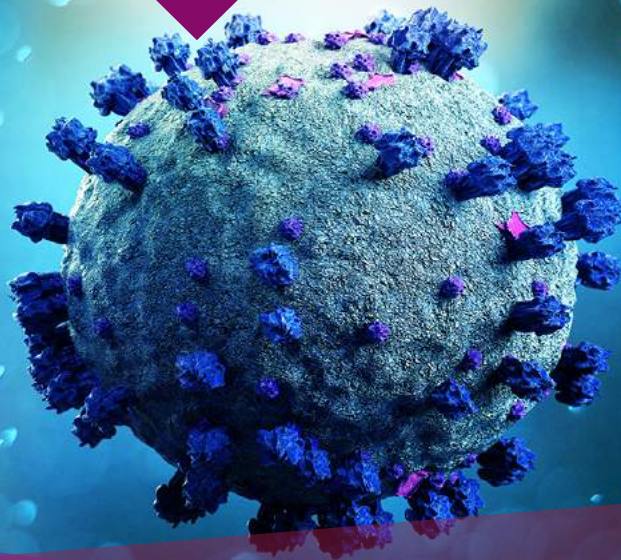




UNITED NATIONS  
SIERRA LEONE  
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*United Nations COVID-19  
Socio-Economic Response Plan for Sierra Leone*



Volume 1

OCTOBER 2020

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## LIST OF ABBREVIATIONS AND ACRONYMS

ACC	Anti - Corruption Commission
ADB	African Development Bank
BSL	Bank of Sierra Leone
COVID-19	Corona Virus Disease 2019
ECOWAS	Economic Community of West African States
EU	European Union
EVD	Ebola Virus Disease
FDI	Foreign Direct Investment
FSMS	Food Security Monitoring System
GBV	Gender Base Violence
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
GPI	Global Peace Index
IDB	Islamic Development Bank
IGC	International Growth Centre
IGR	Institute for Governance Reform
ILO	International Labor Organization
IMF	International Monetary Fund
IPA	Innovations for Poverty Action
IPC	Infection Prevention and Control
KPIs	Key Performance Indicators
MAF	Ministry of Agriculture and Forestry
MDAs	Ministries Departments and Agencies
MoF	Ministry of Finance
MSME	Micro, Small and Medium scale Enterprises

MTNDP	Medium-Term National Development Plan
NaCoVERC	National COVID-19 Emergency Response Centre
NEC	National Electoral Commission
PCR	Polymerase chain reaction
QAERP	Quick Action Economic Recovery Programme
SDGs	Sustainable Development Goals
SERP	Socio Economic Response Plan
SMEs	Small & Medium scale Enterprise
SSL	Statistics Sierra Leone
UN	United Nations
UNDP	United Nation Development Program
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
WASH	Water Sanitation and Hygiene
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation

## EXECUTIVE SUMMARY

Prior to the COVID-19 pandemic announced in February, 2020, Sierra Leone was registering modest socio-economic gains in a number of areas. These included positive GDP growth since 2016, a decline in the child mortality rate, and increased literacy rates. However, the country is now subject to negative social and economic fallout from the impact of national and international containment measures stemming from the COVID-19 pandemic. These effects have appeared at a time when the country was already facing significant constraints as the economy had still not fully recovered from the twin shocks of the Ebola virus disease (EVD) concurrent with a decrease in the price of iron ore, the country's main export commodity (2014/2015). Uncertainty from the pre-electoral period in 2017, which ended in the transfer of power in early 2018, also contributed to the economy's slow-down; positive recovery occurred only in 2018/ 2019, recorded as 5.1 percent GDP growth. This growth did not translate fully into improvement in poverty levels as nearly two thirds of the population were still identified as multi-dimensionally poor<sup>1</sup>.

In 2019, Sierra Leone was categorized among the 15 worst performing countries in the world in terms of food security, scoring 39 out of 1002. Thus, even before the onset of COVID-19, almost half of Sierra Leone's 7 million inhabitants were not consuming a sufficiently nutritious diet, with women and children being the most affected. The COVID-19 pandemic has worsened this situation and created a "crisis within a crisis," generating a vicious cycle as meagre resources are reallocated to mitigate the health challenges caused by the novel coronavirus. With fewer resources, the amount available for social service delivery and to support the growth sectors has fallen, further exacerbating economic performance and revenue generation. Indeed, the Ministry of Agriculture and Forestry (MAF) Food Security Monitoring System (FSMS) of June, 2020 reported a further deterioration in household food insecurity, from 53 percent of the population in August 2019 to 63 percent in June, 2020, with women and children among the most affected. For women and children, the traditional and customary norms associated with women and girls' access to land, resources and control over the produce<sup>3</sup> are

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1 For more information on the Global MPI, visit <https://ophi.org.uk/multidimensional-poverty-index/global-mpi-2018/>

2 Institute for Economics & Peace. COVID-19 and Peace, Sydney, June 2020.

3 Sierra Leone Gender and Agriculture Policy Brief (2018)

underlying conditions that exacerbate the effects of the pandemic. In addition, women and vulnerable groups face a series of challenges in accessing financial services, technology and markets<sup>4</sup>.

These pre-existing vulnerabilities and increased economic hardship have worsened the conditions of the majority of the population as captured in the recent Afro Barometer report<sup>5</sup>, where people reported that they perceive their condition as similar to what they experienced during the EVD outbreak in 2014/15<sup>6</sup>. Recent reports have shown the correlation between loss of livelihoods and intimate partner violence, teenage pregnancy and child marriage. Local media and anecdotal reports suggest a rise in sexual and gender-based violence since the outbreak of COVID-19. Against this background, gains made in increasing women's representation in governance at the local levels could be tempered, as many women lose their economic livelihoods during the pandemic, and in turn the capacity to maintain their new status.

Social tensions have also increased, as reflected in some localized unrest related to the COVID-19 containment measures. There is a danger that such tensions and related conflicts may increase if the economy continues to deteriorate. The country is thus confronted with addressing the threat of COVID-19 while addressing the negative effects of the COVID-19 measures and at the same time arresting the decline in economic performance.

The proposal that emerges from the UN Socio-economic Response Plan (SERP) aims at supporting the Government of Sierra Leone (GoSL) to mitigate the socio-economic impact of the COVID-19 pandemic on lives and livelihoods, while also attempting to deal with pre-existing and underlying conditions in the social and economic framework of the country.

It is important to stress that success in mitigating the impact of COVID and building back better would require acknowledging and understanding the country's structural weaknesses that are likely to undermine, if not compromise COVID-19 containment measures. A case in point concerns decentralisation. Just as in the case of the Ebola epidemic, shortcomings in the decentralisation policies and practices have been responsible for difficulties in the implementation of containment measures.

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4 National Gender Profile of Agriculture (2018)

5 Institute for Governance Reform August 2020

6 Afrobarometer survey 2020

However, ad hoc corrective actions are being taken as reported at the High-Level Coordinating Group on COVID, to resolve such problems now. Indeed, some of the fault lines exposed earlier by the Ebola epidemic—such as tensions between traditional and local authorities over resource allocations—are re-appearing. This underscores the need for a different approach to decentralization and for caution in promoting reforms that end up intensifying rather than change current policies. A policy of decentralisation that acknowledges the specifics of Sierra Leone’s history and institutions must address the existence of parallel systems of governance at the local level. The pathways for success in both the Ebola epidemic and the COVID pandemic point towards local-level engagement for implementation and even conceptualisation of solutions. Positioning the UN SERP as both an immediate ameliorating intervention, and a meaningful step towards managing structural vulnerabilities will position the country on a surer path towards sustainable development

The early response of the GoSL, the inclusion of key provisions in the June, 2020 Supplementary Budget to Parliament, and contributions from international donors and international financial institutions have helped to mitigate some aspects of the crisis. However, gaps nonetheless remain in many areas of the response and recovery framework.

