

5 December 2018

Prepared by: RDGW/AHWS/COSL/PGCL

Original: English

BOARD APPROVAL  
Lapse-of-time Procedure

5 December 2018

FOR INFORMATION

## MEMORANDUM

**TO : THE BOARD OF DIRECTORS**

**FROM : Vincent O. NMEHIELLE**  
Secretary General

**SUBJECT : SIERRA LEONE - FREETOWN WASH AND AQUATIC ENVIRONMENT  
REVAMPING PROJECT\***

**ADF LOAN OF UA 6 270 000**

**ADF GRANT OF UA 3 730 000**

The **Loan and Grant proposals** and the draft **Resolutions** relating to the above-mentioned project, were submitted for **your consideration on a Lapse-of-time Basis**, on 22 November 2018.

**Since no objection was recorded by 5:00 pm, on 5 December 2018**, the said proposals are considered as **approved** and the Resolutions **adopted**.

**Attach:**

**Cc: The President**

**\*Questions on this document should be referred to:**

Mrs. M.-L. AKIN-OLUGBADE	Director General	RDGW	Extension 7778
Ms. G. W. GICHURI	Director	AHWS	Extension 4015
Mr. G. PENN	Acting General Counsel	PGCL	Extension 3320
Mr. M. TARHOUNI	Sector Manager	RDGW.2	Extension 2235
Mr. P. KARIUKI	Country Manager	COSL	Extension 6261
Ms. A. M. MECCA	Division Manager	PGCL.1	Extension 3309
Mr. B. CISSE	Team Leader	RDGW.2	Extension 2316

# AFRICAN DEVELOPMENT FUND



**PROJECT: FREETOWN WASH AND AQUATIC ENVIRONMENT  
REVAMPING PROJECT**

**COUNTRY: SIERRA LEONE**

## PROJECT APPRAISAL REPORT

*Date: September, 2018*

Team Leader:	Rogers LUBUNGA, Principal Water & Sanitation Engineer	RDGW2/COSL
Project Team	Team Members: Bocar CISSE, Senior Financial Analyst Arona SOUMARE, Principal Climate Change & Green Growth Officer Amel HAMZA, Principal Gender Expert Roberta C. MHANGO, Environment Officer Philip DOGHLE, Principal Financial Management Specialist Shiaka MOMOH, Senior Procurement Officer Alex YEANAY, Senior Social Protection Officer	RDGW.2 PECG.2 RDGN.2 SNSC.0 COLR SNFI.2/COGH SNFI.1/COSL
Sector Manager: Country Manager: Sector Director: Director General:	Mouldi Tarhouni Peninah Kariuki Gladys W. Gichuri Marie-Laure Akin-Olugbade	RDGW.2 COSL AHWS.0 RDGW.0
Peer Reviewers	Maimouna, DIOP LY, Health and Social Protection Officer Tom R. MUGOYA, Principal Water and Sanitation Engineer Herbert CHINOKORO, Water & Sanitation Specialist Abu S. BOCKARIE, Senior Transport (Infrastructure) Engineer	AHHD.2 RDNG.0 RDGS.2 COSL

# AFRICAN DEVELOPMENT FUND



## SIERRA LEONE

### **FREETOWN WASH AND AQUATIC ENVIRONMENT REVAMPING PROJECT**

RDGW/AHWS/COSL/PGCL DEPARTMENTS

---

December 2018

---

## TABLE OF CONTENTS

Currency Equivalents.....	i
Acronyms and Abbreviations .....	ii
Loan Information .....	iii
Project Summary.....	iv
Result-based Logical Framework .....	vi
Project Implementation Schedule .....	ix
<b>I.– STRATEGIC THRUST &amp; RATIONALE.....</b>	<b>1</b>
1.1. Project linkages with country strategy and objectives .....	1
1.2. Rationale for Bank’s involvement .....	1
1.3. Donors coordination.....	3
<b>II – PROJECT DESCRIPTION .....</b>	<b>4</b>
2.1. Project objective.....	4
2.2. Technical solution retained and other alternatives explored.....	5
2.3. Project type .....	6
2.4. Project cost and financing arrangements .....	6
2.5. Project’s target area and population.....	8
2.6. Participatory process for project identification, design and implementation .....	9
2.7. Bank Group experience, lessons reflected in project design .....	10
2.8. Key performance indicators .....	10
<b>III – PROJECT FEASIBILITY .....</b>	<b>11</b>
3.1. Economic and financial performance .....	11
3.2. Environmental and Social impacts.....	12
3.3. Fragility and Resilience Assessment .....	15
<b>IV – IMPLEMENTATION.....</b>	<b>16</b>
4.1. Implementation arrangements.....	16
4.2. Governance .....	19
4.3. Sustainability.....	19
4.4. Risk management.....	20
4.5. Knowledge building.....	20
<b>V – LEGAL INSTRUMENTS AND AUTHORITY.....</b>	<b>21</b>
5.1. Legal Instruments.....	22
5.2 Fund Intervention condition.....	23
<b>VI – RECOMMENDATION .....</b>	<b>24</b>
Appendix I: Detailed Fragility and Resilience Annex	
Appendix II: Country’s comparative socio-economic indicators	
Appendix III: Table of Bank portfolio in the country	
Appendix IV: Key related projects financed by the Bank and other development partners in the country	
Appendix V: Map of the Project Area	
Appendix VI: Government Request	

## **Currency Equivalents**

*As of September 2018*

UA 1.00	=	SLL 11,692
UA 1.00	=	USD 1.40
UA 1.00	=	EUR 1.20
USD 1.00	=	SLL 8,343.15
EUR 1.00	=	SLL 9,720.65

## **Fiscal Year**

1<sup>st</sup> January – 31<sup>st</sup> December

## **Weights and Measures**

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## Acronyms and Abbreviations

ADF	African Development Fund	MICS	Multi-Indicator Cluster Survey
AfDB	African Development Bank	MFEA	Ministry of Finance and Economic Affairs
AMCOW	African Ministers' Council on Water		
AWF	African Water Facility		
AWPB	Annual Work Plan and Budget	MTR	Mid Term Review
BADEA	Arab Bank for Economic Development in Africa	NSC	National Steering Committee
CLTS	Community Led Total Sanitation	NGO	Non-Governmental Organization
CSI	Core Sector Indicator	O&M	Operation and Maintenance
CSO	Country Status Overview	OpsCom	Operations Committee
CSP	Country Strategy Paper	PAR	Project Appraisal Report
DCs	District Councils	PIC	Project Implementation Committee
		PCN	Project Concept Note
DP	Development Partner	PCR	Project Completion Report
EA	Executing Agency	PHU	Public Health Unit
EU	European Union	PIU	Project Implementation Unit
Ecosan	Ecological Sanitation		
ESIA	Environmental and Social Impact Assessment	QPR	Quarterly Progress Report
ESMP	Environmental and Social Management Plan	SLDHS	Sierra Leone District Health Survey
FHH	Female Headed Household		
GCF	Green Climate Fund		
GEF	Global Environment Facility	RWSSP	Rural Water Supply and Sanitation Project
GoSL	Government of Sierra Leone	TTWSSP	Three Towns Water Supply and Sanitation Project
GVWC	Guma Valley Water Company	TA	Technical Assistant/Assistance
IPR	Implementation Progress & Results Report	TBD	To be determined
IsDB	Islamic Development Bank	UA	Unit of Account
IWRM	Integrated Water Resources Management	UNICEF	United Nations Children's Fund
		VIP	Ventilated Improved Pit
JfYS	Jobs for Youth Strategy		
JMP	Joint Monitoring Program	WASH	Water, Sanitation and Hygiene
LGFD	Local Government Finance Department	WB	World Bank
MDA	Ministries, Departments and Agencies		
MICS	Multiple Indicator Cluster Survey		
SDGs	Sustainable Development Goals		
MWR	Ministry of Water Resources	WHO	World Health Organisation
M&E	Monitoring and Evaluation		

## Loan Information

### Client's information

---

<b>BORROWER/RECIPIENT:</b>	Republic of Sierra Leone
<b>EXECUTING AGENCY:</b>	Guma Valley Water Company

### Financing plan

---

Source	Amount (UA)	Instrument
ADF	3,730,000	Grant
ADF	6,270,000	Loan
OFID	14,300,000	Loan
IsDB	25,600,000	Loan + Grant
SAUDI Fund	10,700,000	Loan
KUWAIT Fund	10,700,000	Loan
Netherlands Enterprise Agency	42,900,000	Grant + Equity
Green Climate Fund (GCF)	7,150,000	Grant
Adaptation Fund	7,150,000	Grant
ECOWAS Bank	3,570,000	Loan
Government of Sierra Leone	3,050,000	
<b>TOTAL COST</b>	<b>135,120,000</b>	

### ADF's key loan financing information

---

Loan currency	UA
Interest type	N/A
Interest rate spread	N/A
Commitment charge	0.50% per annum on non- disbursed amount beginning 120 days after signature
Other fees	N/A
Tenor	40 Years including the Grace Period
Grace period	10 years

### Timeframe - Main Milestones (expected)

---

Concept Note approval	July, 2018
Project approval	November, 2018
Effectiveness	January, 2019
Last Disbursement	June, 2024
Completion	December, 2023
Last repayment	August, 2060

## Project Summary

**Project Overview:** The Freetown WASH & Aquatic Environment Revamping Project covers the greater Freetown area, the capital city of Sierra Leone. The project aims at contributing 15% increase in access to safe water supply and 7% increase in access to improved sanitation in Sierra Leone. The project also includes measures to institutionalise the Integrated Urban Water Management (IUWM) approach and in particular provide for sustainable management of the Freetown peninsular water-shed. The project total cost is estimated at UA135.12 million, including Fund's contribution of UA10.00 million. The project will be implemented within a period of sixty-six (66) months.

The project will directly benefit an estimated 1,400,000 people (51% women), provided with access to safe water, including new access for 1,000,000 people and restoration of a regular daily water service for 400,000 people. Environmental sanitation conditions will be improved, including the improvement of hygiene and sanitation habits of at least 200,000 people in vulnerable communities of the city. The project will create over 2,700 jobs and restore the Freetown peninsular water-shed thereby reducing the impact of the extreme climate events to living conditions and enhancing resources sustainability of the Protected Forest Area - the *Western Area Peninsular* water-shed. Overall, the water and sanitation services regulatory environment and improved delivery of the services will provide a firm foundation for long-term financial sustainability of Guma Valley Water Company and Freetown City Council.

**Needs Assessment:** Access to improved water supply in Sierra Leone is 58% of whom only 11% have the water accessible on premises while access to basic sanitation conspicuously lags behind water supply at 15% (34% shared facilities). Although access to improved water sources is 58%, the water is not free from contamination and not available when needed (*JMP 2017 update*). Therefore, the achievement of more ambitious SDG targets for water and sanitation is already undermined by the previous failure to achieve the MDG and National Policy targets. Water borne diseases are largely responsible for the high Under Five Mortality Rate (217/10001) in Sierra Leone. Poor sanitation and hygiene also contributes to the high rates of malnutrition among children under five years (38% stunting and 9% wasting). Water borne diseases are prevalent and cholera epidemics are common with the most recent having occurred in August 2012 in Freetown. Freetown has experienced a high population growth and has not expanded in harmony with efforts at city planning. The limited supply of water and virtual lack of sanitation services more or less expunged the ability to control the Ebola Virus Disease (EVD) crisis of 2014 – 2015. The expansion has encroached into environmentally sensitive zones including the gazetted water-shed area which is the source of water for the city, and likely to continue to be the most feasible source of water in the foreseeable future. The subsequent environmental degradation has resulted in the seasonal drying out of key water sources, which makes provision of water to city residents a daunting task during the dry seasons. The prolonged civil conflict has dramatically changed the demographics in Freetown with new unplanned informal settlements mushrooming all over the city and an increasing threat to the environment more especially the aquatic ecosystem. Environmental sanitation conditions are worsened by the numerous and large informal settlements which in turn fuelled the impact of the August 2017 landslide and floods that led to a loss of over 1000 lives. These events have brought into sharp focus the magnitude of the task at hand of making basic water supply and sanitation services accessible to the city residents.

**Bank's Added Value:** The Bank has been actively engaged in the water sector in Sierra Leone for the last seven years. In addition to the two on-going sector operations in the urban and rural

water subsectors, the Bank, in partnership with the Netherlands Enterprise Agency – Develop2Build (D2B) program of the Netherlands Ministry of Foreign Affairs, is currently leading the preparation of the Freetown Water Supply and Sanitation Master Plan and Investment Studies. It is through this operation that the Bank galvanised all development partners’ plans for investment support to address the dire water and sanitation situation in the capital city. Leading the proposed Freetown WASH and Aquatic Environment Revamping Project is necessary to sustain development partners’ confidence in the Bank, especially in consideration of the fact that the Master Plan implementation fell behind schedule. The success of the Bank financed Three Towns Water Supply and Sanitation project which is due to close in December 2018 has also boosted the confidence of partners who have been cautious regarding investments in the urban water sub-sector. The Bank’s success triggered DFID’s confidence to launch their on-going major rehabilitation investment operation for improving the water supply situation in Freetown. The proposed project is intended to provide the necessary complementarity and maximise the impact of DFID’s early effort, which is limited to rehabilitation of some of the key elements of the dilapidated Freetown water supply infrastructure. The project will also complement the institutional reforms supported through the MCC Threshold Program which is focused on improving the performance and sustainability of the water utility, the Guma Valley Water Company (GVWC). GVWC holds the mandate for water supply services in the Freetown.

2. **Knowledge Management:** Knowledge will be generated through supervisions, Annual Sector Reviews, Mid-Term Review and Project Completion reports and flagship reports. The project offers the opportunity to consolidate knowledge in the application of the Integrated Water Resources Management approach, that take on board climate change adaptation with focus on sustainability of the aquatic environment, as well as creation of local employment opportunities, as essential elements of water supply and sanitation investments. . Knowledge in co-financing arrangements and interventions in post-conflict fragile states will be enhanced through the Resource Mobilisation Conference and experiences arising out of co-financing with a multitude of partners. The respective knowledge will be shared during the Bank’s Water Sector Learning Week, and at regional sector events such as the Africa Water Week and AfricaSan.

## Result-based Logical Framework

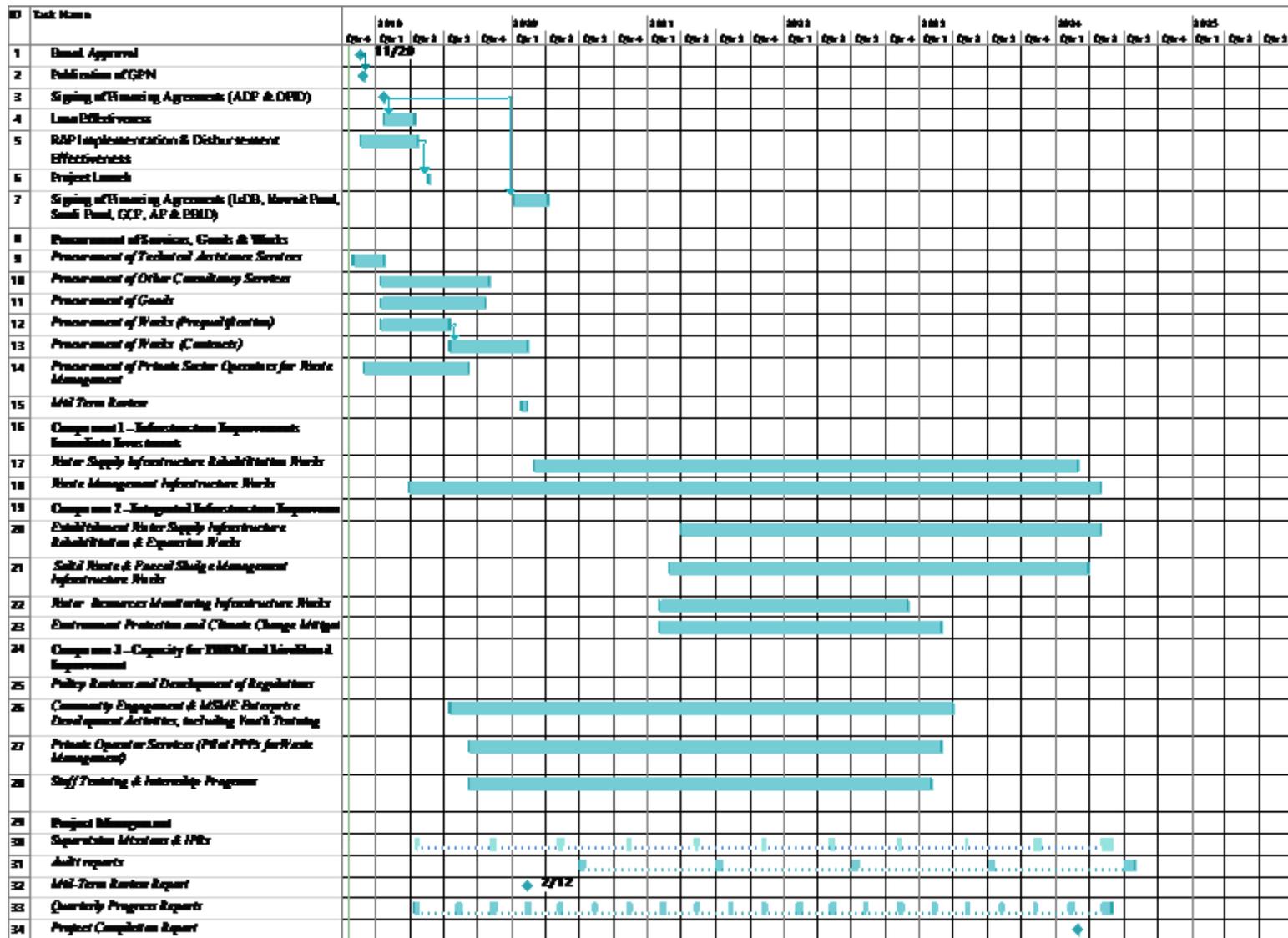
**Country and project name:** Sierra Leone – Freetown WASH and Aquatic Environment Revamping Project  
**Purpose of the project:** To improve the socio-economic and environmental conditions of the urban and peri-urban population of the Western Area/Freetown through improved access to sustainable WASH infrastructure and services.

	RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicator (including CSI)	Baseline	Target		
IMPACT	1. Contribute to Improvement in quality of life of the people of Sierra Leone especially those leaving in Greater Freetown	1.1 % Reduction in prevalence of water borne diseases. 1.1.1 Cholera 1.1.2 Diarrhoea	1.1.1 2% 1.1.2 14%	Negligible (2024) 7%	AfDB - Africa Information Highway MICS-VI	<p><b>Risk:</b> Long time needed to effect change in sanitation attitude and practices</p> <p><b>Mitigation:</b> Protracted behaviour campaigns using CBO's and community based champions including rewards for adoption of good sanitation practices</p>
		1.2 Reduction in Infant Mortality	1.2 113.5/1000	60/1000		
2. OUTCOMES	2.1 Increased access to sustainable water supply and sanitation services, and hygiene in the capital city.	2.1.1 Increase in % of population with access to safely managed faecal sludge	2.1.1 <13%	+20%	MICS VI SLDHS	<p><b>Risk:</b> High investment and O&amp;M costs of HH sanitation technologies may negatively impact on demand.</p> <p><b>Mitigation:</b> Innovative &amp; cost effective technologies to be promoted, together with adequate social marketing at community level; and user feedback mechanisms to address any user complaints or potentially adverse impacts.</p>
	2.2 Enhanced opportunity of prosperity for communities vulnerable to climate change	2.1.2 Increase in % of population with access to improved and continuous water supply service. 2.1.3 Reduction in Non-Revenue Water	2.1.2 <50% 2.1.3 >45%	+25% ≤20%	GVWC Performance Contracts Annual Sector Performance Reports	
	2.3: Improved incomes and wellbeing of the rural and peri-urban population.	2.2.1 # people living in areas vulnerable to climate change have access to climate resilient infrastructure and services 2.3.1 Number of direct (temporary & permanent) jobs created (>30% women/40% youth) 2.3.2 % increase in number of employed Youth active in WASH. 2.3.3 GHG sequestration due to reforestation	2.2.1 400,000 2.3.1 n/a 2.3.2 n/a 2.3.3 n/a	1,200,000 2,750 (by 2024) 50% xxxx tons (TBA)	WHO/UNICEF Joint Monitoring Programme	<p><b>Risk:</b> Institutional Improvement activities currently supported by MCC fall short of the requirements newly developed infrastructure.</p> <p><b>Mitigation:</b> Provision for restructuring project at MTR to integrate relevant capacity building/institutional support interventions</p>

3 OUTPUTS	<p><b>Component 1: Water Supply Infrastructure Improvement - Immediate Investments</b></p> <p>1.1 Increased water production</p> <p>1.2 Rehabilitated and expanded distribution network</p>	<p>1.1.1 Increased capacity of raw water sources (cubic metre/day)</p> <p>1.1.2 Increased water treatment capacity (cubic metre/day)</p> <p>1.1.3 Transmission lines (raw water intakes to treatment plants)</p> <p>1.1.4 Metered connection and Public Stand Posts</p> <p>1.2.1 Booster pump capacity restored (cu.m./day)</p> <p>1.2.2 Length of water distribution pipe network rehabilitated (km)</p> <p>1.2.3 New water distribution pipe network laid (km)</p>	<p>1.1.1 72,000</p> <p>1.1.2 70,000</p> <p>1.1.3 n/a</p> <p>1.1.4 6350</p> <p>1.2.1 Nil</p> <p>1.2.2 Nil</p> <p>1.2.3 Nil</p>	<p>125,000cu.m/day</p> <p>90,000cu.m/day</p> <p>12 km</p> <p>44,350</p> <p>6,000cu.m./day</p> <p>100km</p> <p>250km</p>	<p>Project QPRs</p> <p>Bank IPR reports</p> <p>Project MTR Report</p> <p>PCR</p>	<p><b>Risk:</b> Undue influence leading to inappropriate selection of target communities and beneficiaries of interventions for enhanced livelihood.</p> <p><b>Mitigation:</b> Vulnerability indicators and equity performance targets will be included in implementing partner contracts for Community Capacity Building activities.</p>
	<p><b>Component 2: Integrated Infrastructure Improvement– Post MTR Investments</b></p> <p>2.1 Aquatic Environment Protection Infrastructure Established in the Freetown Peninsula Protected Forest Area</p> <p>2.2 Water Resources Monitoring Infrastructure established in the Freetown Peninsula</p> <p>2.3 Water Production &amp; Distribution Infrastructure Expanded</p> <p>2.4 Faecal Sludge and Solid Waste Management Infrastructure Revamped and Improved</p>	<p>2.1.1 Reforested area &amp; Equipment for Environmental Monitoring</p> <p>2.1.2 Reinforced live fencing including surveillance stations</p> <p>2.1.3 Surveillance/Monitoring Equipment (Hard and software)</p> <p>2.1.4 Flood map for The Freetown Peninsula developed</p> <p>2.2.1 No. of Water Resources Monitoring Stations Installed</p> <p>2.2.2 Area of stream courses/drainage channels trained</p> <p>2.3.1 Water Treatment capacity increase (cu.m./day)</p> <p>2.3.2 No of Production Boreholes (above 20 cu.m./hr)</p> <p>2.3.3 No of new Service reservoirs (total capacity 12,000 cu.m.)</p> <p>2.3.4 Additional length of Transmission and Distribution mains laid</p> <p>2.3.5 # New metred water supply service connections established</p> <p>2.4.1 Privately operated MRFs and Waste Treatment System at Kingtom &amp; Granville Brook waste dumpsite</p> <p>2.4.2 # Mobile solid and liquid waste transfer stations</p> <p>2.4.3 # Solid waste and Liquid waste equipment for small operators</p> <p>2.4.4 # of illegal waste dumpsites cleaned &amp; successfully closed</p> <p>2.4.5 Dumpsite Management Equipment for Kingtom and Kissy dumpsite</p>	<p>2.1.1 N/a</p> <p>2.1.2 Not exist</p> <p>2.1.3 none</p> <p>2.1.4 none</p> <p>2.1.4 none</p> <p>2.2.1 Nil</p> <p>2.2.2 Nil</p> <p>2.3.1 90,000</p> <p>2.3.2 Two (2).</p> <p>2.3.3 N/A</p> <p>2.3.4 N/A</p> <p>2.3.5 negligible</p> <p>2.4.1 Nil</p> <p>2.4.2 n/a</p> <p>2.4.3 n/a</p> <p>2.4.4 Nil</p> <p>2.4.5 Nil</p>	<p>270Ha by 2023</p> <p>91km by 2022</p> <p>Drones, security cameras, and computers.</p> <p>Map by 2022</p> <p>50 by 2023</p> <p>143,600 Sq.m. by 2024</p> <p>123,000cu.m/day</p> <p>Five (5) by 2020</p> <p>5 by 2024</p> <p>100km by 2024</p> <p>76,000 by 2024</p> <p>Two (2) by 2024</p> <p>140 by 2021</p> <p>124 by 2020</p> <p>100 by 2024</p> <p>2 Excavator &amp; 2 Loader</p>	<p>Project IPRs &amp; QPRs</p> <p>Annual Sector Review Proceedings</p> <p>Specific Activity Reports</p>	<p><b>Risk:</b> Weak implementation capacity in GVWC, FCC and NPAA leading to implementation delays.</p> <p><b>Mitigation:</b> Project to strengthen all implementing partners with provision of appropriate TA and logistical support, besides the training of relevant staff.</p> <p><b>Risk:</b> Failure of innovative and green technologies for waste management due to low social acceptance and unclear markets for end-products.</p> <p><b>Mitigation:</b> PPPs with existing waste management services companies will be selected as the option to implement green waste management solutions on the basis of their current strategic investment plans which include the desired innovative approaches.</p>

	<p><b>Component 3: Capacity for IWRM and Livelihood Improvement</b></p> <p>3.1 Institutional Reforms for IWRM Effected</p> <p>3.2 Livelihood-centred tools and amenities developed for climate change adapted water and waste management.</p> <p>3.3 Micro &amp; Small Enterprises (MSEs) Capacity created for Sustainable Aquatic Environment Management</p> <p>3.4 Improved Sanitation and Hygiene Practices</p>	<p>3.1.1 # of Managerial and Technical Staff of relevant MDAs trained in IWRM and related disciplines (at least 30% women)</p> <p>3.1.2 Faecal Sludge &amp; Solid Waste Management regulations developed</p> <p>3.1.3 Water Resources Management Regulations developed</p> <p>3.2.1 Compost marketing strategy developed</p> <p>3.2.2 Community-based forestry resources management strategy and action plan</p> <p>3.2.3 # of Community Waste Composting /Waste Transfer Stations</p> <p>3.3.1 Tools for Community-based Waste Management’s Associations</p> <p>3.3.3 # of Youth (40% Female) who attended forestry resources and water catchment management training</p> <p>3.4.1 Number of teachers trained on climate change &amp; basic waste management practices, 40% of which are female.</p> <p>3.4.2 Additional # of communities sensitized and benefitting from hygiene promotion &amp; behaviour change campaigns including nutrition and CLTS</p>	<p>3.1.1 Nil</p> <p>3.1.2 None</p> <p>3.1.3 None</p> <p>3.2.1 None</p> <p>3.2.2 None</p> <p>3.2.3 Nil (2017)</p> <p>3.3.1 n/a</p> <p>3.3.3 n/a</p> <p>3.4.1 n/a</p> <p>3.4.2 n/a</p>	<p>40 by 2023</p> <p>Adopted by 2022</p> <p>Adopted by 2024</p> <p>Launched by 2021</p> <p>Launched by 2021</p> <p>30 (2022)</p> <p>Delivered by 2021</p> <p>200 by 2021</p> <p>150 by 2024</p> <p>45 wards</p>	<p>Project QPRs</p> <p>Supervision IPRs</p> <p>MTR</p> <p>PCR</p>	
	<p><b>Component 4: Project Management</b></p> <p>Efficiently and Effectively Managed Project</p>	<p>4.2 Annual Workplan and Budget &amp; Procurement Plans prepared and approved, before end of each year.</p> <p>4.3 # Quarterly Progress Reports submitted within 2 weeks after end of quarter.</p> <p>4.4 Annual Audit Reports submitted by 30th June of each year</p> <p>4.5 Early MTR undertaken by May 2019</p> <p>4.6 PCR prepared within one month after project completion.</p>	<p>4.1 n/a</p> <p>4.2 n/a</p> <p>4.3 n/a</p> <p>4.4 n/a</p> <p>4.5 n/a</p>	<p>November @ year</p> <p>23 by end of 2023</p> <p>6 by June 2024</p> <p>MTR Report, 2019</p> <p>By January 2024</p>	<p>AWPB &amp; PP approval letters</p> <p>Supervision Aide Memoires</p> <p>Audit Reports, MTR &amp; PCR</p>	
<b>4. KEY ACTIVITIES</b>	<b>COMPONENTS</b>				<b>INPUTS</b>	
	Water Supply infrastructure Improvements – Immediate Investments will include rehabilitation water treatment, storage and distribution system for Freetown				<b>Source</b>	<b>Amount</b>
	Integrated Infrastructure improvement including expansion of water resources monitoring, aquatic environment management, water treatment, water supply, and sanitation infrastructure				<b>ADF</b> <b>OFID</b> <b>Netherlands MoFA</b> <b>IsDB</b> <b>Kuwait Fund</b> <b>SAUDI Fund</b> <b>GCF &amp; AF</b> <b>ECOWAS Bank</b>	<b>UA 10.0 million</b> <b>UA 14.3 million (USD 20 million)</b> <b>UA 42.9 million (USD 60 million)</b> <b>UA 25.6 million (USD 40 million)</b>
	Capacity building for IWRM including facilitating coordination of stakeholders, development of regulations facilitating and supporting MSEs in waste management and aquatic environment/forestry resources management.					<b>UA 10.7 million (USD 15 million)</b> <b>UA 10.7 million (USD 15 million)</b> <b>UA 14.3 million (USD 20 million)</b>
	Project management including procurement of project goods and services, supervision of project services providers, project monitoring & evaluation and preparation of project work plans and reports,					<b>UA 3.57 million (USD 5 million)</b> <b>UA 3.05 million (SLL21.44 billion)</b>
				<b>TOTAL</b>		<b>UA 135.12 million</b>

## Project Implementation Schedule



# **REPORT AND RECOMMENDATION OF THE MANAGEMENT TO THE BOARD OF DIRECTORS ON A PROPOSED LOAN AND GRANT TO REPUBLIC OF SIERRA LEONE FOR THE FREETOWN WASH AND AQUATIC ENVIRONMENT REVAMPING PROJECT**

Management submits the following Report and Recommendation on a proposed ADF Loan of UA 6.27 million and ADF Grant of UA 3.73 million, in addition to OFID co-financing of UA14.3 million (USD 20 million); IsDB co-financing of UA25.6 (USD40 million); Kuwait Fund co-financing of UA10.7 million (USD 15 million); Saudi Fund co-financing of UA 10.7 million (USD 15 million); GCF co-financing of UA 7.15 million (USD 10 million); AF co-financing of UA 7.15 million (USD6.90 million); and ECOWAS bank for Investment and Development (EBID) co-financing of UA 3.57 million (USD 5.0 million); besides the Netherlands Enterprise Agency parallel financing of UA 42.9million (USD 60 million); to the Republic of Sierra Leone to finance the Freetown WASH and Aquatic Environment Revamping Project (FWASHAERP).

## **I – STRATEGIC THRUST & RATIONALE**

### ***1.1. Project linkages with country strategy and objectives***

1.1.1 The extended CSP (2013 – 2019) is premised on two pillars that broadly aim at strengthening Sierra Leone’s transformation to a more resilient development path: (i) *Enhancing Economic Governance and Transparent Management of Natural Resources Revenue*; and (ii) *Supporting Transformational and Sustainable Infrastructure Development in energy, roads and water supply and sanitation*. The CSP aims at enhancing inclusive growth, fostering regional integration and supporting private sector development in line with the Bank’s *Ten Year Strategy (TYS)* and its twin objectives of *Inclusive and Green Growth*, as well as the High 5s, more specifically *Improving the quality of life of the people of Africa*.

1.1.2 The project is in line with the draft PRSP IV (2019 – 2023) with the overall goal of the project resonating well with the sector goal in the Government’s manifesto, the New Direction (ND) which sets out six (6) priorities including water and sanitation. The ND specifically mentions that the Government will, among others, rehabilitate the water distribution network in Freetown; improve water supply in hard to reach areas in the Western Area; and rehabilitate existing water dams; and strengthen Guma Valley Water Company (GVWC). This dimension of the ND has been duly adopted in the PRSP IV which is currently under preparation. The project is aligned to the PRSP Cluster 2 (*Other Human Development*) and Cluster 5 (*Infrastructure*). The Project aims specifically to contribute to achieving the National Water Policy targets of 74% and 66% for access to safe water and improved sanitation, respectively.

1.1.3 The project is designed to achieve the objectives through well-coordinated stakeholder interventions aimed at improving the quality of economic and livelihood-driven interaction with nature’s water cycle (the *Hydrological Cycle*) in a manner that promotes safe, equitable and sustainable utilisation of the water resources while paying due attention to related climate change impact adaptation.

