. To the extent possible, delivery of transfers will be electronic to improve the timeliness and predictability of the transfers and minimize the risk of leakages. The service will be free of charge for beneficiaries, with service fees financed by the project. In areas where e-payments may not be possible, manual payment systems will be used, but only as a last resort.

**22. Development of a grievance redresses mechanism (GRM) and anti-corruption measures.** The GRM will enable beneficiaries and other stakeholders to raise grievances about the implementation of the project. Complaints will primarily be received and recorded by civil society organization monitors, contracted by the Anti-Corruption Commission, as well as through a national toll-free corruption reporting hotline. Operational or administrative grievances (e.g., targeting, enrollment, payment-related issues) will be recorded using the appropriate technology (e.g., smartphones) and uploaded to the GRM database. NaCSA and the SP Secretariat, who, with the support of the District Grievance Resolution Committee, will be ultimately responsible for ensuring these are resolved. Corruption or fraud reports will be routed to the Anti-Corruption Commission, which will resolve cases as per its routine corruption investigation and resolution procedures (See Annex 7 for details). UNICEF will provide parallel financing of US\$300,000 to support the project's GRM and anti-corruption measures.

**23.** The functionality and scalability of these systems will be tested mainly through two major social programs, which are the heart of the government's efforts to build a robust safety net system, namely, the cash transfer component (Component Two) and the ongoing CfW program. Finally, it is expected that these systems will enhance other existing government interventions, such as the Free Health Care Initiative. This could occur both by: (i) allowing these programs to leverage the systems to reach excluded households (e.g., using the beneficiary registry to target extremely poor households who may be facing hidden costs of free services); and (ii) providing information to social safety net target households on accessing existing services through the complementary workshops.

**Component Two: Cash Transfers to Extremely Poor Households (Cost: IDA US\$3.6 million; Government of Sierra Leone US\$1 million)**

**24. The objective of the component will be to provide income support to extremely poor households.** Regular transfers will be made to extremely poor households for two years in targeted geographical areas within the selected districts. The target group will include extremely

poor households, who are more likely to be food insecure and face high risks of malnutrition and poor maternal health. Beneficiary households will designate a senior female household member as the transfer recipient (i.e., the female member in the household with the most knowledge of or responsibility for household spending and decisions related to maternal and child health).<sup>15</sup> This is expected to increase the potential for higher impacts on human capital.

**25. Soft conditions<sup>16</sup> in the form of attendance at workshops will be applied to reinforce human capital investments, particularly those associated with maternal and child health.**

The aim of these workshops will be to provide beneficiary households with information on project objectives, encourage beneficiary households to put the transfers toward investments in human capital, and adopt good practices (e.g., on proper health and nutrition, child care, home hygiene, water usage, as well as other topics including the importance of starting education at the right age). The cash transfers, combined with these workshops, will provide an opportunity for poor households to supplement their consumption and possibly, to make small investments in the human capital of their families.

**26. The transfer will have a fixed structure (i.e., will not vary across households) and the preferred frequency of payments is monthly.** However, given the relatively low capacity environment, the project will start with quarterly payments and move to monthly payments as the establishment of systems advances. Beneficiary households will receive a quarterly cash transfer equivalent to US\$45, which in monthly terms represents 15.2 percent of average monthly household consumption among extremely poor households.<sup>17</sup> Based on international experience, this benefit size is considered to be high enough to provide meaningful support to poor households' income but low enough to avoid negative incentives (e.g., reduced work).

**Component Three: Project Management and Capacity Building (US\$2.2 million).** The component will have two sub-components: (i) Project Management and (ii) Capacity Building.

**27. Sub-Component A. Project Management (USD \$1.5 million).** The objective of this sub-component is to ensure efficient project implementation. Specifically, the sub-component will finance routine project management for the delivery of cash transfers, and staff and operational costs related to development of SSN systems, including the following activities: (i) development and strengthening of the monitoring and evaluation (M&E) system; (ii) information, education, and communication (IEC) campaigns; (iii) workshops, seminars, and knowledge exchange events; (iv) recurrent operational costs; and (v) fiduciary aspects.

**28. Sub-Component B. Capacity Building (USD \$0.7 million).** The objective of this sub-component is to provide capacity building to key stakeholders involved in the implementation of the project. Given that social safety net programs are relatively new in Sierra Leone, the project will provide support to strengthen coordination across the relevant ministries at both the national and local levels in carrying out the required operational reform to effectively implement the project. Specifically, the sub-component will finance: knowledge exchange events; program and line ministry staff SP training; line ministry equipment, goods, and services (including line

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<sup>15</sup> In exceptional cases the recipient will be male. In child-headed households, the child in charge of the household will be the recipient, and if there are no females over the age of 18, the male household head will be the recipient.

<sup>16</sup> While attendance will not be mandatory for beneficiaries to receive the transfers, it will be strongly encouraged.

<sup>17</sup> Percent of consumption estimated using the *Sierra Leone Integrated Household Survey 2011*. This transfer amount is equivalent to 195,000 Leones per quarter or 65,000 Leones per month at 2013 exchange rates.

ministry staff travel costs and TA support); and studies linked to implementation of cash transfers as well as studies to enhance the social protection dialogue in Sierra Leone.

## Project Financing

29. The proposed project will be implemented using an Investment Project Financing (IPF) for a period of three years starting in FY14. The project will be financed by an IDA grant of US\$7.0 million equivalent. The government will provide US\$1 million towards the financing of Component 2 of the project. UNICEF will provide parallel funding of US\$300,000 to support the project's grievance redress mechanism and anti-corruption measures.

Project Components	Project Costs (US\$m)	IDA Financing (US\$m)	GoSL Financing	Percent Financing
Component 1: Development of Systems for Implementation of Social Safety Net Interventions	1.2	1.2	0.0	15.0%
Component 2: Cash Transfers to Extremely Poor Households	4.6	3.6	1.0	57.5%
Component 3A: Project Management	1.5	1.5	0.0	18.8%
Component 3B: Capacity Building	0.7	0.7	0.0	8.8%
Contingencies (unallocated)	0.0	0.0	0.0	0.0%
Total Project Costs	8.0	7.0	1.0	100.0%
<b>Total Financing Required</b>	<b>8.0</b>	<b>7.0</b>	<b>1.0</b>	<b>100.0%</b>

## B. Lessons Learned and Reflected in the Project Design

30. **Weak data collection, monitoring systems, and information flows can undermine the effectiveness of safety nets programs.** Targeting of the most vulnerable populations, which can be prone to errors of inclusion and exclusion, can be improved through better targeting systems, payment systems, and participation of local level structures in monitoring activities. Both qualitative and quantitative assessments should be combined to provide project impact insights, particularly on poverty and vulnerability, and to rationalize social safety net spending. Investing in government M&E systems is essential to a sustainable 'managing for results' agenda.

31. **National systems can effectively be used to implement safety net programs.** While existing capacity within national agencies is not always sufficient to quickly deliver desired results, capacity to deliver more sophisticated systems can be built over time. This should be matched with a capacity-building strategy that marries long-term objectives of building government systems with a concern for delivering short-term results. Beyond capacity, the interface between the different institutional levels in the social protection network is particularly critical to successful programs.

## IV. IMPLEMENTATION

### A. Institutional and Implementation Arrangements

32. The institutional set-up for the Social Safety Net (SSN) Project is anchored around three pillars (policy/authority, coordination, and implementation pillars), and will operate at three levels: national, sector, and district.

33. **Policy/Authority.** The national level comprises of the Office of the President, sector ministries, and District Councils. The cash transfer component will be anchored in the Office of the Chief of Staff (Office of the President). The Chief of Staff, together with the Minister of Finance, will chair the National Social Protection Program Inter-Agency Forum (IAF).<sup>18</sup> The IAF is responsible for guiding and setting SP policy at the national level; as members of the IAF, sector ministries will provide policy guidance for SP programs under their ministries. At the district level, District Councils (DCs) will provide policy guidance to their respective districts and sub-districts (i.e., chiefdoms, wards, and villages) by participating in the sub-district targeting processes; providing project information and raising public awareness; creating linkages to other existing interventions; and participating in effective implementation planning for the project.

34. **Coordination.** The IAF is the lead coordination platform that will: oversee policy dialogue at the national level; conduct periodic progress reviews, ensure adherence to project operational guidelines; ensure inter-ministerial and inter-agency coordination and cooperation; and source funding. The Social Safety Nets Steering Committee, which is accountable to the IAF and is comprised of Sector Directors who are responsible for implementing SSN activities in their respective sectors, will coordinate the technical aspects of the project. The District Technical Committees (DTCs), comprised of Local Technical Planning Committees (LTPCs), will be the coordinating forum at that level. At the sub-district level, the existing chiefdoms and Ward Committees will be directly involved in coordinating the project, particularly by communicating with communities during key implementation processes.

35. **Implementation.** NaCSA will be responsible for the overall implementation of the project. NaCSA is governed by a Board and is headed by a Commissioner, who is appointed by the President. NaCSA's roles and responsibilities will include, among others: supporting the targeting processes and communication campaigns at various levels; generating M&E reports and results of project activities; approving the annual SP work plan and budget; ensuring appropriate use of project resources; and sourcing funding. NaCSA will work in close collaboration with other ministries, Local Councils, chiefdoms, ward committees, and village committees.

**36. The Social Protection (SP) Secretariat, currently housed in NaCSA, will be responsible for several key implementation functions, particularly those related to the SP systems**

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<sup>18</sup> The following ministries and stakeholders are members of the IAF: Ministry of Agriculture, Food Security, and Forestry; Ministry of Education, Science, and Technology; Ministry of Finance and Economic Development; Ministry of Health and Sanitation; Ministry of Labor and Social Security; Ministry of Local Government and Rural Development; Ministry of Social Welfare, Gender, and Children's Affairs; Ministry of Youth Affairs; National Commission for Social Action; and, non-state actors.

**building.** The SP Secretariat will be headed by a Director and supported by the following key staff: a Systems/MIS Specialist, a GRM Officer, and an M&E Officer. The Secretariat specialists and officers will work closely with and in some cases under the respective NaCSA Directorates and departments. The SP Secretariat will perform, among others, the following functions: lead the design of the project for approval by the NaCSA Board and IAF; develop effective SP systems (e.g., targeting); design and update program guidelines and operational procedures; provide technical support for program implementation; manage project data through a robust MIS; generate evidence and utilize it to inform policy; receive and address grievances that have been escalated to the national level; and facilitate training at various levels.

**37. NaCSA Regional and District Coordinators, as frontline workers under the Social and Economic Opportunities Directorate (SOCEP) and the guidance of the SP Secretariat, will lead implementation at their respective levels.** They will be responsible for: ensuring that the payment service provider is implementing activities as contracted; resolving grievances and chairing a monthly District Grievance Resolution Committee meeting; monitoring and reporting; facilitating and overseeing beneficiary training; and facilitating District Technical Committee meetings on the SSN program. Each target community, with support from NaCSA, will form a Community Identification Committee (CIC),<sup>19</sup> which will be responsible for: mobilizing community members; leading community targeting processes; leading community sensitization about the project; communicating payment information and reporting payment-related issues; and informing beneficiaries about the GRM.

**38. Statistics Sierra Leone (SSL), the National Registration Secretariat (NRS), and the Anti-Corruption Commission (ACC) will take responsibility for specific implementation activities, under MOUs with the SP Secretariat.** SSL will be responsible for collecting and recording information from potentially eligible beneficiaries during the PMT verification stage of the targeting process, as well as collecting impact evaluation data. If feasible, NRS will provide national identification cards to designated household transfer recipients in households that pass the PMT verification. The Anti-Corruption Commission will be responsible for resolving all corruption reports and maintaining a national toll-free corruption reporting hotline, with support from of ACC Regional Officers, District Coordinators, and civil society monitors.

## **B. Results Monitoring and Evaluation**

**39. Progress towards the PDO will be monitored by the SP Secretariat and NaCSA's M&E Directorate through the PDO level and intermediate level results indicators on a continuous basis.** NaCSA's M&E Directorate, together with the SP Secretariat and the designated M&E officers, will be in charge of coordination for soliciting and deriving the primary data and information to report on project progress as outlined in Annex 1. The project's results framework will be to a large extent based on reports that will be created using data from the project MIS to measure progress against the PDO and intermediate indicators. Implementation progress reviews will be undertaken annually by the SP Secretariat together with the NaCSA M&E Directorate to: (i) identify issues and bottlenecks that may impede

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<sup>19</sup> In rural areas, the CIC will have five total members, three women and two men. In urban areas, religious leaders, elders, and local council members will constitute the CIC. The urban and rural CICs will have the same key functions.

achievement of targeted outcomes, and (ii) recommend action points to resolve them. The Inter-agency Forum also will receive and review information on implementation progress and provide strategic guidance to enable the project to achieve its development objectives. The project will also conduct a Mid-Term Review midway through project implementation (expected January 2016) to reassess progress towards meeting the project's original development objectives and propose any required adjustments.

**40. The project will also include a randomized impact evaluation (IE) to examine the effects of cash transfers on the welfare of beneficiary households and to test design parameters that can enhance these impacts.** The IE will evaluate impact of the cash transfer component on the outcomes of beneficiary households, among others, key consumption items, access to health and education services for women and children, nutrition of under-5 children (See Annex 2 for more detail). The IE data will be collected by Statistics Sierra Leone.

### **C. Sustainability**

**41. Financial Sustainability.** Social Protection is one of the eight pillars of the Country's Poverty Reduction Strategy Paper (PRSP), The Agenda for Prosperity 2013-2017. A budget line has been created for each of the eight PRSP pillars, including social protection. The SP pillar has been allocated US\$2.4 million (US\$1 million as a counterpart contribution to the project) in the 2013/2014 budget and the government confirmed that it intends to use part of the windfall from mineral wealth for future scale up and to sustain this project. In addition, the project is building systems, which the government views as key for sustainability.

**42. Sustainability of Systems and Institutions.** The project will support capacity building for NaCSA and other implementing partners to strengthen administrative systems, which will contribute to ensuring adequate management and operation of the SSN in the mid- and long term. The project is building social safety net systems, including: the registry of beneficiaries (which is expected to be a resource for other social protection actors), the MIS, and the use of e-payments (which will ensure efficient transfer of resources to beneficiary households). Communities will continue to play a key role in the management and monitoring of interventions engendering their ownership, which is key to the sustainability of project impacts. Where feasible, the project will also rely on ICT solutions, including for capturing of beneficiary data and grievance/corruption reports.

**43. Sustainability of Impacts at the Household Level.** Providing cash transfers to extremely poor households has the potential to put them on a positive trajectory by increasing consumption and also can enable them to take advantage of other opportunities such as existing social services. Furthermore, this project actively supports households to invest in the future through investments in health and education for children (through the soft conditions), which are expected to continue to have positive impacts on households and their communities after they exit the project. Recent evidence from the ongoing CfW program shows that even small transfers can increase beneficiary households' consumption, increase their utilization of health services, encourage them to join informal savings groups, and enable them to accumulate small productive assets and invest in new household enterprises.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary Table

Risk	Rating	Risk	Rating
<b>Project Stakeholder Risks</b>		<b>Project Risks</b>	
- Stakeholder Risk	High	- Design	Low
<b>Operating Environment Risks</b>		- Social and Environmental	Low
- Country	High	- Program and Donor	Low
- Sector and Multi-Sector	Substantial	- Delivery Monitoring and Sustainability	Moderate
<b>Implementing Agency (IA) Risks (including Fiduciary Risks)</b>		- Other (Optional)	
- Capacity	Substantial	- Other (Optional)	
- Governance	Substantial		
- Fraud and Corruption	High		
<b>Overall Preparation Risk</b>	Substantial	<b>Overall Implementation Risk</b>	Substantial

### B. Overall Risk Rating Explanation

44. **Given the post-conflict country context, the overall risk rating is *Substantial*.** The country faces macro-economic risks that are typical of a post-conflict country. There are numerous risks at the sector level, which include weak capacity, fragile financial management systems, and inadequate institutional arrangements and coordination. Some of the project risks identified include: (i) technical complexity of the project given the ongoing devolution process; (ii) possible errors in targeting; (iii) timeliness of payments; (iv) timely data collection and reporting; (v) linking of the national ID system with the targeting process; and (vi) project sustainability. The project has put in place various mitigation measures (in the ORAF), which, coupled with strong government commitment, will help mitigate the risks envisaged during project implementation. The project design is robust and builds on lessons learned from ongoing social safety nets operations in Sierra Leone as well as in other countries.

45. **Fiduciary Risks.** There is a risk that the project may stretch the capacity of NaCSA and its procurement and financial management teams. However, NaCSA has significant experience with implementing Bank-financed projects, including a component of the ongoing Youth Employment Support Project (P121052). It has maintained the core of the procurement staff. However, the FY13 post-procurement review identified a number of shortfalls in the procurement processes. The appraisal mission assessment is that, with the current procurement team and NaCSA's organization for procurement, considering the overall weak procurement environment, the procurement process and the procurement activities proposed to be implemented under this project, the risk rating for procurement under the project is *Substantial*. The overall FM risk for the project at preparation is assessed as substantial, but with the expected risk mitigation measures incorporated, including building the capacity of the Internal Audit Section, as well as increasing the accounting staff strength at NaCSA, the residual FM risk rating is expected to be *Moderate*.



## VI. APPRAISAL SUMMARY

### A. Economic Analysis

46. **Rationale for public sector involvement.** The rationale behind public intervention through this Social Safety Nets Project is three-fold: (i) high potential for unequal growth; (ii) existence of human capital externalities; and (iii) the potential for a return to social unrest from widespread poverty in a post-conflict environment. Sierra Leone is a country with widespread poverty and is increasingly reliant on mineral revenues for growth. Global experience shows that without strong social protection systems, this type of growth is not often inclusive. In addition, the low levels of human capital in Sierra Leone are likely to have large negative spillovers, thereby resulting in a sub-optimal level of human capital in the absence of public intervention. Moreover, low levels of human capital are associated with lower productivity, and therefore can inhibit growth. Lastly, since a large proportion of the country's population is youth (and will continue to be for years to come), high rates of poverty and limited possibilities for youth can heighten the potential for social unrest, further threatening growth and stability.

47. **Development impact.** The nature of the project makes it difficult to conduct a traditional cost-benefit analysis, particularly since placing value on the benefits a poor household accrues from increased consumption is not a straightforward exercise. For this reason, we chose to conduct an *ex ante* analysis that can provide rough estimates of the expected impacts on poverty and inequality and help fine-tune specific design aspects that can enhance these impacts. Specifically, we conducted a series of *ex ante* micro-simulations to: (i) identify the transfer amount that would maximize the expected impacts on poverty given the budget constraint; (ii) test the extent to which targeting errors are likely to lessen these impacts; and (iii) simulate the impacts of a scaled-up program. These simulations were performed using Sierra Leone's most recent nationally-representative household budget survey, the *Sierra Leone Integrated Household Survey* (SLIHS 2011).

48. **The results of the simulations suggest that cash transfers have the potential for significant poverty reduction in Sierra Leone.** However, it is important to acknowledge that the cash transfer component alone will not be capable of meeting the country's safety net needs entirely as there are approximately 117,000 households estimated to live below the food poverty line in Sierra Leone. This component will only be able to target approximately 11 percent of these households. It is also important to highlight that the extent to which these results are achieved in practice will be highly dependent on various aspects of program implementation, including (but certainly not limited to) targeting.

49. **Bank value added.** The Bank brings value added to this project through its expertise in the design and implementation of large-scale cash transfer programs in Africa as well as in other regions. Specifically, the Bank has the experience needed to move from safety net programs to systems, both in developing the instruments and tools and in helping governments set up the requisite coordinating mechanisms. In addition, the Bank has a long history of engagement with the Government of Sierra Leone in the social sectors.

