

GREEN GROWTH

SIERRA LEONE

INVESTING IN ENVIRONMENTALLY
SOUND ECONOMIC GROWTH



AFRICAN DEVELOPMENT BANK GROUP

Growing Strong, Growing Right

Sierra Leone is committed to mainstreaming inclusive “green” – or environmentally sound— growth into its development pathway, both within the medium and long term. The country’s macroeconomic objectives as outlined in its recently launched 2013-2018 development strategy, the Agenda for Prosperity (A4P), are to achieve broad-based, sustainable, inclusive, green economic growth for job creation and poverty reduction within the context of a stable macroeconomic environment.

Sierra Leone’s tailored approach to green growth values natural, human, social, and physical capital and recognises that wise management of its natural resources is key for socio-economic development. The country has even crafted its own definition of green growth:

“ **Developing infrastructure, energy, and cities sustainably; managing renewable and non-renewable natural resources efficiently; and building resilience for the benefit of ... citizens.** ”

“ We must ensure that we are globally competitive and our economy is diversified to promote inclusive green growth that is beneficial to all Sierra Leoneans.”

H.E. Dr. Ernest Bai Koroma, President
of the Republic of Sierra Leone

The green growth elements of the A4P specifically focus on innovation, efficiency, and resilience. They also involve a holistic take on development that calls for collaboration between all stakeholders, from government ministries and local authorities, to donors and civil society, to the private sector. With adequate support from these groups, Sierra Leone will realise its Agenda for Prosperity commitments, placing the country on the path to **becoming an inclusive, green, middle-income country by 2035.**

Why invest in green growth interventions now?

This is green growth's hour. Driven by environmental degradation, the effects of climate change, a strong dependence on natural resources for growth, and inequitable growth benefits, green growth strategies are now being implemented by both lower and upper middle-income countries. With years of strong GDP growth, the Africa region in particular must take care to develop in a sustainable way, seizing the opportunity that green growth presents. In two examples, both Ethiopia and Rwanda have instituted high-impact green growth strategies that have started to yield great results.

In Sierra Leone, the next five years have the potential to be the most transformative in the country's history, as it lays the foundation for achieving middleincome status. 2013-2018 will be a period during which growing revenues from natural resource wealth will create huge investment opportunities. The country is willing to grow in a sustainable way to ensure that these revenues benefit all Sierra Leoneans while also preserving its natural capital for long-term development. Now is the ideal moment to encourage the country's push for green growth by supporting its bold development plan, the Agenda for Prosperity.

"We are very keen on mobilizing internal resources for financing green growth interventions, especially through revenues generated by the extractive industry. However, in order to succeed in this transition towards a sustainable development pathway, we definitely need private investors and development partners to engage with us. Together, we can make a big push for transforming the Sierra Leonean economy."

Dr Kaifella Marah, Minister of Finance and Economic Development of Sierra Leone

A number of the Agenda's planned green interventions are unfunded, creating a prime opportunity for Sierra Leone's partners to contribute to its challenging objective to promote inclusive green growth. In fact, there is scope to even further integrate green growth elements in many broad sector programmes under the strategy, including in agriculture, mining, transport, energy, human development, social protection, governance and gender. In particular, there is great scope for "greening" private sector investments, and for using revenues generated from mineral resource development for sustaining Sierra Leone's renewable natural resource base.

From Challenge to Opportunity: Investing in Green Growth

Sierra Leone's Agenda for Prosperity addresses all of the factors – economic, demographic, social, etc. – that could challenge the nation's ability to achieve a more environmentally and economically secure future for its citizens. As such, the A4P gives pressing priority to the following **green initiatives**:

- Promoting diversification towards economic sectors with long-term potential for inclusive, sustainable growth (agriculture, fisheries, tourism, etc.);
- Bolstering both small and large scale agriculture in a sustainable way;
- Leveraging Sierra Leone's rich natural resources responsibly;
- Providing safe water and improved sanitation;
- Improving access to reliable and sustainable modern energy services;
- Investing in climate resilient transport infrastructure.