As set out below, the Plan complements the GoSL’s Quick Action Economic Recovery Programme (QAERP) and contents of the Supplementary Budget submitted to Parliament in June, 2020, which prioritized actions to orient development strategy in pursuit of the goals stated in the Medium-Term National Development Plan (MTNDP), and to seize new opportunities arising from changes in the economic landscape of the sub-region. The SERP focuses on the needs of the most vulnerable while also contributing to confronting underlying conditions that exacerbate the pandemic’s impact. Structured around five pillars:



1. Health First



2. Protecting People



3. Economic Response and Recovery



4. Macroeconomic Response and Multilateral Collaboration



5. Social Cohesion and Community Resilience



The Plan responds to the need for both technical inputs to reinforce health services and systems, and for some social mobilization and community engagement to increase understanding of, and trust in, the

response to the health measures for COVID 19. Key elements include the following:

- a. Treatment centres for the infected, handwashing, the wearing of masks, social distancing including limitations to assemblies of people, testing, contact tracing and the adoption of a State of Emergency.
- b. A focus on existing community health delivery systems to channel the health response (rather than create potentially competing structures or other “vertical” responses);
- c. Mobilization to scale up essential health services that have been affected by COVID-19, including maternal, new-born, and child health, nutrition, immunization, and malaria, HIV and TB response;
- d. Community outreach and engagement through diverse actors that complement technical inputs and information dissemination.



The SERP recognizes that a number of segments of the population are now facing increased hardship, and that multi-faceted, community-specific responses will be required in the areas of social protection and

basic services provision. Key elements include the following:

- a. Rapid mobilization and medium-term efforts to arrest further worsening of food insecurity, with a specific focus on women, adolescents and children, slum dwellers and persons with disabilities;
- b. Ensuring the availability of services for survivors of GBV including medical, psychosocial, legal and justice;
- c. Reinforcing inclusive decision-making that involves localized assessments and prioritization;



- d. Expansion of social service delivery through Government institutions collaborating with local and community level entities;
- e. Establishing a more comprehensive permanent system of social safety nets and age-appropriate social protection programmes, emphasising the extreme poor, with particular attention to women, children and persons with disabilities, as part of a shock responsive national protection system, supported by a comprehensive national social protection policy and strategy;
- f. Setting up robust monitoring mechanism to track benefits from social protection programmes and ensure they are appropriately targeted;
- g. Establish a robust system of protection against GBV with resources to address the protection needs of survivors of violence.

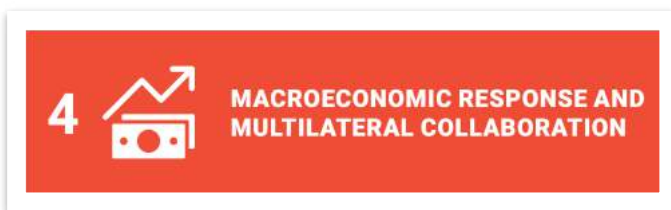


The SERP contains measures to invest in opportunities that have the greatest immediate impact for those who have worked in the margins of the economy, and/or are now hardest hit by the pandemic, in particular

SMEs and informal workers in sectors directly affected by the pandemic. At the same time it creates space for light manufacturing and value addition in products with opportunities for cross-border trade. The introduction of the Private Sector Platform into the QAERP decision-making arrangements is laudable and should be part of a permanent strategy for the recovery and beyond. Key elements include the following:

- a. Recognizing that employment generation lies largely with the private sector, which in this context is largely informal and made up of MSMEs, the Plan calls for a comprehensive programme aimed at business reforms for private sector promotion. An inappropriate business environment is an underlying condition that continues to constrain private sector growth and therefore requires attention. A comprehensive map of the informal sector that details its internal dynamics, political economy forces at play and opportunities for expansion is essential for addressing its binding constraints;
- b. Mapping of MSME from production to market paths in new economy industries and services, as well as regional markets, and eliminating administrative barriers to private sector expansion;

- c. Investments in smallholder agricultural production, processing and markets that have the greatest immediate impact for those in the informal sector from both income and food security perspectives;
- d. Supporting the development of a gender strategy for women's participation in the formal economy. Such a strategy would include support for market linkages, access to financial services and other opportunities for women-led business through knowledge exchange, strengthening women's network with other entrepreneurs through mentoring and coaching, etc. Similar measures as in d) above should be put in place for persons with disabilities.



The SERP includes a number of policies at the macroeconomic level to monitor and report on broader economic activities while providing support to the financial sector, public financial management, and growth sectors of the economy. Key elements

include:

- a. The response to COVID-19 is demonstrating the value of flexibility to adjust old methods and practices, and to introduce innovative solutions to achieve broader strategic goals. Examples include; the potential for growth-enhancing interactions with the real economy through the provision of a credit facility at concessionary interest rates, modifications to the application of the tax regime; both of which should be explored for more permanent reforms in the development strategies of the MTNDP.
- b. Providing comprehensive support, especially policy reforms, to the growth drivers (crop production, agro-businesses, mining light manufacturing, infrastructure and services, to boost and accelerate sustained GDP growth;
- c. The development of innovative financing instruments that are sector-specific to facilitate the attraction of sub-regional (ECOWAS countries capital, diaspora resources as well as to encourage local investment;
- d. Increasing transparency in public financial management to build trust in the fairness and efficiency of the government response;

- e. Incorporating district level indicators in national programmes of development partners



The SERP responds to the need to nurture and protect broad-based social consensus on the COVID-19 response, particularly as it emerges at local and regional levels. Building social cohesion and community resilience will

increase trust in government, which in turn should make the Plan more effective. Key elements include the following:

- a. Pro-poor programmes to feature in the COVID-19 response that will simultaneously address inequality, GBV and human capital development;
- b. Supporting community-led social protection approaches that advance gender equality in education, decision making and in promoting gender justice;
- c. Reviewing the decentralization policy and processes, drawing from the experience of COVID-19 programmes, to address political economy issues and gender inequalities at household and community levels. This will allow the design of solutions that will improve the synergy and effectiveness of central and local government actions;
- d. Support to key national and community influencers and leaders, including through partnership between Government and unions/associations such as bike riders, market women, teacher unions, among others, to engage in constructive dialogue on preventive and containment measures for COVID-19;
- e. Expanding community outreach and civic education efforts through other governance platforms and diverse community dialogue processes on COVID-19 preventive and containment measures to minimise social conflicts;
- f. Deliberate and structured engagement between security services and civil society, to improve responses to civic action, that would protect human rights and help prevent civil unrest that are increasing in frequency due to COVID-19.

The SERP will have to be adjusted as the situation evolves at the national and international level. Nevertheless, the additional steps envisaged should the current scenario deteriorate will be largely an

augmentation of the measures currently proposed. Given the influence of budget support and sector development programmes undertaken by international finance institutions (IFIs), it is essential that IFI actions generate synergies at all stages of the SERP development. Bringing together the entire development community around the Plan is strongly encouraged, leveraging the coordination role of the UN Resident Coordinator. Finally, there are reasons for optimism, as mitigation measures adopted by the Government so far have begun to take hold and show promise of positive outcomes.

# 1. BACKGROUND AND INTRODUCTION

The human costs of the COVID-19 pandemic have risen at an alarming rate as the disease spreads across the world. This has created immediate health risks as well as pressure on the health sector in Sierra Leone. With over 2,000 cases and over 70 deaths as of 6<sup>th</sup> September 2020, the COVID-19 pandemic in Sierra Leone is creating enormous disruption to lives and livelihoods as well as social and economic systems through the measures to contain the spread of the disease and the indirect effects on the health sector.

An assessment of the socio-economic impact of COVID-19 on Sierra Leone, and consistent with other surveys now emerging, confirmed the severe socioeconomic consequences that affect all, and particularly the most vulnerable among the almost 60 percent of the population below the poverty line, as well as the economy at large. Since the declaration of a pandemic by the World Health Organisation (WHO) in February, 2020, internationally there has been economic contraction, disruption in supply chains, complete halt to the tourism industry among others, that have knock-on effects on the rest of Sierra Leone's economy.

