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June 12, 2019

**Closing Date: Monday, July 1, 2019
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

Sierra Leone – Sierra Leone Social Safety Net Project

Second Additional Financing

Project Paper

Attached is the Project Paper regarding a proposed second additional grant to Sierra Leone for the Sierra Leone Social Safety Net Project (IDA/R2019-0210/1), which is being processed on an absence-of-objection basis.

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Report No: PAD3124

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED SECOND ADDITIONAL GRANT

IN THE AMOUNT OF SDR 21.7 MILLION
(US\$ 30 MILLION EQUIVALENT)

TO THE

REPUBLIC OF SIERRA LEONE

FOR THE

Sierra Leone Social Safety Net Project

June 10, 2019

Social Protection & Labor Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2019)

Currency Unit = Sierra Leonean leone (Le)

Le 8,655 = US\$1

US\$ 1 = SDR 0.72162568

FISCAL YEAR

January 1 - December 31

Regional Vice President: Hafez M. H. Ghanem

Country Director: Henry G. R. Kerali

Senior Global Practice Director: Michal J. Rutkowski

Practice Manager: Iffath Anwar Sharif

Task Team Leader(s): Sarah Coll-Black, Abu Kargbo

ABBREVIATIONS AND ACRONYMS

A4P	Agenda for Prosperity
ACC	Anti-Corruption Commission
AF	Additional Financing
AF2	Second Additional Financing
APA	Alternate Procurement Arrangements
CERC	Contingent Emergency Response Component
CPF	Country Partnership Framework
CSO	Civil Society Organizations
DLI	Disbursement-Linked Indicators
FM	Financial Management
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IAF	Inter-Agency Forum
IFRs	Interim Financial Reports
IMF	International Monetary Fund
IPF	Investment Project Financing
IPV	Intimate Partner Violence
ISR	Implementation Status and Results Report
M&E	Monitoring and Evaluation
MIS	Management Information System
MPA	Multiphase Programmatic Approach
NaCSA	National Commission for Social Action
NaSSIT	National Social Security Insurance Trust
NGOs	Non-governmental Organization
NSPP	National Social Protection Policy
OECD	Organisation for Economic Co-operation and Development
PDO	Project Development Objective
PFM	Public Financial Management
PIM	Project Implementation Manual
PMT	Proxy Means Test
PPP	Purchasing Power Parity
PPSD	Project Procurement Strategy for Development
PRSP	Poverty Reduction Strategy Paper
PSP	Payment Service Provider
PWD	Person with Disability
SCD	Systematic Country Diagnostics
SGBV	Sexual and Gender-based Violence
SLIHS	Sierra Leone Integrated Household Survey

SMS	Short Message Services
SOP	Series of Projects
SORT	Systematic Operations Risk-Rating Tool
SPRINT	Social Protection Registry for Integrated National Targeting
SSL	Statistics Sierra Leone
SSN	Social Safety Nets
STEP	Systematic Tracking of Exchanges in Procurement
TF	Trust Fund
TSC	Technical Steering Committee
UN	United Nation
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WFP	World Food Programme

**REPUBLIC OF SIERRA LEONE
SECOND ADDITIONAL FINANCING FOR SIERRA LEONE SOCIAL SAFETY NET PROJECT (P167757)**

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BASIC INFORMATION – PARENT (Sierra Leone Safety Nets Project - P143588)

Country Sierra Leone	Product Line IBRD/IDA	Team Leader(s) Sarah Coll-Black		
Project ID P143588	Financing Instrument Investment Project Financing	Resp CC GSP08 (9737)	Req CC AFCW1 (6547)	Practice Area (Lead) Social Protection & Jobs

Implementing Agency: National Commission for Social Action

Is this a regionally tagged project?	
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Bank/IFC Collaboration No

Approval Date 25-Mar-2014	Closing Date 31-Dec-2019	Original Environmental Assessment Category Not Required (C)	Current EA Category Not Required (C)
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Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-Linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

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.

Ratings (from Parent ISR)

	Implementation					Latest ISR
	18-Apr-2016	21-Nov-2016	16-Jun-2017	17-Jan-2018	06-Sep-2018	23-May-2019
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	MS	MS	S	S	S	MS
Overall Safeguards Rating	—	—	—	—	—	—
Overall Risk	M	M	M	M	M	M

BASIC INFORMATION – ADDITIONAL FINANCING (Sierra Leone SSN Project Second Additional Financing - P167757)

Project ID P167757	Project Name Sierra Leone SSN Project Second Additional Financing	Additional Financing Type Restructuring, Scale Up	Urgent Need or Capacity Constraints No
Financing instrument Investment Project Financing	Product line IBRD/IDA	Approval Date 01-Jul-2019	
Projected Date of Full Disbursement 30-Jun-2023	Bank/IFC Collaboration No		
Is this a regionally tagged project? No			



Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-Linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed	
IBRD					0 %
IDA	17.00	14.39	2.14		87 %
Grants	4.30	4.30			100 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Sierra Leone SSN Project Second Additional Financing - P167757)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	24.72	31.00	55.72
Total Financing	24.72	31.00	55.72
of which IBRD/IDA	17.00	30.00	47.00
Financing Gap	0.00	0.00	0.00

DETAILS - Additional Financing



World Bank Group Financing

International Development Association (IDA)	30.00
IDA Grant	30.00

Non-World Bank Group Financing

Trust Funds	1.00
Global Facility for Disaster Reduction and Recovery	1.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
National PBA	0.00	30.00	0.00	30.00
Total	0.00	30.00	0.00	30.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Finance, Competitiveness and Innovation
Health, Nutrition & Population

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag**

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

PROJECT TEAM**Bank Staff**

Name	Role	Specialization	Unit
Sarah Coll-Black	Team Leader (ADM Responsible)		GSP08
Abu Kargbo	Team Leader		GSP08
Sunday Esene Osoba	Procurement Specialist (ADM Responsible)		GGOPA
Innocent Kamugisha	Procurement Specialist		GGOPA
Victor Boakye-Bonsu	Financial Management Specialist (ADM Responsible)		GGOAS
Fisseha Tessema Abissa	Environmental Specialist (ADM Responsible)		GENA2
Gloria Malia Mahama	Social Specialist (ADM Responsible)		GSU20
Alidu Babatu Adam	Social Specialist		GSU20
Andrea Martin	Team Member		GSP01
Barry Patrick Maher	Team Member		GFCAS
Donald Herrings Mphande	Team Member		GGOAS
Frank Anthony Fariello	Counsel		LEGAM
Isadora Nouel Cordido	Team Member		GSP08



Jenny Helena Dangre	Team Member		LEGAM
Johnson Mwebaze	Team Member		GSP08
Joseph Amara Kaindaneh	Environmental Specialist		GENA2
Maiada Mahmoud Abdel Fattah Kassem	Team Member	Disbursement Officer	WFACS
Samik Adhikari	Team Member		GSP08
Shiyong Wang	Team Member		GHN13
Steisianasari Mileiva	Team Member		GSP07
Sumati Rajput	Team Member		GFDRR
Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks the approval of the Executive Directors to provide an additional IDA grant in an amount of SDR 21.7 million (US\$ 30 million equivalent) to the Republic of Sierra Leone for the Social Safety Net (SSN) Project.** The proposed second Additional Financing (AF2) was requested by the Government of Sierra Leone (GoSL) in March 2019. The proposed AF2 aims to expand the coverage of the SSN Project to provide income support to extremely poor households in all 16 districts of Sierra Leone, thus providing national coverage of the SSN program, and further strengthen the key building blocks of the country's basic national safety net system. The total costs of the additional financing and the targets set out in the Results Framework are projected to be US\$31 million. The additional US\$1 million will be covered by a grant from the Global Risk Financing Facility which is currently being processed. The closing date of the parent project will be extended to June 30, 2023.

2. **The proposed AF2 is fully aligned with the policy objectives of the Government of Sierra Leone.** As set out in its Medium-Term National Development Plan, the GoSL aims to reduce poverty by providing social transfers to poor and vulnerable households in the country.¹ The proposed AF2 would thus directly contribute toward achieving this policy objective of the Government. It is also strategically aligned with the World Bank's Systematic Country Diagnostic (SCD) report for Sierra Leone², which emphasizes social protection as a key instrument to alleviate poverty by helping poor households manage risk and vulnerability effectively, and with the draft Country Partnership Framework (CPF), which is under preparation, in its goal to empower poor households in achieving better human capital outcomes and accessing jobs. Furthermore, the World Bank aims to increase social protection coverage of the poorest quintile in low-income countries from 20 percent to 30 percent by 2023.³

3. **The proposed AF2 is fully compliant with the World Bank Policy on Investment Project Financing (IPF) and the accompanying World Bank procedures for AF.** The SSN is well-performing with Implementation Status and Results Report (ISR) ratings for implementation progress and development objectives consistently rated Moderately Satisfactory or better over the life cycle of the project and shows full compliance with key loan covenants. There are no outstanding audits or overdue reports.

B. Project Implementation Status

4. **Project background.** The SSN Project is funded through an IDA grant of US\$17 million (IDA Grants D0920 and H9250), US\$4.3 million from the Ebola Recovery and Reconstruction Trust Fund (TF A0806), and a counterpart contribution of the GoSL of US\$7.5 million⁴. The project aims 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. The project includes three components: (a) Development of Systems for Implementation of Social Safety Net Interventions, (b) Cash Transfers to Extremely Poor Households, and (c) Project Management and Capacity Building. The project is implemented by the National Commission for Social Action (NaCSA), in partnership with the Anti-Corruption Commission (ACC) and Statistics Sierra

¹ Sierra Leone, Draft National Development Plan (2019–2023), Page 84.

² Dated February 6, 2018

³ The Human Capital Business Plan (launched at the 2019 Spring Meetings).

⁴ The counterpart contribution of the Government to the SSN was increased from US\$2.5 million to US\$7.5 million in late 2017. This amount has been revised downwards as part of the AF2. See paragraph 30 for more information.



Leone (SSL). The original project was approved on March 25, 2014, and the first AF of the project was approved on August 6, 2015. The parent project is currently scheduled to close on December 31, 2019.

5. **Progress toward the Project Development Objective (PDO) and implementation program are rated as Satisfactory and Moderately Satisfactory respectively.** The project is providing income support to extremely poor households in Sierra Leone. As recorded in the last ISR, dated May 2019, all the PDO-level indicators, except for the one on grievance resolution, are either on track to be met or have exceeded their end project targets. The project has supported more beneficiaries than was initially envisioned, reaching 30,453 beneficiaries as of late 2017, compared to the original target of reaching 30,000 beneficiaries by June 2019. Within these, a higher proportion of beneficiaries are female—92.1 percent compared to the end target of 70 percent. Beneficiary households receive payments each quarter, which are valued at Le 250,000 (which is currently equivalent to US\$29). Importantly, an independent targeting assessment found that the SSN is reaching extremely poor households. Payments to beneficiaries are increasingly being made on time, although recent events have slowed down this progress,⁵ and are complemented by a set of behavioral change workshops that aim to promote health and nutrition practices among beneficiaries, thus contributing toward building human capital among the poorest households.