## **B. Technical**

50. International experience shows that social safety net interventions can be effective instruments for reducing extreme poverty. Such instruments have been shown to help households cope with seasonal and unpredictable shocks and to promote welfare improvement of beneficiary households. Consolidation of programs into a comprehensive social safety net system is the best approach to addressing systemic issues of chronic poverty and vulnerability. The systems approach improves coordination while linking households to social services and thus reducing vulnerability in the long term.

51. The implementation of the project will bring significant innovations, including: (i) a consolidated registry of beneficiaries with a unique ID number (linked, if feasible, to the national ID system) and a comprehensive MIS providing integration of project data for the implementing agency, NaCSA; and (ii) setting up efficient coordination, institutional and implementation arrangements at the central level and ensuring efficient administrative structures at the district, sub-district, and community levels. The project will begin as a pilot in four of the fourteen districts in order to balance capacity limitations with innovation. This approach will allow a well-calibrated process of building systems through learning-by-doing, and inform any potential scale-up using mineral wealth or other available resources.

## **C. Financial Management**

52. In line with the guidelines stated in the Financial Management Practices Manual issued by the *Financial* Management Sector Board on March 1, 2010, a Financial Management Assessment was conducted at NaCSA. The objective of the assessment was to determine the adequacy of the proposed project FM arrangements for the project. The assessment of the FM arrangements at NaCSA concludes that the existing systems satisfy the minimum requirements under OP/BP 10.0. FM risks are rated as *Substantial*. The assessment recommended mitigation measures that will be undertaken during project preparation including: strengthening the Internal Audit system of NaCSA; training staff in SUN system; and preparing an Audit Manual. If well implemented, the FM risks will decline to *Moderate*. As detailed in Annex 8 – the budgeting, accounting and financial reporting, internal audit and control, funds flow and disbursement, as well as external audit assurance arrangements – are generally adequate. Additional accounting staff to support the workload of the existing NaCSA FM team will be recruited at the start of project implementation.

## **D. Procurement**

53. NaCSA will serve as the implementing agency and will have overall responsibility for the management of the project, including procurement management. NaCSA will use the existing mainstream procurement unit to undertake procurement under this project following Bank Procurement Guidelines. The Bank conducted a detailed assessment of the capacity of NaCSA to implement procurement actions for the project using the Bank's Procurement Risk Assessment System based on responses by NaCSA to questionnaires. Based on this assessment, the overall procurement risk is rated *Substantial*. The assessment recommended mitigation measures that will be undertaken during project preparation, namely: (i) building the procurement staff's skills in the application of the principles behind the current Bank procurement guidelines (including

regular attendance at the Bank's monthly procurement clinics); and (ii) preparing a detailed Operational Manual with clear procurement actions, roles, and responsibilities.

54. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame will be agreed between the Borrower and the Bank project team in the Procurement Plan (PP) and in line with Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and updated January 2011. NaCSA has developed a project PP for at least the first 18 months, which has been agreed at negotiations with the Bank. The procurement plan will be subject to updates at least twice a year or more frequently if necessary, and such updates will be subject to the Bank's review and agreement. The project Procurement Post Reviews, for procurement actions that are not subject to prior review and identified as such in the PP, will be annual but this may be revised based on the dynamic assessment of NaCSA's risk for procurement during project implementation. Further details of procurement arrangements and the Risk Mitigation Plan developed for the project are included in Annex 8.

#### **E. Social (including Safeguards)**

55. The project did not trigger the involuntary resettlement policy OP 4.12 due to the nature of project activities, which do not require at any point land for construction or other activities. It also does not lead to any negative impacts on people's livelihood or restriction of any form to assets and access, but rather, contributes to enhancing the economic and social status of the poorest in the country. In addition, the project is developing systems to ensure benefits reach the poorest. First, the targeting system, coupled with a built-in monitoring system, is expected to be robust enough to ensure that the poor are the eventual beneficiaries of the project. Second, the e-payment system holds the potential to eliminate any form of corruption and misapplication of funds meant for the poor. Finally, the inclusion of a grievance redress mechanism that spans from the national to the local level will not only help address issues when they occur, but could prevent matters from escalating and getting politicized. The project also includes monitoring mechanisms to ensure transparency and accountability of these systems. Complementing these, the project will develop a strong but very simple communication strategy to engage all key stakeholders (including CSOs where possible), from the inception of project preparation and implementation. Details of the modalities will be included in the project Operational Manual.

#### **F. Environment (including Safeguards)**

56. The project falls under environmental classification C, primarily because safety net projects may have no environmental impact. Thus no World Bank safeguard policy has been triggered. Therefore, no Environmental Safeguards document was required to be prepared and disclosed prior to appraisal. It is expected that the implementing agency will not have to use any Bank screening procedures to identify, assess, evaluate, mitigate, or monitor the impact of the projects.

**Annex 1: Results Framework and Monitoring**  
**SIERRA LEONE: Social Safety Nets Project**

<b>Project Development Objective (PDO):</b> to establish the key building blocks for a basic national safety net system and provide income support to extremely poor households in Sierra Leone.										
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**			Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (Indicator Definition, etc.)
				YR 1	YR 2	YR3				
<b>Indicator One:</b> Proportion of beneficiary households in the four target districts below the extreme poverty line	<input type="checkbox"/>	%	N/A	N/A	N/A	70.0	One-time measurement	Targeting assessment data by third party	SP Secretariat/ NaCSA M&E Function	One-time target.  Measures targeting efficiency (system element): eligible beneficiaries/total beneficiaries. Households under the extreme poverty line will be defined as those classified as extremely poor by the PMT.
<b>Indicator Two:</b> Proportion of beneficiary households in the four target districts receiving cash transfers by the 15th of every payment quarter	<input type="checkbox"/>	%	N/A	0.0	80.0	90.0	Quarterly	Payments reconciliation reports by service provider and NaCSA	SP Secretariat/ NaCSA M&E Function	Quarterly target.  Measure of timeliness of payments (system element and cash transfer element).  Payment quarter refers to the quarterly payment schedule defined in the Operational Manual.
<b>Indicator Three:</b> Proportion of cash transfer component related to grievances resolved within three months of being recorded in the GRM database	<input type="checkbox"/>	%	N/A	70.0	80.0	90.0	Quarterly	GRM database monthly report	SP Secretariat/ NaCSA M&E Function	Quarterly target.  Measures GRM functionality (system element).  See GRM description for detail on how a complaint is reported, recorded, and resolved.
<b>Indicator Four:</b> Direct project beneficiaries (of which female)	<input checked="" type="checkbox"/>	Number (%)	0 (N/A)	0 (N/A)	9,000 (70.0)	12,000 (80.0)	Annual	Project records	SP Secretariat/ NaCSA M&E Function	Estimate of direct beneficiaries of the cash transfer component is based on the number of households (cash transfer element).
<b>INTERMEDIATE RESULTS</b>										
<b>Intermediate Result (Component One):</b> strengthened national safety net system										
<i>Intermediate Result Indicator One:</i> Targeting and enrollment, payment, and grievance redress mechanisms established	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Annual	Custom report by MIS	SP Secretariat/ NaCSA M&E Function	
<i>Intermediate Result Indicator Two:</i> Proportion of households identified through community targeting with PMT data entered in the Beneficiary Registry	<input type="checkbox"/>	%	N/A	70.0	80.0	90.0	Annual	Custom report by MIS	SP Secretariat/ NaCSA M&E Function	
<b>Intermediate Result (Component Two):</b> Improved delivery of cash transfers										
<i>Intermediate Result Indicator Three:</i> Proportion of cash transfer recipients paid through electronic payment	<input type="checkbox"/>	%	N/A	N/A	40.0	60.0	Annual	Reconciliation report by service provider(s)	SP Secretariat/ NaCSA M&E Function	

## **Annex 2: Detailed Project Description**

### **SIERRA LEONE: Social Safety Nets Project**

1. The project development objective (PDO) is to establish the key building blocks for a basic<sup>20</sup> national safety net system and to provide income support to extremely poor households in Sierra Leone. To achieve this objective, the project will support three components:

*Component 1:* Development of Systems for Implementation of Social Safety Net Interventions

*Component 2:* Cash Transfers to Extremely Poor Households

*Component 3:* Project Management and Capacity Building

#### **Component One: Development of Systems for Implementation of Social Safety Net Interventions (Total Cost: US\$1.2M)**

2. The objective of this component is to put in place the building blocks of a basic national safety net system in Sierra Leone. Specifically, this component will finance development of the following:

3. **Design of a targeting system.** This support will focus on the development of tools for a three-stage common targeting system combining geographical, community identification of potentially eligible beneficiaries, and verification by proxy means testing (PMT). Tools will be developed to: (i) guide targeting of geographical areas at the sub-district level (i.e., chiefdoms, wards, and villages); (ii) carry out the community-based identification of potentially eligible households; and (iii) verify households' eligibility through application of a PMT. Technical assistance will be provided to the Social Protection (SP) Secretariat to support the design of the targeting system. The Social Safety Nets Steering Committee will validate the tools developed and inform the National Social Protection Inter-agency Forum (IAF) as per its regular reporting arrangements.<sup>21</sup>

4. The associated costs of developing tools and setting up the system also will be supported. Specifically, this includes:

5. **Tools for sub-district geographical targeting.** Initially, existing data will be used to prepare transparent criteria for selection of the chiefdoms, wards, and villages. However, due to the limitations of this data, the data and targeting criteria will be updated during project implementation (e.g., through surveys or focus group discussions). Technical assistance will be provided to the SP Secretariat and partner institutions such as Statistics Sierra Leone in order to develop the appropriate tools (e.g., updates to existing models, preparation of new questionnaires, and other data collection instruments). Further details of the sub-district targeting process will be outlined in the Operational Manual.

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<sup>20</sup> A basic national safety net system includes: (i) tools and a functioning targeting system; (ii) beneficiary registry; (iii) management information system; (iv) payment system; and (v) grievance redress mechanism and anti-corruption measures.

<sup>21</sup> The Steering Committee is accountable to the IAF and is comprised of Sector Directors who are responsible for implementing SSN activities in their respective sectors. IAF members include various ministries, NaCSA, and non-state actors.

6. **Tools for community identification of potentially eligible households.** In the second stage of the targeting mechanism, the targeted communities will be required, with support from NaCSA and relevant local authorities, to generate lists of potentially eligible households. In both urban and rural areas, the target communities will form Community Identification Committees (CICs)<sup>22</sup> and the CICs, with support from NaCSA, will be responsible for facilitating the community process of generating the lists. This process aims to improve targeting by utilizing community knowledge of poverty and vulnerability. The project will finance technical assistance to the SP Secretariat to develop the tools for community identification of households.

7. *Differentiated approaches will be used for urban and rural community identification of potentially eligible beneficiaries.* In rural areas, the community identification process will include: (i) community sensitization and mobilization; (ii) formation of Community Identification Committees (CICs); (iii) identification of potentially eligible households through community participatory meetings facilitated by the CIC and NaCSA; and (iv) collection of basic information<sup>23</sup> from potential beneficiaries. In urban areas, where community linkages are likely to be weaker, an on-demand application approach will be used to generate the preliminary lists. This approach will combine: (a) a communications campaign carried out by NaCSA, with support from local authorities, to solicit applications from potentially eligible households; (b) administration of a short questionnaire (application form) by NaCSA with support from the CICs; and (c) evaluation and ranking of applicants' data at the central level to produce the preliminary lists. A more detailed description of this stage of targeting as it applies to the cash transfer is provided under the description of Component Two below.

8. **Tools and data collection for the proxy means test verification.** The purpose of the PMT is to verify that the beneficiaries selected by communities for the programs are in fact eligible, based on indicators that are correlated with poverty (proxies), thereby minimizing inclusion errors. Recent evidence from a targeting assessment of Sierra Leone's CfW project (as well as international evidence) suggests that verification using a PMT has the potential to enhance geographical and community-based targeting mechanisms.<sup>24</sup> Thus, in the final stage of targeting, a PMT will be applied to the list of potential beneficiaries generated through the community-based identification.

9. *Given the national statistical agency, Statistics Sierra Leone (SSL), has the legal mandate to collect data of this nature, it will be responsible for collecting the PMT data under an Memorandum of Understanding (MOU) with the SP Secretariat.* SSL will use a pre-defined questionnaire to collect data from the potential beneficiary households. The questionnaire will collect information that has been shown statistically to be highly correlated with consumption poverty (e.g., household demographics, housing conditions, and agricultural assets). The indicators (or proxies) are intended to be as observable and easily verifiable as possible to enumerators and not easily manipulated by beneficiaries. The set of indicators chosen for the PMT will be grouped into five categories: (i) household demographics; (ii) characteristics of the household head; (iii) information about housing characteristics; (iv) the household's ownership of assets; and (v) the household's geographical location (i.e., district). In addition, the

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<sup>22</sup> In rural areas, the CICs comprise of three women and two men (five total members). In rural areas, religious leaders, elders, and councilors make up the CICs.

<sup>23</sup> Basic information includes name and contact information to facilitate subsequent targeting and enrollment stages.

<sup>24</sup> See "Assessing the Targeting of Sierra Leone's Cash for Work Program: Current Performance and Proposed Improvements," by Rosas and Solbes Castro (2013).

questionnaire could collect limited information to help determine final eligibility for other projects (e.g., work capacity for labor-intensive public works projects).

10. *Based on the household-level data gathered using the questionnaire, a PMT score will be calculated for each potential beneficiary household.*<sup>25</sup> Each proxy – for example, the type of building material used for the roof of the house – will be associated with a certain weight used in calculating the final PMT score. The weights will be derived from the most recent nationally representative household budget survey, *Sierra Leone Integrated Household Survey (SLIHS 2011)*, and are simply the coefficients of the included indicators obtained from a linear regression on the natural logarithm of household consumption. Using the selected indicators and respective weights, the calculation of the final PMT score for each household will follow a four-step procedure: (i) multiplying the value of the indicator for that household with the respective indicator weight; (ii) adding all of the weighted indicators; (iii) taking the exponential function of the number obtained in the second step; and (iv) dividing by 1,000,000. Every potential beneficiary household, based on this calculation of the PMT score and on eligibility thresholds that will vary by project, will be categorized into eligibility groups. For the SSN project, it is expected that two thresholds will be used to classify households into three groups: extreme poor; poor (not including extreme poor); and non-poor, with only those classified as extreme poor considered eligible. The application of the PMT will be built into the Management Information System (MIS), and the PMT verification process will be conducted at the central level by the SP Secretariat.

11. *The PMT design was nearly completed during project preparation.*<sup>26</sup> This component will therefore support development of additional requirements for implementing the PMT. This will include: (i) making any necessary adjustments or updates to the model; (ii) designing data collection tools to gather the PMT data from beneficiary households, including the survey questionnaires; and (iii) designing data entry tools to facilitate the uplink of data into the project's MIS and beneficiary registry. The component will also finance the costs of collecting PMT data for potentially eligible beneficiaries of the SSN project.

12. **Building of a beneficiary registry.** This component will support the development of a beneficiary registry (i.e., database), which will contain information on potential beneficiaries of social safety net projects, and if feasible, it will be linked to the national identification system. To build the registry, information will be collected during various stages of the targeting and enrollment processes for the project. Specifically, it will include: (i) basic beneficiary information<sup>27</sup> gathered during community identification of potentially eligible households; (ii) unique identification numbers (if feasible, linked to the national ID system); (iii) detailed information on households' socio-economic condition collected during the PMT verification; and (iv) information on households' final eligibility (as verified by the PMT scores) and enrollment status in the project. The development of the beneficiary database will build on the experience of the ongoing CfW project, particularly with regards to the use of electronic capturing (e.g., through mobile phones) of basic beneficiary information. If feasible, the registry will be linked to

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<sup>25</sup> Household consumption refers to per capita consumption expenditure. Per adult equivalent total household consumption expenditure was also considered as the dependent variable, but model performance was not significantly different. Therefore, we choose to run final regressions with the per capita indicator to prioritize households with children to enter social programs.

<sup>26</sup> See Rosas and Solbes (2013) for the preliminary PMT model, weights, and cutoffs.

<sup>27</sup> Basic information includes name and contact information to facilitate subsequent targeting and enrollment stages.

the national ID system through: (a) participation of the National Registration Secretariat (NRS) in the targeting processes to gather the requisite information to produce national ID cards; and (b) linking beneficiary information in the registry to national ID numbers.

13. *The beneficiary registry will be housed in the SP Secretariat and managed by NaCSA, but it will be accessible to other social projects.* The use of the database by other social projects is expected to augment the overall impact of the country's SP projects by enabling eligible beneficiaries to access complementary projects. The data requirements of other major projects such as the Free Healthcare Initiative will be reflected in the targeting data collection instruments to ensure the relevance of the registry for those projects. To ensure the appropriate, legal use of the registry, the SP Secretariat will: (i) sign a memorandum of understanding (MOU), between the SP Secretariat and the relevant social project, which will govern access to the registry and use of beneficiary information; and (ii) at the time the targeting data collection process takes place, request authorization from beneficiary households to grant social projects access to the respective information for targeting purposes.

14. *Development of the registry will also include the design of a comprehensive plan to manage and update data.* With respect to data updates, this should include changes to household information, as well as recertification of households. For purposes of the cash transfer component, changes in household information (e.g., location, composition) will be reported by the transfer recipient to the implementing agency, and the information validated at the central level and updated by the system administrator. While there should be a clear plan for recertification, the recertification itself will not take place during the life of the project, as households are expected to continue needing support for a longer time horizon.

15. **Development of a Management Information System (MIS).** The component will seek to develop and implement an MIS system to facilitate the collection, processing, management, and dissemination of M&E data and other data essential for project operations and monitoring. The MIS will incorporate data from the beneficiary registry and will be capable of generating progress values on indicators as well as providing the necessary information to the accounting and financial management system to generate payment sheets and reconcile payments. The MIS will build on the experience of the ongoing CfW program, which has recently introduced a similar system to record and manage project data (e.g., payment information and beneficiary attendance). The MIS will constitute a common interface for the following services:

- ***Beneficiary registry.*** The registry will include beneficiary information collected during the targeting process and will be linked to the national ID system. The information will be centrally updated to reflect any changes of the family composition.
- ***Household targeting information.*** The basic beneficiary data collected in the community identification stage and the PMT data collected by SSL for proxy mean test will be fed into the system and lists of final beneficiaries will be automatically generated.
- ***Payment system.*** The MIS will be linked to NaCSA's accounting and financial management system to facilitate the delivery of transfers to beneficiaries. The MIS will produce payment orders in the form of electronic files that will be sent to the accounting and financial management system, and ultimately to the payment service provider to execute payments. The system will also consolidate in a centralized database all the transaction reports from the service provider and produce statistics on transactional data at different geographical levels.



- **Monitoring and Evaluation (M&E) reports.** The MIS will generate customized and standard reports on selected performance indicators. Attendance data on soft conditions workshops, as well as information gathered during field visits and spot checks, will also be fed into the system.
- **Grievance Redress Mechanism (GRM).** Complaints and concerns will be stored in a centralized electronic logbook and made directly accessible to authorities in charge of resolution.
- **Dissemination of information.** Standard and customized reports will be generated in various formats and for different audiences (e.g., periodic coverage reports for the media and the public).
- **Enhanced implementation mechanisms.** Email reminders will be sent to operators at the field level as well as to managers about upcoming deadlines (e.g., submission of data, payment approvals).

