

Consultative Group Meeting for Sierra Leone, November 29-30, 2005

Communiqué

The Government of Sierra Leone, together with its Development Partners, held a Consultative Group (CG) meeting in London on November 29-30, 2005. The objective of the meeting was to deepen the partnership between the Government of Sierra Leone and its Partners around the Sierra Leone Poverty Reduction Strategy (SLPRS), focus on monitorable results, and improve harmonization in order to enhance aid effectiveness.

Participants acknowledged that the theme of the CG, "Food Security, Job Creation and Good Governance," was timely and well founded on the Government's Poverty Reduction Strategy. Participants recognized the substantial progress made by Government in consolidating peace and stability since the last CG meeting in 2002. With the assistance of UNAMSIL, essential public security has been restored through a restructured security sector, and chieftancy and local council elections have been held.

Participants congratulated the Government on its impressive record of macro-economic management which has fostered consistently strong economic growth and low inflation. Participants encouraged Government to continue its focus on improving public financial management and fighting corruption, as good economic governance is a key underpinning to poverty-reducing growth. They welcomed Government's commitment to tackling corruption and noted the considerable emphasis placed on anti-corruption measures in the Poverty Reduction Strategy. The meeting also noted that despite many challenges there has been considerable progress on decentralization and service delivery.

The Focus on Results

Against the backdrop of this progress, Development Partners agreed that the priorities on food security, job creation and good governance are the right ones. They commended the participatory approach that led the preparation of the Poverty Reduction Strategy and recognized that the SLPRS provides a good framework for poverty reduction and a transition towards sustained medium-to-long-term development.

The Government put forward, in the form of an Activity Matrix, a prioritized program for the three pillars of the SLPRS: Promoting Security, Peace and Good Governance; Promoting Pro-Poor Sustainable Growth for Food Security and Job Creation; and Promoting Human Development. This prioritization was welcomed by Development Partners as a major step towards defining the additional programs and costs for which Government is seeking funding, and they recognized this as the first major mid-term investment program for the country. Along these lines, they encouraged Government to further integrate the Activity Matrix with the budget.

Complementing the Activity Matrix, Government presented a Results Matrix to help monitor the outcomes supported by both Government and Partner resources. The

Results Matrix will also serve as the compact for the partnership between donors and Government over the three years of the SLPRS.

Participants acknowledged that for successful implementation of the Poverty Reduction Strategy, there is a need to strengthen government capacity to monitor and evaluate the impact of programs, to reinforce the capacity of implementing agencies to develop and execute programs, and to ensure timely, predictable volumes of external financing.

Together, the SLPRS, the Activity Matrix, and the Results Matrix form the prioritized strategic framework for the partnership as agreed at the CG.

Funding Mechanisms

The meeting discussed two new funding mechanisms that will support the goal of increased harmonization and potentially leverage additional resources to Sierra Leone during its transition to robust development. First, participants discussed the **Multi-Donor Budget Support (MDBS)** program which is an approach initiated by three partners (the EC, DfID and the World Bank) to harmonize their budget support processes in an effort to increase development impact, reduce transaction costs, and promote the predictability of resource flows. At the meeting, the African Development Bank announced their intention to join these partners in contributing to the MDBS mechanism. The MDBS will focus on strengthening public financial management and will promote the leadership of the Government of Sierra Leone to drive SLPRS results through the budget process. Advanced documentation was presented, and other development partners were invited to join this effort.

Partners also reviewed a proposal for a multi-donor Trust Fund to support critical aspects of the Sierra Leone PRS that are not being financed through existing bilateral programs and technical assistance. The **PRS Trust Fund** offers new donors a low transactions-cost vehicle for contributing resources toward the objectives of the Sierra Leone Poverty Reduction Strategy, as defined in the Government's Activity Matrix. Participants recognized that Sierra Leone is at a critical juncture in its history and that additional resources are needed to ensure that gains from peace are consolidated and to help prevent a return to civil strife. In this light, they endorsed the proposal to establish the PRS Trust Fund in hopes that it would generate additional resources, especially from partners who do not have an in-country presence. Partners acknowledged that the two mechanisms described above do not exclude other modalities of bilateral funding.

A series of side meetings were also held to discuss capacity building, youth employment and HIV/AIDS. With regard to the urgent needs for capacity building, participants encouraged the Freetown-based Task Force to continue its work on this important topic. With a view towards increasing the impact of HIV/AIDS efforts, the meeting agreed that all assistance in this area needs to be coordinated through the National AIDS Secretariat. Finally, participants acknowledged the potential threat to stability presented by the current state of unemployment among the country's youth, and

they underscored the need to find effective solutions to this problem, including through additional funding.

Donor Support for the 2005-2007 Period

The meeting acknowledged that many donors, both bilateral and multilateral, have not yet established their country-specific aid levels for future years. However, based on indications provided by major donors on the levels of approved support for 2005-2007, the prospect of US\$ 800million for this period is real. This figure does not include the expected debt relief from the HIPC and multilateral debt relief initiatives which have been factored into the Government's annual budget and its medium-term expenditure framework.

Harmonization and Partnership

Participants agreed on a renewed framework for partner consultation. The bimonthly Development Committee (DEPAC) meetings, held in Freetown, will now be held on a quarterly basis with the main objective of reviewing progress in the implementation of the PRS through the Activity Matrix and the Results Framework. Participants also agreed that this CG meeting marked the beginning of annual, results-focused CGs that will provide a forum for partners to align their support to the Government's budget, to review progress and to agree jointly on priorities, all in good time to inform government's budget cycle. Future CG meetings will also seek to advance the harmonization agenda along the lines of the Paris Declaration on harmonization. To that end, it was agreed that a working group of Government and its Partners would be formed to generate a set of actions that would move the partnership towards greater harmonization and aid effectiveness.