6. **Through the SSN, the GoSL has established the key building blocks for a national social protection system** and is slowly expanding the use of these systems to include other projects and initiatives. The SSN has adopted a three-stage targeting process (geographical targeting, community-based targeting, and verification through a proxy means test [PMT]), which has been shown to effectively reach extremely poor households in rural Sierra Leone.⁶ The data collected on households through the SSN targeting process have been the basis for establishing the Social Protection Registry for Integrated National Targeting (SPRINT). Other programs are increasingly sharing data on beneficiaries with SPRINT,⁷ thus enabling SPRINT to evolve into a national social registry. While it was initially envisioned that the SSN would make payments to beneficiaries through a system of mobile payments, electronic payments has not been feasible due to the poor mobile network ecosystem, poor infrastructure, and significant limitations in the banking infrastructure in Sierra Leone. These factors have required that NaCSA identify other means of making payments regularly throughout the country. Payments are thus made to beneficiaries in cash through a third-party payment provider, with a number of innovations to ensure strong fiduciary oversight around the payment to beneficiaries, such as the use of smartphone data capturing, including photos for payment identification and verification, beneficiary identification (ID) cards with quick response codes, and issuance of payment vouchers and payment reconciliation tools.

7. To complement the robust targeting and payments systems, the ACC has established a grievance redress mechanism (GRM) and anti-corruption measures for the SSN that aim to help ensure that the

⁵ This upward trend in payments continued until early 2018. In March 2018, the country held national elections and a decision was made to suspend payments during this period (as documented in the November 2017 Aide Memoire). To compensate for this delay, NaCSA then paid two quarters together in November/December 2018. NaCSA is currently procuring a new payment provider, as the contract with the former provider had closed and concerns were raised about the capacity of that organization to continue making payments. As this procurement is ongoing, payments were delayed in the first quarter of 2019 and are anticipated to continue into the second quarter of 2019.

⁶ Lertsuridej, M, and M. Spivack. 2017. *Sierra Leone Social Safety Nets Project: Targeting Assessment Report*.

⁷ This occurred during the Ebola response and more formalized data sharing arrangements will be established through AF2 to enable regular sharing of data.



project reaches the intended beneficiaries. As of December 2018, 42 percent of grievances lodged with the project have been resolved within the three-month time frame. The low percentage of grievance resolution within the three months is associated with the absence of a GRM at the community level to take up and help resolve grievances. Thus, NaCSA and the ACC are seeking to put in place such a community-level structure, which will be elaborated more fully in AF2 (see below).

8. **This progress in implementation is reflected in the findings of a recently completed assessment.**⁸ The assessment found that (a) the SSN program was targeting the most vulnerable households within their communities, (b) SSN payments are timely and received by beneficiaries in intended amount, (c) the SSN has enabled beneficiaries to send more of their children to school, and (d) the SSN is helping households seek health care services. These findings reflect those documented through robust impact evaluations of cash transfers in other countries.

9. **Status of disbursement and legal covenants.** As of April 2019, the SSN Project has disbursed US\$18.69 million out of US\$21.3 million, equivalent to 89.7 percent (corresponding to 87.0 percent of the IDA grant D0920, 100 percent of IDA grant H9250, and 100 percent of the TF grant A0806). In comparison, the Government has only disbursed US\$920,000 of the US\$7.5 million counterpart contribution allocated to the SSN⁹. The project is in full compliance with the three legal covenants: (a) update of the procurement filing and record-keeping system, (b) appointment of a consultant for NaCSA's internal audit service and two assistant internal auditors, and (c) appointment of an external auditor.

10. **Procurement:** The project maintains strong fiduciary measures. NaCSA relies on its Procurement Unit to undertake procurement for the SSN. The project continues to apply the mitigation measures put in place during the appraisal of the original project: (a) building procurement staff's skills in the application of the principles behind the current World Bank Procurement Regulations and (b) updating a detailed Project Implementation Manual (PIM) with clear procurement actions, roles, and responsibilities. The procurement activities had experienced some delays due to the resignation of the project procurement officer. NaCSA has responded to this by (a) assigning responsibility for procurement to another member of the project team and (b) providing support to the project through its Procurement Department. The procurement performance is currently rated Moderately Satisfactory.

11. **Financial management (FM).** The existing FM systems satisfy the minimum requirements under Bank Policy/Directive: Investment Project Financing and NaCSA continues to apply the requirements set out in the original project: (a) a strengthened internal audit system of NaCSA, (b) training staff in SUN accounting system, and (c) an FM Manual. While the SUN accounting system is in place, its use is still suboptimal. In addition, the budgeting, accounting, and financial reporting; internal audit and control; funds flow and disbursements; and external audit assurance arrangements remained adequate, as

⁸ In 2018, a rapid assessment using both quantitative and qualitative methods was conducted by the SSL on the perceptions of beneficiaries and non-beneficiaries on the impact of the program, reported use of benefit, the risk of leakage, and social cohesion aspects given the fragile context. This study covered six project districts.

⁹ This counterpart contribution value has been formally revised downwards as part of the AF2. See paragraph 30 for more information on the revisions related to Government's counterpart contribution. The Government allocated US\$2.5 million to the SSN through the original project and the first additional financing, of which it paid US\$ 0.309. Late in 2017, the Government allocated a further US\$5 million to the SSN, which was restructured to recognize this amount as counterpart funding. In 2019, the Government disbursed US\$3.11 million to the SSN, which it is being released in installments. Of this amount, US\$0.6 million has been received by NaCSA, with a further US\$0.6 million underway.



concluded by the FM review during the February 10–March 2, 2019, World Bank mission. The project maintains qualified and adequate staff. The FM performance is currently rated Moderately Satisfactory.

B. Rationale for Additional Financing

Country Context

12. **Sierra Leone experienced strong economic growth from 2001 to 2014, which came to a halt after the Ebola crisis.** Before the twin shocks of the Ebola virus outbreak and a sharp drop in iron ore prices, the economy in Sierra Leone grew at an average of 8 percent per year between 2003 and 2012.¹⁰ Agriculture was the largest contributor to economic growth during this period, growing at an average of 8 percent per year and contributing to almost 50 percent of the total increase in real gross domestic product (GDP) between 2001 and 2014.¹¹ Industry, driven by two large-scale iron ore and mining projects, and services were the second and the third largest contributors to growth, respectively. However, since the twin shocks, agricultural exports and manufacturing outputs have declined sharply, and the GDP has contracted by more than 21 percent.¹²

13. **Despite periods of strong economic growth, poverty and food insecurity remain high in Sierra Leone.** Even though recent estimates are not available, the poverty headcount rate based on the national poverty line was 53.8 percent in 2011, having decreased by 12.6 percentage points since 2003.¹³ A World Food Programme (WFP) assessment conducted after the Ebola crisis found that 49.8 percent of all households in Sierra Leone were food insecure and 8.6 percent were severely food insecure.¹⁴ Poverty and food insecurity levels were much higher in rural areas compared to urban areas.¹⁵ Shocks, including four floods; global economic deterioration such as the 2007/2008 food, fuel, and financial crisis; the Ebola outbreak; and fall in the iron ore prices, have adversely affected economic activity in the last five years. In May 2018, the Government removed fuel subsidies, leading to a 33 percent increase in the retail price of fuel and an 18 percent increase in the price of public transportation.¹⁶ There are ongoing talks about further economic reforms and subsidy removals, generating the need to establish mitigating measures to protect the poorest. Previous shocks have induced households to deplete their human and physical assets, for example, by selling their livestock or pulling their children out of school.¹⁷ The effects are felt the most by the poorest people who have the fewest coping mechanisms.

14. **Sierra Leone has some of the lowest human capital outcomes in the world.** A child born in Sierra Leone today can only be 35 percent as productive when she is 18 as she could be if she enjoyed complete education and full health. The World Bank's Human Capital Index shows that a child born in Sierra Leone has lower chances of surviving until the age of five, worse test scores in school, and poorer health outcomes and survival in adulthood compared to a child born in the average low-income country or other countries in Sub-Saharan Africa.¹⁸ Within the country, more than 30 percent of children under 5 years in

¹⁰ IMF (International Monetary Fund). 2016. *Article IV Consultation and Fifth Review*, Page 4.

¹¹ World Bank. 2018. *Sierra Leone: Systematic Country Diagnostics*, Page ix.

¹² IMF. 2016. *Article IV Consultation and Fifth Review*, Page 4.

¹³ *Ibid.*, 17.

¹⁴ WFP. 2015. *State of Food Security in Sierra Leone*.

¹⁵ World Bank. 2018. *Sierra Leone: Systematic Country Diagnostics*, Page 18.

¹⁶ World Bank. 2019. *Impact of Fuel Price Liberalization on Poverty and Inequality in Sierra Leone (Draft)*.

¹⁷ *Ibid.*, 65.

¹⁸ World Bank. 2018. *Human Capital Project*.



the bottom two consumption quintiles are stunted compared to 18 percent in the richest quintile.¹⁹ Rural areas and areas not in the western region of the country have achieved lower human capital outcomes. Close to 100,000 people (approximately 1.3 percent of the total population) are living with disabilities, with 67 percent of them residing in rural areas.²⁰ In 2009, a World Bank report on disability found that persons with disabilities (PWDs) are overrepresented among the poorest and have limited access to basic services and economic opportunities.²¹ To create the conditions for economic growth and poverty reduction, Sierra Leone must invest in its people, particularly the poor.

15. **While Sierra Leone has made progress in recent years in enhancing the well-being of women, significant gender disparities remain.** Women experience lower benefits than men across a range of indicators. For example, 19.2 percent of adult women obtained at least a secondary level of education as compared with 32.3 percent of their male counterparts.²² For every 100,000 live births, 1,360 women die from pregnancy-related causes.²³ With regard to employment, the 2014 Labor Force Survey found that, holding all other characteristics constant, men earn three times more than women in wage employment, 2.5 times more in self-employment, and nearly double in agriculture. Women are traditionally excluded from jobs in construction and mining, which are currently the highest paid unskilled sectors.²⁴ Advancing economic opportunities for women could help reduce high fertility rates,²⁵ especially for women from poor households, as poverty is correlated with larger household size.

Sectoral and Institutional Context

16. **Social protection has become an important instrument in the development agenda of Sierra Leone.** The Sierra Leone Medium-Term National Development Plan (2019–2023), which is the Government’s new Poverty Reduction Strategy Paper, identifies social protection as a key instrument for poverty eradication under Cluster 2: Human Development, Strategic Objective 4.5. The country’s earlier National Development Plan (2013–2018), the Agenda for Prosperity (A4P), had also devoted a pillar to social protection, showing the Government’s continuous prioritization of the sector in national level documents. The A4P stressed the implementation of the 2011 National Social Protection Policy (NSPP) to complement the effects of economic growth in building resilience and developing social protection policies, institutions, and programs. The NSPP was revised in 2018 to reflect new emergencies and vulnerabilities and to redefine the institutional arrangements for implementation of said policies. Currently, the National Social Protection Strategy and the Social Transfer for Emergency Preparedness Response Plan are being prepared by the Government to guide investments in the sector.

¹⁹ UNICEF (United Nations Children’s Fund). 2017. *Multi-Indicator Cluster Survey (MICS)*.