### ***1.2. Rationale for Bank’s involvement***

1.2.1 The proposed project contributes to the achievement of most of the 17 Sustainable Development Goals (SDGs) and the African Union’s Agenda 2030. The project is directly aligned with SDG 6, which aims to “*Ensure availability and sustainable management of water*

*and sanitation for all*". It places water and sanitation at the core of sustainable development, cutting across sectors. Sierra Leone stands to gain the equivalent of 15% of her annual GDP as a result of reaching universal access to water and sanitation. The Government therefore places high priority to the water and sanitation sector.

1.2.2 Water and sanitation coverage in Sierra Leone is estimated at 58% and 13% respectively (*JMP 2015*) of the 7 million inhabitants. Sierra Leone did not achieve the water and sanitation MDG targets, but it is among the eight sub-Saharan African countries which performed above the regional average of 26% in terms of the population that gained access to safe water during the last 15 years up to 2015. Rural water supply coverage currently stands at 47% while rural sanitation coverage is at 6%. Urban water supply coverage is estimated at 74% and urban sanitation coverage at 23%. Freetown, the capital city, is part of the urban WASH sub-sector. The capital city is densely populated, at 0.5% of the national land area carrying 15% of the population presently estimated at 1,055,000 growing at a rate of 4.2%. The poor water and sanitation services in the city exacerbates the negative effects of the dense settlement. Women and children bear the overwhelming burden of collecting water in water-starved communities in the city ("Western Area"), often exposing themselves to great risks in so doing—rapes and teenage pregnancies are common. Only 20 % of the solid waste generated by the city is collected. The city has less than 4km of sewers, which discharge directly into the seas without any form of treatment. The faecal sludge from the many septic tanks and pit latrines is indiscriminately disposed-off directly in watercourses. The only one faecal sludge treatment facility for the city is located together at what used to be a landfill now turned into a waste dumpsite at Kingtom. The facility was, until the recent intervention by the Bank financed emergency response to the landslide disaster of August 2017, more-or-less non-existent. It was completely covered in layers of waste at the Kingtom dumpsite site where there is no semblance of dumpsite management. The indiscriminate disposal of solid wastes is primarily responsible for the frequent flush floods during the rainy season. The situation is further aggravated by the intense encroachment and widespread degradation of the Western Area Protected forest which forms the water-shed and the only water lifeline for the capital city.

1.2.3 Water is rationed to many areas in the City with almost no customers getting 24-hour supply. In the peri-urban areas and the densely populated poor urban areas customers receive supplies once a week or none at all.<sup>2</sup> These persistent water and sanitation problems in Freetown were exacerbated by the Ebola Virus Disease outbreak (April 2014 – November 2015) and the most recent disastrous landslide and floods in August 2017. The two tragic incidents led to the loss of over 4000 lives. The shortage of water and lack of decent sanitation further completed emergency support activities. Poor solid waste management and lack of excreta and fiscal sludge management/treatment facilities exacerbated the negative impact of the flooding.<sup>3</sup>

1.2.4 The Bank has been actively engaged in the water sector in Sierra Leone for the last seven years and has accumulated enormous experience in the peculiar transition environment. In addition to the two on-going sector operations in the urban and rural water subsectors, the Bank, in partnership with the Netherlands Enterprise Agency – Develop2Build (D2B) program of the Netherlands Ministry of Foreign Affairs, is currently leading the preparation of the Freetown Water Supply and Sanitation Master Plan and Investment Studies. It is through this operation that the Bank galvanised all development partners' plans for investment support to address the dire water and sanitation situation in the capital city. Leading the proposed Freetown WASH and Aquatic Environment Revamping Project is necessary to sustain development partners' confidence in the Bank. The success of the Bank financed Three Towns Water Supply and

---

<sup>2</sup> The National Water and Sanitation Policy, Ministry of Energy and Water Resources, 2010

<sup>3</sup> Sierra Leone Rapid Damage and Loss Assessment of August 14<sup>th</sup>, 2017 Landslides and Floods in the Western Area, World Bank Group et al.

Sanitation project which is due to close in December 2018 has also boosted the confidence of partners who have been cautious with regard to investments in the urban water sub-sector. It is that success that triggered DFID's confidence to launch their on-going major rehabilitation investment operation for improving the water supply situation in Freetown. The proposed project is intended to provide the necessary complementarity and maximise the impact of DFID's early effort which is limited to rehabilitation of some of the key elements of the dilapidated Freetown water supply infrastructure. The project will also complement the institutional reforms supported through the MCC Threshold Program which is focused on improving the performance and sustainability of the water utility, the Guma Valley Water Company .that holds the mandate for water supply services in the Freetown.

### 1.3. Donors coordination

Players - Public Annual Expenditure (average 2012 - 2016)				
	Government	Donors		
USD million	1,032,000	9,422,000	AfDB	1.4%
			DFID	43.9%
%	18.7%	81.3%	UNICEF	17.3%
			World Bank	15.2%
			EU	8.4%
			JICA	3.8%
Level of Donor Coordination				
	Existence of Thematic Working Groups			Yes
	Existence of SWAPs or Integrated Sector Approaches			No
	ADB's Involvement in donors coordination			Member

1.3.1 The Development Partners' (DP's) coordination mechanism for the water sector (Water Sector Development Partners Group – WSDPG) was formalised following the endorsement of the Terms of Reference by all sector development partners in May 2012. However the Ebola Virus Disease crisis undermined formal coordination activities during the two years of the crisis up to the end of 2015. Since then, coordination has been mainly through bilateral engagements of the key development partners, most significantly between AfDB, DFID, MCC and the World Bank. In addition, the Country Office maintains an active and vibrant dialogue with OFID, IsDB and BADEA who do not have local presence. The Bank exclusively manages the OFID's current intervention in the sector, besides one IsDB joint operation. The universal coordination effort is presently facilitated through the Government's *National Water Sector Steering Committee*, which is a joint forum of national sector specific and relevant agencies and DPs. UNDP, UNICEF and international NGOs, who currently implement the larger proportion of the DFID, The Netherlands Government, World Bank and other philanthropy donor financed programs, are also members of the joint forum. The joint forum has organised the Annual Joint Sector Reviews since 2013, including the publication of the Annual Sector Performance Reports, thanks to the support through programs financed by the Bank, DFID and MCC. On-going donor interventions are detailed in Appendix III. The Freetown WASH and Aquatic Environment Revamping Project has been developed in consultation and support of all other DPs. The project duly complements all related ongoing interventions.

## II – PROJECT DESCRIPTION

### 2.1. Project objective

2.1.1 The overall objective of the project is to improve the water supply and sanitation services while ensuring the sustainability of the vital aquatic ecosystem in the Western Area/Freetown. The Specific objectives of the project are: (a) To rehabilitate and expand water treatment, transmission, storage and distribution systems; (b) to improve solid and liquid waste collection, treatment and disposal services; (c) to provide infrastructure and enhance capacity for the effective protection of the Western Area Protected Forest/Water-shed; and (d) to promote good sanitation, hygiene and child nutrition practices of the primary beneficiaries while facilitating their gainful participation in the improvement of WASH services. The project will complement MCC and DFID supported institutional capacity and infrastructure rehabilitation initiatives. The project will be implemented through three components with key outputs outlined in Table 2.1. Details of the components are described in the Technical Annex B2.

Table 2.1: project components

nr.	Component name	Est. cost (UA)	Component description
1	Water Supply Infrastructure Improvement - Immediate Investments	45.24million (ADF:7.34m)	<ul style="list-style-type: none"> <li>▪ Rehabilitation of five (5) mal-functioning raw water intakes and 12 km. of raw water transmission mains</li> <li>▪ Rehabilitation and expansion of two (2) existing water treatment plants.</li> <li>▪ Rehabilitation of two Booster pumping stations and improving stand-by power supply capacity.</li> <li>▪ Rehabilitation of 100km of old water distribution mains and expansion of distribution network by 250km</li> <li>▪ Rehabilitation of eight (8) existing service reservoirs</li> <li>▪ Rehabilitation and construction of 120 Public Stand Posts</li> <li>▪ Establishment of 38,000 metered water service connections</li> <li>▪ Supervision and quality assurance services for immediate infrastructure improvements</li> </ul>

2	Integrated Infrastructure Improvement– Post MTR Investments	76.69million (ADF: Nil)	<ul style="list-style-type: none"> <li>▪ Establishment of water-shed data collection, protection, and surveillance infrastructure.</li> <li>▪ Development of ten (10) raw water intakes and 18 km. of raw water transmission mains</li> <li>▪ Construction of nine (9) water treatment plants</li> <li>▪ Construction of seven (7) new service reservoirs</li> <li>▪ Construction of 100 km of new water distribution pipe network</li> <li>▪ Flood mapping of Western Area</li> <li>▪ Western Area Peninsular Protected Forest/Water-shed Regeneration – tree planting</li> <li>▪ Construction of stand-by water sources to maintain services during rehabilitation works (20 production boreholes and 20 km of distribution).</li> <li>▪ 38,000 metered water service connections</li> <li>▪ Establishment of 140 solid and liquid waste transfer station, including mobile transfer stations.</li> <li>▪ Lining of 143,600 Sq.m. of drainage channels</li> <li>▪ Construction of two (2) solid waste Material Recovery Facilities</li> <li>▪ Establishment of pilot solid and liquid waste treatment plants including selection of private sector operators.</li> <li>▪ Construction of 150 public toilets</li> <li>▪ Supervision and quality assurance services for integrated infrastructure improvements</li> </ul>
3	Capacity for IWRM and Livelihood Improvement	8.08million (ADF:0.59m)	<ul style="list-style-type: none"> <li>▪ Training of managerial and technical staff</li> <li>▪ Support for 40 internships in water supply and sanitation related disciplines.</li> <li>▪ Promoting youth (including women) employment through nurturing of micro-enterprises for providing urban water supply and municipal waste services, as well as engaging in environmentally sustainable water-shed resources management/ MSE training &amp; equipment for small operators</li> <li>▪ Establishment of Surface and Groundwater observation stations (at least 50 no.).</li> <li>▪ Development of tools for community-based water resources, waste-water and solid waste management</li> <li>▪ WASH behavioural change and child nutrition campaigns</li> <li>▪ Community-based water resources management, solid and liquid waste management capacity improvement training</li> <li>▪ Supervision and quality assurance services for IWRM and livelihood improvement activities.</li> </ul>
4	Project Management	5.13 million (ADF:2.08m)	<ul style="list-style-type: none"> <li>▪ Overall project coordination and administration;</li> <li>▪ Technical Oversight and quality assurance;</li> <li>▪ Supervision of service providers, Monitoring &amp; Evaluation and Reporting, including Environmental and Water Quality Monitoring.</li> <li>▪ Office supplies and logistical support for all implementing agencies.</li> </ul>

## ***2.2. Technical solution retained and other alternatives explored***

2.2.1 Technical solutions for water supply that were retained are based on tried and tested solutions in Sierra Leone. The solutions also consider Government effort to improve access to sound environmental health and sanitation services, coupled with economic empowerment and improved livelihoods as means to improve the well-being of urban people. Alternative solutions explored but not retained are presented in Table 2.2.

Table 2.2: project alternatives considered and reasons for rejection

Alternative solution	Brief description	Reasons for rejection
Expanding a centralised water supply system.	Expanding the major water supply system through provision of large raw water reservoirs/dams and an interconnected water supply network.	<ul style="list-style-type: none"> <li>▪ Fragile aquatic ecosystem and complex negative environment and social impacts.</li> <li>▪ Rugged terrain and largely unstable geological features</li> <li>▪ High water quality and quantity variation risks.</li> <li>▪ Relatively higher cost of system maintenance</li> </ul>
Centralised solid waste and faecal sludge disposal and treatment	Collection of all solid waste and liquid for treatment at a single location	<ul style="list-style-type: none"> <li>▪ Long distance over 30km to ideal location and high capital and operational expenditure implications.</li> <li>▪ Does not provide opportunities for community based enterprises.</li> <li>▪ Rugged terrain and dense settlements that make accessibility to many communities hazardous or impossible.</li> </ul>
Private sector led waste management services	Private sector as the exclusive provider of solid and faecal waste management services without public participation	<ul style="list-style-type: none"> <li>▪ Lessons of experience from similar contract for solid waste management in Freetown.</li> <li>▪ Large policy and regulatory gap</li> <li>▪ Limited supervisory capacity on the part of relevant government agencies</li> </ul>

### 2.3. Project type

2.3.1 A standalone project based on the traditional joint or parallel co-financing approach is adopted given that the national program for the urban WASH sub-sector is in the early stages of its development. Moreover, the Bank has standing partnership agreements that provide for administration of funds for some of the key financiers including OFID, Kuwait Fund, Saudi Fund, besides being an *Implementing Entity* for the GCF and AF. The partners are taking advantage of the Bank's strong local presence and successful track record in administering jointly financed operations in Sierra Leone.

### 2.4. Project cost and financing arrangements

2.4.1 The total cost of the project, including physical and price contingencies, is estimated at UA 135.14million. The foreign exchange portion is estimated at UA 98 million representing approximately 73% of the total project cost. The local cost portion excluding taxes is UA 37.14 million. A summary of costs by component is provided in Table 2.3 below. All project costs are estimated on the basis of the detailed technical studies and/or preliminary studies that have been carried out within the last three years in addition to information provided by GVWC. The price contingency of 12% is a result of the compounded foreign and local inflation rates over the project period<sup>4</sup>.

2.4.2 The Project is to be jointly financed by the African Development Fund (ADF), Organisation for Petroleum Exporting Fund for International Development (OFID), Kuwait Fund, Saudi Fund, Green Climate Fund (GCF), Adaptation Fund (AF), and ECOWAS Bank for Investment and Development (EBID), in addition to parallel co-financing from the Netherlands Enterprise Agency. The Bank will administer most of the co-financing except Netherlands Agency parallel financing. It is expected that the EBID financing will also be administered by the Bank. The Government will finance the costs of implementing the Resettlement Action Plan (RAP) which are not included in the project costs. The Government,

<sup>4</sup> (i) Local inflation rates, Ministry of Finance, August 2018

with support from the Bank, is in the process of mobilising co-financing as follows: (i) USD 20.00 million (Approx. UA 14.3 million) from OFID; (ii) USD40 million (approx. UA 25.60 million) from IsDB; (iii) USD 15.00 million (approx. UA 10.30 million) from Kuwait Fund; (iv) USD 15.00 million (approx. UA 10.30 million) from Saudi Fund; (v) USD 10 million from GCF(approx. UA 7.15 million); (vi) USD 10.00 million (approx. UA 7.15 million) from the AF; and (vii) USD 5 million (approx. UA 3.57 million) from EBID. Netherlands Enterprise Agency financing is indicated to be USD 60 million (Approx. UA 42.90 million).

2.4.3 ADF financing comprises ADF Loan of UA 6.27 million and ADF Grant of UA 3.73 million. The ADF, OFID, Kuwait Fund, Saudi Fund, GCF and AF resources will finance 100% of the foreign exchange costs and nearly all of local costs, excepting the recurrent costs of the implementing agencies. The ADF resources will finance approximately 6% of the infrastructure rehabilitation and development costs, 7.3% of beneficiary capacity building costs and 40.5% of the project management costs. GCF and AF resources will finance climate change adaptation interventions, including infrastructure development and capacity building. Government's contribution will mainly cover the costs of implementing the Resettlement Action Plan (RAP). The project financing plan, expenditure categories and expenditure schedule are shown in Tables 2.3, 2.4, 2.5, 2.6 and 2.7. Details are provided in Annex B2.

2.4.4. 2.5.3 In accordance with the Bank's policy on expenditure eligibility for Bank Group financing, the Government contribution in kind of less than 10% of the project cost takes into account: (i) Sierra Leone's commitment to implement its overall development program as evidenced by the launch of the New Direction (ND) and on-going preparation PRSP IV; (ii) Sierra Leone's budget situation and rising public debt at 44.3% and 54.5% of GDP in 2015 2017 respectively (GoSL); and (iii) the enhanced commitment to the water sector as evidenced by the relative increase in allocation of resources to over 5% of the national budget in 2017 from 1% in 2014.