Prior to the pandemic, though fluctuating, Sierra Leone was on average, registering modest socio-economic gains in some areas. These include positive GDP growth since 2016, decline in child mortality rate, and increased literacy rates. However, these improvements from a low base cannot mask the country's tremendous challenges (high inflation rates, low levels of domestic resource mobilization, and low levels of employment - as over 70% of the labour force are in the informal sector). Maternal mortality ratios and child mortality rates remain among the highest in the world. At the same time maternal and child malnutrition contributes to poor pregnancy and child health outcomes (including stunting that leads to diminished cognitive and physical development), which subsequently affects the country's human capital development. GDP growth for 2019, although positive, was lower than the year before. As the pandemic continues to spread to remote and deprived areas, domestic containment measures further disrupt the economy and impede socio-economic progress.

Furthermore, Sierra Leone's ranking on the Global peace has been fluctuating over the past decade and is mainly at the bottom half of the number of countries ranked<sup>7</sup>. This is attributed in part to increased political and economic instability. Additionally, the July 2020 results from the Afro barometer perception survey showed high levels of fear of political violence and intimidation. Although so far isolated, there have been some cases of social protest related to COVID-19.

A complex crisis has emerged that exacerbates an already complicated process towards sustaining peace and development. The combined dynamics might compromise the aspirations and even reverse the achievements of the Medium-Term National Development Plan (MTNDP) as evidenced by the slower GDP growth rates recorded. The 2030 Sustainable Development Goals (SDGs) - especially as they relate to the "leaving no one behind" agenda - appear increasingly unattainable, placing this rights-based approach to human development and economic growth under threat.

Even more worrying is the negative cycle being reinforced by COVID-19. Underlying conditions of fragility and instability frustrate attempts to manage and make more inclusive an economy that had only just started the recovery from the 2014 twin shocks of Ebola and the commodity price slump. Additionally, the challenges of economic policies, decisions and adequate service delivery to reach the daily lives of most vulnerable in turn intensifies fragility and instability.

Within this context, this comprehensive Socio-economic Response Plan (SERP) seeks to guide UN agencies' strategic support to the Government of Sierra Leone's response measures whose goals are "saving lives and saving livelihoods"<sup>8</sup> during and after the pandemic. The SERP complements the government's COVID-19 Response Plan and Quick Action Economic Recovery Programme (QAERP), and helps minimise any programmatic and institutional limitations that could compromise the latter's potential effectiveness. Structured around five pillars, the SERP responds to the needs of the most vulnerable from any combination of causes:



1. **HEALTH FIRST** This Pillar highlights the need for both technical inputs to reinforce health services and systems, and for social mobilization to increase

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7 [https://reliefweb.int/sites/reliefweb.int/files/resources/GPI\\_2020\\_web.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/GPI_2020_web.pdf)

8 GOSL Supplementary Budget (2020) page 1.

understanding of, and trust in, the COVID 19 response to ensure maintenance of health seeking behaviour more generally and access to essential services.



2. **PROTECTING PEOPLE** Social protection and basic services. The Pandemic has indirectly led to what amounts to a humanitarian crisis. This Pillar focuses on the multi-faceted and community-specific responses geared towards protecting the most vulnerable groups.



3. **ECONOMIC RESPONSE AND RECOVERY** In this Pillar, the emphasis is on mitigating the effects on SMEs and informal workers. In particular, the need to invest in opportunities that have the greatest immediate impact for those who have long felt excluded from the economy.



4. **MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION** Given the complex inter relationships of the different sets of COVID-19 effects, this Pillar addresses the need for “conflict and development sensitive” policies and international action that pervades the wide spectrum of the economy. It accommodates the requirement for constant monitoring and reaction to the programmes in 1-3, above, and 5 below. In turn, this directs action to be taken at the macro level to mitigate the negative consequences of containment measures.



5. **SOCIAL COHESION AND COMMUNITY RESILIENCE** In this Pillar is found the glue for peaceful, equitable and sustainable growth. Here measures highlight the need to nurture and protect broad-based social consensus on COVID-19 response and broader economic recovery, particularly when these emerge from local and regional levels.

The cumulative effects of the actions in these Pillars ensure that the SERP plan can serve as both an immediate ameliorating intervention, and a meaningful step towards managing fragility and setting a surer path towards peaceful, inclusive and sustainable development.

## 2. SUMMARY OF GOVERNMENT'S RESPONSE TO COVID-19 AND THE LINKS TO THE MTNDP

Prior to the first case and learning from the Ebola experience, the country rolled out actions and measures to prevent the pandemic from entering the country. These included the following, among others:

- |   |   |
|---|---|
| 1. Timely and robust screening at the airport and other border entry points for all passengers coming into the country; | 2. Quarantining of travellers from countries regarded as epicentres;  |
| 3. Engagement with local leaders to enable the use of local structures for sensitization purposes; and                  | 4. Promoting the use of hand washing facilities (veronica buckets and soap) and making obligatory the wearing of masks in public places, including offices. |

In addition to the above, since the pandemic affects both lives and livelihoods, the Government of Sierra Leone developed a health sector COVID-19 preparedness and response plan as well as a quick action economic recovery programme.

### 2.1 Health Sector COVID-19 Response Plan Implementation Progress

The COVID-19 Health Sector Preparedness and Response Plan has the following key objectives:

- |  |  |   |
|--|--|---|
| 1. mitigate the spread of COVID-19                   | 2. minimise deaths from COVID-19                   | 3. protect wider health services to ensure lives are not unnecessarily lost due to non-COVID-19 health causes |
| 4. strengthen health systems and infrastructure; and | 5. mitigate the impact of COVID-19 on livelihoods. |   |



The plan focuses on five strategic interventions: surveillance, isolation/quarantine, testing, clinical case management, and risk communication and social mobilisation for behavioural change.

In order to effectively respond to the impact of COVID-19 in Sierra Leone the Government has established the National COVID-19 Emergency Response Centre (NaCoVERC) with district offices nationwide. The NaCoVERC provides strategic direction to the district offices to ensure that there is command, control, coordination and communications (C4).

Below is a summary of key achievements and implementation status of the Health Response Plan:

1. Increased and Improved COVID-19 testing capacity: testing laboratories have been increased (from three to five) nationwide as well as improvement in laboratory capacity (from 200 PCR tests per day in March, 2020, to almost 500 PCR test per day in June, 2020) with decrease turnaround time (from 12 hours in March, 2020 to 8 hours in June, 2020)

2. Increased number of beds (from 30 treatment beds in March, 2020 to over 720 treatment and community care beds in June, 2020)

3. Provided psycho-social support to communities and ensured appropriate care, de-stigmatisation as well as community understanding of the virus and how to engage with suspected cases.

4. Supported extensive risk communication and social mobilization campaigns on the use of face masks, social distancing and hygiene practices enabled social mobilization mechanisms at the district level and conducted community-led action training; worked with the media, including social media, to promote consistent messaging on COVID-19, including developing messages for a weekly 'Big Idea' related to COVID-19. These actions have helped to maintain a conducive environment for the response, including strengthening social cohesion at community level.

## 2.2 Quick Action Economic Recovery Program (QAERP)

The primary objective of the government's Quick Action Economic Recovery Programme (QAERP) is to maintain macroeconomic and financial stability as well as mitigate the impact of the pandemic on households and businesses. Specifically, the programme has the following objectives:

1. Building and maintaining an adequate stock level of essential commodities at stable prices	2. Providing support to hardest-hit businesses to enable them to continue operations and avert lay-offs of employees	3. Expanding safety nets to vulnerable groups
4. Supporting labour-intensive public works; and	5. Providing assistance for the local production and processing of staple food items.	

In order to ensure effective and efficient delivery of the QAERP, Government established a governance structure consisting of a High-Level Coordinating Group and Technical Working Groups for all pillars of the programme with clear terms of reference. Also, a Monitoring and Evaluation framework, comprising key performance indicators (KPIs) and implementation milestones, has been developed in consultation with relevant stakeholders to monitor the implementation of the QAERP and ensure accountability in the use of resources.