²⁰ UNFPA (United Nations Population Fund). 2017. Thematic Report on Disability based on the 2015 population and housing census data. Highest number of PWDs have physical disability (30.7 percent with a majority due to polio), visual (27.7 percent), and hearing/speech (12.5 percent).

²¹ World Bank. 2009. *Escaping Stigma and Neglect: People with Disabilities in Sierra Leone*.

²² UNDP (United Nations Development Programme). 2018. *Sierra Leone; Human Development Indices and Indicators: 2018 Statistical Update*.

²³ WHO (World Health Organization). 2016. *Maternal Death Surveillance and Response: Annual Report 2016*.

²⁴ Statistics Sierra Leone. 2014. *Labor Force Survey 2014*.

²⁵ See Bandeira et al. (2018), *The Economic Lives of Young Women in the Time of Ebola: Lessons from an Empowerment Program*, which evaluates the Empowerment and Livelihoods for Adolescent girls (ELA clubs) intervention, run by the nongovernmental organization (NGO) BRAC, and a club space for girls where life skills, vocational training, and microfinance (for ages 18 and above) were provided.



17. **Through the SSN, the Government has incrementally built a social protection platform that has been instrumental in fighting poverty and mitigating the effect of shocks.** In 2011, a Social Protection Assessment was carried out, which recommended the establishment of systems to increase the cost-effectiveness of interventions and to improve coordination between actors implementing social protection and related programs. The SSN Project was launched in 2014 to establish the core social protection system and progressively expand the coverage of cash transfers to extremely poor households. In the initial phase, the SSN was launched in the poorest district in each of the four regions, with a total of 12,000 extremely poor households receiving quarterly transfers. When the Ebola crisis erupted, the program was further expanded in these four districts and other districts that were heavily affected by the crisis. As a result, the allocation of beneficiaries across districts reflects the geographic distribution of poverty and Ebola. With the proposed AF2, the SSN will return to allocating resources geographically based on poverty, thereby laying the foundation for a national safety net program.

18. **The Government has taken important steps to improve the coordination of the social protection sector, although coverage remains low in comparison to need.** The Social Protection Secretariat was established within NaCSA to lead the development of common social protection systems and enhance policy coordination. National coordination mechanisms have since been established and are functioning regularly: (a) the National Social Protection Inter-Agency Forum (IAF), chaired by the Office of the Vice President and composed of ministers, and (b) the Social Protection Technical Steering Committee (TSC), composed of technical directors from key sector ministries. While the sector has moved toward a more coordinated approach through these mechanisms, including through strong participation in the establishment of the social protection systems, the coverage of social protection programs remains low in comparison to the extent of need in the country. The current scale of the SSN program, the Government's flagship program, reaches roughly 30,000 households, which is less than a quarter of extremely poor households.

19. **The social protection delivery systems have proven to be instrumental in responding to a range of shocks.** During the Ebola crisis, the GoSL coordinated donor resources, including from the World Bank, to engage in a rapid scale-up of standardized cash transfer interventions benefiting nearly 60,000 of the poorest households across the country.²⁶ A similar approach was taken in the response to the recent floods, funded largely from humanitarian budget lines. However, recurring disasters have also shown that there are important areas for improvement. Lack of flexibility and coordination limited the Government's ability to mobilize resources rapidly and adequately to both predictable and unexpected crises. The need to improve disaster risk management features in the National Development Plan, as does the need to establish a National Disaster Management Agency and invest in requisite technologies to cushion against shocks. At the same time, the Government is considering further economic reforms to improve its fiscal situation, such as the removal of subsidies, which would have a direct impact on the ability of poor households to meet their basic needs. Strengthening the Government's social protection system would create a platform for the Government to quickly and systematically scale up to protect households from the negative effects of economic shocks as well as natural disasters.²⁷

²⁶ World Bank. 2017. *Sierra Leone: Rapid Damage and Loss Assessment of August 14, 2017 Landslide and Floods in the Western Area*.

²⁷ Cash transfers have repeatedly been found to be a useful tool to mitigate impact of shocks and help poor households by smoothing consumption (See Sumarto and Bazzi. *Social Protection in Indonesia: Past Experiences and Lessons for the Future* [2011]; Verme. *Subsidy Reforms in the Middle East and North Africa region: A review* [2016]).



20. **The Government is committed to improving the livelihoods of Persons with Disability (PWDs), including through the provision of safety net support.** Disability is a complex issue in Sierra Leone given the post conflict setting and the prevalence of different kinds of disabilities (physical, mental, and victims of war). Disabled members of the society face social stigma, exclusion, and discrimination within their communities and households. Research shows that PWDs are more likely to face higher rates of poverty and multiple deprivation than persons without disabilities. PWDs also tend to experience barriers to access education and employment.²⁸ Disasters compound this by enhancing disparities between PWDs and other members of society, increasing the likelihood that PWDs are negatively and disproportionately affected both during and after the emergency.²⁹ An inclusive social protection system supports the social participation, inclusion, and independent living of PWDs by ensuring income security and access to social and employment services.³⁰ In Sierra Leone, public programs in support of PWDs are limited and institutionally fragmented. The Ministry of Social Welfare is the official government administration responsible for the welfare of PWDs, but its resources and capabilities are very limited.³¹ The current administration is committed to ensure inclusive development and is in the process of establishing a livelihood program that would respond to the needs of PWDs, particularly in urban areas. As part of these efforts, the Government is seeking to extend the coverage of the SSN to benefit PWDs to provide income support for the most vulnerable and as a bridge toward the forthcoming livelihoods program.

21. **Safety nets enable Sierra Leoneans to invest in their human capital and move into more productive employment and opportunities.** A safety net system is also needed to alleviate demand-side constraints on the poor. One of the major reasons why poor and vulnerable households do not access health care facilities or do not send their children to school is because they cannot afford it.³² There is robust evidence internationally that cash transfers help poor families to invest in better food, education and preventive health care of their children, thus contributing toward building the human capital of these children.³³ Expanding the coverage of the SSN would thus contribute toward improving the access of poor households to health and education services, particularly for girls, which can reduce the risk of early sexual debut and teen pregnancy. At the same time, 'graduation' programs that link existing safety nets beneficiaries to active labor market programs have helped poor households transition into productive employment.³⁴ Stabilizing the income of the poor and building human capital outcomes are important first steps toward enabling poor and vulnerable Sierra Leoneans to engage in productive economic activity.

22. **Through the SSN, and the proposed AF2, the Government is directly contributing toward**

²⁸ Even in the Organisation for Economic Co-operation and Development (OECD) countries, the employment rate of PWDs is on average 40 percent lower than the overall level, while the unemployment rate is twice as high (OECD. 2010. *Sickness, Disability and Work: Keeping on Track in the Economic Downturn*).

²⁹ Disability Inclusion in Disaster Risk Management (World Bank, Global Facility for Disaster Reduction and Recovery (GFDRR), 2018).

³⁰ World Bank. 2018. *Disability Inclusion and Accountability Framework: Disability-Inclusive Social Protection*.

³¹ In addition to the Ministry of Social Welfare, NaCSA and the National Social Security Insurance Trust (NaSSIT) also had programs supporting PWDs: the War Victims Reparations Program, World Bank-financed National Social Action Project, and social security scheme to those employed who are disabled.

³² World Bank. 2018. *Sierra Leone: Systematic Country Diagnostic*. Page 65.

³³ Bastagli et al. *Cash Transfers: What does the Evidence say?* (2016); De Walque et al. *Cash Transfers and Child and Adolescent Development* (2017).

³⁴ See Banerjee et. al (2015). *A multifaceted program causes lasting progress for the very poor: Evidence from Six Countries*, for a review of programs designed to deliver productive employment opportunities for the poor.



building the human capital of the poorest and most vulnerable members of society, who would otherwise be left behind. To enable every girl and boy to fulfill her and his potential, the World Bank recently launched an Africa Human Capital Plan that sets out ambitious targets to be achieved by 2023 on child survival, reducing stunting, enhancing learning, and lowering adolescent fertility, among others. Social Protection and Safety Nets are recognized as key instruments to protect against increases in poverty and vulnerability and to reduce risks of shocks that have long-lasting impacts on the poor. A recently concluded assessment of the SSN program found that the program has been successful in improving human capital outcomes of beneficiaries. The assessment found that beneficiaries used the cash transfers mainly to cover school expenses (44 percent) and to buy more and better-quality food (40 percent).³⁵ Beyond these basic expenses, households also used the cash transfer to save, to invest in productive activities, and to cope with unexpected events when they occur. The proposed AF2 will enhance the impact of the program on human capital outcomes by (a) prioritizing transfers that target the poorest and most vulnerable groups and thus have high potential to close human capital gaps; (b) promoting behavioral change through behavioral change workshops that help in increasing demand for health and education services; (c) continuing to build social protection platforms for targeting, payments, and grievances; (d) promoting inclusion of the disabled; and (e) improving crisis response systems to mitigate the impact of shocks and disasters.

II. DESCRIPTION OF ADDITIONAL FINANCING

23. **PDO and Results Framework.** The proposed AF2 maintains the original PDO, which 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. This is because the proposed AF2 will further invest in the systems set out under Component 1 (to incrementally test and adopt new approaches for including PWD and to strengthen the systems to respond to disasters), extend the coverage of the cash transfers under Component 2, and enable the management of the project through Component 3.

24. To reflect the expanded geographic coverage of the SSN, the targets for the indicators in the Results Framework will be revised upwards (see Results Framework in Section VIII for details). Given the Government's commitment to ensuring that PWDs benefit from economic growth and public investments and the World Bank's commitment that 75 percent of all World Bank-financed social protection projects should be disability-inclusive by 2025, an intermediate-level indicator will be added on the number of PWDs participating in the SSN. Additionally, intermediate outcome indicators will be added to reflect (a) continued investments in the core social protection systems and (b) the aim for the SSN to scale up in response to shocks. These are described in detail in the Results Framework.

25. **Components.** The existing components will be retained. Modifications as outlined in the following paragraphs are added to each of the components to deepen the impact of SSN for PWDs, strengthen the contribution to build human capital, and better protect households from shocks such as disasters and crises and the negative effects of fiscal measures (for example, removal of subsidies).

26. Further investments will be made in Component 1 to (a) ensure that the social protection systems are expanded to the new districts and are used to manage the larger number of beneficiaries, (b) conduct

³⁵ Sierra Leone Social Safety Nets, Rapid Assessment, March 2019.



extensive outreach to identify and reach PWDs in urban areas as the first step in the selection process, (c) enable these same systems to scale up in response to shocks with targeting mechanisms and delivery systems that build on or adapt existing SSN systems, and (d) build evidence through key diagnostics such as impact evaluation and assessments to guide any further investments in the area of productive inclusion and human capital.

27. Component 2 will be expanded nationwide reaching an estimated 35,000 additional beneficiary households (and a cumulative 65,000 beneficiary households since the inception of the project), with disability added into the targeting parameters for beneficiary selection. Under this component, households with PWDs will be provided an extra transfer to enable them to meet their unique needs better, including the possible purchase of disability-related equipment, and will be linked to services provided through disability associations. A subcomponent will be added to finance the expansion of cash transfers to households affected by shocks, which is triggered based on a set of predefined criteria. This new subcomponent will release funds in response to a shock, which will then be channeled through the existing targeting and payment systems of the SSN, with adaptations as necessary.