Table 2.3: Project cost estimates by component

Component	Sierra Leonean Leone (SLL billion)			Unit of Account (UAC million)			% Foreign Exch.	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
1. Water Supply Infrastructure Improvements – Immediate Investments	60	397	458	5.53	36.53	42.06	87	35
2. Integrate Infrastructure Improvements. – Post MTR Investments	110	618	728	10.08	56.82	66.89	85	56
3. Capacity for IWRM and Livelihood Improvement	53	20	73	4.91	1.83	6.74	27	6
D. Project Management	36	0	36	3.29	0.04	3.33	1	3
<b>Total BASELINE COSTS</b>	<b>259</b>	<b>1,036</b>	<b>1,295</b>	<b>23.80</b>	<b>95.21</b>	<b>119.02</b>	<b>80</b>	<b>100</b>
Physical Contingencies	2	16	18	0.18	1.46	1.64	89	1
Price Contingencies	143	14	158	13.15	1.33	14.48	9	12
<b>Total PROJECT COSTS</b>	<b>404</b>	<b>1,066</b>	<b>1,470</b>	<b>37.14</b>	<b>98.00</b>	<b>135.14</b>	<b>73</b>	<b>114</b>

Note: Exchange rates are provided in the introduction of this report (page (i))

Table 2.4: Sources of financing [amounts in million UA equivalents]

Sources of financing	For. currency costs	Loc. currency costs	Total Costs	% total
The Government	0.00	3.05	3.05	2.3
ADF Grant	2.63	1.10	3.73	2.8
ADF Loan	3.47	2.81	6.27	4.6
Islamic Development Bank	19.30	6.30	25.60	18.9

Sources of financing	For. currency costs	Loc. currency costs	Total Costs	% total
Netherland Enterprise Agency	37.66	5.23	<b>42.90</b>	31.7
OPEC	11.36	2.94	<b>14.30</b>	10.6
Kuwait Fund	8.37	2.34	<b>10.70</b>	7.9
Saudi Fund	8.28	2.42	<b>10.70</b>	7.9
Green Climate Fund	1.17	5.98	<b>7.15</b>	5.3
Adaptation Fund	2.56	4.59	<b>7.15</b>	5.3
ECOWAS Bank	3.20	0.37	<b>3.57</b>	2.6
<b>Total Project Cost</b>	<b>98.00</b>	<b>37.14</b>	<b>135.14</b>	<b>100.0</b>

Table 2.5: Project cost by category of expenditure [amounts in million UA equivalents]

Categories of expenditure	For. currency costs	Loc. currency costs	Total Costs	% foreign
Goods	84.94	22.04	<b>106.98</b>	79
Works	8.40	0.98	<b>9.38</b>	90
Services	5.83	8.10	<b>13.93</b>	42
Operating Costs	-	4.85	<b>4.85</b>	-
<b>Total project cost</b>	<b>99.17</b>	<b>35.97</b>	<b>135.14</b>	<b>73</b>

Table 2.6: Expenditure schedule by component [amounts in million UA equivalents]

Components	2019	2020	2021	2022	2023	Total
Water Supply Infrastructure Improvement Immediate Investments	4.98	21.62	11.46	6.56	0.62	<b>45.24</b>
Integrated Infrastructure Improvement – Post MTR Investments	-	7.38	36.19	24.25	8.86	<b>76.69</b>
Capacity for IWRM and Livelihood Improvement	1.86	3.32	2.68	0.18	0.04	<b>8.08</b>
Project Management	1.00	0.89	0.98	1.07	1.19	<b>5.13</b>
<b>Total Project Cost</b>	<b>7.85</b>	<b>33.22</b>	<b>51.31</b>	<b>32.05</b>	<b>10.72</b>	<b>135.14</b>

Table 2.7: Expenditure schedule by source of finance [amounts in million UA equivalents]

	2019	2020	2021	2022	2023	Total
ADF Grant	0.59	2.49	0.46	0.16	0.03	<b>3.73</b>
ADF Loan	3.66	0.90	0.82	0.43	0.46	<b>6.27</b>
Netherlands Enterprise Agency	-	-	21.61	18.69	2.60	<b>42.90</b>
OFID	-	4.41	9.01	0.88	-	<b>14.30</b>
Islamic Development Bank	-	16.29	4.80	2.27	2.24	<b>25.60</b>
Kuwait Fund	1.32	1.11	4.07	3.77	0.43	<b>10.70</b>
Saudi Fund	-	4.61	3.84	1.71	0.54	<b>10.70</b>
Green Climate Fund	1.80	2.85	2.51	-	-	<b>7.15</b>
Adaptation Fund	-	-	-	3.46	3.68	<b>7.15</b>
ECOWAS Bank	-	-	3.57	-	-	<b>3.57</b>
Government Counterpart	0.49	0.56	0.61	0.68	0.74	<b>3.08</b>
<b>Total PROJECT COSTS</b>	<b>7.85</b>	<b>33.22</b>	<b>51.30</b>	<b>32.05</b>	<b>10.72</b>	<b>135.14</b>

## 2.5. Project's target area and population

2.5.1 Overall, the project is intended to provide safely managed water supply and improved sanitation services for at least 1,400,000 residents, including 51% women, in Freetown (capital city). This is equivalent to 23% of the national population gaining round the clock access to safely managed water supply and improved sanitation services. The improved water supply and sanitation services will leverage the outcome of the Social and Behavioural Change Campaigns (SBCC) especially with regard to reduction in malnutrition in children under five years. The project will alleviate women and girls work load, provide conducive environment

for improved girl's school attendance, reduce household's health expenditure, and create a safe living environment for girls and women. Other project benefits include at least 1200 permanent jobs created through micro and small enterprises (MSEs), including women-owned MSEs, for faecal sludge and solid waste management and forestry resources/water-shed management. The water sector and related sector agencies will also have to employ a total of at least 35 additional managerial and technical staff for the effective institutionalisation of IWRM and effective delivery of safe water and improved sanitation services. Over 1500 temporary construction jobs will be created during the tenure of the project.

2.5.2 The project will have a positive impact on the physical, biological and human environment as follows: increased access to sustainable safe water supply and sanitation facilities; increased incomes and well-being of urban population in Freetown due to reduction in waterborne diseases; reforestation of the catchment; protection by fencing and installation of water and environmental monitoring equipment; and improved waste management due to waste to energy plants establishment by the project. In addition, the project will empower communities through community based forestry resources management; climate change adapted water and waste management and formation of WASH committees.

## ***2.6. Participatory process for project identification, design and implementation***

2.6.1 There has been protracted consultations with the stakeholders including Development Partners who are active in the water sector. Protracted and wide-ranging consultation was possible due to the benefit of the Bank's strong local presence for the sector. The Bank's team also facilitated a national stakeholder workshop with representatives from Freetown City Council (FCC), GVWC, water, health, education, environment, land and country planning, finance, national statistics, gender & social welfare, as well as NGOs and Civil Society Organisations. The Bank also actively participated in the water supply, sanitation and environment working groups for the '*Transform Freetown*' initiative of the Mayor of Freetown.

2.6.2 The major issues raised during the consultations included the need for strengthening coordination among sector stakeholders, including Development Partners; the need to strengthen public health and planning regulations and to support their enforcement; a systematic approach to improving environmental sanitation including the urgent need for a permanent solution to faecal sludge and solid waste management which exacerbates flooding disasters during rainy season in the capital city; the rampant encroachment and threat to the existing water dam and other water sources within the Protected Forest Area/water-shed on the Freetown/Western Area peninsular. The Government emphasized the need to support the newly established National Water Resources Management Agency (NWRMA) to enable its proper functioning given its critical role in the effective institutionalisation of the IWRM approach to provision of water supply, sanitation and related services. The Bank team also established that DFID, World Bank and UNDP have carried out detailed studies, including environmental and social impact assessment, pertaining to rehabilitation of the existing water supply system and waste treatment facilities. Indeed the Bank adopted and adapted the Environmental and Social Management Plan and RAP which was prepared with support from DFID. The detailed condition assessment and hydraulic modelling of the existing water distribution pipe network for Freetown water supply system has also been completed with support from MCC. DFID are currently the only partners who are financing the recommended Freetown water supply infrastructure rehabilitation works, but their budget will cover only a portion of the recommended rehabilitation investments. The foregoing outcomes of the consultations have formed the major basis for the project interventions. Stakeholder

consultations will continue during implementation especially during project supervision, Mid-term Review and the annual Joint Sector Review meetings.

## **2.7. Bank Group experience, lessons reflected in project design**

2.7.1 At 31<sup>st</sup> October 2018, the Bank's public sector portfolio comprised 12 operations with a total commitment of UA 97.7 million. The aggregate disbursements amounted to UA 54.92 million, representing a cumulative disbursement rate of 56.2 %. The average age of the public sector operations is relatively young at 3.0 years with one project - *Three Towns Water Supply and Sanitation Project (original loan)* - that is will be due for PCR in the first quarter of 2019. There are no projects at risk.

2.7.2 In general, projects take relatively long, 11.7 months on the average, to attain effectiveness and first disbursement. In addition, the Bank's water sector portfolio in Sierra Leone is characterized by slow implementation. The two key factors are exacerbated by the high agency staff turnover rates and weak coordination mechanism among the relevant sector agencies, especially those that hold the mandates for health and sanitation, environmental management and country planning, as well as the Local Councils. The underlying factor is the country's transition status which manifests as limited capacity of the various government agencies to execute project responsibilities. Traditional approaches to procurement further exacerbate the capacity limitations. Therefore the key lessons from the ongoing portfolio include the need to be more innovative and flexible in addressing the limited capacity challenges in a transition environment. While technical assistance services are provided for purposes of bridging the capacity gaps, there is need to exercise the necessary flexibility in applying the Bank's procurement procedures to enable recruitment of appropriate service providers. This will in turn address the challenges due to poor contract management. Whereas training in contract management is necessary to address poor contract management, the nature of the services contracts contributes significantly to the effectiveness in contract management. Bank's strong local presence and follow-up is critical to minimising the delays. In addition, the use of individual consultants, for technical assistance and quality assurance support to implementing agencies, is preferred to the use of firms. Administration of individual consultants is relatively less complicated compared to firms and recruitment takes a much shorter time in the event of non-performance/need for replacement. The TORs for the technical assistants are included in the Technical Annex C1 to enable their recruitment to be completed early enough and support the key project start up activities which lead to overall implementation delays. The provision to build capacity through supporting internships is also adopted as a measure for improving limited in-country capacity for project implementation.

2.7.3 Taking into account climate change adaptation and resilience is necessary to ensure environmental sustainability through better management of available water resources and protection of the environment. Therefore, the project adopts Integrated Water resources Management (IWRM) approach to water supply and sanitation investment. The IWRM approach is holistic and naturally embeds and facilitates climate change adaptation in the WASH sector.

## **2.8. Key performance indicators**

2.8.1 The Results-based Logical Framework presents the key performance indicators of the Project. The outcome indicators focus on the expected sector contribution to climate resilience, equitable access to WASH and job creation. The key outcome indicators include: (i) reduction in treated water losses; (ii) increase in population with access to improved and round the clock

water services; (iii) number of temporary and permanent jobs created of which at least 30% are expected to be women and 40% youth; and (iv) the carbon foot print reduction benefit.

2.8.2 Progress towards development outcomes will be monitored through the key output indicators that include: (i) increase in water production capacity and service reservoir capacity; (ii) extension of the water pipe distribution network; proximity of households to the water distribution system and number of public and private water supply service connections; (iii) the type and quality of infrastructure built to facilitate effective solid waste and liquid waste management; (iv) number of national and local sector stakeholders, including interns of various professional disciplines, trained in the delivery and management of WASH and related services of which at least 50% are expected to be women; (v) the livelihood-centred tools and amenities developed for climate change adapted WASH management; and (vi) the level of MSE capacity created for purposes of contributing to sustainability of WASH services and the aquatic ecosystem.

2.8.3 Seven (7) outcome indicators and thirty four (34) output indicators, as further described in the comprehensive project *Results-based Logical Framework* (Technical Annex B2), have been selected for monitoring project performance.

### III – PROJECT FEASIBILITY

#### 3.1. Economic and financial performance

*Table C.1: key economic and financial figures*

EIRR	20.5%
NPV	USD 20.3 million.

NB: detailed calculations are available in Annex B6

3.1.1 The project has many financial and socio-economic benefits. It will provide at least 1,400,000 people in Freetown with access to water supply and improved sanitation services. The Project will improve hygiene, sanitation and health; and ensure fairer distribution of benefits among stakeholders (the state, enterprises, sector operators, consumers). Considering the social nature of the project, its financial goal will be the financial equilibrium for operating the facilities and infrastructure sustainability.

3.1.2 The economic returns are measured in terms of the benefits which accrue to beneficiaries in the form of regular and adequate drinking water supply, access to sanitation services, time gained, decline in water-borne diseases due to improved hygiene and improved waste management systems, and a general improvement in living conditions. The project's economic internal rate of return (IRR), which reflects its benefits, stands at 20.5%. This rate is calculated based on investment and operating costs and quantifiable project benefits represented by: (i) the economic value of the additional water produced and saved; (ii) savings on the health budget due to a decline in sanitation-related and water-borne diseases; (iii) time savings in fetching water if that time was put into useful activities; (iv) additional revenues from permanent and temporary job created as a result of the Project. Based on an opportunity cost of capital (c.o.c) of 10%, the net present value will be \$ 20.3 million. The IRR is greater than the economic cost of capital and the NPV is positive indicating an economically viable project.

3.1.3 An analysis of the project sensitivity test with (i) a 10% increase in investment costs; (ii) a 10% reduction in benefits; shows that the rate of return and the net present value remain at acceptable levels. The internal rate of return remains higher than the 10% cost of capital at

18.81% and 18.51% respectively. The NPV remains positive in both cases at \$17.54 million and \$12.19 million respectively. Thus confirming the viability of the project. Even when the two above-cited scenarios are combined (10% increased investment cost, and 10% reduction in benefits) the project is still economically viable with an IRR of 16.47% and an NPV of \$ 11.4 million.

### ***3.2. Environmental and Social impacts***

#### **Environment**

3.2.1 The project has been classified as a **Category 1** because it is an urban water supply system that is expected to have adverse environmental and social impacts some of which cannot be easily mitigated including involuntary resettlement. The project being a category 1 requires full ESA studies that include ESIA; detailed ESMP and a RAP in order to comply with the AfDB's ISS requirement standards and the ESAP. The project also has been required to develop a full ESIA and RAP by the applicable national environmental and social regulations. The ESIA, ESMP and RAP have been developed by the project and the ESIA was reviewed and have been disclosed on the Bank's Website on 25<sup>th</sup> July 2018 in compliance with category 1 disclosure requirements. The ESIA was disclosed in country from 20<sup>th</sup> to 26<sup>th</sup> August 2018 in the project impact areas in compliance with the national disclosure requirements.

3.2.2 The main negative environmental, social and climate change risks associated with the project include: impacts on biological diversity due to clearing of vegetation at some of the construction sites especially in the course of developing new water sources at Mortem and Mangeba/Orugu; increased risk to poaching of wildlife due to increased access to protected forested areas as a result of development; air quality, vibration and noise pollution impacts; impacts on surface water resources for downstream users during construction works; generation of wastes and risk of pollution of land/soil and water during construction and decommissioning activities including hazardous waste due to asbestos cement pipes of the water mains that would have to be replaced; public health and safety impacts due to Hazards/risks and traffic accidents and increase in HIV/AIDS, STIs and other communicable diseases; influx of migrant workers may lead to increase in property prices and disputes; and disruption of socio-cultural life including impacts on social cultural units and networks; and social conflicts and unrest due to disruption of services and interactions with migrant workers.

3.2.3 The anticipated positive impacts and benefits from the project include: improved water resource use efficiency due to reductions in water loss throughout the supply system; improvement of life and livelihoods of the people in Freetown City due to increase in the population having access to safe drinking water and sanitation facilities; direct contribution to the creation of temporary jobs during construction and operation, most of which will be contracted locally; improved access to water supply and sanitation services by social services such as health facilities and education institutions; stimulation of development locally and nationally due to access to water and sanitation services by businesses including the tourism industry; water resources monitoring through water quantity and quality stations that will be established by the project; capacity building for local communities in IWRM and WASH, reduction of waster through recycling, composting and good household waste management practices. Women and the youth will benefit directly through jobs and indirectly through increased access to water and sanitation facilities which will significantly reduce travel distance and time to get water and entrepreneurship by providing goods and services at the construction site.