Below is a summary of government's response under each of the QAERP's objectives:

- a. Building and maintaining an adequate stock level of essential commodities at stable prices
  - i. The Bank of Sierra Leone launched a credit facility amounting to five hundred billion Leone (Le500 billion) to support production, importation and distribution of essential commodities at concessional interest rate. As at 15<sup>th</sup> July 2020, 57.4 percent of this facility has been accessed by importers and manufacturers
  - ii. Tax deferment to manufacturer and importers of essential commodities including allowing importers to use bonds issued by insurance companies in place of commercial bank

performance bonds as well as waived the application fee and three-month tax relief to the hospitality and aviation sectors.

- b. Providing support to hardest-hit businesses to enable them to continue operations and avert layoffs of employees
  - i. A national Micro-Finance Programme is being designed and Le50 billion allocated in the Supplementary budget for the implementation of the programme
- c. Expanding safety nets to vulnerable groups
  - i. Expanded the cash transfer programme from 35,000 to 100,000 households, with a dedicated quota for people with disabilities.
  - ii. Developed emergency cash transfer scheme targeting additional 29,000 beneficiaries, including informal sector workers mostly petty traders, and low paid workers in the tourism and other service industries
  - iii. Provided in-kind support to more than 11,000 persons with disabilities during the two rounds of lockdown
  - iv. As part of the Supplementary Budget, Le55 billion has been allocated for social safety nets covering cash transfers, food assistance as well as salary compensation for three months for workers in the hotel and recreation industry.
  - v. Cash transfer programmes are supported by a grievance redress mechanism (GRM) managed by the Anti-Corruption Commission (ACC) for transparency and social accountability
- d. Supporting labour-intensive public works
  - i. Procurement process for the rehabilitation of about 1,200km of trunk and feeder roads, which is expected to create jobs for nearly 5,000 youths and help link farmers to the market has been completed
- e. Providing assistance for the local production and processing of staple food items
  - i. A local food production COVID-19 response plan, focusing on large scale mechanical cultivation of rice and other food crops to boost local production as well as promote livestock production has been developed.

In addition to the above, a Macro-Fiscal Working Group that will monitor and advise government on the macroeconomic impact of the pandemic as well as advise on external resource mobilization was established. Furthermore, a dedicated platform that will coordinate action among ministries departments

and agencies (MDAs), and with development partners as well as a Private Sector Coordination Platform were set up. It is expected that this will ensure that the government programmes, measures and actions reflect private sector concerns. It also creates the framework for the implementation of the QAERP to benefit from the resources, assets, and capabilities that the private sector can offer in support of the response.

## 2.3 Funds to Support Government Socio-economic Response Programmes

The total funds required to support the implementation of the country's socio-economic response programme (Quick Action Economic Recovery Programme) was estimated at US\$151.95million. As at end July 2020, government has committed US\$91.07million (about 60 percent) of its own resources while partners have committed US\$23.354million (about 15 percent) to support the implementation of the programme activities.

The table below highlights the funding requirement, resources mobilised and gap for the implementation of the QAERP.

**Table 1: QAERP Funding Overview (in US\$'million)**

NO.	PILLAR	REQUIRED BUDGET	GOVERNMENT COMMITTED FUNDS	PARTNERS COMMITMENT	GAP
1.	Food and commodity Supply Chain	50.05	50	0.5	0
2.	SME Support	35	5	5	-25
3.	Social Protection	15	5	9	-1
4.	Employment Creation	37.9	25	0	-12.9
5.	Local Food Production	14	6.07	9.304	+1.47
	Total	151.95	91.07	23.354	- 38.9

*Source: Update from High Level Coordinating Group (July 2020)*

While resources have been fully mobilised for the implementation of currently planned activities for pillar 1 (food and commodity supply chain) and there are excess funds for pillar 5 (local production) activities, there is a funding gap of US\$38.9million (about 25 percent) which might compromise the implementation of critical activities in the other pillars.

Additionally, the government's quick action economic response programme was prepared in March, 2020. This was done even before the country recorded its index case. While it was a commendable effort, very little was known about the extent to which the pandemic will affect lives and livelihoods. With a number of credible data now available, there might be a need to review some of the assumptions in the plan with a view to reflect the current realities. This may have funding implications to support government recovery effort.

### 3. MULTILATERAL SUPPORT TO THE GOVERNMENT RESPONSE EFFORT

Development partners are represented in the coordinating and technical work groups and also co-chair the groups according to their area of operations. This close collaboration avoids duplication and ensures effective and efficient delivery of the response programmes. In some sectors, such as health, development partners also conduct independent meetings among themselves, to share information and better coordinate efforts.

Partners have repurposed existing programmes and developed new programmes to support government's response to the impact of the COVID-19. As at end of July, 2020, a total of US\$23.354million (about a quarter of the total amount of funds committed) has been committed by development partners to support government response and recovery programme. Efforts to mobilise resources must therefore be accelerated.

Below is a table summarising partners' commitment by Government defined Pillars and funding gap as at end July 2020

**Table 2: Development Partners' Support to Government Response and Recovery Efforts**

No	Government defined Pillar	Partner	Amount committed (in US\$' million)
1	Food and commodity supply	African Development Bank (AfDB)	0.05
2	Support to SMEs	Islamic Development Bank (IDB)	5
3	Social protection support	World Bank	4
		European Union	5
4	Local Food Production	World Bank	1.5
		European Union	0.149
		Islamic Development Bank (IDB)	0.62
		World Food Programme (WFP)	0.135
		IFAD	6.4
		African Development Bank (AfDB)	0.5
	Total		23.354

Source: Update to High Level Co-ordinating Group, July 2020

Also, as one of the vulnerable countries, Sierra Leone has benefitted from the G20-Paris Club Debt Service Suspension Initiative (amounting to US\$9.7million) which will suspend the country's official bilateral debt payments through end 2020 as well as a debt service relief of US\$22.7million under the Catastrophe Containment and Relief Trust. Additionally, in June, 2020, the IMF approved a Rapid Credit Facility of US\$143.2million<sup>9</sup>. Budgetary support was also provided as follows:

1. World Bank US\$100million
2. European Union E15million; and
3. African Development Bank US\$24.5million

It is expected that the debt suspension and relief as well as the credit facility will create additional fiscal space for government to fund critical interventions that will mitigate the socio-economic impact of the pandemic.

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<sup>9</sup> <https://mof.gov.sl/wp-content/uploads/2020/07/Supplemntary-Budget-FY2020.pdf>

## 4. ASSESSMENT OF THE SOCIO-ECONOMIC IMPACT OF COVID-19 CONTAINMENT MEASURES

Prior to the development of this response plan, an assessment of the socioeconomic effects of the pandemic in Sierra Leone was conducted and the results reveal a sombre picture of the primary and secondary consequences of the COVID-19 pandemic in Sierra Leone. These effects are made worse by the pre-existing conditions characterised by the economy's sluggish emergence from the twin shocks of 2014/2015, as well as the structural underlying fragility factors.

The real GDP growth rate in 2019 was 5.4 percent was higher than the growth rate of 3.5 percent in 2018. However, during the same period there was lower performance in all sectors except agriculture. This slow-down in economic growth is manifested at the household level by data on food insecurity that revealed an increase from the previous year. In short, the majority of the people, were already experiencing increasing hardship before the pandemic and this has been worsened by the crisis.

Below are some areas where the impact of COVID-19 is significant.

**FOOD SECURITY:** Containment measures to halt the spread of COVID-19 inadvertently increased food insecurity as a result of negative impacts of livelihood and loss of incomes. Constrained by lower incomes, households increasingly resorted to negative, consumption-based coping strategies – such as consuming meals more infrequently or eating less diverse food – in order to survive, reflected by an alarming 71 percent of households having “unacceptable” food consumption levels.<sup>10</sup> Poor nutrition in turn contributes toward morbidity, with an innutritious contributing toward increased susceptibility to illness, in turn putting further stress on the health system. This deteriorating food security situation is reflected by the proportion of the population categorised as “severely food insecure” increasing from 0.7 percent in February, 2019 to 4.6 percent in January, 2020. Hunger among youths can be a major trigger for instability and antisocial behaviour. Cognizant of this, ameliorating the food security situation should be prioritized, particularly through the implementation of productive safety net interventions that provide livelihood opportunities for youth and women and boost the production of nutritious foodstuffs.