28. Component 3 will be augmented to ensure that NaCSA has the staff and equipment required to manage the SSN Project. Annex 1 describes the components in detail, with the changes summarized in table 1.

Table 1: Proposed Changes by Component

Component	Proposed Changes
Component 1 (Development of Systems for Implementation of Social Safety Net Interventions)	<ul style="list-style-type: none"> • Expansion of operationalizing targeting and enrollment, payments, and GRM systems in existing and new districts. • Dedicated outreach efforts to PWDs, including outreach through disability associations in urban areas. • Process evaluations, impact evaluation and studies.³⁶
Component 2 (Cash Transfers to Extremely Poor Households and Emergency Response)	<ul style="list-style-type: none"> • Cash grants to additional beneficiary households in 16 districts nationwide, including urban areas. • Additional transfer to households with members who are disabled. • Behavioral change workshops to continue and expand focus on human capital development.³⁷ • Addition of a sub-component to finance the expansion of the SSN to households affected by shocks.
Component 3 (Project Management and Capacity Building)	<ul style="list-style-type: none"> • Additional staff (new staff at the district levels and longer contract duration). • Equipment, training, coordination events, and operational expenses in all 16 districts.

³⁶ The cost of the impact evaluation and studies will be included in the Project under Component 3.

³⁷ The costs of these workshop have always been included in the Project under component 3. This will continue to be the case for the Additional Financing. These are presented here under Component 2 as the workshops are a direct benefit of the SSN to the target population.



29. Costs of the additional financing are projected to be US\$31 million, of which US\$30 million is from an IDA grant. The projected financing gap of US\$1 million will be covered by a grant from the Global Risk Financing Facility Trust Fund, which is currently being processed. Once approved, this funding will co-finance Component 1 to enable the systems to scale up in response to shocks with targeting mechanisms and delivery systems that build on or adapt existing SSN systems.

30. **Counterpart Contribution.** GoSL allocated US\$2.5 million to the SSN through the original project in 2014 and a further US\$5 million in late 2017 to mitigate the adverse impact of ongoing economic reforms on poor households. Recently, however, due to fiscal constraints, the government has formally revised downwards its total counterpart contribution of the project from US\$7.5 million to US\$3.419 million, which is reflected in financing by component in Section VI of this Project Paper.

31. **Procurement.** Procurement under the project will be carried out in accordance with the following World Bank procedures: (a) the World Bank Procurement Regulations for IPF Borrowers (July 2016, revised in November 2017 and August 2018) and (b) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006, revised in January 2011, and July 2016, and other provisions stipulated in the Financing Agreement. The application of these provisions will be applied to the parent project and first additional financing through a restructuring.

32. **Closing date extension.** AF2 will extend the closing date of the SSN from December 31, 2019 to June 30, 2023. This would ensure that (a) cash transfers are provided over a minimum of three years to extremely poor households, including to those who experience shocks, and (b) system-enhancing activities are fully implemented.

III. KEY RISKS

33. **The overall risk of AF2 is assessed as Moderate.** Sierra Leone is a post-conflict country where there are several risks to sustainable growth and poverty reduction. While progress has been made in the return to democracy and peaceful elections, rent seeking is high and rampant, the economy remains prone to natural disasters, and inadequate capacity, fragile FM systems, and inadequate institutional arrangements and coordination plague the public sector. Substantial risks that are being faced are described in the following paragraphs. All other risks are rated as Moderate or Low, with social and environmental risks rated as Moderate.

34. **Macroeconomic risk is rated as Substantial.** The macroeconomic situation remains challenging following a significant slowdown in economic growth in 2017 and economic growth remained stagnant in 2018. This slow rate of economic growth will likely translate into few gains for the poorest households and may also strain government finances, which could pose a risk for the amount allocated as counterpart contribution to the SSN Project. Volatility in food price inflation may erode the purchasing power of the cash transfer provided through the SSN. While the mitigation for the country-level macroeconomic risk is beyond the scope of the project, the *leone* value of the cash transfers will be flexibly adapted to remain at 15 percent of the average monthly consumption (in purchasing power parity [PPP] terms) of the extremely poor households.



35. **Risks arising from institutional capacity for implementation and sustainability are rated as Substantial.** NaCSA continues to have the legal mandate and capacity to deliver the SSN effectively, so no changes to the implementation arrangements are being proposed through AF2. However, the expansion of the SSN nationwide will require that NaCSA invest in the systems and structures that will enable the program to deliver as designed in all communities. This also requires strong collaboration with the ACC and SSL. In addition, the added focus on disability will require increased capacity from NaCSA to coordinate with more stakeholders, as well as the ability to learn and adapt, as needed. To mitigate these risks, the SSN includes dedicated resources to enable NaCSA to hire the number of staff members with the correct skills to manage the SSN and also provide regular follow-up and support to district-level staff.

36. **Fiduciary risks are rated as Substantial.** While NaCSA is aware of weaknesses in the fiduciary systems, improvements have been slow. The project has had lapses in the procurement process. NaCSA will hire a dedicated procurement officer to perform day-to-day procurement function with support from the Procurement Department. It is anticipated that this will contribute toward improving procurement performance within NaCSA. In the area of FM, an in-depth FM review was recently conducted by the World Bank. While the findings of the in-depth review noted some improvements compared with the previous review in 2016, significant weaknesses exist. The 2018 review noted that the 'SUN' FM system is in place, but its use continues to be suboptimal and sufficient training to staff has not taken place. This situation has impeded the quality of financial reporting. Furthermore, the internal audit is constrained by a low budget allocation and limited independence due to misalignment of reporting lines. NaCSA is in the process of formulating an action plan in response to the 2018 FM review, the internal auditor will immediately report to the NaCSA Board and sufficient budget will be allocated. Once the action plan is submitted, the World Bank team will follow up closely on this.

IV. APPRAISAL SUMMARY

A. Economic and Financial Analysis

37. AF2 remains economically justified under the framework of the parent project. The microsimulations conducted for the economic analysis of the original SSN Project were updated during the first AF to reflect the changes in the program parameters under the first AF, namely the geographic expansion and the extension of the closing date.³⁸ The first AF concluded that larger impacts on poverty reduction were expected in line with the expansion to additional beneficiaries. Results from simulations conducted for the first AF of the full scale-up of the project in nine project districts showed that the SSN Project can have a significant impact in reducing extreme poverty. Finally, it concluded that a cash transfer program that covered all the households identified as extremely poor by community targeting and PMT verifications could reduce extreme poverty in Sierra Leone by approximately 4.34 percentage points and would only have an annual cost of approximately 0.4 percent of the GDP.³⁹

38. In addition, a recent Poverty and Social Impact Assessment of the fuel subsidy measures implemented in 2018 found that expanding the SSN program to reach all extremely poor households in Sierra Leone would be the most pro-poor approach to mitigating the impact of the subsidy reforms and would cost a fraction of the savings from the fuel price liberalization.⁴⁰ If these benefits were targeted

³⁸ World Bank. 2015. *Sierra Leone - Social Safety Nets Project: Additional Financing, Page 4.*

³⁹ World Bank. 2015. *Sierra Leone - Social Safety Nets Project: Additional Financing, Page 13.*

⁴⁰ World Bank. 2019. *Impact of Fuel Price Liberalization on Poverty and Inequality in Sierra Leone (Draft).*



with the same average accuracy as the existing program, quarterly transfers of Le 250,000 (US\$29) would lead the extreme poverty rate to fall by 0.6 percentage points over a year, bringing it back to essentially the same rate as before fuel price liberalization.⁴¹

39. More broadly, multiple recent studies have confirmed that the impact of cash transfer programs extends well beyond improving consumption outcomes to boosting human capital outcomes, especially for children. Cash transfers have been successful to improve enrollment, attendance at school, and test scores.⁴² Cash transfers have been successful at increasing the uptake of health services for prenatal care, giving birth at health facilities, and preventive health clinic visits for children as well as dietary diversity.⁴³ The behavioral change workshops that accompany cash transfer programs continue to provide information on the health and nutrition needed to promote early childhood development.

40. Enabling safety nets to respond rapidly to crises can achieve a powerful development impact. The scalable part of the SSN will enable the Government to finance the cost of scaling up cash transfers to households after disasters or crises. In Ethiopia, every US\$1 secured ahead of time for early drought response saved up to US\$5 in future costs.⁴⁴ Another recent study found that every US\$1 spent on safety net/resilience programming resulted in net benefits of between US\$2.3 and US\$3.3 depending on the context.⁴⁵ In cases where households understand that they are protected by shock-responsive programs, there is evidence that they adopt higher-yielding, higher-risk livelihood investments. This enables them to grow their household income and ultimately leads to a pathway out of poverty.⁴⁶

B. Technical

41. The project will retain the overall technical design of the project, which was assessed as technically sound in the parent project and the first AF. The main features of the technical design include (a) a targeting process which has been found to be effective using independent targeting assessment; (b) beneficiary registry (SPRINT) and management information system (MIS) for tracking data on beneficiaries; (c) third-party payment provider to introduce transparency and accountability in the payment process; (d) behavioral change workshops that provide information on education, health, and financial literacy and encourage human capital investments; and (e) complaints and GRM managed by the ACC to ensure that beneficiaries have a platform to raise issues directly to the project management team. All the above outlined innovations and features were introduced by the parent project—and have evolved through lessons learned and drawing on further international experience—and are still considered good practices in building a national SSN system.

⁴¹ Ibid., iv.

⁴² Baird et al. (2014). *Conditional, unconditional and everything in between: a systematic review of the effects of cash transfer programmes on schooling outcomes*.

⁴³ Bastagli et al. (2016). *Cash Transfers: What does the Evidence say?*

⁴⁴ Wiseman and Hess (2007). *Integrated Risk Financing To Protect Livelihoods and Foster Development*.

⁴⁵ USAID (U.S. Agency for International Development). 2017. *The Economics of Resilience to Drought in Kenya, Ethiopia and Somalia*, p.6.

⁴⁶ See Ethiopia (Berhane et al. *Can Social Protection Work in Africa? The Impact of Ethiopia's Productive Safety Net Programme* [2014]), Senegal and Burkina Faso (Hill et al. *Managing Risk with Insurance and Savings: Experimental Evidence for Male and Female Farm Managers in the Sahel* [2014]) and Ghana (Karlan et al. *Agricultural Decisions After Relaxing Credit and Risk Constraints* [2013])



C. Financial Management

42. At the request of the Government, a common Project Financial Management (PFM) Unit has been created within the Ministry of Finance. This unit is currently managing the fiduciary functions of World Bank-funded pipeline projects including FM, procurement, and internal auditing. The original intention of the Government was for this unit to cater to the fiduciary needs of all World Bank-funded projects (both pipeline and existing projects). However, modalities have not yet been put in place to enable the unit to take over the fiduciary functions of the existing projects including SSN; hence, these projects continue to have their fiduciary functions performed by their existing Project Implementing Units. While it may be possible for the SSN fiduciary functions to be transferred to the PFM Unit in the future, when appropriate, until then the current FM Unit at NaCSA will continue to perform the FM functions for AF2.