3.2.4 The GVWC and the Contractors will be required to adhere to the Bank's ISS and ESAP requirements as well as Sierra Leone laws and regulations. The ESIA that was developed for

the project has been reviewed by the Bank to ensure that it is in line with AfDB ISS and ESAP requirements for Category 1 projects. A detailed ESMP has been developed and will be implemented to mainstream environmental, social and climate change considerations into all project activities. In addition, the Contractors' bids will include provisions for CESMP with sub-management plans including an HR policy and Emergency Response Management Plan to manage construction phase related impacts and risks. This will ensure that there are good construction management practices to ensure that construction activities which can cause environmental pollution, ecological degradation and health and safety concerns to both workers and the public are addressed. The following mitigation measures will be implemented: avoidance and minimization of biodiversity impacts through a Biodiversity Management Plan; avoidance, minimization of resettlement and adequate compensation for involuntary resettlement before start of works using the RAP that has been developed for the project; develop and implement a detailed waste management plan that will apply the waste mitigation hierarchy including a hazardous waste management plan, including for Asbestos Cement pipes to be replaced; an Emergency Response and management Plan for identified risks; a Water Resources Management Plan ensures quality and quantity for environmental flows and downstream users; minimizing noise and vibrations to nearest noise sensitive receptors especially at night; regular inspection and maintenance of equipment and mufflers; monitoring noise levels; management of HGV traffic; implement required standard labour conditions for occupational health and safety; implement erosion and sedimentation management plan for all construction works including quarry sites and borrow pits; implement an air quality monitoring and management plan to control, reduce and manage emissions; implement public health and safety measures to prevent health impacts and communities will be alerted of public health and safety risks and exposure to asbestos and manage diseases including HIV/AIDs and STIs; including a Traffic Management Plan; develop and put in place measures to comply with all relevant national legislation and international labour organisations conventions including forced and child labour during construction and operation; develop a Health Safety and Security Management Plan to ensure adherence with national and international standards and OS5 requirements; manage workers influx through a Code of Conduct with disciplinary procedures and awareness, and stakeholder engagement plan that includes a grievance redress mechanism; operate a chance find procedures in accordance with national policies and laws and OS 1 requirements; and develop and implement climate adaptation and mitigation measures and a routine maintenance for all key GHG emission sources based on international good practice; and evaluate options for improving energy efficiency

3.2.5 In addition, a monitoring and reporting plan will be put in place to monitor the effectiveness of the ESMP and RAP to provide remedial and corrective actions. The contractor will also be required to develop a Construction Environmental and Social Management Plan (CESMP). In terms of E & S, the ESMP and RAP will be implemented by Project Implementation Unit (PIU) located in the GVWC with staff trained in environmental management and resettlement and land acquisition.

## **Climate Change**

3.2.6 The project has been classified as Category 2 of the Bank's Climate Safeguards System, showing that it is vulnerable to climate change. The climatic risks incurred are the reduction and / or increase of precipitation that can conduce to periods of drought of varying lengths and heavy rains that can be accompanied by floods and landslides. Managing these climate risks involves protecting the local environment, increasing the institutional capacity to respond to climate-related damage, improving disaster risk management, and increasing the resilience of infrastructure used by local communities and increase the knowledge of the local community about the risks and responses. The following activities are then proposed: support regeneration

of the degraded water-shed and put in place water resources monitoring infrastructure to be able to monitor and minimize the impact of unusually wet or dry conditions on ecosystems downstream of abstraction facilities; ensure adequately trained and equipped personnel staff to facilitate effective monitoring of the Western Area protected forest area; increase water harvesting, water treatment and water distribution efficiency to mitigate impact of droughts or floods; and provide information to community institutions and carry out awareness raising activities and train stakeholders in use of new facilities during climate related emergencies. In order to properly align the project with Sierra Leone's GHG reduction intentions, reforestation included as part of the measures.

## Gender

3.2.7 The project will alleviate women's workload and address their practical needs. Furthermore, the project will have positive outcomes in reducing gender vulnerability. The project has been categorized (II) under the African Development Bank Gender Marker System because of its expected positive gender outcomes. Hence, a focused gender-mainstreaming approach will be put in place during the entire project implementation period within the proposed project components. Specific activities with budget allocation, which ensure that the gender mainstreaming approach will achieve the respective positive outcomes, will also be designed. The proposed activities proposed are drawn from the gender gap analysis and these are in three core areas:

- (i) **Low Participation:** Currently, women's participation in the sector is very low resulting in poor consideration of women's specific needs. There is a risk that in some cases the project implementation may not be not executed in a gender responsive approach. To address this gap, the project will enhance women's effective participation and increased decision-making capabilities in the sector through specific activities at the institutional and technical level.
- (ii) **Social Vulnerability:** Women and girls face tremendous hindrance (physically, socially, educationally, and mentally) resulting from water shortage and lack of sanitation facilities. Hence, there is a need to capitalize on the effect of the project to address women's practical needs and reduce their vulnerability; and
- (iii) **Economic Vulnerability:** Access to water and improved sanitation facilities depends largely on the household economic ability and decision-making structures. The project will create economic opportunities for women and men supported by increasing community awareness of gender issues will contributing further to "Improving the Quality of Life".

3.2.8 To ensure that the proposed gender mainstreaming approach and the related activities are systematically implemented during the project in a sustainable manner, the project has provided for representation from the Ministry of Gender, Social Welfare and Children Affairs at both the Project Implementation Committee level and Project Steering Committee level. A detailed gender action plan is included in the Technical Annex B3.

## Social

The proposed project contributes to the achievement of most of the 17 Sustainable Development Goals (SDGs) and AU Agenda 2030. The project is directly aligned with SDG 6, which aims to "Ensure availability and sustainable management of water and sanitation for all. It places water and sanitation at the core of sustainable development, cutting across sectors and regions. Improvements in access to safe drinking water supply, sanitation and hygiene (WASH) services in homes, healthcare facilities, schools and workplaces, and improving ambient water quality are essential for reducing multidimensional poverty. Improving nutrition (SDG 2) improving health (SDG 3) and education (SDG 4) achieving gender equality (SDG 5,

4, 10), improving work opportunities (SDG 8), and overcoming inequalities (SDG 10) are strongly linked and reliant on water and sanitation and are required to meet international commitments to the human right to water and sanitation. The Goals on energy (SDG 7), economic growth (SDG 8), infrastructure and industrialization (SDG 9), cities and communities (SDG 11), consumption and production (SDG 12) all depend on the availability of water on a sustainable basis. Sustainable and efficient use of water resources is fundamental to avoid overexploitation of surface and groundwater. Most of the impacts of climate change (SDG 13) are felt through the water cycle. The project is also aligned to the Bank's Gender Strategy 2014–2018, which seeks to strengthen gender mainstreaming in sectors that represent the Bank Group's five core operational priorities and the two crosscutting areas of fragile states and agriculture. In addition, without urgent investment in resilient sanitation and hygiene adaptation, the accumulated costs of climate shocks, rising health and humanitarian expenditure, threaten to further stress public service delivery and those that are least able to access services will be left behind. Fully realising everyone's right to sanitation and hygiene is therefore a critical, yet neglected, component of successful climate change adaptation, and a vital prerequisite for achieving the Sustainable Development Goals (SDGs) in Sierra Leone.

### **Involuntary resettlement**

3.2.10 Involuntary resettlement impacts are mostly expected to be economic comprising of mostly people located along the water distribution mains especially in densely populated areas and where there has been encroachments on Guma Valley Water Company installations which are in a state of disrepair. The RAP has been developed in compliance with AfDB requirements. Currently the number of PAPs is estimated at 296, at an indicative average compensation cost per square metre of SLL 650,000 (UA 55.60) for temporary structures, and SLL 1,100,000 (UA 94.00) for permanent structures, and total compensation package of SLL 3.65 billion (UA 312,200). However, this figure may as well be higher or lower, depending on the Construction Contractor's methodology and the final list of PAPs, subject to response by Sierra Leone Roads Authority to grant GVWC the right of way/easement within the road reserve.

### ***3.3. Fragility and Resilience Assessment***

3.3.1 Since the end of the civil conflict in 2002, Sierra Leone has made significant progress in consolidating peace and security country-wide and in rebuilding its economy that was nearly destroyed by the decade long conflict. Sierra Leone has a total landmass of 71,740 sq.km and estimated population over 7 million people. The country continues to experience some challenges stemming from the root causes and drivers of fragility which manifested itself over the decade-long conflict. These conditions were exacerbated by the 2014 Ebola outbreak that overburdened the weak healthcare infrastructure, leading to more deaths from medical neglect than Ebola itself. Sierra Leone is a country that is exposed to fragility not due to nonexistence of natural wealth but management of these resources and shortfalls in provision of basic social services by the Government. . With the successful general and presidential elections the new administration has prioritised the provision of basic services at the top of its agenda against a backdrop of limited capacity and social and infrastructure pressures. These conditions and underlining drivers of fragility have the ability to slow progress towards meeting the SDGs and building more capacities is necessary to withstand these pressures. A detailed Fragility and Resilience Assessment is provided in Appendix I.

## **IV – IMPLEMENTATION**

### ***4.1. Implementation arrangements***

4.1.1 The Guma Valley Water Company (GVWC), a State Owned Enterprise (SOE) established by established by the Guma Valley Water Company Act 2017, will be the executing agency of the project. A Project Steering Committee (PSC) will be constituted chaired by the Hon. Minister of Water Resources or his representative, to provide strategic direction and oversight guidance to the project. GVWC will execute the Freetown WASH and Aquatic Environment Revamping Project (FWASHAERP) in close collaboration with four relevant agencies by virtue of their statutory responsibilities. The key implementing partner agencies are Freetown City Council (FCC), Water Directorate (WD)/National Water Resources Management Agency (NWRMA), National Protected Areas Authority (NPAA), Directorate of Gender which hold the mandates for waste management including land drainage in the city, water resources management, gazetted protected areas and gender/child/social-welfare affairs respectively. GVWC will also be responsible for implementing the water supply activities in addition to the project execution responsibilities. To ensure effective project coordination and monitoring, including the day-to-day administration and implementation of the project, a Project Implementation Committee (PIC) comprising at five (5) senior level technical officers, one from each of these respective agencies and GVWC, with the Managing Director of GVWC as the head with the Mayor of FCC as co-head.

4.1.2 To ensure effective project coordination and monitoring, the day-to-day administration and implementation of the project will be carried out by Guma Valley Water Company through a Project Coordination Unit, under the direct supervision of the GVWC's Managing Director. The PCU, which will be housed within GVWC, will have a Project Coordinator as its head, who will have overall responsibility for project implementation and report to the Managing Director of GVWC. Similar mainstreamed implementation arrangements and policy oversight structures are used in executing the ongoing partnership between Guma Valley Water Company and Freetown City Council for the AWF financed FTWSSMPIS project. The Project Coordination Unit including the (i) Project Coordinator (who is an Engineer) ; (ii) a Procurement Officer; (iii) a Project Accountant; (iv) an Accounts Clerk, amongst others. The PCU and PIC team members will be supported by competitively selected technical assistants with relevant experience and knowledge, including the African Development Bank's rules including financial management, disbursements and procurement framework.

4.1.3 The PCU and all other implementing agencies will be supported by competitively recruited technical assistants. The technical assistants will essentially be stationed at the relevant agencies and shall be members of the PIC. The PIC will convene as often as is required to ensure effective and efficient implementation of project activities. Key PCU and PIC Technical Assistants will include: A Project Manager/Coordinator, a Financial Management Specialist (FMS), a Project Accountant, two Monitoring & Evaluation experts, a Water Supply & Waste Engineering specialist, a Sanitary Engineering specialist, a Water Resources Engineering expert, an Environment/Forestry/Climate Change expert, three Gender and Community Development specialists, a Microfinance/MSE specialist, a Public-Private-Partnerships (PPP) specialist and a Procurement Officer. The services of an Accounts Assistant/ Clerk and other technical counterparts be provided by GVWC and relevant implementing agencies. The PCU shall have the primary responsibility for fiduciary aspects and overall coordination and management, including reporting and communication with the Bank. PIC shall be specifically responsible for the overall day-to-day project implementation,

evaluation and supervision of service providers, monitoring and preparation of all project reports.

4.1.4 **A Project Steering Committee (PSC)** will be established to provide strategic policy direction and oversight guidance for the project implementation. The PSC's core activities shall include strategic policy direction, oversee planning, review progress and impact and review/ approval of annual work plans and budgets. Its membership will include: (i) one representative each from the relevant ministries (*Ministry of Finance; Ministry of Water Resources; Ministry of Local Government; Ministry of Health and Sanitation; Ministry of Lands, Housing & Country Planning, Ministry of Gender Social Welfare & Children Affairs, Ministry of Youth and Employment*), (ii) one representative each from selected public-sector bodies, agencies and institution (*Water Resources Management Agency; Electricity and Water Regulatory Authority; GVWC Board; GVWC, Freetown City Council (FCC) including all Councillors for the Wards bordering the Freetown Peninsular Protected Area; National Protected Areas Authority (NPAA); Forestry Commission; and Environmental Protection Agency (EPA)*), (iii) One representative each from other bodies (Microfinance/ SMEs, Sierra Leone Association of Non-Governmental Organizations (SLANGO)). The PSC would meet at least twice in a year, and the meetings would be chaired by the Minister of Water Resources or his designated representative, with the Project Coordinator as secretary.

### ***Procurement***

4.1.5 Procurement of goods, works and the acquisition of consultancy services financed by the Bank for the project, will be carried out in accordance with the "Procurement Policy and Methodology for Bank Group Funded Operations" (BPM), dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, procurement would be carried out as follows:

- **Bank Procurement Policy and Methodology (BPM):** Bank standard PMPs, using the relevant Bank Standard Solicitation Documents (SDDs), will be used for International Competitive Bidding (ICB) and National Competitive Bidding (NCB) contracts for both goods and works and acquisition of consulting services as indicated in the Technical Annex B5, Paragraph B.5.3.2.
- **Procurement Risks and Capacity Assessment (PRCA):** The assessment of procurement risks at Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA), were undertaken for the project and the output have informed the decisions on the procurement regimes being used for specific transactions or groups of similar transactions under the project. The appropriate risks mitigation measures have been included in the procurement PRCA action plan proposed in Annex B5, Paragraph 5.3.2.

### ***Financial management, disbursement and audit arrangements***

4.1.6 The Guma Valley Water Company through its mainstreamed Project Coordination Unit (PCU) will be directly responsible for all the financial management arrangements of the Freetown WASH and Aquatic Environment Revamping Project. The financial management of FWAERP will be handled by the Financial Management Specialist (FMS) who is a seasoned chartered accountant with in-depth experience on AfDB financial management rules and procedures, and proficient in the use of automated accounting systems. The FMS will be among the project technical assistants who shall be recruited on a competitive basis and will directly supervise the Project Accountant (to be hired) who shall be a partly qualified accountant with Masters degree in Accounting and extensive experience in donor funded project accounting and expertise in automated accounting system. Both officers will be required to have very good experience in the practical application of International Financial

Reporting Standards (IFRS) and in particular IFRS for Smaller and Medium Entities (SMEs). An Accounts Assistant/ Clerk shall be deployed by GVWC to financial management function of the PCU for knowledge transfer and capacity building. The project will adopt the same chart of accounts and accounting software (Sage Pastel accounting system) in harmony with GVWC. Upon effectiveness, the annual license of Sage Pastel will be renewed, user number increased, FM staff trained and the project set up on the system. The project shall adopt IFRS for SMEs for financial reporting.

4.1.7 The FMS will report to the Project Coordinator and the head of Finance of GVWC (for the purpose of correctly reflecting project results in the overall GVWC consolidated accounts). The FMS is expected to use the Sage Pastel to generate quarterly unaudited interim financial reports (IFRs) and annual financial reports in accordance with IFRS for SMEs. The IFRs must be submitted to the Bank no later than 30 days at the end of each calendar quarter and the annual audited financial reports must be submitted within six (6) months after the end of each financial year. GVWC internal audit function headed by an experienced internal auditor who is also chartered accountant, will provide of-the-fact cheques on project transactions and carry out periodic reviews project operations to strengthen overall control environment. The Internal Audit will report to the MD and the PSC, who will ensure timely implementation of audit recommendations. A bespoke Financial and Accounting Procedures Manual (FAPM) will developed from the existing GVWC FAPM and implemented to codify FM practices within the project. A Project Implementation Manual (PIM) consisting of Technical Implementation and an Internal Control Procedures Manual will be developed and adopted to guide project implementation and streamline internal control procedures, respectively within the project.

4.1.8 **Disbursement:** The Bank uses four disbursement methods in advancing resources to projects. Two of these methods, Direct payments; and Payments through Special Account (SA) are recommended under the FWAERP. The other methods –reimbursement and reimbursement guarantee shall become available to the project, if desired. Direct payments method will generally be used for the larger contracts duly signed between project management and contractors/suppliers/ service providers. The SA method will be used for meeting recurrent/ administrative expenses and smaller contracts under the project. A segregated US Dollar denominated SA will be opened at a bank acceptable to the AfDB, to receive funds from the Bank. A Leones (local currency) account will be opened at same Bank to receive transfers from the SA for making payments in Leones. All project accounts will be managed by the PCU of GVWC. The initial advance to the SA will be based on a 6 months forecast submitted by GVWC/PCU to the Bank for its ‘no objection’. Subsequent advances from the Bank to the SA will be made after the GVWC/PCU has justified at least 50% percent of the preceding advance and 100% of all prior advances. *All disbursements will follow with the disbursements procedures outlined in the Bank’s Disbursement Handbook.*

4.1.9 **Audit:** The Auditor General (AG) of Sierra Leone will be responsible for the audit of the project on an annual basis in line with the Constitution of Sierra Leone, the Guma Valley Water Company Act 2017 and use of Country Systems. The AG currently audits GVWC, and also audits some World Bank and IFAD financed projects in country, in line with the use of country systems. The AG will conduct the audit in accordance with International Standards on Auditing (ISA) and based on audit terms of reference (TORs) agreed with the Bank. The audited financial statements, together with the accompanying management letter, must be submitted to the Bank within six (6) months at the end of each financial year, for review and acceptance. Whilst the project will not pay related audit fees, from its resources, it shall bear reasonable incidental audit expenses duly submitted and cleared by the Bank.

