Country Focus Report 2023

SIERRA LEONE

Mobilizing Private Sector Financing for Climate and Green Growth

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

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AfDB	African Development Bank
AEO	African Economic Outlook
BoP	Balance of Payments
BSL	Bank of Sierra Leone
CBD	Convention on Biological Diversity
CFR	Country Focus Report
CRFA	Country Resilience and Fragility Analysis
DFIs	Development Financing Institutions
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EPASL	Environment Protection Agency, Sierra Leone
FDI	Foreign Direct Investment
GBF	Global Biodiversity Framework
GDP	Gross Domestic Product
GGI	Green Growth Index
IMF	International Monetary Fund
IUU	Illegal, Unreported and Unregulated
LCP	Local Content Policy
MDAs	Ministries, Departments and Agencies
MDBs	Multilateral Development Banks
MTNDP	Medium Term National Development Plan
NCFF	National Climate Financing Facility
NDC	Nationally Determined Contribution
NEP	National Ecotourism Policy
NPAA	National Protected Area Authority
NPLs	Non-Performing Loans
PPPs	Public-Private Partnerships
REDD	Reducing Emissions from Deforestation and forest Degradation
RMCs	Regional Member Countries
SEEA	System of Environmental Economic Accounting
SLCFF	Sierra Leone Climate Finance Fund
SLL	Sierra Leone Leone
US$	United States Dollars

SIERRA LEONE

KEY MESSAGES

Macroeconomic Performance and Outlook

Sierra Leone's economy remains resilient amid multiple shocks with average growth projected to reach 3.9 percent in 2023–2024, marginally lower than 4.1 percent in 2021. Economic growth slowed to 2.8 percent in 2022 due primarily to the impacts of Russia's invasion of Ukraine as well as tightening global financial conditions and the growing impacts of climate change.

The Bank of Sierra Leone (BSL) tightened its monetary policy stance since end of 2021 to combat rising inflation, increasing the policy interest rate from 14 percent in 2020 to 18.75 percent in March 2023. Inflation remains elevated but is projected to ease with average rate of 23.9 percent in 2023-2024. Inflation accelerated to 26.9 percent in 2022 from 11.9 percent in 2021 mainly due to sharp increases in global food and fuel prices following Russia's invasion of Ukraine, as well as rapid depreciation of the Sierra Leone Leone (SLL) and pass-through effects on domestic prices.

The fiscal deficit was estimated to decline to 4.8 percent of Gross Domestic Product (GDP) in 2022 from 7.4 percent of GDP in 2021 and is projected to narrow further to 2.7 percent of GDP on average in 2023-2024 driven by the government's fiscal consolidation measures, in particular higher tax revenue and expenditure rationalization, as well as positive economic growth despite the lingering impacts of multiple external shocks. Domestic revenue mobilization remains the top priority of the government in the medium-term. The government's primary objective is to increase domestic revenue to 20 percent of GDP by 2027.

Public debt in Sierra Leone is projected to remain high, increasing the vulnerabilities. The public debt is projected to decline to 90.2 percent and 85.4 percent of GDP in 2023 and 2024, respectively, from 92.9 percent of GDP in 2022. It is, however, projected to remain above the sustainable threshold of 70 percent of GDP in nominal terms by 2026. This could exacerbate Sierra Leone's already high risk of debt distress. The increase in public debt was driven by large fiscal deficit, exchange rate depreciation and higher interest payments.

Outlook in the external sector also remains positive with current account deficit projected to narrow on average to 7.7 percent of GDP in 2023-2024 due primarily to improvements in trade deficit and increases in official and private grants. The current account deficit was estimated to decrease to 10.3 percent of GDP in 2022 from 15 percent in 2021 attributable to higher exports and improved capital flows. Despite a higher current account deficit in 2021, the overall Balance of Payments (BoP) recorded a significant surplus estimated at US$ 149.0 million (3.6 percent of GDP) driven by improved performance in the financial and capital accounts, reflecting higher Foreign Direct Investment (FDI) inflows, other investments and project support grants.