43. An FM assessment of the FM Unit of NaCSA was conducted at the start of the project. This was later reviewed during the midterm review, during the project's recent supervision mission in September 2018 and during the in-depth review between February and March 2019. The objective of the assessment was to determine whether the FM Unit has continued to maintain adequate FM arrangements to ensure that project funds will be used for the purposes intended in an efficient and economical manner. The FM systems have remained the same and continue to ensure that accurate records are maintained and requisite reports produced on time although the SUN accounting system was noted to have some issues and steps are being taken to address this. The assessment complied with the Financial Management Manual for World Bank-Financial Investment Operations that became effective on March 1, 2010 but was issued on February 4, 2015 as well as the Governance Global Practice Financial Management Assessment and Risk Rating Principles.

44. **Internal controls.** The existing internal controls have continued to remain the same. This notwithstanding, while asset verification is conducted for assets controlled by NaCSA, there is no evidence of such exercise being conducted for assets held by the ACC. This presents a great risk as these assets are not being monitored. Additionally, while assets at NaCSA are properly marked, there is no record of such exercise being conducted on assets held at the ACC. On the whole, the Fixed Assets Register of the project continues to fall short of international best practices. The FM Unit must take immediate steps to include details of all assets held by the ACC in the Fixed Assets Register and ensure they are appropriately marked to safeguard the project and ensure that the register is comprehensively and accurately maintained.

45. **Budgeting.** The budgeting cycle and processes for the project have remained the same as the original project.

46. **Accounting and financial reporting.** Project accounts inclusive of AF2 will continue to be maintained on a cash basis, supported with appropriate records and procedures to track commitments and to safeguard project assets. The accounting system (SUN), however, has serious operational problems arising from (i) inadequate training of staff, (ii) configuration issues, and (iii) power interruptions. The FM team, therefore, relies on manual intervention through the use of Excel spreadsheets to generate the required reports to the World Bank. This problem, however, will be addressed through the AF2. Quarterly unaudited interim financial reports (IFRs) will continue to be produced.

47. **Disbursement methods.** The Designated Account of the parent project, which is held at the Rokel Commercial Bank, Sierra Leone Limited, will be used for the proposed AF2. The project will continue to use report-based disbursement (IFRs) arrangement as in the original project. Additional instructions for



disbursement will remain the same and will be provided in the Disbursement Letter for AF2.

48. **Financial reporting.** IFRs will be prepared on a quarterly basis. They will include sources and uses of funds by project expenditure classification. They will also include a comparison of budgeted and actual project expenditures (commitment and disbursements) to date and for the quarter inclusive of the original project funds. The FM Unit will submit the IFRs to the World Bank within 45 days following the end of the calendar quarter.

49. **Annual FM Statement.** The FM Unit of NaCSA will produce annual financial statements, and these statements will comply with the World Bank's requirements. These financial statements will comprise the following: (a) statement of sources and uses of funds, (b) a statement of commitments, (c) accounting policies adopted and explanatory notes, and (d) a management assertion that project funds have been expended for the intended purposes as specified in the relevant financing agreements.

50. **External audit.** The financing will require the submission of audit reports of financial statements for AF2. Each such audit of the financial statements shall cover the period of one fiscal year of the recipient. An external auditor auditing the original project with qualification and experience satisfactory to the World Bank will be formally appointed to conduct the audit of the AF2 project's financial statements. A single opinion combining that of the original project, AF1 and AF2 in compliance with International Standards on Auditing will be required. The external auditor will prepare a Management Letter providing observations, comments, and recommendations for improvements in accounting records, systems, controls, and compliance with financial covenants in the Financing Agreement. The audited financial statements shall be furnished to the World Bank not later than six months after application deadline. The Project Management Unit will amend the existing audit contract to include the financial statements for AF2.

D. Procurement

51. **The procurement arrangements in NaCSA have been assessed and the procurement risk is rated as Substantial.** Some of the mitigations agreed with the implementing agencies include the assignment of a procurement officer to be dedicated to procurement implementation under the AF. A contract management strategy will be adopted for each contract to ensure that they are delivered in an efficient and effective manner and in compliance with Annex XI of the World Bank Procurement Regulations for IPF Borrowers.

52. **Procurement under the project will be carried out in accordance with the following World Bank procedures:** (a) the World Bank Procurement Regulations for IPF Borrowers (July 2016, revised in November 2017 and August 2018) and (b) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006, revised in January 2011, and in July 2016, and other provisions stipulated in the Financing Agreement.

53. **The main procurement risks and weaknesses identified are the following:** Within NaCSA: (a) a single unit manages the procurement of multiple projects, each of which requires different procurement processes, which could create confusion; (b) limited capacity to manage complex contracts; and (c) poor project coordination and inadequate internal controls. More generally, within Sierra Leone, the weaknesses include (a) the low capacity of small and medium enterprises to compete for procurement opportunities; (b) exchange rate volatility, which could affect prices of goods and services; and (c) the



prevalence of corruption. The World Bank will provide hand-holding and procurement capacity-building support during implementation support missions, which will take place at least once in a year. The current NaCSA management is committed to work with the World Bank to provide training on the use of Systematic Tracking of Exchanges in Procurement (STEP). A contract management plan will be adopted, in compliance with Annex XI of the World Bank Procurement Regulations for IPF Borrowers, for each contract to ensure that the terms and conditions of contracts are strictly adhered to, including payments.

54. **To reduce interference in the award of contracts, senior government officials will be sensitized on the procurement procedures to be agreed in the Financing Agreement.** It is expected that after implementation of the mitigation measures, the procurement risk will improve to Moderate.

55. The following mitigation measures have been discussed and agreed during the assessment:

Table 1. Mitigation Measures for Procurement Risks

Ref No.	Risk Description	Responsibility	Due Date
1	A dedicated Procurement Officer should be recruited to support procurement implementation under the AF	NaCSA	Immediately
2	A contract management plan should be adopted for each contract	NaCSA	Always
3	Opportunity should be offered to bidders to submit prices in more than one currency	NaCSA	Always
4	Procurement implementation should follow agreed implementation arrangement and provisions of the Financing Agreement	NaCSA	Always
5	Strengthen internal controls through adherence to the POM	NaCSA	Always

56. **A Project Procurement Strategy for Development (PPSD) for the project has been prepared by the borrower.** The World Bank reviewed the PPSD and a summary is provided as annex 2 to this Project Paper. The final version of the PPSD was agreed during negotiations and disclosed on the World Bank’s external website. Consistent with the PPSD, an initial Procurement Plan was developed and agreed before negotiations, covering the activities under the AF. The final version agreed during negotiations was disclosed on the World Bank’s external website. The Procurement Plan will be updated as necessary in agreement with the World Bank to reflect the project’s actual implementation needs and improvements in institutional capacity.

E. Social (including Safeguards)

57. **Safeguards.** The project is financing cash transfers to extremely poor households in the poorest areas of the country. The proposed AF2 is aimed at expanding the cash transfer program to six additional districts. The project is also supporting the development of a single registry which houses information of all identified extremely poor households; development and implementation of a targeting tool for the cash transfer program; and an MIS for payment, grievance redress, and M&E. The project does not include civil works or any physical investments that will require land acquisition or cause displacement or impact on people’s livelihood. The World Bank policy OP 4.12 on Involuntary Resettlement will therefore remain untriggered.



58. **Social inclusion.** The project by design is targeting extremely poor households who face barriers in access to labor market participation, health services, education, and so on. However, PWDs face higher rates of poverty and multiple deprivations owing to attitudinal and environmental barriers that hinder their full and effective participation in society on an equal basis as persons without disabilities. Households with members who have disabilities experience higher rates and risks of multidimensional poverty.⁴⁷ They also face additional out-of-pocket and hidden expenses due to disability-related expenditures on caregiving, support services, rehabilitation, accessible transport, and home adaptations. There are further deprivations due to the lost wages of adult family members, often women, who face caregiving responsibilities when a child or youth with a disability is unable to go to school or vocational training. The World Bank has made a commitment to ensure that 75 percent of World Bank-financed social protection projects are disability inclusive by 2025. Access to social protection is essential for PWDs as it is directly responsive to this commitment and the World Bank's twin goals of ending extreme poverty and promoting shared prosperity. Disability-inclusive social protection mechanisms can serve to increase the 'productivity, employability, and economic development' of PWDs by enabling inclusion in education, job retention, and improved quality of life.

59. The project will seek to leverage its extensive work on collecting household data of potential beneficiaries to promote collection of disability data. The project will review existing tested methodologies for collecting disability data and introduce some of the questions as appropriate to guide surveys. Disability considerations will be part of the criteria for cash transfers. Depending on the type, severity, and age of PWDs, the project will seek to refer PWDs to other services including health care, provision of assistive devices, access to education and skills training, transport and caregiving subsidies, and so on. The project will consider working with local partners such as NGOs/civil society organizations (CSOs) to lead community engagement efforts to reduce stigma associated with disability as well as directly teach households on how to support persons with different forms of disability. This activity is critical as it will complement the Free Education Project (P167897) which will focus on the supply side of ensuring schools are accessible for PWDs.

60. **Gender and Sexual and Gender-Based Violence (SGBV).** Although poverty is widespread,⁴⁸ women are particularly disadvantaged when it comes to access to income, education, ownership of assets, and general development benefits. An estimated 78 percent of women in Sierra Leone earn less than their husbands and more than half of married women (54 percent) were not paid for their work. In addition, 69.8 percent of female-headed households compared to 51.6 percent of male-headed households have no education. Discriminatory and generalized norms and practices (both informal and formal) constrain the access of women and girls to resources and opportunities, information, and rights. These have far-reaching implications on women's vulnerability to the different forms of SGBV and correlation with poor human development outcomes. There is growing global evidence that shows that ensuring economic opportunities for women is an important entry point for addressing gender inequality and ensuring better education, health, and nutrition outcomes for families. To this end, the proposed AF2 aims to provide women with independent access to income (through the form of a predictable safety net) to contribute

⁴⁷ The UN's 2018 Flagship Report on Disability and Development offers evidence that PWDs and their households face higher risks of multiple deprivations, food insecurity (particularly women with disabilities), fewer assets and poorer living conditions than households without PWDs. Available at: <https://www.un.org/development/desa/disabilities/publication-disability-sdgs.html>.

⁴⁸ According to the United Nations Development Programme (UNDP), Sierra Leone's 77.5 percent of the population (4,791,000 people) are multidimensionally poor while an additional 14.6 percent live near multidimensional poverty (902,000 people).



toward improving their well-being and empowerment. An indicator on the percentage of women collecting the cash transfer is thus included in the Results Framework.

61. Evidence from across the globe shows that cash transfers increase women's decision-making power and choices, including those on marriage and fertility, and reduce physical abuse by male partners.⁴⁹ Despite this broad, positive evidence on the benefits of cash transfer for women, a recently completed World Bank's SGBV portfolio assessment identified the risk of SGBV for the SSN as substantial due to the magnitude of the problem within the country and some identified risk factors that the project might exacerbate, such as the risk of power differential among project staff distributing cash to communities, changes in household power dynamics, and possible unintended consequences of intimate partner violence (IPV) resulting from women's access to high income.⁵⁰ In response, the project will continue ensuring that adequate preventive and mitigating measures are in place so as to not exacerbate social risks, including on SGBV. Safety and security measures during payment days will be enhanced by having mandatory requirements for the selected payment provider to have a code of conduct that includes provision against sexual exploitation and abuse and training of staff, including NaCSA and ACC staff. Additionally, the project will ensure that beneficiaries travel no more than five km to the payment site. During behavioral change workshops that take place before the payment, a local service provider will be identified to add culturally sensitive materials on the changing gender dynamics and on how to prevent and report SGBV incidents. Also, once it is established, the SGBV call center of the Ministry of Social Welfare, Gender, and Children Affairs will be connected to the current GRM of the project. Details of the modalities will be included in the POM.