**4.1.10 Overall Conclusion:** The overall FM risk is assessed as substantial. Subject to satisfactory completion of key action items (recruitment of key project staff, constituting PIC & PSC, renewal of annual license of Sage Pastel, increasing number users, training FM staff on usage and setting up the project set up on the system, customisation of a FAPM, developing and implementing a PIM and Internal Control Procedures Manual), GVWC has adequate FM arrangements for the proposed project. (See details in Annex 4B).

## **4.2. Governance**

4.2.1 Sierra Leone suffered a marginal decline in 2016 in its governance ranking in the African continent. The 2017 Mo Ibrahim Index of African Governance ranks Sierra Leone 26<sup>th</sup> out of 54 countries in 2016, marginally lower than its rank of 25<sup>th</sup> in 2015. The country also registered a decline on the perception of corruption, with its rank in the Transparency International Corruption Perception Index falling to 123<sup>rd</sup> (out of 176 countries) in 2016 from 119<sup>th</sup> (out of 168 countries) in 2015. This points to the existence of governance challenges that need to be addressed in order to make the much needed transition to a resilient state. In line with the government PFM reform program, the Bank is providing significant support to further improve transparency and accountability of the PFM system, including targeted support to strengthen the Parliament, Audit Service Sierra Leone (ASSL), Anti-Corruption Commission (ACC), Local Councils PFM capacity strengthening, and public financial management (PFM) reform through the multi-donor funded Institutional Support Project for PFM..

4.2.2 Water sector governance in Sierra Leone is also gradually improving following the roll out of a new Water and Sanitation Policy in 2010, and devolution of water and sanitation services delivery to the Local Councils through the Local Government's Act. The developments triggered the on-going regulatory and institutional reforms that are facilitated by the Bank, DFID and the MCC. The Government has established the National Water Sector Steering Committee, a joint forum of Development Partners and relevant Government agencies, which convenes regularly to coordinate, monitor and harmonise sector interventions. The forum is also responsible for organizing Annual Sector Reviews. Although sector monitoring continues to be a challenge, the Government has since 2013 prepared the Annual Sector Performance Reports and successfully organized Annual Joint Sector Reviews, thanks to the well coordinated support of the Bank, DFID-UK, MCC, UNICEF, UNDP and the Urban WASH-INGO consortium. Due to the Ebola Virus Disease crisis of 2014-2015, the Annual Sector Review conferences for 2015 and 2016 were combined and held late in November 2017. Moving forward, annual sector reviews are expected to be held in April/May. The Annual Sector Review Report for 2017 has been prepared and arrangements for the conference scheduled to take place in November 2018. The sector review delay is mainly due to the ushering in of a new Government. In addition, the National Sector Steering Committee is the Project Steering Committee for the ongoing Bank/AWF financed Freetown Water Supply and Sanitation Master Plan and Investment Studies. The same committee is retained as the Project Steering Committee for the Freetown WASH and Aquatic Environment Revamping Project.

## **4.3. Sustainability**

4.3.1 Sustainability of the WASH interventions will be achieved on the basis of two fronts. First, Freetown water supply infrastructure is currently, to a large extent, in a state of disrepair. Therefore GVWC has a relatively small reach of its potential customers. who do not necessarily have many alternatives other than the contaminated shallow wells. However, the utility is currently able to finance over 70% of its operational costs. Improvement of the water supply infrastructure will enhance the utility's capacity to improve reliability of its services thereby leveraging its ability to raise the current low tariff and raise its revenue. In addition, the MCC

financed institutional development program is putting in place measures to ensure operational efficiency of the utility. GVWC will be able to finance 100% of its operations following the DFID, MCC and Bank supported project interventions which are expected to reduce the company’s operational costs by 25%.

4.3.2 Similarly the FCC which holds the mandate for handling waste management has recently launched a well-coordinated effort to develop the “*Transform Freetown*” initiative under the leadership of the Mayor. The effort is akin to the IUWM approach and has successfully mobilised all relevant stakeholders to work together and design measures to resolve the virtual absence of solid and liquid waste management. The effort has attracted the attention of several DPs and will most certainly strengthen the city Council’s ability to boost its revenue and be in a much better position to sustain PPPs for delivering waste management services in the city private operators. Implementation of the agreed measures for boosting collection of city rates was launched on 26 October 2018. The moment is right for the Bank to provide the necessary support to leverage the positive enthusiasm of the city’s administration; the timing of the project could not have been better.

4.3.3 The economic gains accruing from the reduction in drudgery of women and girls, the significant reduction in water and sanitation related diseases, and employment opportunities created by the project, especially for the youth and women, and protection of the aquatic environment will strengthen the Government’s position to sustain further investments in the sector.

#### **4.4. Risk management**

<b>Risk</b>	<b>Rating</b>	<b>Mitigating Measure</b>
Institutional Improvement activities currently supported by MCC fall short of the requirements newly developed infrastructure.	Low	Provision for restructuring project at MTR to integrate relevant capacity building/institutional support interventions.
Timely climate finance mobilisation from GCF & AF funds.	Low	Proposed intervention complement similar interventions proposed by UNDP for GEF financing. The Bank (COSL) will support UNDP to widen the scope of their project in the event of failure to directly mobilise GCF and AF financing.
Undue influence leading to inappropriate selection of target communities and beneficiaries of interventions for enhanced livelihood.	Low	Vulnerability indicators and equity performance targets will be included in implementing partner contracts for Community Capacity Building activities.
Failure of innovative and green technologies for waste management due to low social acceptance and unclear markets for end-products	Moderately High	PPPs with existing locally bred and resilient waste management services companies will be selected to implement green waste management solutions on the basis of their current strategic investment plans which include the desired innovative approaches.

#### **4.5. Knowledge building**

4.5.1 Knowledge will be generated through supervisions, Annual Sector Reviews, Mid-Term Review and Project Completion reports and flagship reports. The project offers the opportunity to consolidate knowledge in the application of the Integrated Water Resources Management approach, that takes on board climate change adaptation, with focus on sustainability of the aquatic ecosystem, as well as creation of local employment opportunities, as essential elements of water supply and sanitation investments. Knowledge in co-financing arrangements and

interventions in states in transition will be enhanced through the Resource Mobilisation Conference and experiences arising out of co-financing with a multitude of partners. The respective knowledge will be shared during the Bank's Water Sector Learning Week, and at regional sector events such as the Africa Water Week and AfricaSan, and Global events such as the Stockholm Water Symposium and the World Water Forum.

## **V – LEGAL INSTRUMENTS AND AUTHORITY**

### ***5.1. Legal instrument***

5.1.1 The legal instruments for the project are an ADF Grant Agreement, ADF Loan Agreement, to be entered into with the Republic of Sierra Leone.

### ***5.2. Conditions associated with Fund's intervention***

#### **5.2.1. Condition Precedent to Entry into Force of the ADF Grant Agreement**

The ADF Grant Agreement shall enter into force on the date of signature by the Recipient and the Fund.

#### **5.2.2. Condition Precedent to Entry into Force of the ADF Loan Agreement**

The ADF Loan Agreement will enter into force upon fulfilment by the Borrower of the provisions of Section 12.01 of the General Conditions.

#### **5.2.3. Conditions Precedent to first disbursement under the Grant Agreement and Loan Agreement**

The obligation of the Fund to make the first disbursement under the Grant Agreement and the Loan Agreement shall be conditional upon the entry into force of the agreements and the satisfaction of the following conditions:

- (i) The execution and delivery of a Subsidiary Agreement between the Borrower/ Recipient and Guma Valley Water Company (GVWC) transferring the relevant proceeds of grant and loan to the latter on terms and conditions acceptable to the Fund;
- (ii) Submission of the evidence of and delivery of a co-financing agreement with the OPEC Fund for International Development for an amount of Fourteen Million Three Hundred Thousand Units of Account (UA14, 300,000) on terms and conditions acceptable to the Fund or the submission of evidence that the Borrower has secured financing from alternative sources to cover the financing gap resulting from failure to obtain the co-financing;
- (iii) Submission of evidence of the designation of staff for the Project Coordination Unit comprising i) Project Coordinator (who is an Engineer); (ii) a Project Accountant; (iii) Accounts Assistant/Clerk and (iv) a Procurement Officer with qualifications and terms of reference acceptable to the Fund;
- (iv) Submission of evidence of the designation of members of the Project Implementation Committee (PIC) comprising at least one senior level technical officer from each of (i) Freetown City Council; (ii) Water Directorate /National Water Resources Management Agency; (iii) National Protected Areas Authority; (iv) Directorate of Gender with terms of reference acceptable to the Fund. The PIC will be headed by the Managing Director of Guma Water Valley Company and co-headed by the Mayor of Freetown City Council;

- (v) Submission of evidence of the designation of members of the Project Steering Committee comprising one (1) representative each from the following; (i) Ministry of Finance; (ii) Ministry of Planning and Economic Development; (iii) Ministry of Water Resources; (iv) Ministry of Local Government; (v) Ministry of Health and Sanitation; (vi) Ministry of Lands, Housing & Country Planning; (vii) Ministry of Gender Social Welfare & Children Affairs; (viii) Ministry of Youth and Employment; (ix) National Commission for Privatisation; (x) National Water Resources Management Agency; (xi) Electricity and Water Regulatory Authority; (xii) Guma Water Valley Company (GVWC) Board; (xiii) Freetown City Council (xiv) all Councillors for the Wards bordering the Freetown Peninsular Protected Area; (xv) National Protected Areas Authority ; (xvi) Ministry of Agriculture Fisheries and Food Security (MAFFS); (xvii) Forestry Commission; (xviii) Environmental Protection Agency; and (xix) Water Sanitation and Hygiene Network Sierra Leone (WASH-Net Sierra Leone).
- (vi) submission of evidence of the ownership of land by the Executing Agency for the construction of nine (9) new water treatment plants and seven (7) new service reservoirs, in the form and substance satisfactory to the Fund

**5.2.4 Condition Precedent to Disbursements for Works Involving Resettlement** The obligation of the Fund to disburse the Loan/ Grant for works that involve resettlement shall be subject to the fulfillment by the Borrower/ Recipient of the following additional condition:

- (a) Submission of a works and compensation schedule prepared in accordance with the Resettlement Action Plan (“RAP”) and the Fund’s Safeguards Policies in form and substance satisfactory to the Fund detailing: (i) each lot of civil works under the Project, and (ii) the time frame for compensation and/or resettlement of all Project affected persons (“PAPs”) in respect of each lot; and
- (b) Submission of satisfactory evidence that all Project affected persons (“PAPs”) in respect of works have been compensated and/or resettled in accordance with the Environmental and Social Management Plan (“ESMP”), the Resettlement Action Plan (“RAP”) and / or the agreed works and compensation schedule and the Fund’s Safeguards Policies, prior to the commencement of such works and in any case before the PAPs’ actual move and/or taking of land and related assets.

**5.2.5 Condition Precedent to Disbursement for the construction of new water treatment plants and service reservoirs.** Subject to the provisions of *Entry into Force* and *Conditions Precedent to First Disbursement*, the obligation of the Fund to disburse the Loan for construction of nine (9) new water treatment plants and seven (7) new service reservoirs shall be subject to the submission by the Borrower, of evidence of the ownership of land by the Executing Agency for the construction of nine (9) new water treatment plants and seven (7) new service reservoirs, in the form and substance satisfactory to the Fund.

**5.2.6 Condition Precedent to Disbursement for the procurement of solid and liquid waste management equipment**

Subject to the satisfaction of the conditions precedent on entry into force and Conditions Precedent to First Disbursement, the obligation of the Fund to disburse the Loan for the

procurement of solid and liquid waste management equipment under Component 1 shall be subject to the submission of signed partnership agreements between the Freetown City Council and the waste management service providers following the due process of procurement of the service providers, in the form and substance satisfactory to the Fund.

#### 5.2.7 **Other Conditions**

The Borrower/ Recipient shall:

- a. submit the evidence of the execution and delivery of co-financing agreements with the following co-financers: Islamic Development Bank for an amount of Twenty Five Million Six Hundred Thousand Units of Account (UA 25, 600, 000); Kuwait Fund for an amount of Ten Million Seven Hundred Thousand Units of Account (UA10,700, 000); Saudi Fund for an amount of Ten Million Seven Hundred Thousand Units of Account (UA10,700,000); Green Climate Fund for an amount of Seven Million One Hundred and Fifty Thousand Units of Account (UA 7,150,000); Adaptation Fund for an amount of Seven Million One Hundred and Fifty Thousand Units of Account (UA 7,150, 000); ECOWAS Bank for Investment and Development for an amount of Three Million Five Hundred and Seventy Thousand Units of Account (UA 3,570,000) and the Netherlands Enterprise Agency parallel financing of an amount of Forty Two Million Nine Hundred Thousand Units of Account (UA 42,900,000) or the submission of evidence that the Borrower/ Recipient has secured financing from alternative sources to cover the financing gap resulting from failure to obtain the financing no later than the first quarter of 2020 or such later date as may be agreed upon in writing between the Borrower/ Recipient and the Fund;
- b. cause the GVWC to clear its audit back log and submit copies of the GVWC audited financial statements for years 2014 – 2017, in the form and substance, satisfactory to the Fund no later than 1 June 2019 or such later date as may be agreed upon in writing between the Borrower/ Recipient and the Fund.
- c. submit a copy of the executed Memorandum of Understanding between the Borrower and the appropriate representatives of the communities in the wards bordering the Western Area Protected Forest Area, in the form and substance satisfactory to the Fund no later than 30 June, 2019 or such later date as may be agreed upon in writing between the Borrower / Recipient and the Fund.
- d. ensure the renewal of its annual license of Sage Pastel;
- e. undertake training for its financial management staff on usage and setting up the project set up on the system;
- f. customize its Financial and Accounting Procedures Manual; and
- g. develop and implement an Internal Control Procedures Manual.

## **VI – RECOMMENDATION**

6.1 Management recommends that the Board of Directors approves the i) ADF loan of UA 6.27 Million and ii) ADF grant of UA 3.73 Million financing to the Republic of Sierra Leone to finance the Freetown WASH & Aquatic Environment Revamping Project

6.2 Approval is specifically requested for the ADF loan, ADF grant and administration of OFID financing of USD 20 million (approx UA 14.30million) for which the Government of the Sierra Leone made special request and re-confirmed her preference following the appraisal mission (Appendix VI). The specific approval will provide for the required early action to curb escalation of the negative undercurrents of the delicate transition process in the country. Processing of IsDB, Kuwait Fund, Saudi Fund, and ECOWAS Bank co-financing totalling USD 95 million (approx. UA67.92 million) will be completed following early Mid-Term Review that will take place during the first quarter of 2020 after the necessary construction details for some of the proposed water supply and waste management infrastructure are fully completed. Approval for the balance of the GCF and AF grants totalling USD 20.00 million (UA 13.90 million) will be requested in the first quarter of 2019, on a lapse-of-time basis, following final approval of the detailed GCF and AF project proposals expected by January 2019. This procedure was discussed and agreed with the Government of Sierra Leone on the basis prioritising interventions to target the most vulnerable communities to ensure maximum impact of the immediately available Bank resources. Management further recommends that the Board of Directors waives the mandatory counterpart contribution on the basis the Government's demonstrated commitment to implement her development agenda and evidence of increasing commitment and attention to the water sector, besides the increasing debt burden.

## Appendix I. Detailed Fragility and Resilience Annex

### 1. Contextual Overview of Fragility in Sierra Leone

**1.1 Since the end of the civil conflict in 2002, Sierra Leone has made significant progress in consolidating peace and security country-wide and in rebuilding its economy that was nearly destroyed by the decade long conflict.** Sierra Leone has a total landmass of 71,740 sq.km and estimated population over 7 million people. The country continues to experience some challenges stemming from the root causes and drivers of fragility which manifested itself over the decade-long conflict. These conditions were exacerbated by the 2014 Ebola outbreak that overburdened the weak healthcare infrastructure, leading to more deaths from medical neglect than Ebola itself. Sierra Leone is a country that is exposed to fragility not due to nonexistence of natural wealth but management of these resources and shortfalls in the delivery of of basic social services by the Government, leading to some spatial disparities. . With the successful general and presidential elections and ushering into office a new administration in 2018, the economy stands to be tested as the country has limited capacity to withstand the social and infrastructure pressures. These conditions and underlining drivers of fragility have the ability to slow progress towards meeting the Sustainable Development Goals and building more capacities to withstand these pressures.