16. *The MIS will be managed by the SP Secretariat, which will guarantee the security of the data entered and stored.* The system will be accessible via secured internet connection. Different access privileges will be granted to users and institutions in order to ensure confidentiality of the information. Data collected in the field during monitoring activities will be stored in the database and compared with the reports from the implementing partners and service providers. A user-friendly interface will be developed to ensure easy upload and download of information. The accurate and timely management of high-volume data will help to minimize error, fraud, and corruption by warning end users when data discrepancies or violation of use occur.

17. *The system will be compatible with different data formats and hosted on a server, and the data will be backed up on a regular basis.* The choice of location of the server (in-country vs. cloud) will be subject to a detailed cost analysis that will take into account the following factors: (i) maintenance costs; (ii) bandwidth requirements; and (iii) security. To facilitate retrieval and exchange of information across institutions, the system will ensure compatibility with different data formats, in particular with the standards used by National Registration Secretariat (NRS) and Statistics Sierra Leone (SSL). A direct upload system (e.g., SMS-gateway) will be set up to retrieve information and complaints gathered through monitoring and GRM channels.

18. **Setting up of a payment system.** This component will support the design of a secure and cost-effective payment system for the project. The system will draw from the successful experience of the ongoing CfW program whereby electronic payments are made to the beneficiaries via an agent-based model. An account will be generated for each beneficiary, who will then be able to withdraw money in different tranches according to his/her own convenience. Initially, the equivalent of US\$45 will be credited to the beneficiaries' accounts every quarter; however, the project will move to providing monthly payments equivalent to US\$15 as systems advance. The service will be free of charge for beneficiaries, with service fees financed by the project. In areas where e-payments may not be possible, manual payment systems will be used, but only as a last resort.

19. *The e-payment system will enhance the timeliness and predictability of the cash transfers.* NaCSA will provide a payment schedule of electronic benefits transfers to all beneficiary households. This will ensure that all beneficiaries are aware of the days when payments are due and can report any delay or other payment-related issue through the appropriate grievance redress channels. Payment processes will be detailed further in the Operational Manual.

20. *Payments will be outsourced to an e-payment service provider that can guarantee the required payment delivery and security standards.* The selected service provider, contracted through a competitive bidding process, will be responsible for: (i) managing all phases of the payment system; (ii) ensuring accessibility to all beneficiaries, in particular, guaranteeing the location of cash points within a reasonable distance (not exceeding 4km) from the beneficiaries and offering flexible hours for withdrawal; and (iii) security of the system, for instance by requiring an official ID card and PIN code to withdraw funds. Only the registered beneficiaries will be allowed to withdraw money upon exhibition of a valid ID and/or other proof required. The authentication process, while ensuring security standards are met, will be designed taking into account the low literacy level of the target beneficiaries by avoiding unnecessarily complicated procedures.

21. *The information, education, and communications (IEC) campaigns and enrollment process will be critical to sensitizing beneficiaries on payments before and during the implementation of the project.* The campaign will inform and instruct beneficiaries on the use of the e-payment system, the security procedures put in place to prevent and deter fraud (e.g., PIN code), and how to channel complaints regarding payments.

22. *The SP Secretariat will transfer funds to the service provider's Dedicated Account (DA) and submit to the service provider, on a quarterly basis, the list of beneficiaries to be paid.* The service provider will be responsible for completing a full reconciliation between amounts due and paid to each registered recipient within a defined number of days after the end of the payment cycle. Details of all the transactions will be imported into the MIS to allow monitoring of the project and production of reports. The agreement with the service provider will specify the documentation to be produced for the project to satisfy the national auditing requirements.

23. **Development of a grievance redress mechanism (GRM).** The GRM will provide a channel through which beneficiaries and other stakeholders can raise any grievances about the implementation of the project. These grievances will primarily be received and recorded by CSO monitors, contracted by the Anti-Corruption Commission (ACC), as well as through a national toll-free corruption reporting hotline. Corruption or fraud reports will be routed to the ACC, which will resolve cases as per its routine corruption investigation and resolution procedures. Operational or administrative grievances (e.g., targeting, enrollment, payment-related issues) received by the CSO monitors will be recorded using the appropriate technology (e.g., smartphones) and uploaded to the GRM database. The grievances will be resolved primarily by NaCSA staff at the district level, with the support and oversight of a District Grievance Resolution Committee (DGRC) and a GRM Officer within the SP Secretariat; unresolved cases (i.e., the minority) will be escalated to the SP Secretariat (See Annex 7 for details). UNICEF will provide parallel financing of US\$300,000 to support the project's Grievance Redress Mechanism and anti-corruption measures.

**Component Two: Cash Transfers to Extremely Poor Households (Total Cost: IDA US\$3.6M; Government of Sierra Leone US\$1 million)**

24. **The objective of this component is to provide income support to extremely poor households.** The project will target approximately 12,000 extremely poor households. The extreme poor represent 13.9 percent of the Sierra Leonean population<sup>28</sup> and are the most food insecure and likely to have the highest risks of malnutrition and poor maternal health. Based on emerging evidence from Africa and other existing international experience, this component will provide regular transfers to these households and in the process, test the functionality, performance, and efficiency of the systems build under Component One. The cash transfer component will be implemented in one district in each of the four regions based on poverty criteria: Bombali (North), Kono (South), Moyamba (East), and Western Rural. The project will begin as a pilot in four out of the fourteen districts in order to balance capacity limitations with innovation.

25. **The component will also support complementary workshops (“soft conditions”) to reinforce human capital investments, particularly those associated with maternal and child health.** The aim of these workshops will be to provide beneficiary households with information on project objectives, encourage beneficiary households to put the transfers toward investments in human capital and to adopt good practices (e.g., on proper health and nutrition, child care, home hygiene, water usage and other topics, including the importance of education).

26. **Structure and size of the transfer.** The transfer will have a fixed structure (i.e., will not vary across households) and the preferred frequency of payments is monthly. However, given the relatively low capacity environment, the project will start with quarterly payments and move to monthly payments as the establishment of systems advances. Beneficiary households will receive a quarterly cash transfer equivalent to US\$45, which in monthly terms represents 15.2 percent of average monthly household consumption among extremely poor households.<sup>29</sup> This transfer size, based on international experience, is considered high enough to provide meaningful support to extremely poor households’ consumption but low enough to avoid negative incentives (e.g., reduced work). It is expected that beneficiary households will receive transfers over roughly a two-year period during the life of the project, depending on when they enter the program. If feasible, the appropriate frequency of the transfer will be tested and evaluated through the impact evaluation.

27. **Gender of recipient.** In each targeted household, one female household member will be designated to receive the transfer on behalf of the household, in order to increase the potential for higher project impacts on human capital. The transfer recipient should be the female member in the household with the most knowledge of or responsibility for household spending and decisions related to maternal and child health. In the Sierra Leone context, it is expected that this will typically be the eldest female household member. Following Sierra Leone’s official statistical definitions, for purposes of the cash transfer component, a household will be defined as members of a family that sleep under the same roof or shelter and eat out of the same pot (i.e.,

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<sup>28</sup> According to the *Sierra Leone Integrated Household Survey 2011*.

<sup>29</sup> Percent of consumption estimated using the *Sierra Leone Integrated Household Survey 2011*. This transfer amount is equivalent to 195,000 Leones per quarter or 65,000 Leones per month at 2013 exchange rates.

prepare food together).<sup>30</sup> Only in exceptional cases will the recipient be male; for example, in child-headed households, the child in charge of the household will be the recipient, and in households where there are no females over the age of 18, the male household head will be the recipient.

28. **Targeting and enrollment of beneficiaries.** Beneficiary households will be selected using a three-stage targeting system: (i) geographical targeting to allocate resources to target areas; (ii) community identification of potentially eligible households within selected communities (identified through the geographical targeting mechanism); and (iii) application of a proxy means test to verify eligibility.

29. *Prior to the targeting processes, unique ID numbers will be generated (if possible incorporating geographical information) identifying the household and the designated beneficiary in the household.* These ID numbers will be fed into the Management Information System (MIS) and be used to identify beneficiary households throughout the targeting processes as well as other project processes.

30. **Geographical targeting.** In the first stage of targeting, various sources of data<sup>31</sup> were used to determine geographical coverage. To maintain a regional balance, one district in each of the country's four regions was selected; each had the highest incidence (headcount rate) of extreme poverty within the region, as estimated in the most recent *Sierra Leone Integrated Household Survey (SLIHS 2011)* and presented in Table 2.

**Table 2: District Poverty Rankings**

(1) Region	(2) District	(3) Extreme Poverty Headcount Rate (%)	(4) Ranking within Region
Eastern	Kailahun	12.0	3
Eastern	Kenema	17.9	2
Eastern	Kono	19.7	1
Northern	Bombali	24.8	1
Northern	Kambia	6.6	5
Northern	Koinadugu	10.2	4
Northern	Port Loko	20.3	2
Northern	Tonkolili	10.8	3
Southern	Bo	16.3	3
Southern	Bonthe	8.1	4
Southern	Moyamba	19.7	1
Southern	Pujehun	16.5	2
Western	Western Rural	15.9	1

<sup>30</sup> The same definition will be applied in the case of polygamous households, which represent 22 percent of extremely poor households in Sierra Leone. Thus, polygamous households will fall under three possible categories: (i) when the whole family lives in one compound and eats out of the same pot, this will be considered one household; (ii) when all wives live in their own compound and prepare independent meals, each wife's household will be considered a household; and (iii) when multiple wives live in one compound but do not eat out of the same pot, they will be defined as separate households.

<sup>31</sup> The main sources were the World Food Program (WFP) 2011 Comprehensive Food Security and Vulnerability Analysis (CFSVA) and the services and opportunities ward mapping exercise conducted by the National Commission for Social Action (NaCSA) in 2011 (currently being used under the ongoing Cash for Work (CfW) program).

<b>Western</b>	Western Urban	3.3	2
<b>Total</b>		<b>13.9</b>	

31. Based on these criteria, the cash transfer component will be implemented in the following four districts: Bombali in the Northern region, Kono in the Eastern region, Western Rural in the Western region, and Moyamba in the Southern region. The number of target beneficiaries will be allocated among the four districts on the basis of each district's share of extreme poor of the total extreme poor population in the four districts, as shown in Table 3 below.

**Table 3: Distribution of Extreme Poor among Selected Districts**

(1) Region	(2) District	(3) Number of Extreme Poor	(4) Share of Extreme Poor	(5) Target Households
Eastern	Kono	55,821	22%	2,600
Northern	Bombali	113,195	44%	5,300
Southern	Moyamba	49,868	19%	2,300
Western	Western Rural	38,316	15%	1,800
<b>Total</b>		<b>257,200</b>	<b>100%</b>	<b>12,000</b>

32. **Targeting of geographical areas at the sub-district level will be carried out by NaCSA with support from the SP Secretariat.** NaCSA will use the targeting tools developed under Component One and validated by the Social Safety Nets Steering Committee to select chiefdoms, wards, and villages (i.e., geographical units). It is expected that sub-district geographical units then will be categorized into groups based on their poverty status and priority will be given to the poorest units. The number of geographical units to be covered in each district will then be based on the resources allocated to that district as per Table 3. Resources allocated to chiefdoms and wards within the same groups will be flat (i.e., equivalent across chiefdoms), while they may vary by village. Further details of the sub-district targeting will be included in the Operational Manual.

33. **Once the target communities (i.e., sub-district geographical units) have been identified, the SP Secretariat will define a quota of beneficiary households for each community.** The program will define different quotas for different community poverty categories. Given the resources available and operational constraints, the project is expected to cover a maximum of 290 communities.<sup>32</sup> This figure is calculated based on a minimum quota of 70 extremely poor beneficiary households per community; target villages with less than 70 eligible households will be grouped together into larger “communities” for operational purposes. The details of how community quotas will be defined will be outlined in the Operational Manual.

34. **Community identification of potential beneficiaries.** In the second stage of targeting, communities will be responsible for identifying potential beneficiaries for the cash transfer component. With support from NaCSA and relevant local authorities, the communities will form Community Identification Committees (CICs) to facilitate this process with support from NaCSA. NaCSA will provide the CICs with structured tools and processes – developed under

<sup>32</sup> This figure does not include the impact evaluation control communities, which are expected to be approximately 80 in number.

Component One – to help guide the targeted communities in the identification of extremely poor households. These tools will build on and refine the targeting processes used in the ongoing CfW program and other programs, as well as international experience. The approach to generating the lists of potential beneficiaries will differ between urban and rural areas.

35. ***Rural communities will generate lists of potential beneficiaries based on a quota in a participatory community meeting, facilitated by the CICs and NaCSA.*** NaCSA will support the Local Councils, chiefdoms, wards, and villages in sensitizing the community about the identification process and mobilizing communities to attend an open community meeting. During this meeting, the CIC members – five in total, three women and two men – will be elected by the community. Communities, facilitated by the CICs and NaCSA, will then generate a list of potentially eligible households through a participatory process based on the assigned quota. Next, NaCSA will collect basic information from a designated member of each potentially eligible household; this approach will build on the experience in the CfW program, which uses smartphones to collect basic beneficiary information.<sup>33</sup> The size of the list of potential beneficiaries will be the beneficiary quota assigned during the geographical targeting stage plus an additional 20 percent in order to: (i) build a registry that will be of use beyond the project; and (ii) account for the fact that a portion of the potential beneficiaries listed by the community will not pass the PMT verification.

36. ***In urban areas, where community linkages are likely to be weaker, an on-demand application approach will be used to generate the preliminary lists.*** Although the majority of the targeted communities are expected to be rural, some targeted communities, particularly in the Western Rural district, will be located in urban or peri-urban areas. In these areas, NaCSA will set up targeting centers and use an on-demand approach; the targeting centers will be in fixed but temporary locations. Outreach activities will be considered for all communities with a particular focus on those with a low take-up. Experience from the ongoing Youth Employment Support Project (P121052) indicates that an ongoing communication campaign and a long registration period should be allowed in order to decrease the risk of low participation when using an on-demand approach in urban areas.

37. ***The on-demand process will consist of three key activities.*** First, NaCSA will facilitate the formation of CICs composed of community stakeholders (i.e., religious leaders, elders, councilors). Second, a strong communications campaign will be held to disseminate the program’s objectives, design, general eligibility, and poverty criteria (these would be similar to the variables used in the PMT), and to solicit applications from applicants. Third, NaCSA, together with the urban CICs, will provide information to and receive applications from potential beneficiaries. The applicant data gathered during the on-demand process will be fed into the MIS, which will evaluate and rank applicants<sup>34</sup> and generate lists of potential beneficiaries. Similar to the rural areas, the size of these lists will be the beneficiary quota assigned during the geographical targeting stage plus an additional 20 percent. As part of the project’s anti-corruption measures (See Annex 7), civil society organizations will monitor the on-demand processes and record associated grievances and corruption reports. For transparency purposes, the lists of potential beneficiaries will also be made public before the PMT data collection takes place.

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<sup>33</sup> Basic information includes name and contact information to facilitate subsequent targeting and enrollment stages.

<sup>34</sup> The criteria used to rank the beneficiaries will be similar to the PMT.

38. **Proxy means test verification.** In the final stage of targeting, a proxy means test will be applied to the list of potential beneficiaries generated through the community-based identification stage. The purpose of the PMT is to verify that the beneficiaries selected by communities are in fact eligible, based on indicators that are correlated with poverty (proxies), thereby minimizing inclusion errors. The national statistical agency, Statistics Sierra Leone will use a pre-defined questionnaire to collect the PMT data from the potential beneficiary households in both rural and urban areas. This data will be linked to the beneficiaries' unique ID number. Once SSL has collected and entered the PMT data, it will be fed into the project MIS. The MIS will then apply the PMT formula to each potentially eligible household and generate final lists of selected beneficiaries for each community. In cases where the number of households classified as eligible by the PMT is greater than the quota allocated to the community, the PMT scores will be ranked and priority will be given to those households with the lowest scores.

39. ***The linking to the national identification system will occur alongside the targeting processes.*** To the extent feasible, the project will link to the National Registration Secretariat (NRS), which has the legal mandate for national registration. NRS has a registration team in each district – as well as four provincial offices, that are equipped to gather the data required for production of national IDs for transfer recipients who do not already possess one.<sup>35</sup> Currently, these IDs contain basic biometric information (fingerprints and photographs). However, with support from UNDP, the NRS is in the process of upgrading the national ID system to: (i) merge the information from the NRS database and the National Electoral Commission (NEC), and eventually the National Social Security Insurance Trust (NASSIT), and (ii) migrate it to IDs containing smartchips. If feasible, the NRS will participate in the community ID process to gather, with NaCSA's support, registration information from the designated recipient in each potentially eligible household listed by the CIC.

40. ***If feasible, for households passing the PMT, information from the designated household recipients will be shared with NRS, which will then produce national ID cards under an MOU with the SP Secretariat.*** The unique ID numbers generated before the targeting processes will then be linked to the national ID numbers issued by the NRS in the MIS. Alternatively, the project will contract production of project-specific ID cards.

41. **Enrollment.** Following the three-stage targeting process, the selected households will be enrolled into the program. Once the targeting processes have been completed, NaCSA will provide the final beneficiary lists to the CICs, which will announce the lists to the community with the support of the NaCSA District Coordinators and other local authorities. During this announcement process, the wider community should also be provided with details about the project, including beneficiary rights and responsibilities, services to be offered to beneficiaries, duration of the program as well as information on grievance redress mechanisms. NaCSA, the CICs, and the payment agent then will hold a joint enrollment session, targeted to participating households. During enrollment, the designated representative (i.e., transfer recipient) of each selected household will be provided information about the cash transfer component and beneficiary rights and responsibilities (e.g., those related frequency of payments, the co-responsibilities the household is expected to meet, and how to report complaints or grievances).

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<sup>35</sup> Prior to the targeting processes, unique ID numbers will be generated (if possible incorporating geographical information) identifying the household and the designated beneficiary in the household. These ID numbers will be fed into the MIS and be used to identify beneficiary households throughout the targeting processes and to link the transfer recipient to the national ID system.

The household representative will also be given an enrollment package including: (i) the national ID issued by the NRS or the project-specific ID; (ii) any devices required to receive payment (e.g., PIN code, SIM card if payments are mobile); and (iii) contact information of the grievance redress mechanism. Following the enrollment session, NaCSA District Coordinators will enter the enrollment status of the selected households into the MIS.