62. **Citizen engagement** that promotes transparency and accountability has been a built-in feature to ensure that the project reaches its intended beneficiaries. The mechanism to select cash beneficiaries (targeting) includes a community-based approach where community members share information and discuss the targeting criteria and agree on potentially eligible poor households. Furthermore, beneficiaries and non-beneficiaries can register complaints about the management of the targeting process, timeliness, and completeness of transfers and any other perceived abuses, including fraud and corruption, through the existing GRM. The project is in the process of expanding the GRM to have more presence and more immediate grievance resolution at the community level by establishing independent community monitors under supervision of the ACC. The scope of work of the community monitors, agreed indicators for monitoring, and process for providing feedback will be highlighted in the POM. This structure complements the investments that the ACC has made in a call center that is located in Freetown and is reached through a toll-free number from any mobile phone operator. Moving forward, an independent firm or CSO will also carry out spot checks and gather beneficiary feedback following the delivery of payments.

F. Environment (including Safeguards)

63. Because no new activities are added to this AF2, the original project environmental classification (Category C) will be maintained. Activities proposed through this project are expected to have negligible

⁴⁹ Hagen-Zanker, et al. 2017. *The Impact of Cash Transfers on Women and Girls: a Summary of Evidence*. London: ODI.

⁵⁰ A recent review of 22 studies on cash transfers and IPV, however, did not find these claims plausible and instead found that more than 70 percent of cash transfer studies showed reductions in IPV, with measured decreases in IPV ranging from 11 percent to as much as 66 percent. See: Buller, Ana Maria, Amber Peterman, Meghna Ranganathan, Alexandra Bleile, Melissa Hidrobo, and Lori Heise. 2018. "A Mixed-Method Review of Cash Transfers and Intimate Partner Violence in Low- and Middle-Income Countries" *The World Bank Research Observer* 33 (2): 218–258. <https://doi.org/10.1093/wbro/lky002>.



environmental impacts and will not have any physical footprint. Hence, the World Bank's policy on Environmental Assessment (OP/BP 4.01) is not triggered. Project activities, aimed at providing social transfers to poor and vulnerable households in Sierra Leone are limited to strengthening key building blocks of Sierra Leone's basic national safety net system, expanding the coverage of the program nationally, allowing households to invest in human capital outcomes by providing necessary income support, mitigating the adverse effect of recent fuel price subsidy reforms, continuing to strengthen coordination, and reducing fragmentation in the social protection sector. No environmental safeguards instruments are required for this project. That said, safeguards monitoring will be an ongoing process to ensure that the safeguards approach is reviewed for any changes in the project's scope or activities, from appraisal to implementation.

V. WORLD BANK GRIEVANCE REDRESS

64. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org



VI SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Procurement	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
APA Reliance		✓
Other Change(s)		✓

VII DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Development of Systems for Implementation of Social Safety Net Interventions	1.86	Revised	Development of Systems for Implementation of Social Safety Net Interventions	5.66



Cash Transfers to Extremely Poor Households	21.34	Revised	Cash Transfers to Extremely Poor Households and Emergency Response	38.46
Program Management and Capacity Building	5.60	Revised	Project Management and Capacity Building	11.60
TOTAL	28.80			55.72

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D0920	Effective	30-Jun-2019	31-Dec-2019	30-Jun-2023	30-Oct-2023
IDA-H9250	Effective	30-Sep-2017	31-Dec-2019	30-Jun-2023	30-Oct-2023
TF-A0806	Effective	30-Jun-2019	30-Jun-2019	30-Jun-2019	30-Oct-2019

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2014	0.00	0.00
2015	6,250,000.60	6,250,000.60
2016	4,500,000.32	10,750,000.92
2017	4,709,999.44	15,460,000.36
2018	4,500,000.00	19,960,000.36
2019	5,405,620.00	25,365,620.36
2020	7,297,240.00	32,662,860.36
2021	7,390,000.00	40,052,860.36
2022	6,250,000.00	46,302,860.36
2023	6,000,000.00	52,302,860.36
2024	0.00	52,302,860.36



SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Low	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Substantial	● Substantial
Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate
Other		
Overall	● Moderate	● Moderate

LEGAL COVENANTS – Sierra Leone SSN Project Second Additional Financing (P167757)

Sections and Description

No information available

Conditions

Type	Description
Disbursement	Schedule 2 Section III, B.1(b): Notwithstanding the provisions of Part A of Section III of the Financing Agreement, no withdrawal shall be made under Category (5), unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that the Recipient has determined that an Eligible Crisis or Emergency has occurred in accordance with the Emergency Response Manual and the Association has agreed with such determination and notified the Recipient thereof.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Sierra Leone

Sierra Leone SSN Project Second Additional Financing

Project 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.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
To establish the key building blocks for a basic national safety net system						
Proportion of beneficiary households below the extreme poverty line (Percentage)		57.50	57.50	60.00	65.00	70.00
Action: This indicator has been Revised	Rationale: Updating the intermediate targets and the date for the end target					
Proportion of payments delivered on time (Percentage)		26.00	75.00	75.00	75.00	75.00
Action: This indicator has been Revised	Rationale: Simplification of the indicator name and change from quarterly to annual average measurement for future reporting of the results framework					



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Proportion of cash transfer component related grievances resolved within three months of being recorded in the GRM database (Percentage)		36.00	40.00	50.00	60.00	70.00
Action: This indicator has been Revised	Rationale: Change from quarterly to annual average measurement for future reporting of the results framework					
To provide income support to extremely poor households in Sierra Leone						
Direct project beneficiaries (Number)		22,917.00	0.00	9,000.00	12,000.00	30,000.00
Action: This indicator has been Marked for Deletion						
Female beneficiaries (Percentage)		91.70	0.00	70.00	80.00	70.00
Action: This indicator has been Marked for Deletion						
Beneficiaries of social safety net programs (CRI, Number)		182,718.00	242,718.00	302,718.00	362,718.00	392,718.00
Action: This indicator is New	Rationale: Corporate Indicator					
Beneficiaries of social safety net programs - Female (CRI, Number)		91,359.00	121,359.00	151,359.00	181,359.00	196,359.00



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Action: This indicator is New	Rationale: Corporate Indicator; revised to the estimated number of female individuals in the beneficiary households					
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number) (CRI, Number)		182,718.00	242,718.00	302,718.00	362,718.00	392,718.00
Action: This indicator is New	Rationale: Corporate Indicator					

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Development of Systems for Implementation of Social Safety Net Interventions						
Targeting and enrollment, payment and grievance redress mechanisms established (Yes/No)		Yes				Yes
Action: This indicator has been Marked for Deletion	Rationale: Achieved					
Proportion of beneficiaries enrolled following the SSN three-stage targeting procedure (Percentage)		90.00				95.00
Action: This indicator has been Revised	Rationale:					



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
<i>Clarification and improvement from the previous intermediate indicator on targeting performance</i>						
Proportion of beneficiaries' representatives issued with photo identification (IDs) (Percentage) (Text)		N/A				100.00
Action: This indicator is New	Rationale: <i>To closely monitor complete provision of photo IDs</i>					
Proportion of valid complaints registered in the GRM by ACC Call Center (Percentage)		0.00				20.00
Action: This indicator is New	Rationale: <i>To closely monitor the functioning of the toll-free number and the call center</i>					
Proportion of beneficiaries data update resolved within 90 days (Percentage)		0.00				75.00
Action: This indicator is New	Rationale: <i>To closely monitor the resolution of data update requests to reduce payments backlog</i>					
Social Protection Registry for Integrated National Targeting (SPRINT) operationalized (Text)		SPRINT established	SPRINT separated from NaCSA MIS	SPRINT houses data from at least two other programs		SPRINT operationalized
Action: This indicator is New	Rationale: <i>Next phase after the MIS is established</i>					
Implementation strategy of the Social Protection policy revised and		No				Yes



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
launched, and the National Social Protection Policy enacted (Yes/No) (Text)						
Action: This indicator is New	Rationale: <i>To better capture progress on efforts to build national safety net system at the policy level</i>					
Cash Transfers to Extremely Poor Households and Emergency Response (Action: This Component has been Revised)						
Proportion of cash transfer recipients paid through electronic payment (Percentage)		100.00				60.00
Action: This indicator has been Marked for Deletion	Rationale: <i>Cash transfer payment has not been done through electronic payment, instead this indicator has been measuring the electronic means for verifying beneficiaries through digital photo comparison. In the SSN AF2, cash payments, at least for the first year of implementation, are not anticipated to be paid through electronic payment. Therefore, this indicator is deleted.</i>					
Proportion of beneficiaries who receive cash transfer in the current quarter (Percentage)		91.00				95.00
Action: This indicator is New						
Proportion of households with Persons with Disability (PWD) (Percentage)		14.00	14.00	18.00	25.00	25.00
Action: This indicator is New	Rationale: <i>As per additional emphasis on persons with disability</i>					
Proportion of beneficiaries receiving new workshop modules/materials (Percentage)		0.00	20.00	40.00	60.00	80.00



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Action: This indicator is New	Rationale: <i>To measure the production and delivery of new modules/materials to promote human capital investments and productive livelihoods</i>					
Proportion of beneficiaries reporting saving (Percentage)		0.00				5.00
Action: This indicator is New						
Proportion of household representatives collecting the cash transfers who are women (Percentage)		90.00				90.00
Action: This indicator is New	Rationale: <i>Each beneficiary household nominates one person to collect the cash transfer each month. This indicator measure the percentage of these representatives who are female. This indicator thus aims to track the contribution of the SSN to increasing the access of women to reliable sources of income.</i>					
Beneficiaries with access to cash transfers from the contingency finance (Number)		0.00				35,000.00
Action: This indicator is New	Rationale: <i>As per the new sub-component that will finance the expansion of the SSN to households affected by shocks/emergency as further detailed in the operations manual</i>					