Private Sector Financing for Climate Change and Green Growth

Between 2019 and 2020, Sierra Leone mobilized US$ 235 million per year in climate finance, or approximately 67.7 percent of its needs as assessed by the African Development Bank (AfDB); 89 percent of these resources come from public sources and 11 percent from private sources. The gap, estimated at an average of US$ 80-112 million per year, could be bridged through greater private sector mobilization. Assuming public contributions remain stable over the next few years, the current private sector contribution must be increased by at least 13 times to cover the country's entire needs.

With the integration of numerous innovative financing tools including green bonds, carbon markets, debt-for-nature swaps and blended financing, current developments in the financial markets represent clear opportunities for Sierra Leone to improve the mobilization of the financing needed to implement actions for green, sustainable and inclusive growth.

To encourage greater mobilization of resources from the private sector at national, regional and international level, Sierra Leone must build the technical capacity of its experts in the technical/financial structuring of climate projects, on the one hand, and improve the business environment by establishing/strengthening an incentive-based regulatory, institutional and governance framework, on the other hand. Multilateral banks and development finance institutions can support Sierra Leone in this regard.

Sierra Leone has the potential to achieve green growth targets. However, despite the strong political commitment toward green growth, there still exists gaps in coordination across different levels of governance undermining an integrated approach to mobilize and use private sector climate finance. The government needs to ensure strong coordination across different levels of governance to effectively implement the green growth frameworks.

However, significant barriers remain that prevent the mobilization of more private sector finance to meet Sierra Leone's green growth and climate action objectives. These include, among others, high levels of public debt, particularly external debt driven by large fiscal deficit, exchange rate depreciation and high interest payments, as well as low levels of skills and capacities in public institutions, gaps in coordination amongst sectors and government ministries and the absence of regulations and institutions to govern the marketing of innovative climate financing products.

Despite these barriers, many investment opportunities in climate action and green growth exist in various sectors in Sierra Leone to mobilize private finance. These include green energy, climate smart infrastructure, transport, agriculture, water and wastewater and other resource management. These present sizable opportunities for private sector investment in the country.

Natural Capital for Climate Finance and Green Growth

Sierra Leone is endowed with vast natural resources such as minerals, cropland and pasturelands, fishery, forests, protected areas, biodiversity and so on but these remain largely unexploited. While the bulk of Sierra Leone's natural capital is renewable natural capital, the value of Sierra Leone's extractive sector almost doubled over the last quarter century and significantly contributes to public finance.

Sierra Leone's measured natural capital was estimated to be US$ 28.9 billion in 2018, with its renewable and mineral resources estimated at US$ 27.3 billion and US$ 1.6 billion, respectively. Sierra Leone earned US$ 67.8 million in revenue from the extractive sector in 2019, while total natural resource rents declined from 10.5 percent in 2010 to 7.8 percent of GDP in 2020. This implies that Sierra Leone has not been able to maximize benefits from its vast mineral wealth and renewable resources to support its economic development.

Sierra Leone has opportunities to tap into climate resources and carbon markets by utilizing international multilateral agreements, such as the Paris Agreement and the Convention on Biological Diversity (CBD). The country has already declared its readiness to implement the post-2020 Global Biodiversity Framework (GBF) targets to scale up ecosystem restoration, reduce the extinction risk of species and protect 30 percent of land, freshwater and marine areas by 2030.

Sierra Leone needs to do more to tackle illegal, unreported and unregulated (IUU) fishing to contain biological overfishing and improve resource governance. It should also ensure fisheries are exploited sustainably allowing the local communities and the government to receive a fair share of the economic benefits generated by fishing activities.

Effective implementation of the National Ecotourism Policy (NEP) in parentship with the Environment Protection Agency, Sierra Leone (EPASL) and the National Protected Area Authority (NPAA) will enhance the economic contribution of the tourism sector.