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<sup>10</sup> MAF and WFP, Emergency Food Security Monitoring System, June 2020



**IMPACT ON WOMEN** The UN Socioeconomic assessment of the impact of COVID-19 in Sierra Leone together with other survey reports<sup>11</sup> confirms that women suffered and continue to suffer more than men in almost all respects at the household levels, ranging from food insecurity to receipt of cash grants, from job losses, to revenues earned, and rapid exhaustion of savings – where these exist – and the sale of assets. Notwithstanding the limited data on Sexual Violence, reports from other countries in Africa as well as local media reports, suggest that there has been an increase in sexual violence including rape at the household level particularly during lockdowns. Adolescent girls, who remain at home because of school closures become highly exposed as well.

**CHILDREN** The situation of children and their education in a COVID-19 environment are equally cause for concern. Data show children eating less, and the proportion following distance education relative to normal classes low<sup>12</sup>. Closing of schools have created large disruption to teaching and learning for million children, with far greater impact on children from most vulnerable and marginalized background such as in rural households. An alternative mode of teaching was established (radio) to mitigate education loss for children have shown limitations ranging from the number of children actually using radio broadcasts, to environmental conditions that allow peaceful and structured access, in particular among extreme poor. Child protection concerns could arise from increased intra-household tensions due to reduced household income or children being compelled to contribute to households' income generating activities. In this situation adolescent girls are at higher risk of early pregnancies.

**JOB LOSSES** Increased Job losses have been observed in almost all sectors except for health providers. The resulting increase in the newly unemployed, especially among the youth, is a dangerous addition to the triggers of instability. Clashes between youth and security forces that appear related to COVID-19 among other issues, may continue to increase. Anecdotal evidence suggests that one of the hardest hit are those directly employed in the tourism and entertainment/hospitality sectors following the closing of international travel.

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11 The International Growth Centre (2020). Tracking the economic consequences and response to COVID-19 in Sierra Leone <https://www.theigc.org/project/covid19-sl/>; and IPA (2020). RECOVER Sierra Leone: Tracking the effects of the COVID-19 pandemic

12 The International Growth Centre (2020). Tracking the economic consequences and response to COVID-19 in Sierra Leone <https://www.theigc.org/project/covid19-sl/>

**PRIVATE SECTOR** The situation of the private sector is more nuanced. There are marked differences in the degree of impact according to the category of businesses ranging from foreign businesses to local, from formal MSMEs to large but informal MSMEs, from import and trading houses to exporters. Some businesses have closed down while some have suspended or reduced activities. The overall effect has been negative.

**TRADE AND TOURISM EFFECTS** Businesses dependent on global trade and tourism are hit directly by the containment measures to prevent the spread of the novel coronavirus as shown earlier. However, there is also the possibility of opportunities opening for new enterprises, or expansion of old ones, to substitute for unavailable imports. Key among such enterprises are technology- oriented enterprises. Also, there may be possibilities of openings in the subregion to substitute for international markets that have been closed due to the impact of COVID-19. However, for these to materialise a number of practical measures and policy reforms, as outlined in the recovery programme, will be required.

**EXOGENOUS FACTORS** Apart from the tourism sector, exogenous factors have more preponderant impact in the medium term than immediately. Global supply chain disruptions take time to play out while stocks run out and long-term supply contracts for exports expire or are triggered by force majeure clauses. Nevertheless, opportunities for “building back better” may arise from such dislocations.

**FOREIGN DIRECT INVESTMENT (FDI) FLOWS:** considered a critical ingredient for the resumption of rapid growth, were already sluggish in 2019 and unlikely to pick up in 2020. The reactions in the capital markets have been unpredictable so far and therefore projections for the next 12 months are very unreliable. Nevertheless, UNCTAD, IMF and AfDB all predict up to 40 percent contraction of flows to emerging markets. Reliance on traditional sources may prove disappointing.

**REMITTANCES** These are projected to decline worldwide, as earnings of migrant workers disappear through job losses, deportation or as COVID-19 casualties. Remittances being good sources of private investment, most of which will not have to be repaid in foreign currency, any decline will represent a blow for the construction industry, as it would for household consumption. A word of caution concerning the official records of remittances in Sierra Leone. Projecting from the data from May to July, the total

inflows may be in the order of US\$ 100 million by the end of 2020, higher than in 2019. However, this should not be read as increased flows but rather a reflection of better reporting to the Central Bank

**INCOME AND MULTIDIMENSIONAL POVERTY** The cumulative effect of income reductions – including internal transfers within families and lower remittances - job losses, closed businesses and higher levels of community transfers all contribute towards the increase in income poverty. The population who were just above the poverty line are already falling under, and the relatively better off are forced to help out, or go into debt thus increasing their vulnerability in other dimensions of poverty. Poverty is particularly detrimental for children, as poverty in childhood can have irreversible consequences.

**INEQUALITY** The effects of the pandemic are shown to have differential impact on different population segments with the most vulnerable being most affected. A consequence is the deepening of inequality, that is likely to promote resentment and social anger. Persistence of inequality adds to the toxic mix of endemic characteristics that leave the development landscape inhospitable for sustainable development. Inequality is a known main conflict driver.

## 5. SOCIO-ECONOMIC RESPONSE PLAN (SERP)

The UN socio-economic assessment of the impact of COVID-19 in Sierra Leone point to the areas and incidence of the negative effects of the Pandemic. The SERP is therefore designed to address most of these effects taking into account the potential influence of pre-existing and underlying conditions.

### 5.1 Protecting Health Services and Systems During the Crisis



Sierra Leone registered its index case of COVID-19 on 30th March, 2020. As mentioned above, as at 9th September, 2020, the country has registered over 2,000 confirmed cases, over 70 deaths and over 1,600 recoveries. While all the districts have registered confirmed cases, with over 46 percent of the confirmed cases and about 82percent of the deaths, Western Area Urban remains the epi-centre<sup>13</sup>.

Even before the pandemic, Sierra Leone was at the bottom end of the Human Development Index (UNDP 2019).

Communicable diseases are a major challenge as malaria accounts for about a quarter of the country's death, maternal mortality rate is 1,360 deaths per 100,000 live births and infant mortality rates are amongst the highest in the world with 68 deaths per 1,000 live births. A key factor explaining these high mortality rates is the inadequate resources at clinics (WHO, 2018)

The COVID-19 pandemic has severely affected the provision and utilization of essential health services. A recent (April, 2020) District Health Information System (DHIS 2) report showed a decline in tracer Maternal & Child Health indicators. These include indicators such as antenatal care for pregnant women, institutional delivery, postnatal care, number of fever cases, (suspected malaria), number of fever cases

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<sup>13</sup> Sierra Leone Ministry of Health and Sanitation, COVID-19 Situation report No. 163

tested with rapid diagnostic tests, (RDT), among others 14. Additional data from the referral coordination system also showed low bed occupancy across hospitals, and a number of hospitals and services that have temporarily closed.

While a recent IGC survey<sup>15</sup> suggest that over 99 percent of respondents are confident that health facilities are able to respond to cases seeking medical assistance, preliminary data suggest disruption in the supply of essential health commodities due to COVID-19 containment measures. Maternal health and family planning services including pre-/post-natal care and labour have decreased due to acute pressure on the health systems—both the demand and supply side. Negative effects include reduced uptake and availability of sexual and reproductive health services and of modern contraceptives and reproductive health commodities. The IGC Survey report also suggest that total patient visit declined by over 10 percent in April/May 2020 compared to the same period in 2019. Female patients visit declined by about 10 percent, under-5 children visits declined by over 15 percent, and visits for maternal related issues declined by over 12 percent for the same period. These negative effects could lead to increases in unplanned pregnancies and maternal mortality. It is estimated that if appropriate actions are not taken, this could result in about 3 percent increase in child mortality, and maternal mortality could increase by a third over the next year<sup>16</sup>.