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Proportion of beneficiary households below the extreme poverty line	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 or L-PMT.	One-time measurement during targeting	Project's Proxy-Means Testing (PMT) or L-PMT	Analysis by NaCSA based on the PMT	SP Secretariat and NaCSA M&E Function
Proportion of payments delivered on time	On-time means that current payments are delivered before the 15th of the month following the end of the quarter	Quarterly data recording and annual average reporting for the results framework	Payments reconciliation reports by service provider and NaCSA MIS	Submission of electronic receipts from payment service provider	Payment service provider, SP Secretariat and NaCSA M&E Function
Proportion of cash transfer component related grievances resolved within three months of being recorded in the GRM database	Limited to the administrative complaints under NaCSA's purview. Measures GRM functionality (system element). See GRM description for details on how a complaint is	Quarterly recording; with annual average reporting for the results framework	GRM database monthly report	GRM data recorded by staff of ACC and NaCSA from available grievances channels	SP Secretariat, ACC and NaCSA M&E Function



	reported, recorded, and resolved.				
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.	SP Secretariat/ NaCSA M&E Function	Project records		Annual
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.				
Beneficiaries of social safety net programs		Quarterly recording; with annual	Project quarterly report and	This is number of individuals, calculated using the	SP Secretariat and NaCSA M&E Function



		reporting for the results framework	MIS	average of 6 members per household	
Beneficiaries of social safety net programs - Female		Quarterly recording; with annual reporting for the results framework	Project quarterly report and MIS	This is number of individuals, assuming half of the household members are female. Note that this is different than the previous SSN's indicator that was measuring the number of direct project beneficiaries (household, and of which proportion of the household representatives (to receive the cash) are female).	SP Secretariat and NaCSA M&E Function
Beneficiaries of Safety Nets programs - Unconditional cash transfers (number)				Same number of individuals as in the "beneficiaries of social safety net programs (CRI, Number)"	



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Targeting and enrollment, payment and grievance redress mechanisms established					
Proportion of beneficiaries enrolled following the SSN three-stage targeting procedure	The three stages are: geographic targeting, community targeting and PMT	One-time measurement during targeting exercise	Project quarterly report, targeting report and SLIHS 2018 data	Analyze the targeting data	SP Secretariat and NaCSA M&E Function
Proportion of beneficiaries' representatives issued with photo identification (IDs) (Percentage)	Representatives are persons who have been nominated by the household to collect the cash transfer	Quarterly	Project quarterly report	Review of project reports, including during payment days	SP Secretariat and NaCSA M&E Function
Proportion of valid complaints registered in the GRM by ACC Call Center	Valid means marked as "accepted" (instead of rejected) in the GRM portal. This means that the complaints are verifiable by the GRM team in NaCSA	Quarterly recording; with annual average reporting for the results framework	ACC report and project quarterly report	Complaints coming from the call center being lodged by ACC	ACC, SP Secretariat and NaCSA M&E Function
Proportion of beneficiaries data update resolved within 90 days	Resolved means that the revision of beneficiaries	Quarterly recording;	Project MIS and GRM data	Regular reporting by the MIS team about the	SP Secretariat and NaCSA M&E Function



	data as requested by the households is completed or the request has been deemed to not comply to SSN operations manual.	with annual average reporting for the results framework		progress of data update	
Social Protection Registry for Integrated National Targeting (SPRINT) operationalized		One-time measurement	MIS and SPRINT systems	Review of each systems functionality	SP Secretariat and NaCSA M&E Functions
Implementation strategy of the Social Protection policy revised and launched, and the National Social Protection Policy enacted (Yes/No)	Component 1 of the Project supports activities of the SP Secretariat which has been instrumental in formulating the revised SP policy. This indicator will focus on the next step after the policy revision, i.e. implementation strategy of the SP policy.	One-time measurement	Implementation strategy revision and launch event	Records of the revised policy and documentations from the launch event	SP Secretariat and NaCSA M&E Function
Proportion of cash transfer recipients paid through electronic payment					
Proportion of beneficiaries who receive cash transfer in the current quarter	Beneficiaries refer to the cohort and receipt of cash transfer refers to actual delivery of payment during pay day.	Quarterly recording; with annual average reporting for the results	Reconciliation payment report and project MIS		SP Secretariat and NaCSA M&E Function



		framework			
Proportion of households with Persons with Disability (PWD)	Definition of persons with disability (PWD) refers to the Disability Act 2011. Detailed methodology will be discussed with SSL who has been conducting the population and housing census that has been measuring disability data.	One-time measurement during enrollment of beneficiaries	Targeting report	Refer to the targeting report and project MIS that will have additional sub-field on disability	Targeting firm, SP Secretariat and NaCSA M&E Function
Proportion of beneficiaries receiving new workshop modules/materials		Quarterly recording; with annual reporting for the results framework	Project quarterly report	Reporting by the beneficiary workshop/behavioral change workshop focal point at NaCSA	NaCSA focal point for these workshops and NaCSA M&E Function
Proportion of beneficiaries reporting saving		During impact evaluation baseline, midline and endline	Impact evaluation	Impact evaluation questionnaire	Impact evaluation firm and NaCSA M&E Function
Proportion of household representatives collecting the cash transfers who are women	This indicator will be measured through the quarterly reports	Quarterly recording; with annual	Project quarterly report and MIS		SP Secretariat and NaCSA M&E Function



		average reporting for the results framework			
Beneficiaries with access to cash transfers from the contingency finance		Annual	Annual report	To be defined during implementation	SP Secretariat and NaCSA M&E Function



Annex 1: Detailed Project Description

Component 1: Development of Systems for Implementation of Social Safety Net Interventions (US\$2.8 million equivalent)

1. The existing targeting system, the MIS, the GRM, and the beneficiary registry will be employed for the proposed AF2. These will be extended to new districts. These systems and procedures will also be revised to allow them to be used to support households affected by shocks, as was done through the SSN in response to Ebola.
2. **Targeting system.** The project will continue to rely on a three-stage common targeting system combining geographical, community IDs of potentially eligible beneficiaries, and verification by PMT. The poverty maps used for geographical targeting and the PMT used for household targeting will be updated using the 2018 Sierra Leone Integrated Household Survey (SLIHS). Given the Government's commitment to responding to the needs of PWDs, at each stage of the targeting process, efforts will be made to ensure that households with members who are disabled⁵¹ are aware of the targeting process and are considered for enrollment. To track these efforts, an indicator will be added to the Results Framework. Additionally, as the SSN will expand to urban areas, the targeting process will be adjusted to conduct extensive outreach with the help of disability associations to allow households with PWDs to come forward. A poverty filter will be applied once outreach is completed to select beneficiaries who are extremely poor. Once they are deemed eligible, households are enrolled in the program and issued the beneficiary IDs. The targeting and enrollment processes will be documented in the revised Operations Manual.
3. **Payment service provider (PSP).** The project uses a third-party PSP to build strong transparency and accountability mechanisms into the payment delivery process. The project will maintain this arrangement, with a new procurement process currently under way. The procurement process will seek to identify a regulated financial institution in an effort to promote financial inclusion of SSN beneficiaries. The PSP will initially be hired for a probationary period of 12 months. Upon satisfactorily delivering payments and maintaining a legal standpoint during the probationary period, the contract may be extended. The payment process will be documented in the revised Operations Manual.
4. **MIS.** No significant operational changes are planned under the proposed AF2 and therefore it is expected that the current system will be used also for the expansion. Minor modifications might be needed to accommodate the new geographical codes and replace the old ones (used before the 2015 census). During the AF period, SPRINT will be separated from the MIS, thereby creating a database that would form the foundation of a future social registry. SPRINT (a beneficiary registry) currently keeps the existing beneficiary records as well as those used by the SSN Project. With this separation from the MIS, SPRINT would instead be able to accommodate information about beneficiaries of other programs and produce maps, based on the geographical distribution of beneficiaries and amount disbursed over time. The system would have additional modules, including report creation and simulation of targeting

⁵¹ Definition of disability will refer to the Sierra Leone Disability Act 2011 "disability means a physical, sensory, mental or other impairment which has a substantial long-term adverse effect on a person's ability to carry out normal day-to-day activities." Technical details for inclusion in the PMT will be elaborated in the revised Operations Manual.



approaches based on different parameters. Further evolution toward a social registry (or beneficiary registry that can assess which households receive multiple benefits) requires a unique identifier. The current coverage of identification documents in the country is limited; should the National Civil Registration Authority expand the coverage of national IDs, SPRINT will be revised to accommodate this information.

5. **GRM.** The Sierra Leone ACC will continue handling complex issues that suggest corruption or fraud, while NaCSA will handle those complaints that are administrative in nature, such as those related to the targeting process, and timeliness and completeness of transfers. Complaints can be channeled through the toll-free phone line, web-based platform, walk-in to any of the ACC offices, or at behavioral workshops during payment days. The SSN has recently improved the GRM by (a) including the use of short message services (SMS) and electronic mobile data collection and recording tools to reduce the costs of reporting and (b) putting in place independent community monitors under supervision of the Sierra Leone ACC to have more presence in the communities, quick identification and immediate grievance resolution, and provision of timely feedback on the status of the grievance resolution. These structures complement the investments that the ACC has made in setting up the ACC Report Center and the ongoing integration of reporting platforms at the ACC's head office located in Freetown. For this AF2, the GRM team will undertake further training on data analysis, effective case management skills and integration of GRM and the MIS of both the ACC and SSN. Also, the GRM team will explore collaboration with other stakeholders such as UNICEF and the Ministry of Social Welfare, Gender, and Children Affairs on the possibility of utilizing the U-report platform and connecting the existing GRM mechanism to the ministry's SGBV call center. The GRM will be documented in the revised Operations Manual.

6. **Research and evaluation.** Based on strong demand from the Government and to provide concrete evidence on the project's impact on human capital outcomes of poor households, the project will explore the possibility of conducting a rigorous impact evaluation of the SSN program. The geographic expansion into new districts provides a good opportunity to phase in the program to some communities earlier than others, thus providing a counterfactual without creating an artificial control group. A similar impact evaluation was envisioned under the parent project. However, given the difficulties associated with rolling out the SSN during Ebola, this impact evaluation did not proceed as planned.

7. The project will conduct process evaluations, including on the behavioral change workshops to improve their delivery and usefulness. Similarly, based on strong demand to work on areas of productive inclusion and graduation of beneficiaries, the project will conduct diagnostic studies assessing (a) opportunities and constraints to self-employment and (b) financial inclusion and micro-entrepreneurship to enhance livelihood opportunities in rural areas.⁵²

8. Data collection and analysis for all diagnostics, processes, and evaluation research will be conducted by third parties, contracted by NaCSA using project funds. The World Bank will advise on research design and analysis. Where possible, the planned research will seek to provide findings separately by gender, age, location, and household economic status.

9. A set of activities will be added to this component that will assess, and as needed, strengthen the data systems needed to scale up the SSN as well as design the rules for scalability. This will include data

⁵² A follow-on project that will focus on productive inclusion is in the pipeline.



analysis that will be carried out in close coordination with the SSL and Office of National Security, which is currently mandated to coordinate a response to shocks.

10. **Social protection sectoral coordination.** The IAF is the lead coordination platform that oversees policy dialogue at the national level, ensures inter-ministerial and inter-agency coordination and cooperation, and sources funding for social protection programming. The IAF is supported by the Social Protection Secretariat, which supports coordination at the technical level, continuing to lead technical dialogue and building of the social protection systems for the sector, including for the SSN Project. Following the transfer of oversight functions on social programs to the Office of the Vice President, the IAF will be chaired by the Vice President. Arrangements for coordinating the social protection sector at the sector ministries, the district and subdistrict and technical levels remain unchanged as in the original project. The proposed AF2 will allocate funds to support activities related to the coordination of the social protection sector, such as the meetings of the IAF and TSC, as well as support for policy dialogue, the development of the implementation strategy of the Social Protection Policy and other coordination activities of the Social Protection Secretariat.