A Snapshot of the Environment in Sierra Leone

Emissions of CO2 (million tonnes)	1
Proportion of terrestrial and marine areas protected (%)	5
Number of threatened species	131
Electricity access rate (%)	12
Renewable electricity production (%)	30
Change in agricultural land area since 1990 (%)	46
Change in forest area since 1990 (%)	-13
Rural population with access to improved drinking water source (%)	26
Rural population with access to improved sanitation (%)	6

Sources: United Nations Statistics Division & AfDB Report Sierra Leone: Transitioning towards Green Growth

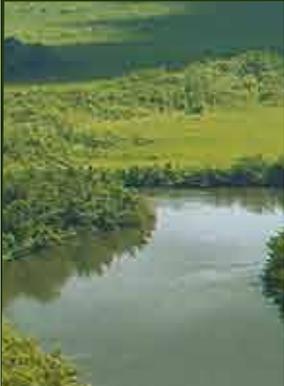


Not all of the green growth interventions articulated in Agenda for Prosperity are fully funded, which puts at risk their **chances of realisation**. While this poses **a challenge for the Sierra Leone government, it poses a unique opportunity for development financiers: to become associated with one of the most innovative and green poverty reduction strategies in the region.**

The overall costs of implementing Sierra Leone's Agenda for Prosperity are estimated at US\$ 5.75 billion with **a current funding gap of US\$ 2.1 billion** over the 2013-2018 period. The below table features the **key green growth interventions** proposed in the A4P and highlights **the most exciting funding opportunities**. The list is not exhaustive and more information can be found directly in the Agenda for Prosperity.

“ The African Development Bank has committed to support Sierra Leone in transitioning towards an inclusive green economy through the investments planned under the new Country Strategy Paper 2013-2017. We encourage other investors, both from public and private sectors, to accompany the country on this sustainable development pathway .”

Yero Baldeh, AfDB Resident Representative in Sierra Leone

PILLARS OF INTERVENTION UNDER AGENDA FOR PROSPERITY	PLANNED GREEN GROWTH INTERVENTIONS (not exhaustive)	COST ESTIMATE FOR 2013-2018 period	EXPECTED IMPACT/ RETURN ON INVESTMENT
<p>Diversified Economic Growth</p> <p>Diversify the economy in sectors with long-term potential for inclusive, sustainable growth such as agriculture, fisheries, tourism and manufacturing; there will be a particular focus on value adding activities.</p> 	<p>Improve the ability of private entrepreneurs to link value-added activities in agro-business, manufacturing, fisheries and tourism, to sustainable management of the natural capital on which these activities depend. Combine smallholder commercialisation projects with large-scale agro-based production.</p> <p>Improve land, woodland and water management by supporting sustainable productive increases that restore natural capital. Increase vegetation and tree cover, restore soil fertility and reduce erosion, and restore rain-fed agriculture's resilience to weather.</p> <p>Develop a sustainable fisheries sector that focuses on value addition and ensures food security, increased exports and jobs. Encourage fishermen to use better techniques to sustainably increase catches. Provide training in sustainable fishing practices.</p> <p>Develop an eco-friendly tourism sector by, for example, ensuring that sustainable infrastructure, roads, reliable electricity, safe drinking water, etc. are provided in key tourist areas. Formulate an Ecotourism Policy and Action Plan and provide 10 ecotourism sites with adequate resources to ensure sustainability.</p>	<p>Total cost of implementing the economic diversification pillar of the Agenda is US\$ 1.75 billion.</p> <p>The current funding gap is US\$ 387.66 million or 22% of the total pillar cost.</p> 	<ul style="list-style-type: none"> • The priority sectors of the Agenda – agriculture, fishing, tourism and manufacturing – are all highly dependent on sustainable management of land, water, forests, and coastal zones, as well as on sound mineral management. Thus, support for environmental activities under this pillar will help drive the success of the core of the country's growth plan. • Green activities under this pillar will help maintain the natural soil fertility that underlies longer term productivity and food security.
<p>Social Protection</p> <p>Sierra Leone is committed to improving the livelihoods of its most vulnerable, poorest and marginalized groups. This involves building resilience through programs that will better equip people to cope with risks and shocks, including food price shocks and climate-related shocks.</p>	<p>Support policies that combine robust natural resource management systems with effective social safety nets.</p> <p>Create social protection programs that will better equip people to cope with risks and shocks, including price- and climate-related shocks, through risk mitigation instruments and inclusive economic development.</p> <p>Build resilience to natural disasters and weather-related events. Support improved weather services, early warning systems and enhanced land use planning.</p>	<p>The total cost of implementing the social protection pillar of the Agenda is US\$ 79 million.</p> <p>The current funding gap is US\$ 76 million or 95% of the total pillar cost.</p>	<ul style="list-style-type: none"> • Funding the green social protection activities under the A4P will help to set a minimum standard of social and economic security that protects citizens against vulnerability and deprivation caused by environmental shocks.
<p>Gender</p> <p>Sierra Leone is committed to gender equality and women's empowerment.</p>	<p>Promote access to new and renewable energy for women to increase the number of women adopting clean cooking fuel and household energy. Support existing initiatives such as the Bare Foot Women Solar Energy College. A plant will be established for the production of and training on energy-saving stoves.</p>	<p>The total cost of implementing the gender pillar of the Agenda is US\$ 11.5 million.</p> <p>The current funding gap is US\$ 11.5 million or 100% of the total pillar cost.</p>	<ul style="list-style-type: none"> • Funding activities that support the scaling-up of renewable energy by women will create new jobs for women, improve their skills, facilitate new businesses in rural areas, and decrease in-house air pollution in rural homes.