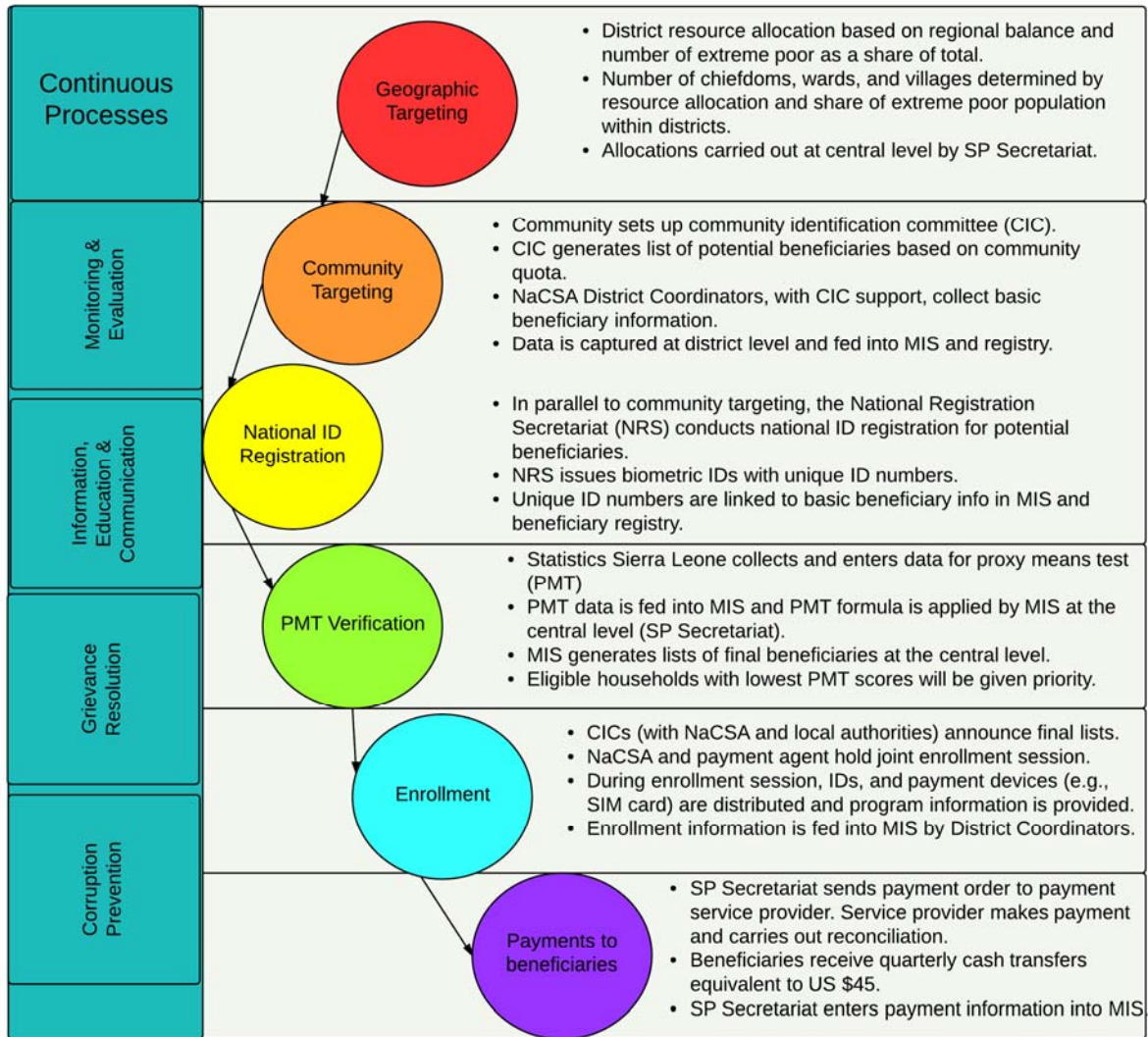
42. **Linkages to other programs.** The functionality and scalability of these systems will be tested mainly through two major social programs, which are the heart of government's efforts to build a robust safety net system, namely, the cash transfer component (Component Two) and the ongoing CfW program. The latter is supported under the Cash for Work Component of the Youth Employment Support Project (P121052). The objective of the project is to increase access to short term employment opportunities and improve employability of the targeted youth, with the CfW Component aimed at providing temporary employment to the vulnerable youth. Under the Social Safety Nets Project, once extremely poor youth are identified and entered into the registry of beneficiaries, if they are able bodied and willing to work, they will be provided with information on the CfW opportunities and linked to the Youth Employment Program. Details will be described in the Operations Manual.

43. ***The systems established under the project are expected to benefit other government social programs.*** For example, the project will identify extremely poor rural and urban households that may have been excluded from government social programs – despite their universal nature, and will have the capacity to link beneficiary information to these programs. One such program, the Free Health Care Initiative, abolished (as of April 27, 2010) all charges for pregnant women, lactating mothers, and under-5 children to enhance their access to health care, resulting in significant increases in service uptake. In the longer term, the aim is to provide universal access to quality health care for all vulnerable groups. Despite this progress, extremely poor households, continue to face access constraints. Beneficiaries of the project's cash transfer component will therefore be provided with information on the Free Health Care Initiative and encouraged to benefit from these health services. Details will be described in the Operational Manual.

44. Figure 1 summarizes the program processes for the cash transfer component.



**Figure 1: Cash Transfer Component Processes**



**Component 3: Project Management and Capacity Building (Total Cost: US\$2.2M)**

45. **Sub-Component 3A: Project Management and Administration (Total Cost: US\$1.5M).** The objective of this sub-component is to finance management and administration of the Social Safety Nets Project implemented by the National Commission for Social Action (NaCSA). Specifically, the component will finance the delivery of cash transfers to beneficiaries and staff costs related to development of SSN systems, including the following activities: (i) development and strengthening of the M&E system; (ii) information, education, and communication (IEC) campaigns; (iii) workshops, seminars, and knowledge exchange events; (iv) recurrent operational costs; (v) fiduciary aspects; and (vi) studies linked to implementation. Given that social safety net programs are relatively new in Sierra Leone, this component will provide support to strengthen coordination across ministries and stakeholders (i.e., Ministry of Agriculture, Food Security, and Forestry; Ministry of Education, Science, and Technology; Ministry of Finance and Economic Development; Ministry of Health and Sanitation; Ministry of

Labor and Social Security; Ministry of Local Government and Rural Development; Ministry of Social Welfare, Gender, and Children's Affairs; Ministry of Youth Affairs; Office of the Chief of Staff (Office of the President); National Registration Secretariat; National Social Protection Inter-Agency Forum; and civil society organizations) in carrying out the required operational reform to effectively implement the project and will support the relevant District Councils in its implementation.

46. **Strengthening of the monitoring and evaluation (M&E) system.** This component will support the strengthening of the project's M&E system to track progress and results. The M&E system will not only be useful for program management at both the central and district levels, but will also generate new knowledge. Key M&E data will be fed into the MIS (developed under Component One), which will be used by NaCSA and the SP Secretariat to generate performance reports and update key process indicators. The main elements of the M&E system this component will support are:

47. **Regular monitoring activities.** This component will support regular monitoring activities, including field visits and reporting by the SP Secretariat and NaCSA central and district staff, as well as the ACC, CSO monitors, and relevant line ministries. For the field visits, the proposed project will draw from the existing experiences with mobile monitoring initiatives being implemented under the Youth Employment Support Project. The frequency of field visits will be outlined in the Operational Manual.

48. **External assessments.** The project will include a process evaluation and a targeting assessment, which will take place approximately two years into project implementation. The process evaluation will assess each of the program processes to determine whether they are being conducted as designed and to recommend any necessary improvements. An external consultant/firm will be hired to visit a random sample of communities participating in the project. These spot checks will review whether beneficiaries are receiving timely payments, verify the accuracy of the data entered in the MIS, and provide recommendations to improve data collection, processing, and analysis. The main processes covered under this evaluation will include: (i) targeting, registration, and enrollment of beneficiaries; (ii) application of the soft conditions (i.e., human capital workshops); (iii) functioning of the M&E system; (iv) payment processes; (v) GRM and anti-corruption; and (vi) financial monitoring. This evaluation will be carried out by an independent firm or consultants contracted by NaCSA. The targeting assessment will determine the performance of the targeting system developed under Component One, with particular emphasis on whether the targeting tools were applied as intended, assess the level of beneficiary and stakeholder's satisfaction with these tools, and propose improvements to the system.

49. **Mid-Term Review (MTR)** will be conducted midway through project implementation to reassess progress towards meeting the project development objective and propose any required modifications. The MTR is expected to be conducted in January 2016.

50. **Impact evaluation.** The component will include a randomized impact evaluation (IE) of the cash transfer component to examine the effects on the welfare of beneficiary households. The IE is intended to measure changes in the well-being of beneficiaries that are attributable to the program compared to what would have happened to beneficiaries in its absence. The impact evaluation will not only allow the project to measure the overall impacts, but will also provide

guidance to inform a potential program scale up, which the government is committed to in the medium term. Further, by testing certain program design features that may augment the welfare-enhancing impacts of these programs, the IE will seek to contribute to the growing body of evidence on cash transfer programs.

51. The IE will seek to answer the following question: What is the effect of the cash transfers supported under Component Two on the outcomes of beneficiary households? The household outcomes of interest will, among others, be: (i) key household consumption items; (ii) ownership of household assets; (iii) children's enrollment in and attendance at school; (iv) access to health services for women and children; and (v) nutrition of children under-5. Data collection for the IE will be conducted by Statistics Sierra Leone under an MOU with the SP Secretariat. Details of the impact evaluation arrangements will be detailed in the Operational Manual.

52. **Information, education, and communication (IEC).** This component will provide support in designing and implementing a strategy to communicate information about the project activities to beneficiaries and relevant stakeholders. In particular, the IEC activities will seek to inform: (i) beneficiaries and other stakeholders about project details, including activities, targeting, benefits, grievances and fraud/corruption reporting, and soft conditions; and (ii) stakeholders at the central and local levels about the project's progress and results.

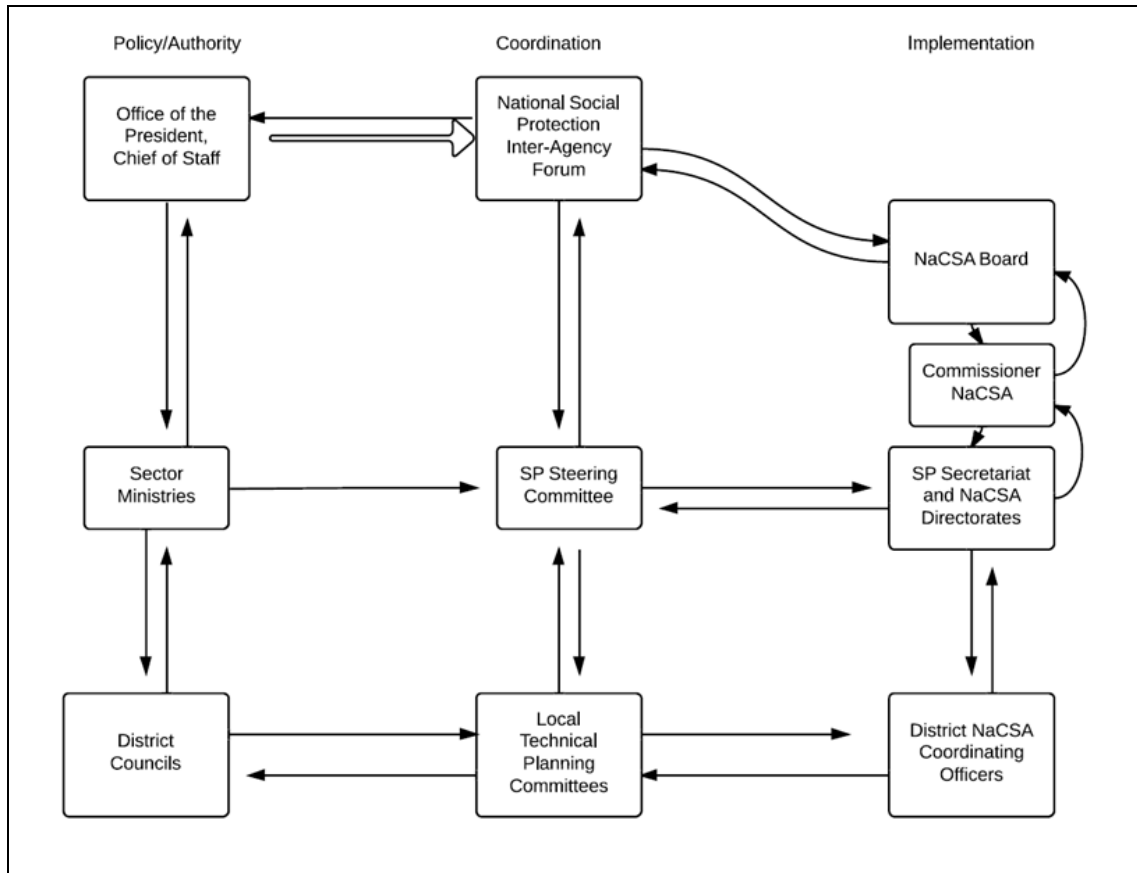
53. **Sub-Component 3B: Capacity Building (Total Cost: US\$0.7M).** The objective of this sub-component is to provide capacity building to key stakeholders at both the central and local levels involved in the implementation of the project. The acquired knowledge under this sub-component will contribute to the capacity and coordination of the various social protection stakeholders/programs in Sierra Leone. Given that social safety net programs are relatively new in Sierra Leone, the project will provide ongoing support and assistance to strengthen coordination across the ministries in carrying out the required operational reform to effectively implement the project. Specifically, the sub-component will finance: knowledge exchange events including seminars at the district and central government levels; program and line ministry staff SP training; line ministry equipment, goods, and services (including line ministry staff travel costs and TA support); and studies that will enhance the social protection dialogue in Sierra Leone. The ministries and other stakeholders to benefit from this sub-component include: (i) Ministry of Agriculture, Forestry, and Food Security; (ii) Ministry of Education, Science, and Technology; (iii) Ministry of Finance and Economic Development; (iv) Ministry of Health and Sanitation; (v) Ministry of Labor and Social Security; (vi) Ministry of Local Government and Rural Development; (vii) Ministry of Social Welfare, Gender, and Children's Affairs; (viii) Ministry of Youth; (ix) Office of the Chief of Staff (Office of the President); (x) Anti-Corruption Commission; (xi) National Registration Secretariat; (xii) National Social Protection Inter-Agency Forum; (xiii) Statistics Sierra Leone; and (xiv) civil society organizations. Implementation of this sub-component will be in line with the decentralization strategy and the devolved functions of the government.

**Annex 3: Implementation Arrangements**  
**SIERRA LEONE: Social Safety Nets Project**

**Project Institutional and Implementation Arrangements**

1. The institutional set-up for the Social Safety Nets Project is anchored around three pillars – policy/enabling authority, coordination, and implementation – and operates at three levels – national, sector, and district. Figure 2 summarizes these institutional arrangements.

**Figure 2: National Social Protection Institutional Arrangements**



**Policy/Authority Pillar**

2. This pillar comprises of the following levels: Office of the President, sector ministries, and the District Councils (below which are the chiefdoms, wards, and villages).

***Office of the President***

3. **The project will be anchored in the Office of the Chief of Staff under the Office of the President.** The Chief of Staff, together with the Minister of Finance, will chair the National

Social Protection Inter-Agency Forum (IAF).<sup>36</sup> The institutional set-up provides for the IAF to be responsible for guiding and setting policy. Decision Note 90, ‘Operationalizing the Social Protection Policy’, provides the legal basis for the SSN project. It codified the discussion to ‘improve government’s attention to social protection’ and was submitted to and approved by His Excellency the President on December 6, 2011. The Cabinet approved Decision Note 90 on May 2, 2011.<sup>37</sup>

### *Sector Ministries*

4. **The sector ministries will be involved in the project, and comprise majority members on the IAF.** They will be responsible for providing policy guidance for SP programs under their ministries as well as being custodians of their respective sector norms and standards.

### *District Councils (DCs)*

5. **The DCs provide policy guidance to their respective districts and sub-districts (i.e., chiefdoms, wards, and villages).** In tandem with existing mandates, the DCs will play the following key roles in the project:

- In collaboration with the SP Secretariat and NaCSA’s information, education, and communications efforts, provide information to their constituencies to raise the awareness of and advocate for the project;
- Create linkages to other existing interventions (complementarities to other services) that potentially benefit the same target group (e.g., health, education, national ID cards);
- Meet with NaCSA regularly and participate in the planning for effective implementation of the project; and
- Receive, document, address, or escalate complaints arising from implementation and communicate timely feedback to complainants, and participate in the District Grievance Redress Committee meetings hosted by NaCSA.

## **Coordination Pillar**

### *National Social Protection Inter-Agency Forum (IAF)*

6. **The IAF is the lead coordination platform that comprises of sector ministers, NaCSA, and non-state actors.** The IAF will have the following responsibilities:

- Oversee policy dialogue;
- Approve the annual budgets and the overall resource envelope;
- Conduct periodic reviews of progress achieved under all components of the project, and report on and provide guidance to the project;

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<sup>36</sup> The following ministries and stakeholders are members of the IAF: Ministry of Agriculture, Food Security, and Forestry; Ministry of Education, Science, and Technology; Ministry of Finance and Economic Development; Ministry of Health and Sanitation; Ministry of Labor and Social Security; Ministry of Local Government and Rural Development; Ministry of Social Welfare, Gender, and Children’s Affairs; Ministry of Youth Affairs; National Commission for Social Action; and, non-state actors.

<sup>37</sup> See Draft Social Protection Policy, page 31.

- Ensure adherence of implementing partners to project operational guidelines;
- Ensure inter-ministerial and inter-agency coordination and cooperation; and
- Source external support (funding).

### *Social Safety Nets Steering Committee*

7. **The SSN Steering Committee will coordinate the technical aspects of the project and will be comprised of the Sector Directors who are responsible for implementing social safety net (SSN) interventions and activities in their respective sectors.** Their role is to ensure that the SSN interventions comply with the norms and standards of the sector and are linked to other ongoing activities in the sector.

8. The Steering Committee reports to the IAF on the progress in SP activities implemented by the SP Secretariat and NaCSA (e.g., systems development, targeting, payments, data gathering, and monitoring). The Steering Committee will also be responsible for validating the geographical targeting tools. It may set up sub-committees to look into specific aspects of SP activities as needed and directed by the IAF. It also reports and is accountable to the IAF.

9. When it convenes to deliberate on activities spearheaded by the SP Secretariat, costs will be funded by NaCSA from the project budget. The Commissioner of NaCSA will chair the Steering Committee and the Director of the SP Secretariat will be the Secretary. Initially, the Steering Committee will convene on a quarterly basis and prepare reports on issues arising from collaboration among sectors implementing the integrated SP project.

### *District Technical Committee (DTC)*

10. **The DTC is a sub-committee of the Local Technical Planning Committee (LTPC) of the DCs and will comprise of the Sector Directors of technical ministries that implement the SSN project.** Whereas the LTPC will be chaired by the District Administrator (DA), the DTC will be chaired by a designated officer from the LTPC, with the NaCSA Regional or District Coordinator as its Secretary. The members of the DTC will receive performance reports on their sector SP programs from their respective District Technical Officers; these reports will be consolidated into the single SP report.

11. The members of the DTC will meet on a quarterly basis to report and share information on the progress of implementation of activities that fall within their respective ministry mandates. The consolidated report will be tabled before the Steering Committee by the DA to ensure the smooth coordination of project activities. The DTC members are responsible for following up on specific issues with their district-level sector staff.

### **Implementation**

12. **The project will be implemented by the SP Secretariat and NaCSA alongside the other programs that it manages.** In addition, NaCSA will work through existing government mechanisms and in close collaboration with other ministries, Local Councils, chiefdoms, wards, and villages as well as the CICs at the respective levels.