Additionally, there are limited incentives and psychosocial support for health workers and other frontline staff. Fear and anxiety of contracting COVID-19 in health facilities have also limited the demand and supply of non-COVID related essential health services. Sustaining routine immunization is critical, to mitigate the risk of outbreaks of vaccine preventable diseases, and to save children's lives.

Further, people living with underlying conditions (non-communicable diseases: such as diabetes, hypertension, heart diseases, kidney diseases, asthma among others) have also been affected due to disruption of essential health services in the country. This has resulted in delays in getting medical assistance and hence increased deaths in the communities or at isolation facilities. This is a concern for

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14 Ministry of Health and Sanitation DHIS2 Report

15 IGC, (August, 2020)

16 UN Sierra Leone Humanitarian Response Plan for the Covid-19 Pandemic, July 2020

Sierra Leone where non-communicable diseases (NCDs), are estimated to account for about one third of all deaths. Disruption of health services has also affected people living with chronic communicable conditions such as HIV and TB, for example the National Tuberculosis and Leprosy Control Programme, (NTBLP), has reported a decline in TB case notification

Access to water remains a major challenge even before the pandemic. On average, about quarter of household spend over half an hour per day collecting water and the burden falls largely on women and girls. The pandemic has increased the demand for water both in homes and institutions. This thereby increases the workload of women and girls which subsequently increases their exposure to further risks and hazards.

Additionally, most of the health facilities do not have adequate water supply and appropriate sanitation services that are required for effective infection prevention and control (IPC). The COVID-19 outbreak has resulted in the establishment of new treatment centres in designated hospitals, resulting in increased pressure on the limited available WASH services. Inadequate or poor WASH and infection prevention and control (IPC) in healthcare facilities results in health-acquired infections and further transmission of diseases both within the health facilities and ultimately into communities.

### POTENTIAL PROGRAMME AREAS

The SERP will complement health prevention and response plan and will focus on the following among others:

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|---|--|
| 1. A focus on existing community health delivery systems (rather than potentially competing COVID-19 or other “vertical” responses) | 2. Mobilization to provide COVID-19 deprived services in reproductive, maternal, new-born, and child health, nutrition, immunization, and malaria, HIV and TB response |
| 3. Community outreach and engagement through diverse actors that complement technical inputs and information dissemination          | 4. Active promotion of regular service (non-COVID-19) delivery to ensure normal hospital services are not ignored  |
| 5. Promotion of hygiene practices in communities to ensure WASH services specifically the hand washing with soap and                | 6. Support community health workers to maintain essential services in their health facilities  |

clean water in schools and communities to contain the diseases are enhanced.

## 5.2 Protecting People: Social Protection and Basic Services



The key issue here is delivering social protection that matter to the most vulnerable. Efficiency dictates that this is best designed and implemented at the local level. Again, the pathways to success call for greater stakeholder engagement

The COVID-19 crisis is expected to increase poverty globally for the first time since 1998 due to the global economic recession. This will likely erase the progress made in the previous five years. In Sub-Saharan Africa, some simulations of the impact of lockdowns estimate an additional 9.1percent of the

population have now fallen into extreme poverty and the savings of about 30percent of the population have been erased<sup>17</sup>.

These developments challenge the goal of eradicating extreme poverty by 2030, particularly for those who live in fragile states where two thirds of the global extreme poor are predicted to reside by 2030<sup>18</sup>. Unsurprisingly, income has fallen for many households and in Sierra Leone, household income in the second quarter of 2020 is estimated at around 57percent lower compared to the first quarter of 2020<sup>19</sup>, whereas the drop in employment (defined as the respondent who reported working during the pre-COVID-19 reference period but reporting not working at the time of the post-COVID-19 interview) is

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17 Teachout & Zipfel (2020). The economic impact of COVID-19 lockdowns in sub-Saharan Africa

18 World Bank (2020). Fragility and Conflict: On the Front Lines of the Fight against Poverty

19 The International Growth Centre (2020). Tracking the economic consequences and response to COVID-19 in Sierra Leone <https://www.theigc.org/project/covid19-sl/>

estimated between 6 percent in rural areas<sup>20</sup> and 49 percent in urban areas<sup>21</sup>. Similar trends are observed elsewhere<sup>22</sup>. Food security is threatened with such extreme drops in income. Between May and July 2020, approximately 87 percent of respondents in rural Sierra Leone reported that either themselves or somebody in their households had to skip meals or reduce the portion size or quality.

Orthodox measures relying on formal social protection systems are particularly hard to adopt in settings with high degree of informality, as in Sierra Leone. The existing structures - formal and informal - limit the inclusion of all citizens into social welfare schemes and this is especially true for the more marginalized and vulnerable populations. Under these circumstances, the more vulnerable become more reliant on informal coping mechanisms to manage shocks (e.g. saving groups, village banking, funeral funds, support and credit from relatives and friends)<sup>23</sup>. The scope for addressing increased needs in an environment of widespread poverty is limited.

Educational outcomes have suffered during the pandemic. The Government temporarily closed educational institutions to contain the spread of COVID-19. School closures carry high social and economic costs, particularly severe for the most vulnerable and marginalized children. Some effects mentioned from ad hoc interviews with teachers, and parents, include interrupted learning, poor nutrition, confusion and stress for teachers and parents, extra burden of unpaid care on women, unpreparedness for distance and home schooling, gaps in childcare (knock-on effects in industries such as healthcare, for example). There is also a possibility that the unplanned economic costs associated with the temporary closures would potentially impose a strain on the health-care system, rise in dropout rates, increased exposure to violence and exploitation, especially vulnerable girls, and social isolation.

The SERP will focus on:

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20 The International Growth Centre (2020). Tracking the economic consequences and response to COVID-19 in Sierra Leone <https://www.theigc.org/project/covid19-sl/>

21 IPA (2020). RECOVER Sierra Leone: Tracking the effects of the COVID-19 pandemic

22 In Cote d'Ivoire, 70% of respondents have depleted savings to pay for food and 80% of respondents in Rwanda have done the same for food, healthcare, or other expenses.

23 The International Growth Centre (2020). Informal traders and COVID-19 in Africa: An opportunity to strengthen the social contract



1. provision of targeted food and nutrition services for short-term response, but also establishing mechanisms for sustainable impact.	2. ramping up of water supply and sanitation services to the most vulnerable
3. continuation of school feeding programme to ensure school children receive meals.	4. continuation of measures to address Gender Based Violence (GBV) during and even after the Pandemic (including integrating violence prevention, raising awareness through advocacy and campaigns, response services including medical, psychosocial, legal and justice, providing options for women to report abuse without fear etc).
5. ensuring adolescents are reached with sexual reproductive health information and services	6. deepening access to legal aid services for women, children and people with disabilities.
7. strengthening of social services and social protection to the most vulnerable: children, adolescent, older persons, people with disabilities and pregnant youths with transparent eligibility criteria	8. support and strengthen critical WASH facilities in schools and communities

More generally, there should be emphasis on the delivery of targeted social support to the vulnerable families, also affected by the decrease of remittances income and to eligible returning migrants.

Recovering better should include strengthening progress towards universal social protection, building on the increase of coverage during the COVID-19 response, redesigning and strengthening social protection systems so they are more responsive to shocks, including climate shocks, and strengthening care systems so they respond to the needs of women and men as well as to vulnerable and marginalized groups including persons with disabilities throughout their lifecycle without discrimination.

## 5.3 Economic Response & Recovery



Workplace closures remain widespread across the world, with approximately 93 percent of workers residing in countries where some sort of workplace closure is either in place or was implemented at some point during the pandemic. Between the last quarter of 2019 and the second quarter of 2020, an estimated 14 percent of global working hours have been lost (equivalent to 400 million full-time jobs), with the largest reduction in the Americas

The reasons for the reduction in working hours vary from country to country. In some

countries they reflect shorter working hours and “being employed but not working”, whereas in others they are the result of unemployment and inactivity. In Sub-Saharan Africa, 12.1 percent of working hours were lost in the second quarter of 2020. For low-income countries, the same fall was 11.1percent.