**1.2 Rapid urbanization fueled by migration of mainly youth from rural localities into the City Freetown is posing serious development challenge for the Government of Sierra Leone.** In post conflict country of such with major infrastructural deficits, the mass movement of people into Freetown increases more pressures on the Government and slow development of the city. Urban migration rate is currently 4.20% (about 46,000 people per annual) of the existing 1.1 million people living in Freetown which is exerting more pressure on the city limited infrastructure as estimated 15% of the country population lives in Freetown and environs alone. This has resulted to creating unsafe settlements around the city especially protected areas. These settlements consist of dangerous and unconventional dwelling structures and serve as threat to the existence of people as illuminated during the August 2017 mudslide in the City of Freetown. The Government of Sierra Leone needs to institute measures to curtail this rapid urbanization and create incentives to decentralize as the population is expected to double in less than 20 years taking into consideration the rate of both growth and rapid urbanization in Freetown.

**1.3 The problem of fragility in Sierra Leone is just enormous with high youth unemployment due to lack of education and skills mismatch.** According to the National Youth Commission, the problem of youth unemployment is very complex as there are three categories of unemployed youth: uneducated, semi-skilled and educated youth. The youth population, aged 15-35, comprises one third of the population of Sierra Leone and youth unemployment was a major root cause of the outbreak of civil conflict. Approximately 70% of youth is underemployed or unemployed and an estimated 800,000 youth today are actively searching for employment. Furthermore, illiteracy remains a persistent challenge and youth that lack skills and education find it extremely difficult to compete for the limited jobs available. Sierra Leone literacy rate is 35.1% for the total population with female literacy rate of 24.4% and poor education main a major problem today. This means that only one in every four females in Sierra Leone age 15 and above can read and write. It is in no doubt the result of only 16 (about 13%) in the previous parliament and 15 (<13%) female members of current parliament compared to 23% in Sub-Sahara Africa. This reflects significant gender-based inequality in women participation in the political and decision making process.

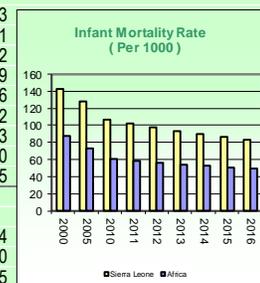
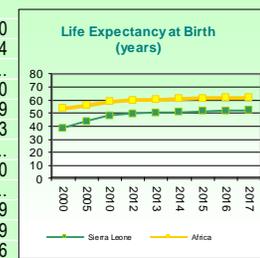
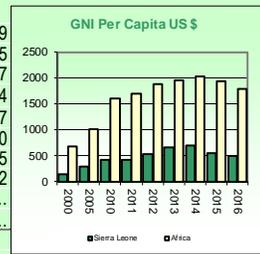
**1.4 Sierra Leone has implemented three development strategies: Poverty Reduction Strategies (PRS), an interim PRS in 2001 followed by the first PRSP-I (2005-2007), the third PRSP, the Agenda for Change, covering the period, 2008-2012 and currently the Agenda for Prosperity, (A4P, 2013-2018).** Despite this notable progress, the country made limited progress in achieving the MDGs. Underlying drivers of fragility continue to pose significant downside risks for the country's development. *High rates of youth unemployment, gender inequality, high levels of perceived and real corruption, weak human and institutional capacities and poor economic governance systems, especially public financial management (PFM) and revenue management systems, capacity constraints of the Government to fully implement its development agenda.* Limited physical infrastructure, especially in energy, water supply and roads, inhibit inclusive and sustainable growth limits the country's ability to implement and effectively carry out transformation and provide basic social services to its citizens. The Agenda for Prosperity (A4P) which ended with the previous administration recognized the importance of continuing to improve health, education, governance and to rehabilitate and reconstruct infrastructure (energy, water supply and sanitation, ports and roads). To what extent the implementation of this strategy was successful is a golden question that everyone is asking.

**1.5 Sierra Leone conducted relatively peaceful general and presidential elections in 2018 which brought the current administration to power.** In his speech President Julius Maada Bio announced the "New Direction" of his administration and emphasized that the new government will focus on the *economy; agriculture; marine resources; tourism; mineral resources; the manufacturing sector; fiscal prudence and domestic revenue mobilization; human and social development; youth development and empowerment; governance; peace, security and the justice sector.* He mentioned that "My New Direction administration has prioritized Free Quality Education as the Flagship policy programme of my government. We have made education the bedrock and foundation for Development in Sierra Leone and the main strategy to create a ladder of opportunity for all Sierra Leoneans to climb and achieve their greatest potentials". These priority areas need to be clearly articulated in a development policy that will address the drivers of fragility in the next five years.

**1.6 The provision of basic social services in Freetown is very limited. Water supply in particular is characterized by limited access especially to safe drinking water.** Despite efforts by the government and numerous non-governmental organizations, access has not much improved since the end of the Sierra Leone Civil War in 2002, stagnating at about 50% and even declining in rural areas. According to a national survey, 84% of the urban population and 32% of the rural population had access to an improved water source. Those with access in rural areas were served almost exclusively by protected wells. The 68% of the rural population without access to an improved water source relied on surface water (50%), unprotected wells (9%) and unprotected springs (9%). Only 20% of the urban population and 1% of the rural population had access to piped drinking water in their homes. Due to the fact that water insecurity is correlated to fragility, it is important to address this driver of fragility through the Freetown WASH and Aquatic Environment Revamping Project.

## Appendix II. Country's comparative socio-economic indicators

	Year	Sierra Leone	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ( '000 Km <sup>2</sup> )	2017	72	30,067	80,386	53,939
Total Population (millions)	2017	6.7	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2017	39.6	39.7	47.0	80.7
Population Density (per Km <sup>2</sup> )	2017	93.3	40.3	78.5	25.4
GNI per Capita (US \$)	2016	490	2 045	4 226	38 317
Labor Force Participation* - Total (%)	2017	66.9	66.3	67.7	72.0
Labor Force Participation** - Female (%)	2017	65.2	56.5	53.0	64.5
Sex Ratio (per 100 female)	2017	98.1	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2015	179	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2011	52.3	39.6	17.0	...
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2017	2.1	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2017	2.8	3.6	2.6	0.8
Population < 15 years (%)	2017	41.8	41.0	28.3	17.3
Population 15-24 years (%)	2017	20.2	3.5	6.2	16.0
Population >= 65 years (%)	2017	2.7	80.1	54.6	50.5
Dependency Ratio (%)	2017	80.1	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2017	24.7	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2017	52.0	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2017	52.6	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2017	34.4	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2017	12.8	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2016	83.3	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2016	113.5	75.5	47.3	6.8
Total Fertility Rate (per woman)	2017	4.3	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	1360.0	411.3	230.0	22.0
Women Using Contraception (%)	2017	17.3	35.3	62.1	...
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010	2.4	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2010	31.9	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2013	59.7	50.6	67.7	...
Access to Safe Water (% of Population)	2015	62.6	71.6	89.1	99.0
Access to Sanitation (% of Population)	2015	13.3	51.3	57	69
Percent of Adults (aged 15-49) Living with HIV/AIDS	2016	1.7	39.4	60.8	96.3
Incidence of Tuberculosis (per 100,000)	2016	304.0	3.8	1.2	...
Child Immunization Against Tuberculosis (%)	2016	92.0	245.9	149.0	22.0
Child Immunization Against Measles (%)	2016	83.0	84.1	90.0	...
Underweight Children (% of children under 5 years)	2013	18.1	76.0	82.7	93.9
Prevalence of stunting	2013	37.9	20.8	17.0	0.9
Prevalence of undernourishment (% of pop.)	2015	30.9	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	1.9	2.7	3.1	7.3
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2016	114.8	106.4	109.4	101.3
Primary School - Female	2016	115.2	102.6	107.6	101.1
Secondary School - Total	2016	40.5	54.6	69.0	100.2
Secondary School - Female	2016	38.6	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2016	29.0	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2013	32.4	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2013	41.3	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2013	24.9	53.4	75.2	99.0
Percentage of GDP Spent on Education	2016	2.9	5.3	4.3	5.5
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2015	21.9	8.6	11.9	9.4
Agricultural Land (as % of land area)	2015	54.7	43.2	43.4	30.0
Forest (As % of Land Area)	2015	42.2	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2014	0.2	1.1	3.0	11.6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

May 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

### Appendix III. Table of ADB's portfolio in the country

No	Project Name	Finance Window	Approval Date	Closing Date	Loan/Grant Amt (UAm)	Disburse. Ratio (%)	Project Age (years)	Cofinance Window	Cofinance Amt (UAm)	Total Cost (UAm)
1	Rural Water and Sanitation Project	ADF	18-Sep-13	31-Mar-21	20.39	29.5	5.0	GEF, RWSSI	7.24	27.63
2	Freetown Water Supply & San Master Plan	AWF	14-Dec-17	31-Mar-20	1.64	0.0	0.9			1.64
3	Suppl. for Three Towns Water Supply & San	ADF	30-Mar-17	30-Jun-20	0.74	11.5	1.6	OFID	9.48	10.22
4	Three Towns Water Supply and San - Original	ADF	26-Oct-10	30-Jun-20	28.49	89.7	7.9	OFID	13.69	42.18
	<b>Water &amp; Sanitation</b>	<b>4</b>			<b>51.26</b>	<b>61.8</b>	<b>3.8</b>	<b>-</b>	<b>30.41</b>	<b>81.67</b>
5	MRU - Rehabilitation of Bo-Bandajuma Rd	ADF	17-Dec-15	31-Mar-21	6.94	12.2	2.8	OFID	14.41	21.35
6	Matotoka- Sefadu Rd Rehab. Project, Sect 1	ADF	5-Apr-12	31-Dec-18	22.00	98.0	6.5	OFID	7.21	29.21
7	Sierra Leone Ports Master Plan	TF	5-Jun-15	31-Mar-20	0.73	0.0	3.3			0.73
	<b>Transport</b>	<b>3</b>			<b>29.67</b>	<b>75.5</b>	<b>4.2</b>		<b>21.62</b>	<b>51.29</b>
8	Bo and Kenema Distribution Sys. Rehab & Exp	ADF	18-Jul-16	30-Jun-20	9.31	0.7	2.2			9.31
9	CLSG - Rural Electrification	ADF	11-Jun-13	31-Dec-20	4.88	7.0	5.3	NTF	8.55	13.43
10	CLSG Interconnection - Sierra Leone (MULT)	ADF	6-Nov-13	31-Dec-20	14.50	4.0	4.9	EU	6.67	21.17
11	CLSG - WAPP- Sierra Leone (MULT)	ADF	6-Nov-13	31-Dec-20	0.73	64.0	4.9			0.73
	<b>Energy</b>	<b>4</b>			<b>29.42</b>	<b>4.9</b>	<b>4.3</b>		<b>15.2</b>	<b>44.64</b>
12	Enable Youth - Sierra Leone	PPF	18-Jun-16	31-Aug-18	0.54	0.0	2.3			0.54
	<b>Agriculture</b>	<b>1</b>			<b>0.54</b>	<b>0.0</b>	<b>2.3</b>			<b>0.54</b>
13	T.A & CB to Support Mineral & Ext. Revenue Gov	ADF	20-Dec-13	30-Jun-19	1.20	29.4	4.8			1.20
14	TA & CB to Support to Min. of Energy & MCC	ADF	18-Dec-13	30-Jun-19	0.45	15.9	4.8			0.45
15	Post-Ebola Recovery Social Investment Fund	ADB	21-Oct-15	31-Dec-19	9.00	4.0	3.0	RWSSI	2.01	11.01
16	S.L Youth Entrepreneurship and Employment	ADF	17-Aug-16	31-Dec-19	1.00	2.5	2.2	FAPA	0.72	1.72
	<b>Multisector</b>	<b>4</b>			<b>10.65</b>	<b>7.6</b>	<b>2.5</b>		<b>2.73</b>	<b>13.38</b>
	<b>Public Sector Operations</b>	<b>16</b>			<b>121.54</b>	<b>46.3</b>	<b>3.4</b>		<b>69.98</b>	<b>191.52</b>
17	CECASL Heavy Fuel Oil Power & Credit Enh. Fac	ADB	17-Dec-15	06/15/2020	14.36	0.0	2.8	CEF	7.18	21.54
18	Financing for Union Trust Bank - LoC for SMEs	ADB	26-Sep-17	06/30/2022	2.15	0.0	1.1	CEF	1.42	3.58
	<b>Non-Sovereign Operations</b>	<b>2</b>			<b>16.52</b>	<b>0.0</b>	<b>1.9</b>		<b>8.60</b>	<b>25.12</b>
	<b>Grand Total</b>	<b>18</b>			<b>138.06</b>	<b>40.8</b>	<b>2.7</b>		<b>78.58</b>	<b>216.64</b>

## Appendix IV. Key related projects financed by the Bank and other development partners in the country

Partner	Project Title	Objective / Areas of Intervention	Location	Start date	End Date	Status	Commitment	Executing/Implementing Agencies
DFID	Rehabilitation of Freetown Water Supply System	The project is expected to increase sustainable access to safe water in Freetown, the capital city, which will be achieved through rehabilitation of water infrastructure for improved public service delivery of water. The rehabilitation works are expected to improve access to safe water for up to 600,000 consumers in Freetown, most of whom will be in low income areas of the city.	Freetown	Apr-17	Dec-19	On-going	GBP 38.0 Million	Guma Valley Water Company & EPC Cor
DFID	Water, Environmental Sanitation and Hygiene Programme	The expected Outcome(s) are to improve central government and district councils' ability to deliver WASH services with improved and sustainable access to WASH services in Freetown benefitting up to 300,000 low income people in the city and adjoining rural communities; Improved environmental sanitation and waste management benefitting up to 605,000 people in the three largest cities outside of Freetown and provision of WASH services to 150,000 people living in rural areas	Freetown and 9 districts	Jul-16	Mar-21	On going	GBP 29.8 Million	UNICEF/Freetown Wash Consortium/WHH
Millenium Challenge Corporation	Threshold Program - Sierra Leone	This project supports GoSL reform efforts to: (1) improve water sector coordination, (2) improve commercial practices, operational independence, and planning capacity at the Freetown water utility (Guma Valley Water Company (GVWC)), and (3) enhance transparency, accountability, and customer service practices and quality through improved community, consumer, and customer engagement, behavior change communication (BCC) and social marketing (SM), and establishment and utilization of new accountability mechanisms. Importantly, this project will pilot an innovative approach for the provision of, and payment for, water services at public standpipes.	Freetown	Feb-16		On-going	USD 16 million	MCC - Sierra Leone
World Bank	Freetown Emergency recovery Project	Restore Water Supply and iother public infrastructure damage due to August 2017, including repair of raw water reservoir and providing means to supply water to four (4) vulnerable communities.	Freetowwn	Feb-18	Feb-21		USD2.6 million	Guma Valley Water Company
United Arab Emirate Red Crescent	United Arab Emirate Red Crescent Water Supply Project	Improve water supply in the rural area: Construction of 49 Solar Powered Boreholes and 63 Hand dug wells	Rural Communities	Mar-17	Jun-18	Defects Liability period	US\$ 2.378m	MWR & Sierra Leone Water Company (SALWACO)