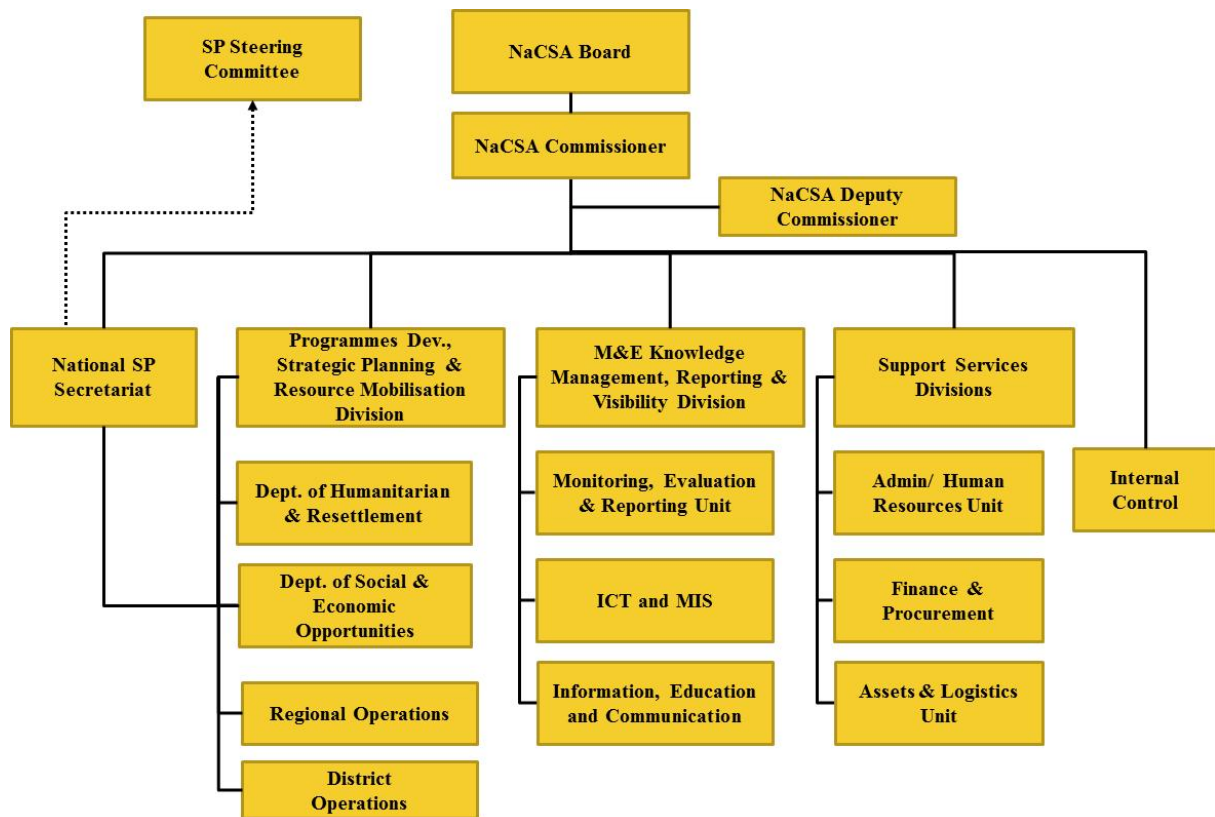
**National Commission for Social Action (NaCSA)**

13. **NaCSA will be responsible for the overall implementation of the project.** The roles and responsibilities of NaCSA are stipulated in the 2001 Act, amended in 2008, which includes under Section (e) ‘to serve as a recipient and manager of funds for social protection of disadvantaged families and for liaising with the National Social Security and Insurance Trust for the use of the social safety nets.’ See Annex 8 for a detailed description of the project’s financial management and procurement arrangements. NaCSA’s roles and responsibilities will include:

- Prepare the annual SP work plan and budget developed on the basis of the SSN project approved by IAF;
- Advocate for and source funding resources;
- Ensure appropriate and transparent use of project resources;
- Support public education campaigns on the project in conjunction with District Councils, chiefdoms, wards, villages, and other related MDAs;
- Prepare overall M&E reports and results on the outcomes and impacts of project activities; and
- Receive and act on the project audit report.

14. Figure 3 presents NaCSA’s organizational structure.

**Figure 3: NaCSA’s Organizational Structure**



### ***NaCSA Board***

15. The NaCSA Board will meet periodically to:

- Review project targets, policy, and resource guidelines as provided by the IAF;
- Approve annual work plans and budgets;
- Receive and approve the quarterly and annual reports and present them to the IAF for adoption; and
- Receive the M&E reports and brief the IAF on the status of achievements of the project outcomes.

### ***NaCSA Commissioner***

16. NaCSA is headed by a Commissioner, who is appointed by the President. The Commissioner sits on the Board as well as on the IAF, and undertakes the following responsibilities:

- Oversee overall implementation and management of the project by ensuring the full support of the other NaCSA Directorates and Departments;
- Initiate and maintain high-level contacts in support of the project with local and international partners;
- Raise funds from existing and prospective donors;
- Monitor and supervise the preparation of semi-annual budgets and reports of the Commission for review and approval by the Board;
- Sign contracts and other legal instruments that have been approved by the Board and the respective national authorities with respect to NaCSA;
- Recruit and appoint staff as designated by the NaCSA Act; and
- Present annual performance and audit reports to the President, IAF, and Board (per the *2001 NaCSA Act*).

### ***Director of SP Secretariat***

17. The Director of the SP Secretariat will have the following responsibilities:

- Provide technical and operational leadership of the SP Secretariat;
- Coordinate the development of SP systems for the creation of a central registry to collate and disseminate data;
- Lead the Secretariat in establishing strategic coordination;
- Manage SP Secretariat staff;
- Lead SP program development, strategic planning, and resource mobilization;
- Ensure M&E, knowledge management and reporting are done on time and to required standards;
- Ensure the availability of support services, as required, to implement the project; and
- Act as Chief Public Relations officer of the SP Secretariat.



### *Social Protection Secretariat in Collaboration with other NaCSA Directorates*

18. **The SP Secretariat will perform several key implementation functions, particularly related to systems building.** The Director of the SP Secretariat will be supported by the following key staff: a Systems/MIS Specialist, a GRM Officer, and an M&E Officer.. The SP Secretariat specialists and officers will work closely with and in some cases under the respective NaCSA Directorates. The SP Secretariat will perform, among others, the functions below:

- Advocate at the national level;
- Lead the design of the project for approval by the NaCSA Board and IAF;
- Develop and update guidelines and operational procedures for effective implementation;
- Support the building of effective systems (targeting, selection, MIS, payments, GRM);
- Develop the training manuals for the complementary workshops (i.e., soft conditions) in collaboration with other line ministries and the Decentralization Secretariat;
- Refine mechanisms for effective targeting and mapping of resource allocation to the districts and households;
- Support the implementation of the project activities (technical support);
- Manage and safeguard the data of all project transactions through a reliable MIS, with clear protocols and supervision on data entry and database management;
- Receive routine and commissioned operations reports and utilize the evidence to inform policy;
- Receive and address grievances that have been escalated to the national level from the field and district levels, which includes documenting details of each grievance and providing timely feedback to the complainants;
- Facilitate training and evaluation activities (preparation of modules, impact evaluations);
- Support evidence-based impact evaluations and communication to inform both policy and practice; and
- Disseminate good practices and lessons learned across all levels of the project.

### *NaCSA Regional and District Offices*

19. NaCSA Regional and District Coordinators, as frontline workers under the guidance and leadership of the SP Secretariat and Social and Economic Opportunities (SOCEP) Directorate, will lead project implementation at the respective levels. Their functions will include:

- Work with and ensure that the payment service providers implement the activities as contracted;
- Receive, document, and resolve grievances and complaints from the beneficiaries;
- Chair a monthly District Grievance Resolution Committee meeting;
- Conduct quarterly monitoring of payments;
- Prepare and submit quarterly reports;
- Facilitate and oversee training and mentoring of beneficiaries; and
- Facilitate the meetings and functioning of the District Technical Committee.

*Statistics Sierra Leone (SSL), National Registration Secretariat (NRS), Anti-corruption Commission, and Civil Society Organizations*

20. **SSL, the NRS, and the ACC will be key implementing partners, under MOUs with NaCSA.** SSL will be responsible for collecting data for the proxy means verification as well as for the impact evaluation. If feasible, the NRS will support NaCSA during the community identification process to collect the data required for ID cards, and be responsible for producing national ID cards for transfer recipients. The ACC will lead project anti-corruption activities and act as a member of the District Grievance Redress Committees (DGRCs). Civil society organization monitors, contracted through the ACC, will be responsible for receiving and reporting grievances and corruption reports and acting as members of the DGRCs.

*Ward Committees (WCs)*

21. **The existing Ward Committees formed by the 2004 Local Council Act will be directly involved in implementing the project at the local level.** Each committee will have a chair and secretary. The Ward Committee does not have a direct role in routine monitoring or evaluation activities, except where it has been requested to participate in such an exercise that is being managed by NaCSA, the District Council, or an external evaluator. They do not monitor the expenditure of beneficiaries' funds. The WCs will:

- Support NaCSA and the Community Identification Committees (CIC) in mobilizing community members for targeting and enrollment meetings and complementary workshops;
- Communicate payment period dates and locations (where applicable) to CICs and report any payment-related issues through the appropriate channels; and
- Inform beneficiaries about the existence of a grievance mechanism and the process to seek redress and forward grievances to the appropriate channels.

*Community Identification Committees (CICs)*

22. **Each target community will be required to form a CIC. In rural areas, the CIC will have five total members, three women and two men. In urban areas, religious leaders, elders, and local council members will constitute the CIC. The urban and rural CICs will have the same key functions:**

- With support from NaCSA, facilitate the community identification process;
- Mobilize community members for enrollment meetings;
- Communicate payment period dates and locations (where applicable) to beneficiaries and report any payment-related issues through the appropriate channels; and
- Participate in the targeting processes, including identifying eligible households and announcing the list of final beneficiaries.

*Communities*

23. **The communities, supported by and through CICs and all district and sub-district level bodies, will be involved in implementation.** Specifically, they will participate in the identification and mobilization of beneficiaries and in the provision of feedback on various aspects of the project.

#### Annex 4: Operational Risk Assessment Framework (ORAF)

##### Sierra Leone: Sierra Leone Safety Nets Project (P143588)

Project Stakeholder Risks						
<b>Stakeholder Risk</b>	<b>Rating</b>	<b>High</b>				
<p>Risk Description:</p> <p>Social protection (SP) coordination has been weak between donors, the government and civil society organizations (CSOs).</p>	<p><b>Risk Management:</b></p> <p>Building a safety net system relies on strong coordination and ownership from a number of stakeholders. The Bank team will ensure that the institutional framework is anchored in the National Social Protection Inter-Agency Forum (IAF), which is the lead agency that coordinates social protection programs and includes representatives of various ministries, NaCSA, and non-state actors involved in social protection programs.</p> <p>During project preparation relevant ministries and donor agencies were consulted and their feedback has been reflected in the design and preparation of the project. This partnership and engagement will continue through the life of the project.</p> <p>The capacity building sub-component has been designed to strengthen coordination among different stakeholders.</p>					
	<p><b>Resp:</b></p> <p>Client</p>	<p><b>Status:</b></p> <p>In Progress</p>	<p><b>Stage:</b></p> <p>Preparation</p>	<p><b>Recurrent:</b></p> <p><input type="checkbox"/></p>	<p><b>Due Date:</b></p> <p>27-Mar-2014</p>	<p><b>Frequency:</b></p>
Implementing Agency (IA) Risks (including Fiduciary Risks)						
<b>Capacity</b>	<b>Rating</b>	<b>Substantial</b>				
<p>Risk Description:</p> <p>Weak capacities at all levels may affect timely management and implementation of the Project.</p>	<p><b>Risk Management:</b></p> <p>Capacity building will be supported through planned and systematic activities as well as close monitoring and supervision, and linkage to ongoing SP programs including health and education within a decentralized framework.</p>					
	<p><b>Resp:</b></p> <p>Client</p>	<p><b>Status:</b></p> <p>In Progress</p>	<p><b>Stage:</b></p> <p>Preparation</p>	<p><b>Recurrent:</b></p> <p><input checked="" type="checkbox"/></p>	<p><b>Due Date:</b></p>	<p><b>Frequency:</b></p> <p>Quarterly</p>
<b>Governance</b>	<b>Rating</b>	<b>Substantial</b>				
Risk Description:	<b>Risk Management:</b>					

Weak Financial Management and Procurement capacity in the country that may lead to leakage of resources.	The project will put in place qualified FM Specialists and Procurement Specialists as well as robust financial and social accountability mechanisms, including a strong grievance redress and anti-corruption mechanism. The Internal Auditor will also be complemented by two additional ones.					
	<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b> 27-Mar-2014	<b>Frequency:</b>
	<b>Risk Management:</b> Strong community participation in beneficiary targeting, and the application of PMT in fostering equity in selection and payments will also be included.					
	<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b> 27-Mar-2014	<b>Frequency:</b>
	<b>Risk Management:</b> To mitigate the risk of beneficiaries not receiving payment, the audit TOR will be expanded to include a special provision for the auditor to conduct field visits to a sample of the beneficiaries in order to validate the proper receipt of the funds.					
	<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b> 27-Mar-2014	<b>Frequency:</b>
	<b>Risk Management:</b> The project would include robust FM (e-payments) and MIS systems as well as strong financial and social accountability mechanisms coupled with strong staffing to manage and mitigate risks.					
<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input checked="" type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b> Quarterly	
<b>Risk Management:</b> The project will use: (i) geographical targeting to allocate resources to target areas; (ii) community-based targeting to generate a list of potential participants within selected communities identified through the geographical targeting mechanism; and (iii) verification of participants' eligibility through application of a proxy means test (PMT) to allow for equity and transparency therefore minimizing this risk.						
<b>Resp:</b>						
<b>Status:</b>						
<b>Stage:</b>						
<b>Recurrent:</b>						
<b>Due Date:</b>						
<b>Frequency:</b>						

	Client	In Progress	Preparation	<input type="checkbox"/>		
<b>Risk Management:</b>						
The project will put in place strong grievance and redress as well as anti-corruption mechanisms. There is a Grievance and Redress Committee at the district level, involvement of the Anti-Corruption Commission in project implementation, and use of third-party monitoring, CSOs.						
<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>	
Client	In Progress	Preparation	<input type="checkbox"/>			
<b>Project Risks</b>						
<b>Design</b>	<b>Rating</b>	<b>Low</b>				
<b>Risk Description:</b> The project design may be complicated given the weak government capacity to prepare it. The cash transfer (CT) activities under the project present a fiduciary risk, particularly given the low capacity in the public sector. There is strong pressure to roll out the program nationwide, while weak data collection and analytical capacity. A risk mitigation mechanism to respond to unforeseen shocks needs to be developed.	<b>Risk Management:</b>					
	This risk is mitigated through simple project design and capacity building at all levels as well as the involvement of the FM and Procurement team from the center on conflict security and development.					
	<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>
	Client	In Progress	Preparation	<input checked="" type="checkbox"/>		Quarterly
	<b>Risk Management:</b>					
The project will rely on ICT innovations to manage beneficiary payments and a redress mechanism.						
<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>	
Client	In Progress	Preparation	<input type="checkbox"/>	27-Mar-2014		
<b>Risk Management:</b>						
Firm agreements has been reached during project design for the government to first test out the systems approach before scaling up.						
<b>Resp:</b>	<b>Status:</b>	<b>Stage:</b>	<b>Recurrent:</b>	<b>Due Date:</b>	<b>Frequency:</b>	
Client	In Progress	Preparation	<input type="checkbox"/>	27-Mar-2014		
<b>Risk Management:</b>						

	Data collection will be undertaken by Statistics Sierra Leone. The Bank has a capacity building program to strengthen statistical capacity. In addition, the project will provide TA.					
	<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b> 27-Mar-2014	<b>Frequency:</b>
	<b>Risk Management:</b> The team has invoked OP10, which allows flexibility to work with the government in case of shocks (floods etc.) during implementation.					
	<b>Resp:</b> Bank	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b>
<b>Social and Environmental</b>	<b>Rating</b>	<b>Low</b>				
Risk Description: There is a risk of exclusion and potential for leakage of resources, for instance through elite capture.	<b>Risk Management:</b> Three aspects of the project seek to mitigate this risk: (i) the project will rely on a combination of mechanisms (geographical, community-based, and proxy means test) to target poor households; (ii) an e-payment system will be used; and (iii) the project will have a grievance redress and anti-corruption mechanism, adapted from the system used in the Cash for Work program, for beneficiaries to report issues related to exclusion and leakage.					
	<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input checked="" type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b> Quarterly
<b>Program and Donor</b>	<b>Rating</b>	<b>Low</b>				
Risk Description: In principle donors have shown support to the concept. Dialogue will be maintained.	<b>Risk Management:</b> The Bank team will continue to engage with the donors to ensure their support. The Bank team will be in charge of providing regular forums for discussions of key issues at the policy and implementation levels.					
	<b>Resp:</b> Bank	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input checked="" type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b> Yearly
<b>Delivery Monitoring and Sustainability</b>	<b>Rating</b>	<b>Moderate</b>				
Risk Description:	<b>Risk Management:</b>					

Weak government capacity to monitor may lead to the failure of proper implementation and weak sustainability.	The project will support a stronger M&E team within the SP Secretariat under NaCSA. The project will finance: (i) process evaluation; (ii) spot checks; (iii) an impact evaluation; and (iv) annual independent audits of the system. It will finance regular monitoring activities.					
	<b>Resp:</b> Client	<b>Status:</b> In Progress	<b>Stage:</b> Preparation	<b>Recurrent:</b> <input checked="" type="checkbox"/>	<b>Due Date:</b>	<b>Frequency:</b> Yearly
<b>Overall Risk</b>						
<b>Overall Implementation Risk:</b>		<b>Rating</b>	<b>Substantial</b>			
<b>Risk Description:</b> Sierra Leone is a post-conflict country with relatively weak implementation capacity. The SP systems under preparation are designed to support the government in managing this risk.						

**Annex 5: Implementation Support Plan**  
**SIERRA LEONE: Social Safety Nets Project**

**Strategy and Approach for Implementation Support**

1. The Implementation Support Plan (ISP) outlines specific actions to manage the risks outlined in the ORAF, support institutional development, particularly with regards to the introduction of new systems, and ensure adherence to the financing agreement and Bank policies.

***Key Areas for Support***

2. Based on the project's risk assessment, the following areas have been identified as most critical for implementation support efforts:

3. **Systems Building for Social Safety Net Interventions.** The project will require strong implementation support, especially during the initial phase of systems building. Sierra Leone remains a relatively low capacity environment with limited experience in safety net programs. In addition, some of the systems the project will support are innovative in nature and ICT-intensive. Thus, the focus of the implementation support at the beginning of the project will be on establishing and making these systems functional (including building capacity for their use), and planning the initial roll-out of the cash transfer. Specifically, during the first year of the project, the support will focus on: (i) setting up the targeting, payments, management information, and grievance redress systems; (ii) testing these systems, including the robustness of the ICT tools that they will rely on; (iii) organizing capacity-building activities, particularly for the use of the new systems; (iv) putting in place the project's anti-corruption measures; (v) developing a strong communications strategy; and (vi) fine-tuning the operational plan for the roll-out of the cash transfer component. In the subsequent two years, the focus of the implementation support will turn toward timely implementation of the cash transfer component and ensuring learning is fed back into project implementation. See Annex 9 for the detailed project roll-out plan.

4. **Financial Management:** Since Sierra Leone appears on the 2014 list of fragile and conflict affected states, provision will need to be made for adequate implementation support to the client. This support will be provided for as many times as is warranted, starting with two field visits per year, with the frequency of supervision reduced or increased depending on the evolving assessed project FM risk during implementation. FM supervision must include some physical verification of assets acquired using project funds. The supervision mission will be complemented by a desk review of IFRs submitted to the Bank at the end of each quarter. In addition, the FM team will also review the audited project financial statements and reports and the associated management letter thereon for each year.

5. **Procurement:** It is recommended that in addition to the prior review supervision, which will to be carried out by the Bank, the procurement capacity assessment recommends one supervision mission each year to visit the field to carry out post-review of procurement actions and technical reviews. The percentage of contracts subject to post-review will be dependent on the dynamic risk assessment. The procurement risk rating of substantial requires that the procurement post-reviews and technical reviews cover at least 20 percent of contracts subject to post-review. Post-review consists of reviewing technical, financial, and procurement reports carried out by the Borrower's executing agencies and/or consultants selected and hired under the Bank project according to procedures acceptable to the Bank.



### **Implementation Support Plan Summary**

6. The main focus in terms of support to implementation at different stages of the project, as well as the skills mix required, is summarized in the tables below.