In Sierra Leone business owners reported spending just under 10 hours per day working pre-COVID-19. However, the number of reported hours spent working per day decreased to about 6 hours per day between April and July 2020. Such a decrease in hours worked, is also accompanied by a decrease in profit. Approximately 20 percent of surveyed business had to (temporarily) close, and around 80percent of the businesses that remained open reported difficulties accessing customers. Business owners reported having difficulties accessing suppliers (between 60 and 80 percent of respondents between April and July 2020) and an overall lower demand for goods<sup>24</sup>. This is similar to other countries in the region, such as Ghana and Ivory Coast<sup>25</sup>.

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<sup>24</sup> The International Growth Centre (2020). Tracking the economic consequences and response to COVID-19 in Sierra Leone <https://www.theigc.org/project/covid19-sl/>

<sup>25</sup> IPA (2020). RECOVER Ghana: Tracking the effects of the COVID-19 pandemic

The lockdowns and travel restrictions took a toll on wholesale and retail traders. Although Sierra Leone did not impose any lengthy lockdown, sales and revenues during the lockdown and the curfew as well as inter-district travel restrictions (including the closure of all borders) hampered domestic and international trade.

Besides the direct losses to business owners operating in the trade and transport sector, there have been more indirect and (even) harder to quantify losses to the informal businesses connected to these sectors. For instance, the closure of Lungi International Airports affected not only air and the ferry companies, but also all the formal and informal business forming part of the mini ecosystem related to air and sea travel.

Farmers surveyed in Sierra Leone, did not report a decrease in number of hours worked between April and July 2020. However, it is unclear whether farmers were able to access essential inputs (e.g. fertilizers and improved seeds) at crucial stages of the production cycle. Given the modest use of modern inputs by subsistence farmers, it is unlikely those will be affected. However, access to market (especially pastoralist) may have been disrupted by the inter-district lockdown, which could have negatively impacted their working hours.

Over 40 percent of respondents' report having contracted a debt, spent some savings or received help from other family members to face adversities. Approximately 36 percent of respondents report not being able to repay the loans they have contracted.

These conditions are worse in female-headed households, where the economic and wealth status of respondents was more disadvantaged to begin with. Furthermore, it is possible that the increased burden of unpaid care affects women more than men. All of these threaten to reverse some of the gains made in gender equality in recent decades<sup>26</sup>

## POTENTIAL PROGRAMME AREAS

Supporting SMEs, and protecting jobs involve support to the private sector, and for Sierra Leone the vast majority are in the informal sector. Many countries have introduced support measures for SMEs,

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26 ILO (2020). ILO Monitor: COVID-19 and the world of work, June 2020

including<sup>27</sup> in Cote d'Ivoire where their response and recovery plan revolves around the informal sector. Typical measures adopted to support SMEs include debt finance - 88 countries, employment support - 59 countries, tax support - 52 countries, SME business costs - 33 countries. For Sierra Leone an exhaustive diagnosis (a mapping) of the private sector including the informal sector will allow the determination of what measure or combination of measures, will be appropriate. A comprehensive programme of business environment reform should accompany the mapping exercise.

**The Informal sector:** While certain measures might be effective for formal businesses, this is unlikely to be applicable for informal businesses in Sierra Leone. Furthermore, relief measures for Small and Medium Enterprises are hard to implement due to the high degree of informality and absence of a comprehensive database of formal and information on informal business owners. Once again, this points to the importance of compiling and maintaining up-to-date databases. Part of the response should be dedicated to developing a system for identifying informal businesses as part of a wider programme to diagnose the underlying dynamics of the informal sector and propose actions aimed at increasing productivity and benefits to those that were hardest hit by the Pandemic. The current approach - classic - of supplying micro credit to mitigate the hardship imposed by the pandemic, may generate disappointing results as with past efforts. Numerous studies have now demonstrated, that insufficient understanding of the dynamics of the informal sector render proposed solutions difficult to implement, and failure to achieve objectives. Required is, a comprehensive map of the both formal and informal private sector in order to formulate solutions that will be enduring and meet most expectations. In addition to the usual study of the private sector, such a map will capture the political economy dimension showing the different networks and links to the elite interests as well as to the formal sector. This will allow (a) shaping economically viable interventions that maximise impact on vulnerable populations; (b) anticipate and manage challenges arising from the political economy of conflict across a variety of locally-relevant dimensions; and thereby (c) respect principles of conflict sensitivity, "do no harm", and good practice in humanitarian and development work in a conflict-prone environment.

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27 IGC (2020). COVID-19 policy response tracker

**Institutional arrangements:** The private sector platform established under QAERP to improve the business climate in the country through enhanced dialogue between government and business sector is also a good example of a crisis measure that should continue beyond the Pandemic.

**Taxation:** tax measures to support individuals and firms more broadly is another programme area and could incorporate the following:

1. Tax filing/payment deadline extension: Suspension of tax audits: changes to business income tax, changes to individual income tax;
2. Changes to customs/import and other miscellaneous taxes: Changes to GST and other indirect taxes
3. Devise a strategy to provide incentives to businesses in the informal sector for migrating to the formal sector

Sub regional measures: More support for the reopening of international borders to facilitate trade, especially for small and medium enterprises as well as informal traders, mostly women who largely depend on cross -border trade within the Mano River Union. The reduction in international (overseas) trade could lead to alterations in the direction of trade particularly with the onset of the African Continental Free Trade Area.

## 5.4 Macroeconomic Response and Multilateral Collaboration

The COVID 19 containment measures have affected the Sierra Leone economy largely through the disruptions in domestic economic activities and COVID-19 induced changes in global trade, tourism, foreign direct investment and aid flows. Based on initial assessments done by government and development partners, below are key potential effects on key macroeconomic indicators:

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#### MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION



**GDP GROWTH** Despite the country registering continuous positive growth for the past three years and the economy was projected to grow at 4.2percent in 2020 from 5.1percent in 2019 as well as to average at 4.5percent over the medium term (2021 - 2023), real GDP growth for 2020 is now projected to drop to -3.1percent. This is slightly higher than the estimated average (-3.2 percent) for sub-Saharan African countries<sup>28</sup>.

**DOMESTIC REVENUE** As with GDP growth, there was significant improvement in

the collection of domestic revenue prior to the pandemic. However, the revised estimate from the Supplementary Budget indicates that domestic revenue is projected to decline by Le1.10 trillion (17percent) from Le6.47 trillion (14.8percent of GDP) projected prior to CoVID-19 to Le5.40 trillion (13percent of GDP).

**GOVERNMENT EXPENDITURE** This was projected to marginally increase from 20.5percent of GDP in 2019 to 21.5percent of GDP in 2020. However, due to the pandemic, it is now projected to further increase from Le9.35trillion to Le10.5 trillion (25.4percent of GDP) to meet the increased costs associated with both response and recovery efforts.

**FISCAL DEFICIT** With the expected decrease in domestic revenue and increase in government expenditure largely due to extra budgetary expenditures the fiscal deficit is expected to worsen. The deficit which was estimated to increase from -2.8percent in 2019 to -3.3percent in 2020 is now revised to -6percent as a result of the pandemic

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28 IMF (2020). World Economic Outlook Update, June 2020

**EXTERNAL DEBT** It is expected that a deterioration in fiscal deficit as a result of a decrease in domestic revenue and increased government expenditure might compel government to resort to external borrowing to finance the deficit, and expand the fiscal space. Accordingly, external debt is now projected to increase from 66percent to 77percent of GDP as a result of the pandemic

**INFLATION** the shocks resulting from the pandemic will disrupt the supply of basic commodities and consequently result in higher inflationary pressures which could affect short, and medium - term inflation target as well as global benchmarking criteria. Accordingly, inflation which was 14 percent in 2019 and was projected to be in single digit in 2020 (prior to the pandemic) is now projected to be 15.6percent in 2020

**CURRENT ACCOUNT BALANCE** Like many other countries, the pandemic has adversely affected the external sector of Sierra Leone's economy. The country's major trading partners (China and Europe) were heavily affected and instituted containment measures (e.g. lockdowns) which weakened economic activities and disrupted global supply chains which in turn reduced the demand for exports. Additionally, the closure of land borders and disruptions in shipping activities also affected imports. **In view of this**, merchandise exports are projected to drop from the initial projection of US\$912 million to US\$593 million in 2020. Imports will drop slightly from US\$1.3 billion to US\$1.2 billion. As a result, the trade deficit will widen to US\$620.9 million from the initial projection of US\$406.3 million. The current account balance will widen to US\$611.2 million (15.8 percent of GDP) from the original projection of US\$466.9 million (11.3 percent of GDP).

