



The World Bank

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Statement delivered by

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It is a pleasure for the World Bank to participate in this meeting of the Peace building Commission, and we are particularly pleased that the commission continues to pay special attention to Sierra Leone. That attention is highly warranted. Sierra Leone offers the promise of taking strong steps forward, but faces considerable risks as well. The peacebuilding commission and the peacebuilding fund are important initiatives to help Sierra Leone maintain its forward momentum toward a stability and lasting peace through development.

As our Country Director, Mats Karlsson, who unfortunately was not able to be with us today, has highlighted in earlier meetings, we in the World Bank are extremely keen to engage with the commission to ensure successful implementation of its support. And we look in particular to our colleagues in the UN Country Team for a close partnership in supporting the government.

Key challenges and selected responses

Many of the underlying factors that contributed to the conflict still need to be addressed adequately. The government, Sierra Leonean society and external partners have already identified many of the important ones, and are working together to address them. Let me mention some and link them to what we in the World Bank, in cooperation with other partners, are doing to help the government.

- Alienation of the population, particularly in rural areas, from economic and social opportunities has often been cited as an important contributing factor to the conflict. We and other partners are supporting the government's decentralization drive, with significant financial support. A currently ongoing national workshop here in Freetown is discussing the experience so far. And while there are still significant challenges to be tackled, experience from the program is very promising, including specific examples of decentralized authority in health contributing to faster responses in addressing outbreaks, such as cholera.
- Economic progress and improvement in peoples' livelihood are crucial if stability is to be maintained. We are supporting these objectives in a number of ways. Let me just mention two.
 - Infrastructure improvements are absolutely necessary to get the economy moving. Currently Sierra Leone is experiencing a power crisis and its roads are in great need of improvement. The World Bank is helping finance investments in power generation and distribution and we hope to witness a significant improvement in power supply in the later months of 2007. Similarly, we have put significant resources into transport programs. With improvements in roads, we hope to see benefits to rural communities, provided by better access to markets.
 - Sierra Leone also needs to revive its agricultural production base. We are currently preparing a significant IDA operation to strengthen agricultural marketing and the whole value chain for agricultural products.

- Unemployment, particularly among the young, is another risk to stability. Through our cooperation with NACSA, we are helping finance various public works activities that do alleviate this problem, and to build social infrastructure in the process.
- Strengthened governance is yet another challenge, acknowledged by the government and its partners. We and other external partners are supporting improvements in public management and governance, including through a multi donor budget support, which is predicated on improvements over time in various indicators of good public management.
- Finally, there is a need to address major social indicators. We have noted with pleasure that good progress is being made in education and we look forward to the support from the Education for All - Fast Track Initiative Catalytic Fund. Health indicators are of greater concern. Here we are already engaged with the government, and are particularly pleased to note the additional financing provided by the Catalytic Fund for Africa, with significant funding for child survival and maternal health.

Sierra Leone and its partners take stock of PRSP – First CG meeting in Freetown

Two weeks ago, the Government of Sierra Leone and its partners met for the first Consultative Group meeting held in Freetown, to take stock of progress under the PRSP. The meeting was opened by Vice President Berewa and co-chaired by Mats Karlsson, World Bank Country Director and Victor Angelo, Executive Representative of the UN Secretary General. The meeting reviewed progress on each of the pillars of the PRSP. The meeting acknowledged the substantial progress made on macroeconomic stability and growth and on public financial management, but noted more mixed results in the fight against corruption. The decentralization efforts were also given very positive recognition as key components of empowerment and service delivery.

On pro-poor economic growth, the meeting discussed recent important studies, in particular a diagnostic trade integration study, which presented specific proposals for revival of agricultural production and marketing. The meeting recommended prioritization of proposed activities, with an initial focus on activities the government could undertake without much external support. The government's commitment to the full implementation of the EITI initiative was noted and further steps to provide a strong legal framework, geological information and support services were encouraged. The issue of transparency in the extractive industries is going to be central to the government's good name in the future. The energy situation was discussed and it was agreed that an energy reform package for the country needs to be developed, with short, medium and long term requirements and institutional improvements to ensure efficient power supply.

Significant improvements were noted in primary school enrolment and the significant resources the government has allocated to education were commended. Improvements were also noted in a variety of health services, but it was noted that much more is needed in order to bring health indicators up to acceptable levels. Concerns were expressed at the low level of health expenditure in the country. Participants also agreed on the need for strengthening the strategy and implementation for youth development and employment, a major cause for concern.

The main conclusions of the meeting focused on:

- The need for a comprehensive infrastructure program, with particular emphasis on energy and energy sector reform, to address major bottlenecks for economic growth.
- Better inter-sectoral linkages in policy reforms, not least with respect to human development
- Capacity development, including a civil service reform, to accelerate the implementation of the PRSP
- Greater attention to prioritization of the reform process, to take account of limited resources
- Greater efforts by the donors to supply government with required data on donor activities, to facilitate predictability, planning and monitoring of government programs
- To-time future CG meetings so that their conclusions can be incorporated into the budget. It was proposed that the next CG meeting would be held just after the upcoming Presidential and General Elections. A Development Partners meeting would be scheduled in early 2007.
- A Memorandum of Understanding on the multi donor budget support arrangements was signed by the Government and their four partners: AfDB, EC, DfID and World Bank.

Support from the Peacebuilding Fund

While we and others are providing significant financial support to Sierra Leone, it is clearly inadequate given the enormous needs the country faces. We are, therefore, extremely pleased at the prospect of support from the Peacebuilding Fund. We are eager to work with the government and other partners to support the final preparation of plans for the utilization of this support. That raises the question of how the money will be channeled to agreed activities. In Sierra Leone there is in place a framework for budget support to the government, backed by four significant external partners, who maintain a continuous dialogue with government on governance improvements. They are the African Development Bank, the European Commission, DfID and the World Bank. We want to encourage serious consideration of using the budget support channel for the Peacebuilding Fund. That way we reduce transaction costs and avoid further proliferation of support channels, and move forward in the spirit of the Paris Declaration. With the UN team in Freetown joining the group actively engaged with the government on the modalities and conditions for the budget support, we believe the necessary assurances of effective use of the funds can be achieved.

Finally, let me just again thank the Commission for the opportunity to participate in these deliberations. We in the World Bank want to be a good partner to the Commission and to Sierra Leone in the progress toward a stable country.