<b>Time</b>	<b>Focus</b>	<b>Skills Needed</b>	<b>Resource Estimate</b>	<b>Partner Role</b>
<i>First twelve months</i>	<ul style="list-style-type: none"> <li>- Technical assistance and capacity building for development of systems</li> <li>- Technical assistance for planning of initial rollout of the cash transfer component</li> <li>- Financial management capacity building and recruitment of internal and external auditors</li> <li>- Procurement support, particularly as related to the set-up of systems (targeting, payments, MIS, M&amp;E, GRM)</li> </ul>	<ul style="list-style-type: none"> <li>- Knowledge in setting up systems, including: targeting and a beneficiary registry, payments, M&amp;E, MIS, and GRM</li> <li>- FM</li> <li>- Procurement</li> </ul>	<i>US\$150,000</i>	<i>Technical assistance</i>
<i>12-48 months</i>	<ul style="list-style-type: none"> <li>- Management of systems</li> <li>- Regular delivery of cash transfers</li> <li>- Inter-agency coordination</li> </ul>	<ul style="list-style-type: none"> <li>- Program and systems management</li> <li>- Institutional coordination</li> </ul>	<i>US\$120,000 per year</i>	<i>Technical assistance</i>

### **Skills Mix Required**

<b>Skills Needed</b>	<b>Number of Staff Weeks Per Year</b>	<b>Number of Trips</b>	<b>Comments</b>
Task Team Leader	7	2	HQ based
Sector Specialist	10	2	HQ based
Sector Specialist	8	2	Country Office based
Health/Nutrition Specialist	2	1	Country Office based
Procurement Specialist	4	2	Country Office based
Financial Management Specialist	4	2	Country Office based
Social Specialist	2	1	HQ based
M&E Specialist	3	2	HQ based
Impact Evaluation Specialist	3	1	HQ based
Communications Officer	3	1	Country Office based
ICT Specialist	3	1	HQ based

### **Partners**

<b>Name</b>	<b>Institution/Country</b>	<b>Role</b>
UNICEF	UNICEF Sierra Leone	Provide parallel financing of US\$300,000 for the grievance redress mechanism and anti-corruption measures

## Annex 6: Economic Analysis

### SIERRA LEONE: Social Safety Nets Project

1. The nature of the Social Safety Nets Project makes it difficult to conduct traditional cost-benefit analysis. In particular, placing value on the benefits that a poor household accrues from increased and stabilized consumption is not a straightforward exercise. For this reason, we chose to conduct an *ex ante* analysis that can provide some rough estimates of the expected impacts on poverty and inequality and help fine-tune specific design aspects that can enhance these impacts. More specifically, we conducted a series of *ex ante* micro-simulations to: (i) identify the transfer amount that would maximize the expected impacts on poverty given the budget constraint; (ii) test the extent to which targeting errors are likely to lessen these impacts; and (iii) simulate the impacts of a scaled-up program.
2. These micro-simulations were performed using Sierra Leone's most recent nationally representative household budget survey, the *Sierra Leone Integrated Household Survey* (SLIHS 2011). The methodological approach taken in conducting these exercises is the most basic in the sense that once the specifics of the scenario being simulated are established a simple counterfactual is generated using the SLIHS 2011. In most scenarios, the steps involved are as follows. First, certain observations in the dataset are assigned to represent beneficiary households. The specific observations assigned to be beneficiary households depend on the details of the scenario being simulated such as the number of expected beneficiaries, the amount of the monthly transfer to the household as well as the household's initial poverty status. Then, the consumption level of these observations is simply adjusted upwards by the amount of the transfer (i.e., the transfer amount is added to the selected households' consumption). Finally, the various variables of interest (e.g., consumption per capita, poverty headcount, poverty gap, Gini coefficient) are calculated based on this new counterfactual dataset.
3. In all project simulations, we have assumed that the cash transfer component of the project will last for two years and the total budget allocated to the transfers is US\$4.5 million.<sup>38</sup> Also, unless otherwise stated, all the simulations reflect only the poverty reductions in the four districts covered by the program: Kono (Eastern), Bombali (Northern), Moyamba (Southern), and Western Rural.
4. The first set of scenarios was performed to identify the transfer amount that would maximize the expected outcomes on poverty given the available budget. Three different scenarios were tested using three different transfer amounts calculated as a percentage of extreme poor households' average monthly consumption. All scenarios presented assume perfect targeting, with poor households first ranked according to per capita consumption and the poorest households selected as beneficiaries until the budget is exhausted.
5. **Table 4** presents the results of these simulations. As expected, each of the three transfer sizes has the potential to increase consumption (other things held constant) and impact the three poverty measures considered. Also as expected, these estimates indicate that the largest impacts come from reductions in the poverty gap.

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<sup>38</sup> We assume the remaining funds allocated to the component will be used for workshops.

**Table 4: Poverty Impacts with Different Transfer Amounts**

Transfer size			Number of beneficiaries (hh)	Consumption per capita in SL Leones <sup>1</sup>		Headcount <sup>2</sup>			Poverty Gap <sup>3</sup>			Gini		
% of extreme poor hh consumption	Amount in US\$ (2013)	Amount in SL Leones (2013)		baseline	avg. 2-year increase (%)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease	2-year decrease
10%	\$9.87	42,600	18,992	439,313	24.6%	20.8%	0.36	0.71	4.9%	0.82	1.65	0.332	0.0053	0.0106
15%	\$14.81	63,900	12,661	363,087	44.4%	20.8%	0.31	0.61	4.9%	0.81	1.62	0.332	0.0054	0.0109
20%	\$19.75	85,200	9,496	333,626	62.6%	20.8%	0.10	0.20	4.9%	0.81	1.63	0.332	0.0054	0.0109

<sup>1</sup>Values calculated for beneficiaries only; average two-year increase is free of inflation.

<sup>2</sup>Headcount rate calculated using the extreme poverty line; all values calculated in the project-covered districts only.

<sup>3</sup>Poverty Gap calculated using the extreme poverty line; all values calculated in the project-covered districts only.

6. Overall the results of these simulations indicate that the three transfer amounts show very similar results in terms of poverty reduction, particularly when we look at the poverty gap and Gini coefficient. Over the two years, in all three scenarios, we find a reduction of more than 1.6 percentage points and approximately 0.011 points for the poverty gap and Gini coefficient, respectively. The 10 percent transfer option is obviously the one that given the budget constraint allows for a larger number of households, approximately 18,992 households, to benefit from the program and thus produces the best results in terms of poverty headcount. Based on international experience, 10 percent is on the lower end of the appropriate range for the transfer size; the 15 percent transfer size also has a slightly higher impact on the poverty gap, which is considered to be a more relevant measure than headcount for this type of program. Thus the 15 percent transfer amount was chosen as it was considered to be a transfer size that is meaningful, while small enough to avoid generating negative incentives.

7. Since actual project implementation will include community identification of potentially eligible beneficiaries, and verification by proxy means testing (PMT), we performed a second set of simulations to more closely reproduce these conditions. In these simulations, the poor are ranked using per capita consumption to reflect the community selection process and then the poorest are selected as beneficiaries as long as their PMT score is low enough so that they are considered as extreme poor. This last part is intended to reproduce the errors associated with the PMT verification process. It is also important to keep in mind that international experience has shown that even well targeted programs are not perfect. Thus, this set of simulations considers two scenarios: perfect community targeting and imperfect community targeting. The purpose of these simulations is to reflect the fact that both the PMT and community targeting processes will have limitations in correctly identifying potential beneficiary households' poverty level.

8. For the imperfect targeting simulations, we assume that the communities have partial information, meaning they are able to target the poor but with some errors. Specifically, we assume that the community selects (after households are ranked by per capita consumption within each quintile) 40 percent from the bottom quintile, 25 percent from the second lowest quintile, 25 percent from the third quintile, 7 percent from the fourth quintile and 3 percent from the fifth quintile and that the PMT verification is applied to this group. This, we believe, represents a more realistic view of how the overall targeting mechanism will perform than the perfect targeting scenario. These simulations assume that the preferred transfer amount of 15

percent of extremely poor households' average consumption is provided to beneficiary households.

9. As **Table 5** shows, the impacts are diluted when the process is weaker in identifying the poor in the imperfect targeting scenario. The difference in the poverty headcount illustrates these differences: the two-year simulated impact on poverty decreases from 1.1 percentage points under perfect targeting to 0.7 percentage points under imperfect targeting. The impact on the poverty headcount also disappears in the imperfect targeting scenario. These results highlight the fact that harnessing the community's knowledge about who is extremely poor will be critical to ensuring the program can achieve its full potential.

**Table 5: Poverty Impacts with PMT Selection of Beneficiaries**

Targeting <sup>1</sup>	Consumption per capita in SL Leones <sup>2</sup>		Headcount <sup>3</sup>			Poverty Gap <sup>4</sup>			Gini		
	baseline	avg. 2-year increase (%)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease	2-year decrease
Perfect	540,306	23.3%	20.8%	1.94	3.88	4.9%	0.55	1.10	0.3317	0.0048	0.0096
Imperfect	804,833	14.7%	20.8%	0.00	0.00	4.9%	0.35	0.69	0.3317	0.0030	0.0061

<sup>1</sup>Transfer amount is 15 percent of extreme poor households' average monthly consumption in all simulated scenarios.

<sup>2</sup>Values calculated for beneficiaries only; average two-year increase is free of inflation.

<sup>3</sup>Headcount rate calculated using the extreme poverty line; all values calculated in the project-covered districts only.

<sup>4</sup>Poverty Gap calculated using the extreme poverty line; all values calculated in the project-covered districts only.

10. Finally, in addition to the project-specific simulations, a simulation was carried out to estimate the potential impacts on poverty of a scaled-up program that has the ability to reach all extremely poor households. Two scenarios were simulated to estimate the impacts of the scaled-up program, one covering the four districts selected to receive the program and one covering the entire country. These simulations assume that a transfer amount of 15 percent of extreme poor households' average monthly consumption and perfect targeting of the poorest households.

**Table 6: Poverty Impacts in a Scaled-Up Scenario**

Geographical coverage	Number of beneficiaries (hh) <sup>1</sup>	Consumption per capita in SL Leones <sup>1</sup>		Headcount <sup>2</sup>			Poverty Gap <sup>3</sup>			Gini		
		baseline	avg. 2-year increase (%)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease	2-year decrease
4 target districts	36,737	545,155	30.5%	20.8%	6.33	12.65	4.9%	1.56	3.13	0.3317	0.0136	0.0271
Entire Country	116,768	558,565	30.0%	13.9%	4.42	8.84	2.9%	1.00	2.00	0.3129	0.0088	0.0176

<sup>1</sup>Transfer amount is 15 percent of extreme poor households' average monthly consumption in all simulated scenarios.

<sup>2</sup>Values calculated for beneficiaries only; average two-year increase is free of inflation.

<sup>3</sup>Headcount rate calculated using the extreme poverty line; all values calculated in the project-covered districts only.

<sup>4</sup>Poverty Gap calculated using the extreme poverty line; all values calculated in the project-covered districts only.

11. The results in Table 6 show the strong effects that a scaled-up program could have in terms of poverty reduction. Both the headcount rate and the poverty gap are reduced by about half after the two-year transfer period in the two geographical coverage scenarios considered. However, it is important to highlight the fact that these simulations do not account for any other

changes in economic conditions beyond the cash transfers (i.e., everything else is held constant) and perfect targeting is assumed; therefore, they must be interpreted carefully.

12. The same scenario was reproduced under the conditions of imperfect targeting described above (40 percent of resources go to the bottom quintile, 25 percent to the second lowest quintile, 25 percent to the third quintile, 7 percent to the fourth quintile, and 3 percent to the fifth quintile). The analysis confirms that there is a strong dilution of results in situations of imperfect targeting. Table 7 shows those results.

**Table 7: Poverty Impacts in a Scaled-Up Scenario with Imperfect Targeting**

Geographical coverage	Number of beneficiaries (hh) <sup>1</sup>	Consumption per capita in SL Leones <sup>1</sup>		Headcount <sup>2</sup>			Poverty Gap <sup>3</sup>			Gini		
		baseline	avg. 2-year increase (%)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease (pp)	2-year decrease (pp)	baseline	avg. annual decrease	2-year decrease
4 target districts	36,737	895,311	15.0%	20.8%	2.58	5.16	4.9%	0.70	1.40	0.3317	0.0077	0.0154
Entire Country	116,768	885,313	14.8%	13.9%	1.51	3.02	2.9%	0.38	0.76	0.3129	0.0052	0.0105

<sup>1</sup>Transfer amount is 15 percent of extreme poor households' average monthly consumption in all simulated scenarios.

<sup>2</sup>Values calculated for beneficiaries only; average two-year increase is free of inflation.

<sup>3</sup>Headcount rate calculated using the extreme poverty line; all values calculated in the project-covered districts only.

<sup>4</sup>Poverty Gap calculated using the extreme poverty line; all values calculated in the project-covered districts only.

13. Overall the simulations indicate that cash transfers have the potential for significant poverty reduction in Sierra Leone. However, in looking at these impacts, it is important to acknowledge that a program of this scale will not be capable of meeting the country's safety net needs entirely. Nearly 11.2 percent of households (116,768 households, representing 13.9 percent of the population) are estimated to live below the extreme poverty line, and the project will only be able to target approximately 17 percent of these households. It is also important to highlight that the extent to which these results are achieved in practice will be highly dependent on various aspects of program implementation, including (but certainly not limited to) targeting.

## **Annex 7: Grievance Redress and Corruption Prevention**

### **SIERRA LEONE: Social Safety Nets Project**

1. **In the past five years, Sierra Leone has made progress at strengthening the legislative and regulatory frameworks to improve accountability in public service delivery in the country.** Public sector management reforms have been undertaken, in particular in Public Financial Management and Procurement, encouraging improved management of scarce resources for economic development. Further, the *Anti-Corruption Act of 2008* improved the regulatory framework to combat corruption; the Act expanded the powers of the Anti-Corruption Commission (ACC) by granting prosecutorial powers, strengthening its investigative capacity, expanding the definition of corruption, and increasing associated penalties.
2. **However, ensuring accountability in the delivery of services remains a serious challenge.** According to a 2010 survey by the ACC, the majority of households in the country have experienced some form of corruption, with 94.4 percent of people rating it as a serious problem. Nearly half of these respondents felt as though corruption has increased from a decade prior, a time at which the country was in the midst of a civil war. According to the World Bank Institute, Sierra Leone ranks in the bottom quintile of countries internationally at controlling corruption. Avenues for reporting and resolving grievances are currently difficult to access and costly, particularly for those communities located in rural areas.<sup>39</sup>
3. The Social Safety Nets Project will therefore finance a grievance redresses mechanism (GRM) as well as anti-corruption measures. This annex details how these mechanisms will function. UNICEF will provide parallel financing of US\$300,000 to support these systems.

#### ***Grievance Redress Mechanism***

4. **The Grievance Redress Mechanism (GRM) will provide a channel for beneficiaries and other stakeholders to raise grievances, complaints, or corruption reports about the project.** The primary avenue for beneficiary reporting will be through civil society organizations located within participating districts (referred to here as "CSO monitors"); the CSO monitors will be contracted and trained by the ACC. The project will support the training of the CSO monitors, beneficiaries, and other stakeholders on what types of grievances should be reported and how to report them. A toll-free national anti-corruption hotline will also be used to allow anyone to lodge corruption reports directly to the ACC free of charge.
5. Grievances that pertain to administrative or operational complaints, such as targeting, enrollment, or payment-related issues, will be recorded by the CSO monitors using the appropriate technology (e.g., smartphones) and uploaded to the GRM database within the MIS system. This will allow both NaCSA and the Social Protection (SP) Secretariat to review and resolve lodged grievances.

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<sup>39</sup> Based on consultations carried out during project preparation with civil society organizations and communities in participating districts.

6. **The SP Secretariat, through the GRM Officer, NaCSA staff at the district level, and the District Grievance Resolution Committee (DGRC), will be ultimately responsible for ensuring that all grievances are resolved.** NaCSA, particularly through the District Coordinators, will be responsible for reviewing and updating the grievance database, and resolving complaints in a timely manner. The DGRC will meet on a monthly basis to review NaCSA's resolution of cases. Furthermore, it will bring together key stakeholders who will ensure that: (i) grievances reported through different channels are reviewed and entered into the grievance database; (ii) grievances are resolved at the district level in a timely manner and/or (iii) escalated as needed to the SP Secretariat; and (iv) beneficiaries and other stakeholders receive feedback on the resolution of grievances.

7. **The SP Secretariat will house and manage the GRM database of all grievances.** Information will be entered into the database through two methods. First, CSO monitors will use relevant technology (e.g., smartphones) to upload data. Second, NaCSA District Coordinators and the GRM Officer at the SP Secretariat will be responsible for entering all new grievance reports into the database at their respective locales. Users will have varying degrees of accessibility depending on their role and the nature of the grievance. Additional specifications for the use of the GRM database will be contained in the Operations Manual.

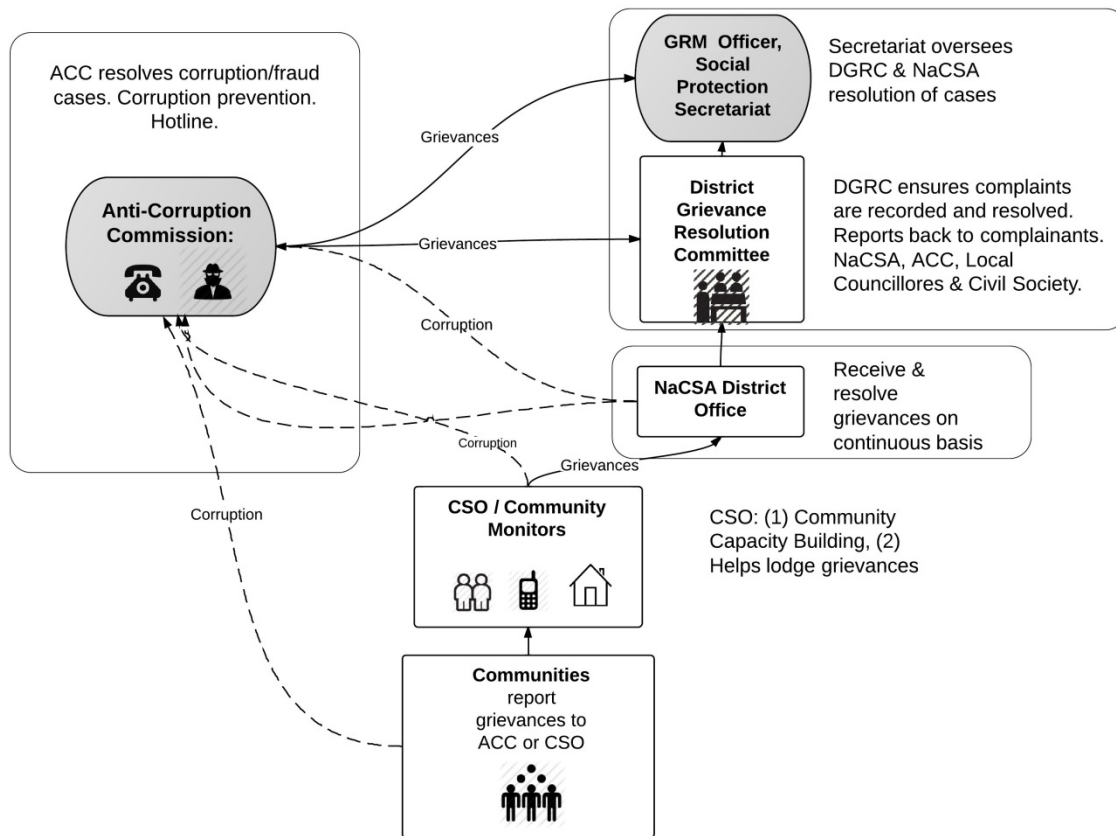
8. The members of DGRC are the NaCSA District Coordinator, Anti-Corruption Commission District Coordinator, Local Council members, and CSO Community monitors. The role of each DGRC committee member is as follows:

- a. *NaCSA District Coordinators* will be responsible for chairing the meeting; ensuring the GRM database is up to date; presenting all grievances received by NaCSA, actions taken, and status of grievances to the Committee; for unresolved grievances, deciding whether to escalate; updating the GRM database to include all new grievances brought to the Committee meeting and to document agreed upon actions; and reporting to the GRM Officer at the SP Secretariat on meeting outcomes.
- b. *Anti-Corruption Commission District Coordinator* will be responsible for observing the meeting; ensuring all corruption reports are properly classified and taken on by the ACC; managing the CSO monitors' reporting and engagement; and bringing all non-corruption related complaints received by the ACC at the district level to the Committee for review and resolution.
- c. *Local Council members* will be responsible for: collecting and compiling any grievances reported to them or other local government officials that were not registered by the CSO monitors and bring details to the meeting; and assisting NaCSA, as necessary, to resolve complaints or provide beneficiaries feedback on the resolution of complaints in their respective constituencies.
- d. *CSO Community monitors* will be responsible for registering/uploading grievances from communities and any other person wishing to report a grievance; reporting on the grievances received; participating in the review of all complaints and providing independent verification that complaints have been resolved at the community level; supporting NaCSA to communicate status of grievances to those who reported; sensitizing the public on the GRM and overall status of grievances; providing feedback on community satisfaction with the GRM.