To capture more value and maximize benefits from natural resources, Sierra Leone should also effectively implement its Local Content Policy (LCP) to ensure sufficient linkage between the local economy and foreign enterprises. The government also needs to ensure that the benefits that Sierra Leone seeks to obtain from FDIs including improved technology and managerial skills are integrated into the domestic market and distribution networks.

1 INTRODUCTION

This CFR for Sierra Leone reviews the role of the private sector in the financing of climate change and green growth. It further explores the scope for harnessing natural capital to finance adaptation and mitigation to climate change and to promote green growth. It aims to replicate at the country level the analyses carried out at the continental level in the AfDB's main African Economic Outlook (AEO) and West Africa Economic Outlook reports.

This CFR is structured as follows. Section 2 discusses Sierra Leone's recent macroeconomic performance and outlook. Section 3 discusses the private sector financing for climate and green growth in Sierra Leone. Section 4 discusses the role of natural capital in climate finance and green growth in Sierra Leone. Section 5 offers conclusions and draws some policy recommendations for the government, the donor community, the domestic and international private sector and developed country governments.

2 SIERRA LEONE'S ECONOMIC PERFORMANCE AND OUTLOOK

2.1 Recent Macroeconomic and Financial Developments

Economic Growth: Sierra Leone's economy is a factor-driven economy heavily dependent on natural resource endowment with very little value addition, diversification or structural transformation. The economy grew on average by 2.7 percent between 2018 and 2022, lower than the West Africa average regional growth rate of 2.9 percent, but higher than the continental average growth rate of 2.6 percent. Growth slowed to 2.8 percent in 2022 from 4.1 percent in 2021. This was due primarily to the impacts of Russia's invasion of Ukraine which resulted in high production costs including fuel, energy, and freight charges, especially in the mining and quarrying and manufacturing subsectors, as well as depreciating local currency. Growth in the primary and secondary sectors was estimated at 2.9 percent and 3.7 percent, respectively, in 2022 compared to 2.5 percent and 3.7 percent, respectively, in 2021. On the supply side, growth is driven by the agriculture sector which accounted for 54 percent of GDP growth between 2018 and 2022 followed by services and industry which accounted for 37 percent and 10 percent, respectively. On the demand side, growth was driven mainly by higher exports from mining (iron ore) and agribusiness sectors. Growth was also supported by the government's decision to relax the COVID-19 restrictions towards the end of 2021 following the end of the third wave of infections. With the current level of low growth rates, Sierra Leone is unlikely to achieve a transition to middle-income status by 2039. The countries classified as low-income countries (LICs) in 2001 that have converged to middle-income status experienced an average growth of 5.5 percent a year during 2001-2018.[1] In general, a structural transformation has been slow while manufacturing, a key driver, remains a "missing link" in Sierra Leone's structural transformation, as labor migrates from low-productivity agricultural activities in rural areas directly to low-productivity services (informal jobs in the urban areas) without a transformative industrial sector. In Sierra Leone, manufacturing value added accounted for a mere 2 percent of GDP in 2021, far below 10 percent in neighboring Guinea and a sub-Saharan average of 11 percent in the same period. The lack of industrialization and structural transformation perpetuated high levels of poverty and unemployment.