Component 2: Cash Transfers to Extremely Poor Households and Emergency Response (US\$21.2 million equivalent)

11. No major changes to Component 2 are envisaged, although the project will ensure that extremely poor households with members who are disabled are included in the project (see Component 1) and introduce funds that would enable the SSN to scale-up in response to shocks. In line with the geographic expansion, the SSN will be expanded to include beneficiaries from all 16 districts in Sierra Leone. The complementary workshops that accompany payments will continue, with an expansion in the menu of topics being offered, an increase in the frequency of delivery, and possible experimentation with different teaching-learning methodologies.

12. **Selection of beneficiaries.** The selection of beneficiaries will be guided based on the process outlined under Component 1. During enrollment, the household will nominate the person who will collect the transfer and an alternate member, who will be allowed to collect payments if the primary recipient becomes unavailable. This will be detailed in the revised Operations Manual.

13. **Transfer amount and frequency of payments.** Beneficiaries will continue to receive quarterly payments. The size of the transfers will be fixed and equivalent to a value that represents 15 percent of the average monthly household consumption (in PPP terms) among extremely poor households. To this end, the SLIHS data from 2018 will be analyzed (once it becomes available) to consider if the transfer value should be increased and there will be an annual review of the exchange rate based on inflation. Households with members who are disabled will receive an extra transfer for each disabled person⁵³ that could be used to meet specific needs such as the purchase of disability-related equipment and will be linked to disability associations to procure equipment.

14. **Duration of support.** Once they are enrolled in the SSN, households will receive support for three consecutive years. Thus, the SSN will remain a time-bound program and beneficiaries will be informed that they will exit the program after three years. Given that households were enrolled into the SSN under

⁵³ The exact definition of which disabilities will be eligible for this support will be set out in the Operations Manual.



the original project and the first AF, all beneficiaries who have received support for three years will exit the program. To this end, beneficiaries will be informed of their exit at least one quarter in advance, so that they will receive one more payment. Households who were enrolled into the SSN under the first AF but who have not yet received three years of support will remain in the SSN. The addition of new beneficiaries will happen using a phased approach considering the implementation capabilities and to facilitate a rigorous evaluation of the program.

15. **Geographic coverage.** With the redrawing of district boundaries, the proposed AF2 will expand the cash transfer program to the five remaining districts where the program does not exist: Kambia, Pujehun, Bonthe, Koinadugu, and Falaba. Additionally, the scale-up will cover extremely poor households in the Western Urban region including the capital, Freetown. From 2019, the SSN will operate in all 16 districts. The SSN will thus be national in coverage. The number of beneficiaries in each new district will be selected based on poverty rates and population figures of the respective districts. Table 1.1 presents this approach, which entails distributing resources equally across all districts to calculate the number of extremely poor households to be covered within each district, using 2011 data. However, these data will be revised using the 2018 SLIHS once the survey data are validated and officially released.

Table 1.1. Principles of Allocating Beneficiaries by District, Illustrated through the 2011 SLIHS

Province	District	Population Census 2015	Estimated households Census 2015	ExtPov Headcount (SLIHS 2011)	Estimated ExtPoor HHs	SSN Beneficiaries (cumm.)	SSN Coverage	New HHs	SSN Coverage for New HHs	Cumulative SSN coverage
Eastern	Kailahun	526,379	93,923	12.0%	11,271	1,017	9%	2,254	20%	29%
Eastern	Kenema	609,891	108,825	17.9%	19,480	2,357	12%	3,896	20%	32%
Eastern	Kono	506,100	90,305	19.7%	17,790	5,762	32%	3,558	20%	52%
Northern	Bombali	606,544	108,228	24.8%	26,840	9,833	37%	5,368	20%	57%
Northern	Kambia	345,474	61,644	6.6%	4,069	0	0%	814	20%	20%
Northern	Koinadugu	409,372	73,046	10.2%	7,451	0	0%	1,490	20%	20%
Northern	Port Loko	615,376	109,803	20.3%	22,290	1,256	6%	4,458	20%	26%
Northern	Tonkolili	531,435	94,826	10.8%	10,241	774	8%	2,048	20%	28%
Southern	Bo	575,478	102,684	16.3%	16,738	1,868	11%	3,348	20%	31%
Southern	Bonthe	200,781	35,826	8.1%	2,902	0	0%	580	20%	20%
Southern	Moyamba	318,588	56,847	19.7%	11,199	4,683	42%	2,240	20%	62%
Southern	Pujehun	346,461	61,820	16.5%	10,200	0	0%	2,040	20%	20%
Western	WAR	444,270	79,272	15.9%	12,604	2,903	23%	2,521	20%	43%
Western	WAU	1,055,964	188,419	8%	15,074	0	0%	3,015	20%	20%
Population		7,092,113			188,148	30,453	16%	37,630		
Households		1,265,468								
Average hh size		5.60								

16. **Supporting PWDs in urban areas.** The Government is committed to improving the well-being of PWDs living in urban areas, as currently many of these people are eking out their living on the streets. The Ministry of Finance has thus requested NaCSA to design and implement a program, which the Government will finance, to support the livelihoods of PWDs in urban areas. To support these efforts, the SSN will identify beneficiaries in coordination with disability associations and then, from the list of eligible beneficiaries, select those who are the most vulnerable. Additionally, in recognition of the global evidence on the enhanced impacts of livelihood programs when these are complemented with the provision of regular cash transfer support, the Government indicated that it would provide this livelihood support to



beneficiaries of the SSN. In this way, the Government's livelihood program would draw on the targeting process carried out by the SSN. As the aim of this combined support is to move these people out of poverty; after each year, the eligibility of these beneficiaries will be reassessed to determine if they remain eligible for support from the SSN. This will occur twice and then these beneficiaries will be exited from the SSN after the third year.

17. **Behavioral change workshops.** The program will maintain the workshops that focus on SSN program rights and responsibilities (for new beneficiaries), health, nutrition, and water supply, sanitation, and hygiene (WASH), and financial literacy, which contribute toward building human capital in these communities. A rapid assessment of the SSN suggested that beneficiaries appreciated these workshops and among others have benefited from increased understanding of FM, household care, and how to improve income generation activities.⁵⁴ Through the AF, the project will add materials on early childhood development, productive economic activities, and SGBV to address strong demand from the Government to work on these issues. To contribute more directly to the Government's efforts to strengthen human capital, particular emphasis will be given to workshops on early childhood development. A process evaluation⁵⁵ will be conducted focusing on the workshops to better understand the optimal combination of key messages, frequency, and method of delivery that will promote behavior change more effectively. For example, the project will explore the feasibility of extending the training of trainers to group-elected 'mother leaders' who will then deliver trainings to SSN beneficiaries in addition to those delivered by trained-facilitators during payment days.⁵⁶ To ensure that trainings are being delivered, community monitors could conduct spot checks and collect grievance-related data.

18. **Emergency transfers through the scale-up of the SSN.** As agreed with the Government, the SSN will include an amount allocated (US\$4 million from within the US\$30 million) to enable the Government to finance the cost of scaling up financial assistance to households after landslides, floods, or health emergencies. For triggering this component, a dual approach is being considered. This would include a soft trigger, aligned with the trigger of a Development Policy Credit/Loan with a Catastrophe Deferred Drawdown Option, which usually is a declaration of emergency or issuing a decree or order after emergency events. A second, more robust trigger under consideration, especially if TF resources are available, would be based on an index used to capture the impact of flooding, landslides, and bigger health emergencies. The process by which households would be selected for support, the amount to be paid and the duration of this support will be detailed in the Crisis Risk Financing Handbook, which will be annexed to the POM.

Component 3: Project Management and Capacity Building (US\$6 million equivalent)

19. The project will provide additional resources for project management and capacity building, including through hiring of additional staff to support the program expansion. The institutional arrangement for the SSN remains the same as in the parent project.

⁵⁴ Sierra Leone Social Safety Net Program Rapid Assessment, 2019.

⁵⁵ A post-payment monitoring tool developed by NaCSA will include a section on behavioral change workshops.

⁵⁶ World Bank. 2018. *Behavioral nudges for cash transfer programs in Madagascar*, and Vakis, R. and K. Macours, 2016. *Sustaining Impacts When Transfers End: Women Leaders, Aspirations, and Investment in Children*. National Bureau of Economic Research, No. w22871.





Annex 2. Summary of the Project Procurement Strategy for Development

20. The contracts to be financed under the AF are for low value, standard off-the-shelf goods, and non-complex consultancies. The market analysis has shown that regional and international markets will be relied upon for the procurement of goods and consultancy services. The local market will be proactively engaged to understand the trends and expectations, especially during the development of the technical specifications and terms of reference for goods and services, respectively.

21. One activity will be procured using Quality-Cost Based Selection. International bidders will be allowed to submit bids or proposals for goods and services within National Competitive Bidding threshold. A few procurement and stakeholder risks were identified and mitigated in the PPSD. These include:

- (i) Multiple Projects with varying procurement procedures and processes managed by a single unit: A Procurement Officer, whose skill will be built, will be dedicated to the project activities.
- (ii) Poor contract management: A contract management plan template has been shared with the project by the WB, which will be adopted for each contract.
- (iii) Low capacity of SMEs to compete for procurement opportunities: Foreign firms will be given opportunity to bid for national open competitive biddings.
- (iv) Exchange rate volatility affecting the pricing of goods and services: In addition to local currency, bidders will be allowed to submit prices in three other currencies.
- (v) Governance issues such as corruption: The agreed implementation arrangement and provisions of the Financing Agreement and the World Bank's 'Guidelines on Preventing and Combating Fraud and Corruption will apply
- (vi) Poor project coordination: Meetings will be held on regular basis to share information on project implementation
- (vii) Weak Internal Controls: The provisions of the POM will be adhered to.
- (viii) Delay in Processing Withdrawal Applications: Parties to adhere to a strict cashflow management discipline.



Annex 2 Table 2.1: Procurement Plan

Group	Contract Title and Description	Category	Estimated Cost ('000 US\$)	Risk Rating	Bank Oversight	Procurement Approach	Selection Method	Evaluation Method
1	Supply of Station Wagon Vehicles (5units)	GO	250	L	Post Review	Open, national	RFB, International	Lowest Responsive
2	Equipment/Data Collection Tools for Single Registry	GO	200	M	Post Review	Open National	RFB, International	Lowest Responsive
3	IT Equipment for HQ and District Offices (Laptops, Desktops, Power Banks, Photocopier, Scanner, Printers etc)	GO	150	M	Post Review	Open National	RFB, National	Lowest Responsive
4	Office Furniture for HQ ad District Offices	GO	45	S	Post Review	Open, national	RFQ	Lowest Responsive
5	Audit of Project Accounts (5years)	CS	100	L	Post Review	Open, national	LCS	Technical and Price (Two Stage)
6	Consulting Services for Payment Service Provider (5years)	CS	351	M	Prior Review	Open, national	RFQ	Lowest Responsive
8	Supply of Off Road Motorbikes (5units)	GO	30	S	Post Review	Open, national	RFQ	Lowest Responsive
9	MoU with Anti Corruption Commission	CS	200	L	Prior Review	Limited	DIR	Not Applicable

Risk Rating: H-High; S-Substantial; M-Moderate; L-Low