9. **Reports in which a stakeholder identifies alleged fraud or corruption in the project will be routed directly to the ACC through the toll-free hotline or the CSO monitors.** The ACC, as per its legal mandate and with the support of civil society organizations, will be responsible for receiving, investigating, and redressing all corruption reports. An officer will be hired by the ACC at the national level to coordinate all ACC work on this project. The ACC will review the reports to confirm that they are corruption related (and therefore fall within the legal mandate of the institution). If they are confirmed corruption reports, the ACC will investigate and resolve cases as per the institution’s routine corruption investigation and resolution procedures. They will provide a summary report on the status of these corruption cases to the SP Secretariat on a quarterly basis. Where reports received are not corruption related, and instead are administrative or programmatic grievances, the ACC will forward these to the appropriate GRM channel for resolution. Thus, non-corruption grievances received at the district level will be forwarded to NaCSA or the District Grievance Resolution Committee, and grievances received through the national ACC hotline will be forwarded to the GRM Officer at the SP Secretariat.

10. Figure 4 **Error! Reference source not found.** summarizes the grievance and corruption reporting process and information flows.

**Figure 4: Grievance Redress Mechanism**





### *Additional Anti-Corruption Measures*

11. **The Anti-Corruption Commission (ACC) will undertake a set of corruption-prevention activities for this project.** These will include: (i) monitoring the SP Secretariat and NaCSA's adherence to project implementation guidelines as outlined in the Operations Manual; (ii) conducting an information, education, and communications (IEC) campaign, specifically regarding the potential for corruption in the cash transfer component, ACC participation in the project as well as to inform beneficiaries about the existence of grievance and corruption reporting mechanisms; and, (iii) contract a civil society organization/network to provide independent monitoring of the project at the community level and to build the capacity of communities in identifying and reporting grievances and corruption.

12. **Additional corruption-prevention activities will also be carried out by the SP Secretariat.** These will include establishing a transparent information sharing network with civil society organizations; ensuring that all critical project documents such as the Operations Manual are abridged, published, and disseminated in easy-to-read formats; contractually obligating the payment service provider to display anti-corruption materials at payment points; maintaining project visitor's books in beneficiary communities to verify monitoring exercises; involving civil society and the Anti-Corruption Commission in all phases of the project; and ensuring that the project's IEC campaign properly informs communities about the project's objectives, selection process and other rules, benefits, and roles and responsibilities of various actors.

## **Annex 8: Financial Management, Disbursements, and Procurement SIERRA LEONE: Social Safety Nets Project**

### *Financial Management*

1. In line with the guidelines stated in the Financial Management Practices Manual issued by the *Financial Management Sector Board* on March 1, 2010, a financial management (FM) assessment was conducted at NaCSA. The objective of the assessment was to determine the adequacy of the proposed project FM arrangements for the project. The FM arrangements include budgeting, accounting, internal controls, funds flow, financial reporting, and auditing arrangements. The arrangements are considered acceptable if arrangements are in place that: (i) are capable of correctly and completely recording all transactions and balances relating to the project; (ii) facilitate the preparation of regular, timely, and reliable financial statements; (iii) safeguard the project's assets; and (iv) are subject to auditing arrangements acceptable to the Bank.

2. The financial management assessment of NaCSA concluded that the systems in place satisfy the Bank's minimum requirements under OP/BP 10.0. The overall FM risk for the project at preparation is assessed as substantial, but with the expected risk mitigation measures incorporated, including building the capacity of the Internal Audit Section, as well as increasing the accounting staff strength at NaCSA, the residual FM risk rating is expected to be *Moderate*.

#### **(a) Country Issues**

3. Considerable analytical work in the area of public financial management (PFM) has been conducted with the support of development partners in Sierra Leone during the past several years. Key amongst these were the PEFA PFM Assessments of 2007, 2007 Procurement Audit, the 2004 HIPC AAP, the 2004 and 2010 PER, the 2002 Country Financial Accountability Assessment, the corruption surveys from 2000 and 2002, IMF Fiscal Affairs Department Reviews, Tax Administration Reforms for successful VAT Implementation (March 2008), 2010 Review of the Government Budgeting and Accountability Act (GBAA) and Financial Administration Regulations, and Advancing Public Financial Management reforms (April 2011).

4. A PEFA PFM Assessment (2010) for both the central and local governments was successfully carried out to update the status of performance since the last PEFA assessment of 2007. The results of the assessment indicate major improvements in the PFM systems and processes in Sierra Leone (both at the central and local government levels) compared to the 2007 assessment, and point to a trajectory of continuing PFM improvements in the future as a result of the reforms currently underway and supported by development partners. The reports on the central government and Local Councils highlight that, despite inherent weaknesses and fiscal management issues that are yet to be managed, Sierra Leone is positioning itself and committed to confronting the challenges in the PFM reform arena.

5. Key PFM reforms are currently being supported under the Bank's Integrated PFM Reform Project (IPFMRP), which is at the end of the final year of implementation, covering the entire expenditure planning, management, and oversight cycle. While the pace of reforms was slow, the government embraced fundamental reforms as recommended in the analytical work carried out since the CFAA of 2002 including: the adoption and implementation of a number of core

institutional, legal, and regulatory frameworks for PFM (the enactment of Financial Administration Regulations (FMR), 2007; Government Budgeting and Accountability Act (GBAA), 2005; National Revenue Authority Act (NRAA), 2003; Local Government Act, 2004; and Public Procurement Act, 2004). Embarking on a wide-ranging set of reforms has meant that the government was and remains committed to enhancing its accountability framework notwithstanding a few legal inconsistencies that are yet to be fully addressed in the laws and some remaining challenges in accountability and oversight.

6. Other concrete improvements in the area of PFM have, notwithstanding, been realized in the following important areas: (i) capacity building of sector ministry staff on strategic planning and budgeting is being strengthened; (ii) the annual budgets of the government are published and are publicly available; (iii) budget execution and in-year financial reporting has been given prime attention by the sector ministries and the Attorney General's Department (AGD) with the consequence that all ministries' expenditures are transacted under a methodical work-flow process through the Integrated Financial Management Information System, supported by the IPFMRP, and monthly financial statements (excluding self-accounting subvented agencies) are produced by the AGD for informed fiscal decision making; (iv) expenditure commitment control (for all IFMIS rolled-out sites) is applied for transacting government expenditures; (v) annual financial statements are drafted and submitted for audit within the legal time frame of three months after the end of the fiscal year – this practice having been in place for the last four fiscal years already; (vi) financial statements are prepared on cash basis consistent with International Public Sector Accounting Standards (IPSAS), barring conformance deficiencies with the requirements for 'consolidation' and inclusion of 'third party transactions'; (vii) despite their current weak staffing and other related capacities, internal audit functions have been established in MDAs to support the systemic checks and controls across government entities; and (viii) despite a weakness in the law that requires the audit report to be submitted to the legislature by December (i.e., 12 months after the fiscal year to which it relates) elimination of backlogs in rendering audit reports to the Public Accounts Committee has been achieved, as the latest audit report (2011) was submitted to the Committee since December 2012 and the Committee's deliberations on the report are ongoing. Although a number of relevant legislative acts have been passed to ensure better fiduciary standards, successful implementation typically takes more time, and requires strong and committed leadership.

7. Below is a summary of the proposed FM arrangements for the project, including a pictorial funds flow chart, and the financial reporting requirements.

#### **(b) Financial Management Arrangements**

8. **Strengths and weaknesses:** Overall, the key strengths identified relate to the use of the long-established NaCSA institution, which has qualified and experienced accounting staff currently managing two Bank-funded projects and using established accounting software and related accounting systems that will be available for managing the operations under the project. In addition, NaCSA has an Internal Audit Section, and its presence helps to identify internal control weaknesses and increases the likelihood of detection of both fraud and error. Nevertheless, due to the large number of projects, including ongoing and three pipeline projects and associated bank accounts to be managed under the same institutional arrangement, a capacity gap could exist within NaCSA to effectively manage the cash resources of the proposed project.

However, the mitigation measures agreed, including the recruitment of additional accounting staff, will cater to the reversal of this weakness.

**(i) Budgeting Arrangement**

9. NaCSA as a Government Commission follows the budget preparation guidelines as outlined in the Government Budgeting and Accountability Act, 2005 and the Annual Budget Circular issued by the Ministry of Finance and Economic Development. Under this project, budgeting for the project expenditures will follow the same process and will include discussions with stakeholders (i.e., the beneficiary agencies and institutions). Most of the key project components are already known and these will form the basis of preparing the Annual Work Plans (AWPs). Prior to the start of the budget cycle, the Program Director will discuss the key components and activities with component/sub-component heads to be included in the budget for the following fiscal year. The heads will prepare their AWPs and budgets and the FU will consolidate the individual budgets into a master budget for submission to the Budget Committee and the Commissioner for approval. Approved budgets/AWP, including procurement plans, will then be submitted to the Bank for “No Objection” two weeks prior to the start of the financial year (i.e., December 15). The Project Accounting Manual (PAM) of NaCSA has given detailed descriptions of the financial planning and budgetary control processes. To ensure effective monitoring, the project budgets will be incorporated into the quarterly interim un-audited financial statement for comparison with actual expenditure on a quarterly basis.

**(ii) Accounting System**

10. Project accounting will follow International Public Sector Accounting Standards (IPSAS) accrual accounting basis using NaCSA’s existing accounting software (Sun Accounting). The accounting personnel are quite experienced in project accounting and familiar with the Sun Accounting software, which they have used for a long time, alongside excel spreadsheets. The PAM also gives details of NaCSA’s accounting system and it is largely based on Bank’s FM requirements and guidelines. Whilst currently it serves the purpose of providing guidance, the manual is old and requires updating to reflect changed circumstances and operations of the Bank funding requirements. Inadequate use of the Sun Accounting software and related modules purchased need to be improved to make optimum use of the software.

**(iii) Internal Audit and Control**

11. Use will be made of NaCSA’s PAM, which contains the necessary internal controls including internal checks and segregation of duties. The manual has been tailored to specifically meet the Bank’s requirements. The Internal Audit Service (IAS) of NaCSA will also enhance the control environment thereby reducing the operational risks of all other projects being currently implemented by NaCSA. At present, the IAS is constrained in its operational activities and will require capacity building, including process improvement and reengineering.

12. The reengineered IAS will have adequate capacity to strengthen the control environment at NaCSA. The role and effectiveness of the internal audit will be regularly assessed during supervision missions through a review of audit reports and of management responsiveness to their findings, as well as the extent of project internal audit coverage. This is to ensure that the role is not limited to transaction reviews (pre-auditing), but adds value to the overall control environment.

#### **(iv) Financial Reporting Arrangements**

13. The Accounts Manager of NaCSA working through the Accountant will be required to prepare and submit quarterly Interim Unaudited Financial Reports (IFRs) to account for activities funded under the project. IFRs for the project are expected to be submitted not later than 45 days after the end of each fiscal quarter. These reports must cover all IDA funds received for the project as a whole as well as any government (counterpart) funds (if any) received under the project. The financial reports will be designed to provide relevant and timely information to the project management, implementing agencies, and various stakeholders monitoring the project's performance. The formats and content of reporting will be agreed prior to negotiations.

14. The constituents of the additional annexes to the quarterly project IFRs that will be submitted will include: (i) sources and uses of funds; (ii) actual and forecast cash-flow statements according to components, sub components and activities; (iii) use of funds by activity; and (iv) designated account reconciliation statement.

15. In addition to the quarterly reports, the Accounts Manager will ensure that the project prepares annual financial statements (AFS). The AFS will include a statement of Sources of Funds for the project, Uses of Funds for project, and the surplus of funds based on the amount of disbursement advances against a future fiscal year under the IFR principle. The AFS will include adequate notes and disclosures consistent with the accrual basis of financial reporting under the International Public Sector Accounting Standards (IPSAS).

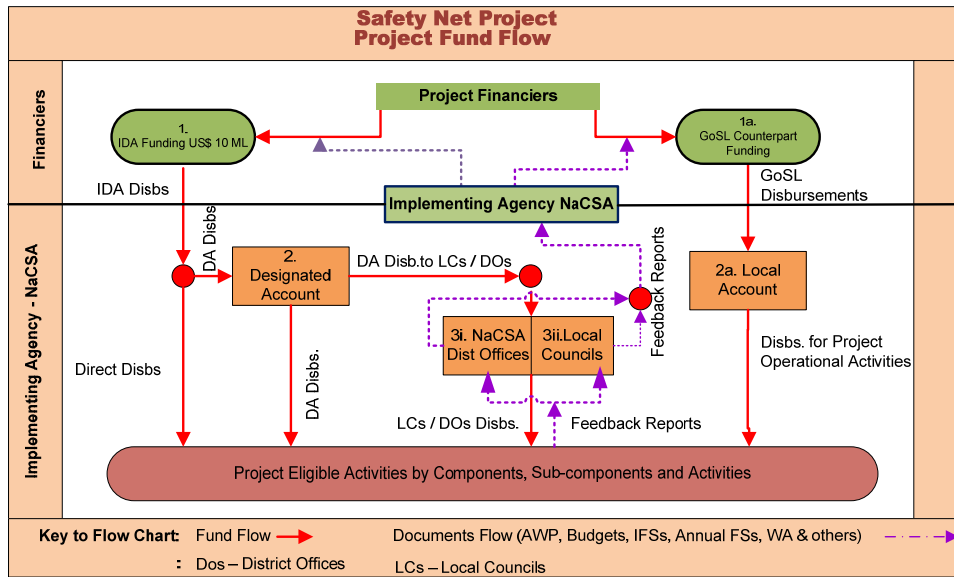
#### **(v) Funds Flow and Disbursement Arrangements**

16. **Designated Account (DA).** To facilitate funds flow from IDA to GoSL, a segregated DA will be opened at Rokel Commercial Bank. The account will be opened in US dollars and managed by NaCSA. The DA will be used to finance activities under all components. The authorized signatories for the DA will be the current signatories of NaCSA for the two ongoing Bank funded projects.

17. **Local Currency Account (LCA).** In addition to the US dollar designated account, a local currency account (subordinated to the US dollar account) will be opened at a commercial bank acceptable to the Bank to receive transfers to that account for purposes of disbursing local currencies for project implementation activities. Figure 5 below shows the proposed project funds flow arrangements.

18. Proceeds of the facility will be used for eligible expenditures as defined in the Financing Agreement. The disbursement categories are designed to allow flexibility and are based on the project components and sub-components, and each would finance eligible expenditures in the areas of goods, consultancy services, non-consultancy services, training, and operating costs.

**Figure 5: Project Funds Flow**



19. Based on the assessment of financial management, the proceeds of the grant will be disbursed to the project using **report-based disbursement** (Interim Financial Reports) arrangement. An initial advance will be provided to the DA, based on a forecast of expenditures against each component and disbursement category for the first six months. The forecast will be based on the annual work plans and budget that will be provided to the Bank and cleared by the task team leader (TTL) prior to implementation. Subsequent replenishments of the DA would be done quarterly, based on the net cash requirements for subsequent six months, linked to approved AWP and supported by IFRs and on duly approved withdrawal applications. The supporting documentation will be retained by NaCSA for review by the Bank missions and external auditors. *Additional instructions for disbursements will be provided in the Disbursement Letter.*

20. The project will, in line with the components, sub-components, and related activities to be financed, have **three disbursement categories** as defined in Table 8 below.

**Table 8: Project Disbursement Categories**

<b>Disbursement Category</b>	<b>Project Cost (US\$m)</b>	<b>IDA Financing (US\$m)</b>	<b>IDA Financing (%)</b>
(1) Goods, non-consulting services, consultant services, training and operating costs under Components 1 and 3	3.4	3.4	48.6
(2) Cash Transfers under Component 2	4.6	3.6	51.4
<b>Total</b>	<b>8.0</b>	<b>7.0</b>	<b>100</b>

21. **Retroactive Financing:** Retroactive financing, not exceeding US\$500,000, will be considered eligible for expenses incurred after July 1, 2013.

**(vi) External Audit Arrangements**

22. The Audit Service Commission (ASC) of Sierra Leone has primary responsibility for the external audit operations of the Government of Sierra Leone. However, the ASC normally outsources the audit of donor-financed projects to acceptable independent audit firms in the country. Independent auditors will be invited to submit proposals for the audit of the proposed project upon technical clearance of the terms of reference by the Bank. The recruitment of auditors for the project, under terms of reference agreed with IDA, should be finalized not later than four months after project effectiveness in order to comply with audit covenants and ensure timely audit of the project accounts. NaCSA is currently responsible for the FM functions of some ongoing Bank-funded projects in Sierra Leone and is therefore quite familiar with the Bank’s requirements. The audit will be conducted in accordance with International Standards on Auditing (ISA), and the audit report and accompanying management letter will be submitted to the IDA annually within six months of the end of the fiscal year of the GoSL.

23. **Covenants:** There are no FM-related conditions.

24. **Time Bound Action Plan:** The action plan below indicates the actions to be taken for the project to address the weaknesses that have been identified to ensure that the FM system is robust and strengthened.

**Table 9: Financial Management Action Plan**

<b>Action</b>	<b>Responsibility</b>	<b>By When</b>
1. Hiring of TA Consultant to assist process improvement and reengineering of the IAS	Accounts Manager	Within 2 months of effectiveness
2. Hiring of a two Assistant Internal Auditors	Internal Auditor	February, 2015
3. Hiring of a two Accounting Assistants	Accounts Manager	February, 2015
4. Updating of the Accounting Procedures Manual to make it more relevant	Accounts Manager	December 31, 2013
5. Training the FU staff in the use of the Sun Accounting software	Senior Director of Support Services Directorate	March 2014
6. Recruitment of the project external auditor under ToRs acceptable to IDA.	Accounts Manager	Not later than four months after project effectiveness.

## *Procurement*

### **(a) Capacity Assessment**

25. An assessment of the capacity of NaCSA as the project implementing agency has been carried out and concludes that it is in compliance with the country's procurement law. It has a Procurement Unit and a Procurement Committee that has the final decision making authorities in addition to adequate internal technical and administrative controls and anticorruption procedures.