## POTENTIAL PROGRAM AREAS

The pathways for success in this Pillar require the looping back of information to modify and improve actions when the desired results are elusive. The latest Afro barometer perception survey report on the economy demonstrates how positive macro indicators may mask severe shortcomings at the level of

households and people<sup>29</sup>. The introduction of district level indicators to trace the effects of macro -level interventions is worth exploring.

The following are areas with the greatest likelihood for positive change:

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|---|--|
| 1. Comprehensive support (especially policy reforms aimed at changing the growth trajectory from the old and failed paths of the past) to the growth sectors (agro businesses, light manufacturing, services, mining, fishing, fintech, etc) to boost and accelerate sustained GDP growth | 2. Support for effective public financial management system that is transparent and with accountability provisions aimed at minimizing fiscal anomalies.   |
| 3. Promoting evidence-based policy making and encouraging credible data collection  | 4. COVID-19 is demonstrating the value of flexibility to adjust old methods and practices. In many cases continuation of such flexibility is warranted by positive results obtained so far (e.g. using monetary policy in direct interventions such as providing credit facility on concessionary interest rates, the application of temporary modifications to the tax system, etc) which could be merged into the development strategies of the Medium-Term National Development Plan (MTNDP). |
| 5. Expansion of the domestic tax base and improve efficiency as well as consider adoption of fiscal 'buffers' that provide space for rapid response during crises rather than intensify current tax system.   | 6. Review tax laws to identify and amend loopholes with the objective of minimizing leakages.  |
| 7. Support a study that will understand and estimate the financial loss suffered by the informal sector as a result of COVID containment measures as well as the resilience capacity of the sector  | 8. Encourage and support development of innovative financing instruments to create access to and attract capital from the sub-region. Such instruments need to be sector specific in order to respond to the peculiarities of the sector. The nature of financing required for agro-businesses is often different from that needed for light manufactures.   |

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29 At the height of the boom of 2012 – 2014 the majority of the population – over 70% were rating the economy poorly. The same levels are mirrored now.



## 5.5 Social Cohesion and Community Resilience



The trend towards peace, stability, and sustainable growth are manifested in the status of this Pillar. The consequences of national level actions permeate the society and find expression in the form of fractures or cohesion at the community level and community resilience. Since the end of the conflict, evidence continue to emerge that the underlying conditions still remain and constrain sustainable growth, peace and stability. Shocks to the existing structure of the state, such as the COVID-19 pandemic, or of the Ebola epidemic, offer opportunities to address underlying conditions that keep

the state and people, particularly the at risk population entrapped in underdevelopment. A case in point is decentralization. During the Ebola outbreak, there were considerable difficulties arising from securing coordination between the central and local level structures of the state. Over 15 years after the conflict, the country has been struggling with making decentralization effective although the current Government has started incipient efforts. The IGC Fragility report<sup>30</sup> pointed out that an underlying cause of the country's current predicament is the existence of parallel system of governance between the central and local level and the inability to fuse the traditional and the modern.

Thus, compensatory measures for COVID-19, designed at the Central level for implementation at the local level are already experiencing some of the shortcomings of the current decentralisation policy and practice.

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<sup>30</sup> Underlying the Causes of Fragility and Instability in Sierra Leone (2018)

In tackling the COVID-19 effects, the following additional foundational issues will have to be dealt with and this Pillar provides the framework for doing so. Reinforcing collaboration to avoid COVID-19 Risks: A major lesson learnt from the Ebola outbreak was the importance of a collective and coordinated approach to community engagement to dispel the myths touted by detractors. This time around efforts were made to engage all stakeholders (including political parties) in the sensitization exercise. Social mobilization teams were established at the District level and were trained on community-led action. Nevertheless, continued tensions at local level between political parties may undermine the response efforts.

Tackling instability: the country has made progress in consolidating peace since the end of the conflict in 2002. However, growing political tension and sporadic inter-party clashes and clashes between youth and security sector have been observed after 2018 elections, and still continue. The current level of food insecurity, plus the increasing unemployment (mainly among youths), combined with losses of income in the informal sector and reduced remittances could constitute major triggers of conflicts and violence. In turn these would jeopardize the relaunch of economic activities and discourage investments.

Addressing income inequality and the status of vulnerable people: With about one-third of the country's population between the ages of 15 and 35 years, Sierra Leone has a very youthful population that continues to struggle with high levels of unemployment. The COVID-19 containment measures (inter-district lockdowns, curfew, etc) had a negative impact on the sectors (transportation, tourism, etc) that employ most of the youths. The violent incidents which occurred in the recent past in Tombo (fishing community), Lunsar (mining community) and Makeni (the stronghold of the main opposition party) as a result of the COVID-19 containment measures among others involved mainly youths.

**POTENTIAL PROGRAMME AREAS**

- |   |   |
|---|---|
| 1. Support and facilitate inclusive community initiatives and dialogues to handle tensions, pre-empt and prevent skirmishes   | 2. Support special programmes for promoting Rule of Law and good governance; and protection of human rights |
| 3. Support the review of the Local Government Act and processes to empower community participation, to reconsider where decision and funding authority should lie, and enhance equitable service delivery | 4. Enhance resilience of vulnerable groups at community level through targeted policies and programmes.     |

5. Support skills training schemes for youths that could see them engage in productive activities. This will reduce the level of social unrest and engagement in cliques and gangs.

7. Support institutional capacity building to enhance knowledge on how Government, employers and workers' organizations can work together to shape socio-economic policy response.

6. Continue to support dialogue among various political entities at national and local level and organise platforms where they can synergise efforts in the fight against the COVID-19 pandemic.

8. Provide comprehensive support including progressive cross border trade policies, reduced tax burden, seed funds, market structures for women border traders to revive cross border trading

## 6. CONCLUSIONS

The COVID-19 Socio-Economic Response Plan is designed to support national efforts to save the lives of people and protect their livelihoods. The programmes target the negative socio economic effects that emerge from the containment measures for the disease, and take into account the pre-existing conditions and underlying structural weaknesses in the economy that have the potential to undermine success, and even reverse gains achieved so far.

Finally, for the COVID-19 SERP to be experienced by people as positive in their lives and in their communities, there will need to be a *heightened* degree of cooperation: across pillars of the response (e.g. so that macroeconomic policies do not undermine responses geared towards the informal economy); between levels of government (e.g. so that development resources are prioritized by actual local development needs and opportunities); between civil society and government (e.g. so that humanitarian responses can be synchronized and there is inclusion in the formulation and implementation of policies and programmes); and even between international and local actors (e.g. so that fragile consensus built among local coalitions is not undermined by international initiatives).

Furthermore, given the pivotal role of the private sector both as beneficiaries and as instrument for effecting change, only a marked change in its development as described in Pillar 3 above will yield the results expected. This approach also provides a pathway for (i) perspectives to be harmonised; (ii) sufficient consensus to be built around local priorities and programmes to overcome tensions in the system, and therefore (iii) accelerate the uptake of more impactful action while moderating resistance.



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## ANNEX: UN SOCIO-ECONOMIC RESPONSE AND RECOVERY PLAN AT A GLANCE

### REQUIRED AND AVAILABLE AMOUNT PER PILLAR

Response Pillars	Total Required Resources US\$	Available Resources US\$	Funding Gap US\$
Health First	12,202,707	3,263,984	8,938,723
Protecting People	61,438,000	14,730,000	46,708,000
Economic Response & Recovery	20,970,000	8,137,000	12,833,000
Macroeconomic Response & Multilateral Cooperation	380,000	140,000	240,000
Social Cohesion & Community Resilience	2,525,000	445,000	2,080,000

Source: UN socio-economic recovery plan result matrix