PILLARS OF INTERVENTION UNDER
AGENDA FOR PROSPERITY

PLANNED GREEN GROWTH INTERVENTIONS
(not exhaustive)

COST ESTIMATE FOR
2013-2018 period

EXPECTED IMPACT/
RETURN ON INVESTMENT

Managing Natural Resources

Sierra Leone's growth relies heavily on its rich natural resources, both renewable and non-renewable. The country aims to be a model in the sustainable management of natural resources, with revenues directed at developing the country over the long term in an inclusive manner.

Develop a comprehensive inventory of all natural resources – land, forests, water, minerals, and marine to determine optimal and sustainable levels of exploitation.

Strengthen hydrological and meteorological monitoring to improve the information base, provide robust data for decision-making in key economic sectors, and enable planning and mitigation strategies for disease outbreaks.

Establish a Transformation Development Fund (sovereign wealth fund) to ensure that natural resource revenues are used to promote Sierra Leone's inclusive economic development.

Redesign the policy framework for the forestry sector to address competing demands and accommodate emerging issues such as forest co-management, eco-tourism, biodiversity conservation and climate change. Support sustainable fuel-wood and charcoal production while creating alternatives for domestic energy sources.

Prevent over-fishing and enforce regulations against illegal fishing. Work with stakeholders to **develop strategies against coastal erosion**, particularly for preserving and expanding mangroves. Establish Marine Protected Areas.

Develop an integrated water management policy, and monitor and assess water resources availability (surface and groundwater), qualitatively and quantitatively.

Develop a comprehensive land use policy, including a legal framework for land ownership; develop land-use planning; and train farmers in **sustainable land and water management practices**.

Implement strategies that focus on the **regulation and efficiency of artisanal mines**. Community Development Agreements will ensure that the welfare and benefits of the individuals and communities affected by mining are respected.

Enhance collaboration with the Extractive Industries Transparency Initiative (EITI) Secretariat for **EITI compliance**. Prepare for EITI ++ Initiatives. Enforce the preparation and implementation of **environmental and social impact assessments and environmental management plans**, and support Environmental Protection Agency to better regulate the mining and oil and gas firms. Support Ministry of Mineral Resources to effectively design and monitor mining policy.

Develop policy and instruments to align public and private incentives with environmental conservation and human health. Create national regulatory frameworks to contain pollution. Encourage legislation that will reward ecosystem services. Promote trade instruments that support the sustainable harvesting of natural resource products.

Articulate regional initiatives in effectively managing natural wealth in the sub-region: assess the fragile dimension of natural resources management, cross border smuggling, conflict in mining communities, harmonized fiscal regime, etc.

The total cost of implementing the natural resources pillar of the Agenda is US\$ 67 million.

The current funding gap is US\$ 54 million or 80% of the total pillar cost.

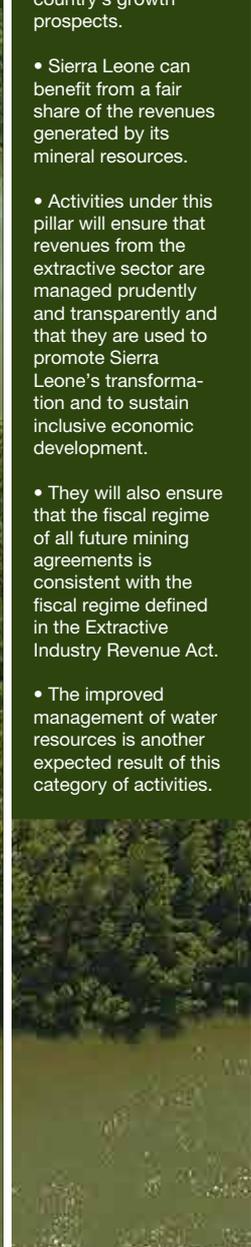
- Since sustainable and responsible natural resources management are the foundation of Sierra Leone's economic development, funding for natural resources information, the land registry, the land use planning system, hydromet services and governance systems will boost the country's growth prospects.

- Sierra Leone can benefit from a fair share of the revenues generated by its mineral resources.

- Activities under this pillar will ensure that revenues from the extractive sector are managed prudently and transparently and that they are used to promote Sierra Leone's transformation and to sustain inclusive economic development.

- They will also ensure that the fiscal regime of all future mining agreements is consistent with the fiscal regime defined in the Extractive Industry Revenue Act.

- The improved management of water resources is another expected result of this category of activities.