26. NaCSA is noted to have implemented several donor-funded projects in the past, including Bank-funded projects, and is currently implementing a component of the Youth Employment Support Project, a Bank-funded project, using the mainstream staff.

27. The assessment noted that the procurement unit at NaCSA is staffed with three persons, headed by the Procurement Manager under the supervision of the Senior Director, Support Services Directorate. The Procurement Unit has experience with and knowledge of Bank-financed procurement. For the size and volume of procurement work envisaged under this project, NaCSA has technical staff that has knowledge and experience of Bank-financed procurement. Nonetheless, the staffs need to continuously update their knowledge in Bank guidelines to be abreast with the current provisions of the Bank-financed procurement.

28. Therefore, the assessment concluded that the existing Procurement Unit headed by the Ag. Procurement Manager under the supervision of the Senior Director, Support Services Directorate, must be maintained to carry out procurement for the proposed project. However, the staff of NaCSA procurement unit must have their skills sharpened in the use of the current Bank guidelines. Further, it is necessary to strengthen NaCSA capacity through training in procurement and contract management and continuous attendance of Bank monthly procurement clinics.

29. The overall procurement risk is rated *Substantial*. The key risk for procurement is: (i) insufficient understanding and application of the principles behind the current Bank procurement guidelines; and (ii) lack of strong capacity in contract management. Other risks include: (a) possible delays in processing procurement and payments; (b) the challenge of having realistic procurement plans covering the entire project period in place; and (c) inconsistencies between the national procurement procedures and the Bank procurement guidelines in the use of National Competitive Bidding procedures; (d) poor record keeping of the procurement documents.

30. The key procurement risk areas and proposed mitigation measures and/or actions are identified below:



**Table 10: Key Procurement Risks and Mitigation Actions**

<b>No</b>	<b>Key risks</b>	<b>Mitigation Actions</b>	<b>By Whom</b>	<b>By When</b>
1	Insufficient understanding and application of the principles current World Bank (WB) procurement guidelines	Sharpened procurement staff skills in the use of the current Bank procurement guidelines.  Prepare a simple but comprehensive procurement section of the Project Operational Manual, with clear procurement activities, actors, roles, and responsibilities.	NaCSA/ WB  NaCSA/ WB	Effectiveness
2	Lack of strong capacity in contract management	Further training of procurement and technical staff in procurement and contract management. Regular attendance of Bank monthly procurement clinics.	NaCSA/ WB	Throughout project life
3	Possible delays in processing procurement and payments	Prepare and finalize first batch of BDs, TORs, and RFPs prior to project effectiveness. Set standard processing times. Continuous tracking and monitoring of contract performance. Undertake yearly post-reviews in addition to compliance audit by Internal Audit department and Auditing Agency.	NaCSA	Continuous
4.	Realistic procurement plans covering the entire project not in place	A comprehensive procurement plan covering at least 18 months should be developed based on the project AWP and as part of the comprehensive procurement section of the Project Operational Manual	NaCSA	Before Negotiations
5	Fraud and Corruption (Kick-backs)	World Bank Fraud and Corruption provisions and Bank's audit and inspection rights shall be inserted in all bidding and contract documents. All contract opportunities and contract awards shall be advertised in newspapers of national circulation and also on NaCSA's website to ensure transparency. World Bank Guidelines, Anti-Corruption Guidelines, the Public Procurement Act on Fraud and Corruption shall be enforced. Cases of corruption/frauds shall be reported to	NaCSA	Throughout project life

		World Bank, Auditor General and Anti-Corruption Commission for further investigations		
6	Poor record keeping of the procurement documents	Adequate filing system for project records shall be set up to ensure easy retrieval of information/data. A responsible person for data management shall be designated. Procurement staff shall be provided with metallic cabinets with locks for secured keeping of the procurement documents.	NaCSA	No later than 3 months after Effective Date

**(b) Procurement Arrangements**

31. All procurement under the various components will be undertaken and managed by NaCSA.

32. **Applicable Guidelines:** Procurement under the proposed project would be carried out in accordance with the World Bank’s "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and updated January 2011; and the provisions stipulated in the Financing Agreement. The general description of various expenditure categories for items to be financed is described below. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame will be agreed between the Borrower and the Bank project team in the Procurement Plan (PP). The PP will be updated at least semi-annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

33. **Special Considerations:** Sierra Leone is on the 2013/14 harmonized list of Fragile and Conflict-affected Situations countries; therefore procurement under the project will trigger paragraph 11 of OP 10.0 Investment Project Financing and subsequently paragraph 20 of the Bank’s OP 11.0 Procurement in order to apply flexibilities and simplification to facilitate procurement implementation. These procurement arrangements draw on the Guidance Note on Simplified Procurement Procedures for Situations of Urgent Need of Assistance or Capacity Constraints issued in April 2013.

34. **Exceptions to National Competitive Bidding Procedures:** The procurement procedure to be followed for National Competitive Bidding (NCB) shall be the open competitive bidding procedure set forth in The Public Procurement Act, 2004, of Sierra Leone (the “Act”); provided, however, that such procedure shall be subject to the provisions of Section I, and Paragraphs 3.3 and 3.4 of the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011 - the “Procurement Guidelines”), and the following additional provisions below:

- a. Bidding documents acceptable to the Bank will be used.
- b. Eligibility to participate in a procurement process and to be awarded a Bank-financed contract will be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder will be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders will be allowed to participate in NCB procedures, and foreign bidders will not be obligated to partner with local bidders in order to participate in a procurement process.
- c. Bidding will not be restricted to pre-registered firms, and foreign bidders will not be required to be registered with local authorities as a prerequisite for submitting bids.
- d. No margins of preference of any sort (e.g., on the basis of bidder nationality, origin of goods, services or labor, and/or preferential programs) will be applied in the bid evaluation.
- e. Joint ventures or consortium partners will be jointly and severally liable for their obligations. Bidders will be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids will be submitted in a single envelope.
- f. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension will cover only the minimum period required to complete the evaluation and award a contract, but not to exceed thirty (30) days. No further extensions will be requested without the prior written concurrence of the Bank.
- g. All bids (or the sole bid if only one bid is received) will not be rejected, the procurement process will not be cancelled, and new bids will not be solicited without the Bank's prior written concurrence.
- h. Qualification criteria will be applied on a pass or fail basis.
- i. Bidders will be given at least twenty-eight (28) days from the receipt of notification of award to submit performance securities.
- j. In accordance with the Procurement Guidelines, each bidding document and contract will include provisions stating the Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.
- k. In accordance with the Procurement Guidelines, each bidding document and contract will include provisions stating the Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.

35. **Fraud and Corruption:** All procurement entities as well as bidders and service providers (i.e., suppliers, service providers, and consultants) will observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.16 and 1.17 (Fraud and Corruption) of the Procurement Guidelines and paragraph 1.23 and 1.24 (Fraud and Corruption) of the Consultants Guidelines, and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA

Credits and Grants”, dated October 15, 2006 and revised in January 2011, in addition to the relevant Articles of the Sierra Leone Public Procurement Act 2004.

36. **Advertising Procedures:** In order to capture the broadest audience from eligible bidders and consultants, a General Procurement Notice will be prepared by the implementing entity and published in the United Nations Development Business **online** (UNDB online), on the World Bank’s external website and in at least one newspaper of national circulation in the Borrower’s country, or in the official gazette, or a widely used website or electronic portal with free national and international access. The Borrower will keep a record of the responses received from potential bidders/consultants interested in the contracts and send them the Specific Procurement Notices.

37. Specific Procurement Notices for all goods and non-consulting services to be procured under International Competitive Bidding (ICB) and Expressions of Interest for all consulting services with a cost equal to or above US\$200,000 will be published in the UNDB online, on the Bank’s external website, and in at least one newspaper of national circulation in the Borrower’s country, or in the official gazette, or a widely used website or electronic portal with free national and international access. Specific Procurement Notices (SPN) for goods and non-consulting services to be procured using National Competitive Bidding (NCB) will be published in at least one newspaper of national circulation in the Borrower’s country.

38. **Procurement of Works:** At project preparation, no plans for works procurement under this project were identified. Therefore no works will be financed under the Project.

39. **Procurement of Goods:** Goods procured under the project would include equipment, vehicles, software, office equipment, computers, and accessories, etc. Contracts for goods estimated to cost US\$500,000 equivalent or more per contract will be procured through ICB using the Bank’s Standard Bidding Documents (SBD). Goods orders will be grouped into larger contracts wherever possible to achieve greater economy. Contracts estimated to cost less than US\$500,000 but equal to or above US\$200,000 equivalent per contract may be procured through NCB using the National Standard Tender Documents satisfactory to the Bank. Contracts estimated to cost less than US\$200,000 equivalent per contract may be procured using shopping procedures in accordance with paragraph 3.5 of the Procurement Guidelines and based on a model request for quotations satisfactory to the Bank. Shopping consists of the comparison of at least three price quotations in response to a written request. Higher thresholds for shopping can be applied in accordance with Guidance Note on Simplified Procurement Procedures for Situations of Urgent Need of Assistance or Capacity Constraints issued in April 2013 subject to World Bank clearance. Direct contracting may be used in exceptional circumstances with the prior approval of the Bank, in accordance with paragraphs 3.7 and 3.8 of the Procurement Guidelines.

40. **Procurement of Non-Consulting Services:** Procurement of non-consulting services (e.g., services for organizing workshops to disseminate information, transport services, data collection, service office equipment) will follow procurement procedures similar to those stipulated for the procurement of goods, depending on their nature. The applicable methods will include ICB, NCB, and shopping. The procurement of the cash transfer service providers will be conducted using procedures for the procurement of non-consulting services. Bidding for cash transfer services would be open to both mobile phone service providers as well as financial institutions.

The bids would be compared based on the price of promptly and securely disbursing cash to all identified eligible beneficiaries to within not more than 4km of their dwellings, including maintenance of an audit trail of the receipt of funds and disbursement of cash.

41. **Framework Agreements:** For: (i) off-the-shelf goods and (ii) simple non-consulting services that may be required from time to time, framework agreements may be entered with suppliers or providers of non-consulting services for a maximum duration of three years with prior approval by the Bank in accordance with paragraph 3.6 of the Procurement Guidelines.

42. **Selection of Consultants:** Consulting services for household surveys, technical assistance, audits, and other studies are to be procured under the project. Studies for the registration of cash transfer beneficiaries would mainly require the services of Statistics Sierra Leone (SSL), which will conduct the surveys for targeting and the National Registration Services (NRS), which issues national identity cards. SSL would enter into a contract with NaCSA for all the surveys and data analyses needed for targeting and identifying beneficiaries. Other studies would involve the selection of firms or individuals. **(a) Firm** - The selection method for consulting firms would include Quality and Cost Based Selection (QCBS), Quality Based Selection (QBS), Fixed Budget (FBS), Least Cost Selection (LCS), Single Source Selection (SSS), as appropriate. Contracts for consulting services will generally be procured through the QCBS method. However, depending on the complexity and cost of the assignment other selection methods could be used. Procedures for QBS would be followed for assignments which meet the requirements of paragraph 3.2 of the Consultant Guidelines; Procedures for FBS would be followed for assignments which meet the requirements of paragraph 3.5 of the Consultant Guidelines; and Procedures for SSS would be followed for assignments which meet the requirements of paragraphs 3.8-3.12 of the Consultant Guidelines and will always require the Bank's prior review regardless of the estimated cost. Consulting services estimated to cost less than US\$300,000 per contract under this project may be procured following the procedures of Selection Based on Consultants' Qualifications (CQS) and for higher amounts CQS can be applied in accordance with Guidance Note on Simplified Procurement Procedures for Situations of Urgent Need of Assistance or Capacity Constraints issued in April 2013 subject to World Bank clearance. LCS would be used for assignments for selecting the auditors and for other assignments of a standard or routine nature, and will be followed in accordance with paragraph 3.2 of the Consultant Guidelines. For all contracts to be awarded following QCBS, QBS, LCS, and FBS, the Bank's Standard Request for Proposals will be used. Selection of consulting firms will include launching a Request for Expressions of Interest, preparing short-lists and issuing a Request for Proposal using Banks' standard formats, when and as required by the Bank's Guidelines. **(b) Individual Consultants** - Specialized advisory services and technical assistance to NaCSA and other beneficiary agencies may be provided by individual consultants. Procedures of Selection of Individual Consultants (IC) would be followed for assignments that meet the requirements Section V of the Consultant Guidelines.

43. Assignments to be carried out by competitively selected firms and estimated to cost the equivalent of US\$200,000 or more would be advertised for expressions of interest (EOI) on the United Nations Development Business (UNDB) online, on the Bank's external website through client connection, and in at least one newspaper of wide national circulation. In addition, EOI for specialized assignments may be advertised in an international newspaper or magazine. A shortlist of firms for assignments estimated to cost less than US\$100,000 equivalent per contract

(\$200,000 for Engineering Design & Contract Supervisions) may be composed entirely of national firms in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines provided a sufficient number of qualified national firms are available and no foreign consultants desiring to participate has been barred. In such instances, the requests for EOI would be advertised nationally.

44. The use of civil servants as individual consultants or a team member of firms will strictly follow the provisions of paragraphs 1.9 to 1.13 of the Consultants Guidelines.

45. **Incremental Operating Costs.** Operating Costs financed by the project are incremental expenses arising under the project, and based on annual work plans and budgets approved by the Association to cover project implementation-related expenditures pursuant to the Financing, but excluding the salaries of the recipient's civil service. The procedures for managing these expenditures will be governed by the Borrower's own administrative procedures, acceptable to the Bank. Operating expenditures are neither subject to the Procurement and Consultant Guidelines nor prior or post reviews. Operating expenditures are normally verified by TTLs and Bank's FM Specialists and shall be detailed in PIM FM section.

46. **Capacity Building, Training Programs, Workshops, Seminars, and Conferences, etc.:** All training and workshop activities will be carried out on the basis of approved annual training plans that identify the general framework of training activities for the year, including: (i) type of training or workshop; (ii) personnel to be trained; (iii) selection methods of institutions or individuals conducting such training; (iv) institutions which would conduct the training; (v) justification for the training, how it would lead to effective performance and implementation of the project and/or sector; (vi) duration of the proposed training; and (vii) cost estimate of the training. Upon completion of training, trainees will be required to file a report. Workshop venues and training materials would be procured by comparing at least three quotations under shopping arrangements. The contracts for the procurement of workshop venues and training materials as well as the contracts for the selection of trainers or training institutions would be included in the Project Procurement Plan for the Bank's approval. Selection of consultants for training services follows the requirements for selection of consultants above.

47. **Prior-Review Thresholds Levels:** In line with the country's prior review thresholds, the Procurement Plan will set forth those contracts (Goods, Non-consulting Services, and Consulting Services) that will be subject to the Bank's prior review. Generally, contracts to be prior reviewed are as indicated in the table below. Prior Review Contracts for the Hiring of Individual Consultants: Apart from legal work and procurement assignments, irrespective of the thresholds and category of risk, which will respectively be reviewed by the LEG VPU Unit with the relevant expertise and the designated Procurement Specialist or Regional Procurement Manager as required, review of the selection process for all other individual consultants (Technical Experts) will be reviewed solely by the TTL. However, relevant contracts below prior review thresholds which are deemed complex and/or have significant risk levels will be prior-reviewed. Such contracts will also be identified in the procurement plans. All other contracts will be subject to Post Review by the World Bank. All terms of reference for consultants' services, regardless of contract value, will also be subject to the Bank's prior review. All Sole source selection and direct contracting will be subjected to Bank's prior review. A summary of prior review and procurement method thresholds for the project are indicated in Table 11.

Table 11: Details of Current Procurement Threshold for Procurement Methods

Expenditure Category	Contract Value (Threshold) (US\$)	Procurement Method	Contract Subject to Prior Review
<b>1. Goods and Non-Consulting Services</b>	$C \geq 1,000,000$	ICB	All contracts
	$500,000 \leq C < 1,000,000$	ICB	None (except Specified contracts as indicated in the procurement plan)
	$200,000 \leq C < 500,000$	NCB	None (except Specified contracts as indicated in the procurement plan)
	$C < 200,000$	Shopping	None
	All values	Direct Contracting	All contracts
<b>2. Consultancy Services</b>	$C \geq 500,000$	QCBS, QBS, FBS, LCS	All contracts
	$200,000 \leq C < 500,000$	QCBS, QBS, FBS, LCS	Only TORs
	$200,000 \leq C < 300,000$	CQS	Only TORs
	$C < 200,000$ firms	QCBS; QBS, FB, LCS; CQS;	Only TORs
	$C \geq 100,000$ individuals	IC	All contracts
	$C < 100,000$ individuals	IC	Only TORs (and Specified contracts as indicated in the procurement plan)
	No threshold	Single Source (Selection Firms & Individuals)	All contracts
<b>3. Training, Workshops, Study Tours</b>	All values	To be based on Annual Training Plan & Budget	All Training

ICB – International Competitive Bidding      QCBS – Quality and Cost-Based Selection method      FBS - Selection under a Fixed Budget  
 NCB – National Competitive Bidding      CQS – Consultants’ Qualification Selection method      QBS - Quality Based Selection method  
 IC – Individual Selection method      LCS - Least-Cost Selection  
 Note: All ToRs regardless of the value of the contract are subject to prior review.

*Remark: The World Bank may, at its own discretion, require that a sample of contracts below the threshold be subject to prior review, at any time or when the Procurement Plan is updated.*

48. **Procurement Documents:** Procurement will be carried out using the Bank’s latest Standard Bidding Documents (SBD) or Standard Request for Proposal (RFP) respectively for all ICB for goods and non-consulting services and recruitment of consultants. For NCB, the borrower will submit a sample form of bidding documents to the Bank for prior review after incorporating the exceptions listed above and will use this type of document throughout the project once agreed upon. The Sample Form of Evaluation Reports developed by the Bank will be used. NCB SBD will be updated to include clauses related to Fraud and Corruption, Conflict of Interest, Bank’s inspection and auditing rights and Eligibility requirements consistently with the Bank procurement guidelines dated January 2011.

49. **Procurement Plan:** The Borrower has developed a procurement plan, by extracting the procurable items in the related activities under the respective components of the project that can be identified upfront and will provide the basis for the procurement methods. This plan will be agreed between the Borrower and the Bank, made available in the image bank, and made publicly available online. This plan will be updated semi-annually, and as and when required, to reflect the latest circumstances. It will also be available in the project's database and in the Bank's external website.

50. **Publications of Awards and Debriefing:** In accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011; the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, for all ICBs, a request for proposal that involves international consultants and direct contracts, the contract awards will be published in UN Development Business online and on the Bank's external website within two weeks of receiving IDA's "no objection" to the recommendation of contract award. For other types of procurements the contract awards will be published in National press, i.e. the national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. For goods, and non-consulting services, the information to publish will specify: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated prices of each bid that was evaluated; (iv) name of bidders whose bids were rejected and the reasons for their rejection; and (v) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded. For consultants, all consultants competing for an assignment involving the submission of separate technical and financial proposals, irrespective of its estimated contract value, should be informed of the result of the technical evaluation (number of points that each firm received), before the opening of the financial proposals. Furthermore, the following information must be published: (i) names of all consultants who submitted proposals; (ii) the overall technical scores and scores assigned for each criterion and sub-criterion to each consultant; (iii) the prices offered by each consultant as read out and as they have been evaluated; (iv) the final combined scores and the final ranking of the consultants; and (v) the name of the successful consultant and the total price, duration, and summary scope of the contract.. The same information will be sent to all consultants who have submitted proposals. The Borrower's implementing agency will be required to offer debriefings to unsuccessful bidders and consultants, should the individual firms request such a debriefing.