## Appendix V. Map of the Project Area

Figure 1: Overview of Project Area

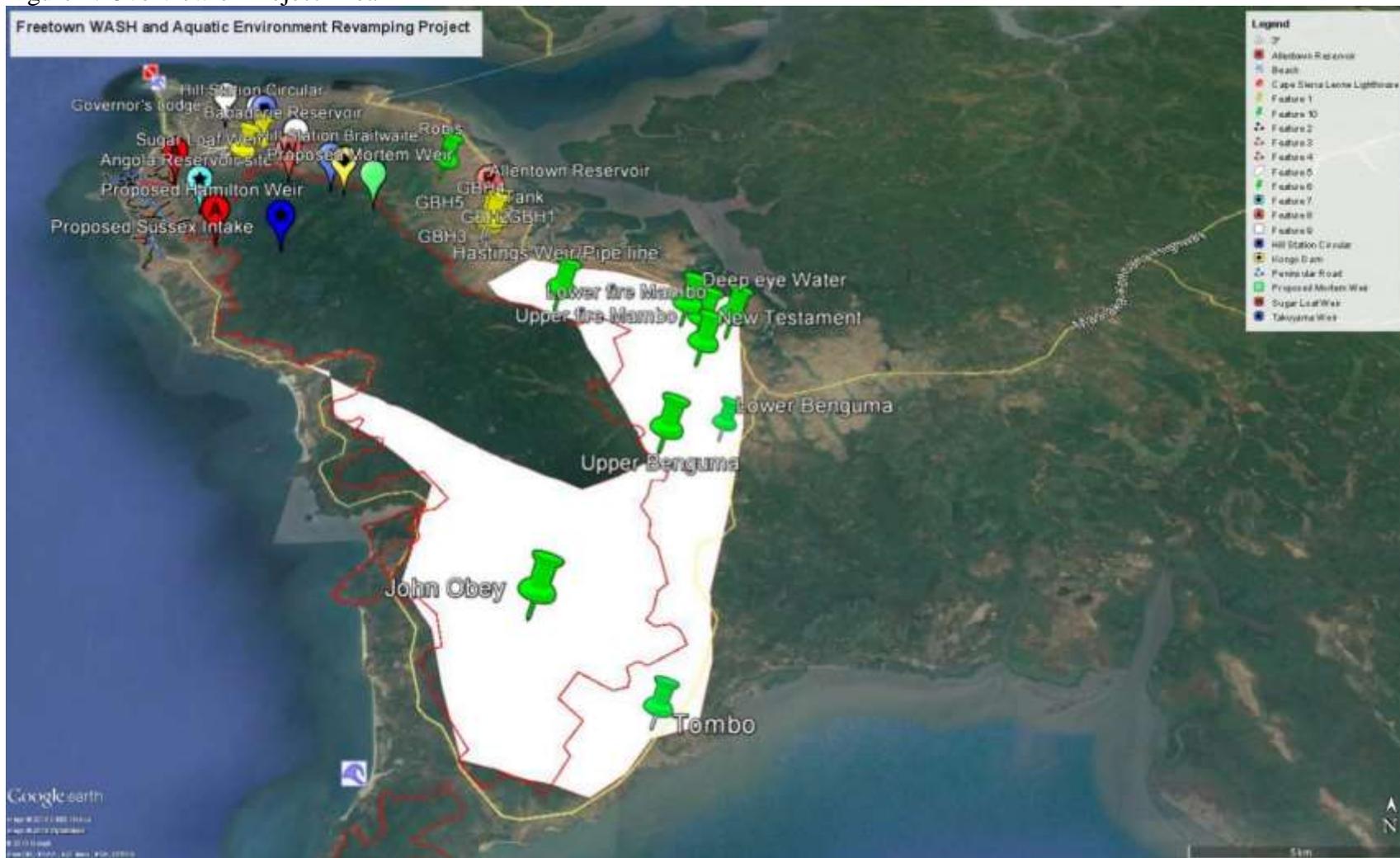


Figure 2: Greater Freetown (Western Urban)

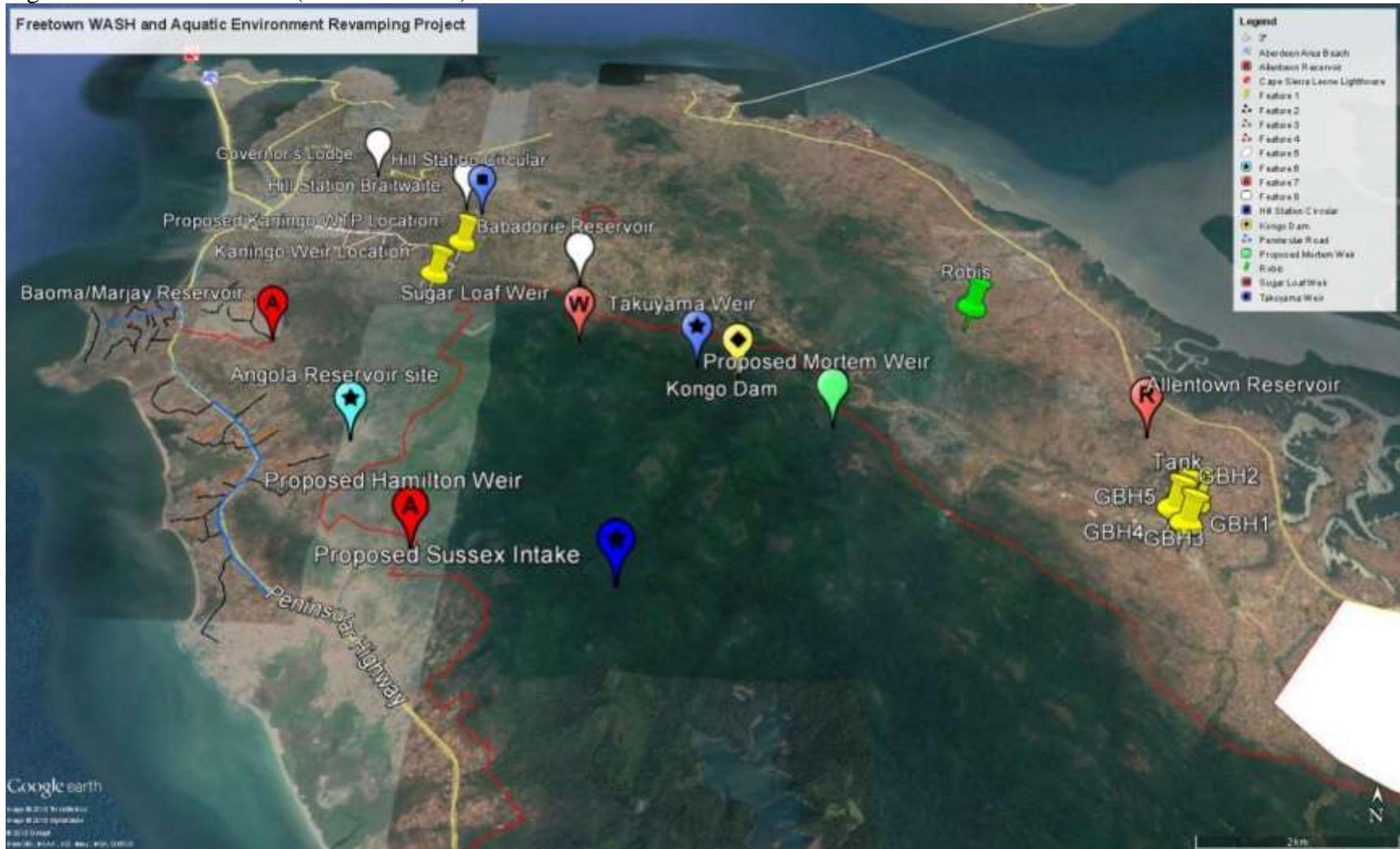
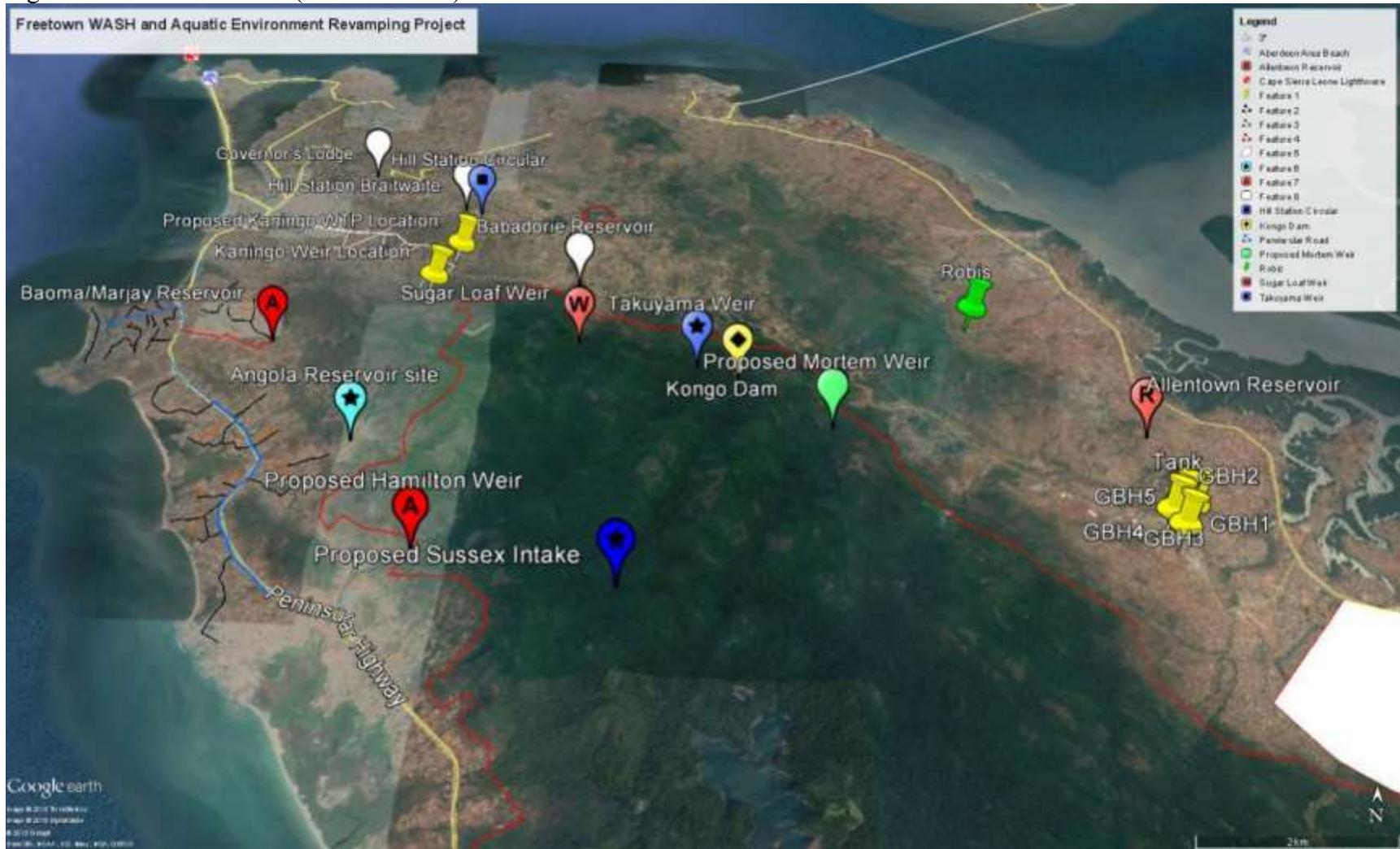


Figure 3: Greater Freetown (Western Rural)...continued



## Appendix VI. Government Request

Tel: +232 (0)76610641  
e-mail: jjaffa@yahoo.co.uk



Ministry of Finance  
Secretariat Building  
George Street, Freetown  
SIERRA LEONE

3<sup>rd</sup> October, 2018

MF-EA 302/147/01

The Country Manager  
African Development Bank  
Sierra Leone Country Office  
5th and 6th Floors  
Bishop Building  
Lamina Sankoh Street  
Freetown- Sierra Leone

Dear Madam

**RE: SIERRA LEONE REQUEST FOR FINANCING FREETOWN WASH  
AND AQUATIC ENVIRONMENT PROJECT**

Further to our discussions regarding the country allocation, I wish to confirm the Government position to utilize at most UA 10.00 million (USD 14.00 million) of the Africa Development Fund (ADF) allocation to finance the proposed Freetown WASH and Aquatic Environment Revamping Project.

As you may be aware, the water supply and sanitation situation in Freetown, capital city of Sierra Leone, is currently in a bad state. Water from the current system is provided for only three days a week, covering less than 50% of the current population. In the event of increasing erratic water shortage during the dry season, the demand for water is likely to outstrip supply by more than 50%. People are living in absolute water scarcity as a result of growing population and limited water supply in Freetown. Having access to safe water, basic sanitation and adopting good hygiene practices is vital to everyone's life of which this project will address. Basic sanitation, improved hygiene practices, safe drinking water sources and more water for washing can prevent water related diseases and death especially the children. It can also support better care for mothers and children in health facilities, and improve pregnant women's health which in turn encourages safe pregnancies and healthy babies.

Development and Financing of WASH can help improve access to Education and Economic development. The disease burden caused by poor WASH undermines people's ability to participate in school and work. This cost household's money through lost work due to illness or the need to supervise children who are too ill to attend school.

The Government is also spending huge amount of money per year in emergency measures to provide needy communities with water during the dry season. This situation is untenable and calls for comprehensive long-term maintenance and management.



At present, we are obliged to note that both the African Development Bank and Netherlands Government have provided funds to undertaking the Freetown Water Supply and Sanitation Master Plan and Investment Studies. In addition to the rehabilitation work that is being undertaken with financing from DFID, the Government wishes to ensure that the recommendations of the studies will be financed if the allocation of a sizeable portion of our ADF allocation is to the proposed water supply and sanitation project.

In order to raise the necessary funds to finance the proposed project, we aim to mobilize funds in grants and loans from other development partners, including the Netherlands Government, Islamic Development Bank, BADEA, Kuwait Fund, Global Environment Facility, Adaptation Fund and Green Climate Fund. The Government of Sierra Leone has budgeted for counterpart financing of USD 5million for the project.

It is against this background that the Government of Sierra Leone requests ADF financing from the country allocation for 2018. We are pleased to note that the African Development Bank is taking the lead in supporting the country to make the Freetown WASH and Aquatic Environment Revamping Project a reality.

While thanking you for your continuing assistance towards the development aspirations of our country, please accept the assurances of our highest consideration.

Yours sincerely



**Jacob Jusu Saffa**  
**Minister of Finance**

Cc: The Chief Minister, Office of the President  
The Minister of Planning and Economic Development  
The Minister of Water Resources  
Her Worship, the Mayor of Freetown  
The Financial Secretary, Ministry of Finance  
The Development Secretary, Ministry of Planning and Economic Development  
The Permanent Secretary, Ministry of Water Resources  
The General Manager, Guma Valley Water Company

**AFRICAN DEVELOPMENT FUND**

**BOARD OF DIRECTORS**

**Resolution N° F/SL/2018/138**

Adopted by the Board of Directors, on a lapse-of-time basis, on 5 December 2018

**Loan to the Republic of Sierra Leone to finance part of the costs of the Freetown WASH and Aquatic Environment Revamping Project**

**THE BOARD OF DIRECTORS,**

**HAVING REGARD TO:** (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADF/BD/WP/2018/187/Approval (the “Appraisal Report”);

**NOTING** the availability of sufficient resources to enable the Fund to commit the amount of the Loan;

**DECIDES** as follows:

1. To award to the Republic of Sierra Leone (the “Borrower”), from the resources of the Fund, a loan of an amount not exceeding the equivalent of Six Million, Two Hundred and Seventy Thousand Units of Account (UA 6,270,000) (the “Loan”) to finance part of the costs of the Freetown WASH and Aquatic Environment Revamping Project;
2. To authorize the President to conclude a loan agreement between the Fund and the Borrower (the “Loan Agreement”) on the terms and conditions specified in the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities), the Appraisal Report and, in particular, the terms and conditions specified herein below:
  - (i) The duration of the Loan shall be forty (40) years including a grace period of ten (10) years (the “Grace Period”) commencing on the date of signature of the Loan Agreement. During the Grace Period, service charge and commitment charge shall be payable;
  - (ii) The Loan shall be amortized over a period of thirty (30) years after the expiration of the Grace Period, at the rate of two per cent (2%) per annum from the eleventh (11<sup>th</sup>) to the twentieth (20<sup>th</sup>) year inclusive and at the rate of four per cent (4%) per annum thereafter, in equal and consecutive semi-annual instalments payable on 15 February and 15 August of each year (each a “Payment Date”), and the first of such instalments shall be payable on the Payment Date immediately following the expiration of the Grace Period;
  - (iii) A service charge at the rate of zero point seventy-five percent (0.75%) per annum on the disbursed and outstanding balance of the Loan shall be payable semi-annually on a Payment Date; and
  - (iv) A commitment charge at the rate of zero point five percent (0.5%) per annum on the undisbursed portion of the Loan shall begin to accrue one hundred and twenty (120) days after the date of signature of the Loan Agreement and shall be payable on a Payment Date;
3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by this Board; and
4. This Resolution shall become effective on the date above-mentioned

**AFRICAN DEVELOPMENT FUND**

**BOARD OF DIRECTORS**

**Resolution N° F/SL/2018/139**

Adopted by the Board of Directors, on a lapse-of-time basis, on 5 December 2018

**Grant to the Republic of Sierra Leone to finance part of the costs of the Freetown WASH and Aquatic Environment Revamping Project**

**THE BOARD OF DIRECTORS,**

**HAVING REGARD** to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADF/BD/WP/2018/187/Approval (the “Appraisal Report”);

**NOTING** the availability of sufficient resources to enable the Fund to commit the amount of the Grant;

**DECIDES** as follows:

1. To award to the Republic of Sierra Leone (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Three Million, Seven Hundred and Thirty Thousand Units of Account (UA 3,730,000) (the “Grant”) to finance part of the costs of the Freetown WASH and Aquatic Environment Revamping Project;
2. To authorize the President to conclude a protocol of agreement between the Fund and the Recipient (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund and the Appraisal Report;
3. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.