PILLARS OF INTERVENTION UNDER AGENDA FOR PROSPERITY	PLANNED GREEN GROWTH INTERVENTIONS (not exhaustive)	COST ESTIMATE FOR 2013-2018 period	EXPECTED IMPACT/ RETURN ON INVESTMENT
<h2 data-bbox="79 253 288 363">Accelerating Human Development</h2> <p data-bbox="79 384 319 672">The poor state of the environment is holding back human development in Sierra Leone. With better environmental management (especially improved access to clean water, improved sanitation and drainage), Sierra Leone will decrease child mortality rates and the occurrence of weather related diseases, among others.</p>	<p data-bbox="371 249 817 359">Increase electricity generation and distribution for industry, commercial and domestic consumers. Support increased access and improved energy supply for household consumption, including cooking fuels.</p> <p data-bbox="371 388 817 479">Develop infrastructure to use Sierra Leone's abundant water resources to provide access to safe water and improve sanitation facilities across the country, but particularly in rural areas.</p> <p data-bbox="371 508 817 618">Develop policy, guidelines, strategies and investment plans for effective implementation of the Environmental Health and Sanitation Policy, Integrated Waste Management Policy, and the Public Health Ordinance.</p> <p data-bbox="371 647 817 757">Enact new laws, and institutional and organisational arrangements to support water supply and management, and water-related sanitation. Strengthen the capacity of the environmental health and sanitation directorate.</p> <p data-bbox="371 786 817 857">Encourage commercial management and private sector participation in the provision of solid waste, sanitation and sewerage services.</p>	<p data-bbox="873 249 1031 382">The total cost of implementing the human development pillar of the Agenda is US\$ 1.7 billion.</p> <p data-bbox="873 411 1031 517">The current funding gap is US\$ 703 million or 40% of the total pillar cost.</p>	<ul data-bbox="1093 249 1284 629" style="list-style-type: none"> • Financing sustainable water resource management and judicious allocation between competing uses would contribute to economic and social development. • Investing in improved water supply and sanitation will prevent disease outbreaks and increase global health and life expectancy.
<h2 data-bbox="79 929 326 1000">International Competitiveness</h2> <p data-bbox="79 1023 303 1404">Investments in infrastructure and energy will meet Sierra Leone's goals for competitive, green, inclusive development by incorporating efficiency, environmental management, climate resilience and human welfare considerations. With an improved enabling environment, the private sector can play a key role in investing in "green projects" in energy, transport, tourism, and agriculture.</p> 	<p data-bbox="371 929 817 1087">Create transparent environmental regulations for new investments in industry, agriculture, mining, oil and gas, infrastructure and energy. Build sound environmental and social management into infrastructure development by ensuring coordination with relevant agencies, for all infrastructure and energy development programs.</p> <p data-bbox="371 1116 817 1340">Develop off-grid solar power services, and promote markets for solar technologies through the private sector (e.g. solar photovoltaic, solar water heating, solar lanterns, solar refrigerators, solar cooking and solar water pumps). Roll out the Barefoot College Solar Strategy to all districts, so that remote areas likely to be off the national grid will have access to affordable and sustainable energy. Also develop hydropower potential in the country, especially through micro and mini hydroelectricity.</p> <p data-bbox="371 1369 817 1524">Investigate the potential for modern, sustainable and efficient forms of bioenergy, including improved and sustainable wood energy production, better charcoal processing, and improved cooking stoves. Explore the potential of biofuels such as biodiesel from palm oil or ethanol for domestic consumption.</p> <p data-bbox="371 1553 817 1773">Participate in "green" regional integration programmes to improve Sierra Leone's competitiveness in intra-regional trade with the Economic Community Of West African States (ECOWAS) and Mano River Union member countries, as well as trade with countries outside the sub-region (West African Power Pool, West African Fisheries Project, etc.). Establish training related to "green investments", such as renewable energy, eco-tourism, sustainable land and water management.</p>	<p data-bbox="873 929 1031 1087">The total cost of implementing the international competitiveness pillar of the Agenda is US\$ 1.6 billion.</p> <p data-bbox="873 1116 1031 1222">The current funding gap is US\$ 563 million or 36% of the total pillar cost.</p> 	<ul data-bbox="1093 929 1284 1669" style="list-style-type: none"> • Reducing losses and increasing efficiency are core elements of green growth. These investments will provide a framework for Sierra Leone to develop economically in a way that provides a safe, healthy, attractive environment, both for its citizens and for additional investors, thereby generating a "virtuous cycle" of good quality growth. • Setting up an attractive enabling and regulatory environment will scale up private investment in green businesses such as renewable energy and eco-tourism. • With improved access to reliable and diversified electricity sources, the economy will grow faster.

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