Monetary policy and inflation: Inflation accelerated to 26.9 percent in 2022 from 11.9 percent in 2021 due mainly to sharp increases in global food and fuel prices following Russia's invasion of Ukraine, as well as the depreciation of the SLL and pass-through effects on the domestic prices (see Table 1). The main upward drivers of inflation are food with an inflation rate of 46.7 percent, transport (44.9 percent) and housing and utilities (30.9 percent) in December 2022. Since the end of 2021, the BSL has tightened its monetary policy stance to combat rising inflation, increasing the policy interest rate from 14 percent in 2020 to 18.75 percent in March 2023 (raising the rate by a cumulative of 475 basis points in just over a year) (see Box 1). However, fiscal financing needs, underdeveloped financial markets and frequent supply shocks undermine the effectiveness of monetary policy in Sierra Leone. Russia's invasion of Ukraine and related sanctions have contributed to exchange rate depreciation (by worsening terms of trade) and rising inflation. The SLL depreciated by 8.7 percent in 2020-2021 and 24.3 percent in 2021-2022 mainly due to an increase in trade deficits and a decline in international reserves precipitated by Russia's invasion of Ukraine which worsened terms of trade. The BSL is likely to maintain a tight monetary policy stance and keep policy interest rates higher for longer than previously expected to address sticky inflation. While continuing to maintain a flexible exchange rate regime, the BSL will continue to direct its exchange rate policy towards stabilizing the value of the SLL, including intervening in the foreign exchange market to smoothe exchange rate volatility. This would entail providing incentives to export-oriented and import-substituting businesses to generate foreign exchange and stabilize the exchange rate as well as lift the ban on mining exploration to attract foreign direct investment inflows and generate foreign exchange, among others.

Fiscal account balance: The fiscal deficit was estimated to narrow to 4.8 percent of GDP in 2022 from 7.4 percent of GDP in 2021. The fiscal deficit widened in 2021 due to higher recurrent and capital expenditure despite strong performance in revenue collection (15.6 percent of GDP). The estimated narrowing in fiscal deficit in 2022 was driven by higher grants despite the decline in domestic revenue to an estimated 13.9 percent of GDP. Nevertheless, fiscal deficit in Sierra Leone remains higher than the Economic Community of West African States' macroeconomic convergence target of 3 percent of GDP. In the first half of 2022, only two countries, Benin and Cote D'Ivoire, met this criterion. The key objective of fiscal policy in Sierra Leone is to pursue sustainable fiscal consolidation through higher domestic revenue collection and prudent expenditure management. Enhancing domestic resource mobilization remains the most pressing policy challenge facing Sierra Leone. The government is developing a Medium-Term Revenue Strategy with support from the development partners that will set the pace for policy, legislative and administrative actions to enhance domestic revenue mobilization in the medium-term and put the country's budget on a sustainable path. The objective is to increase domestic revenue to 20 percent of GDP by 2027. The Finance Act 2023 adopted by Parliament in April 2023 introduced new taxes including Minimum Alternate Tax at 3 percent of turnover/sales for all companies and a new tourism levy of 2 percent on accommodation food and drinks, among others. If signed into law by the President, these new taxes may likely squeeze businesses and households that are already under strain due to rising inflation at 43 percent in April 2023. Sierra Leone has benefited from the International Monetary Fund's (IMF) Extended Credit Facility since November 2018. The government has requested the program be extended to November 2023 which would allow releasing an additional US$ 21 million in financing to the country.

Public Debt: Public debt is estimated to reach 92.9 percent of GDP in 2022 from 79.8 percent in 2021 with external and domestic debt accounting for 68 percent and 24.8 percent of GDP, respectively, in 2022. The increase in public debt was driven by a large fiscal deficit, exchange rate depreciation and higher interest payments. According to the IMF 2022 Debt Sustainability Analysis, Sierra Leone remains at a high overall risk of public debt distress mainly because of sustained breaches in debt service-to-revenue and debt service-to-export ratios. However, public debt is sustainable provided the government implements fiscal adjustment and continues to rely on concessional financing and grants. To ensure debt sustainability, the government is committed to: limiting domestic borrowing within a sustainable fiscal anchor; continuing to seek grant financing or borrow concessional loans to finance investments in key sectors of the economy, especially infrastructure; continuing to introduce local medium to long-term bonds for the financing of infrastructure projects; continuing to explore non-debt-creating financing models such as Public-Private Partnerships supported by thorough analyses of the potential fiscal risks; implementing the updated Arrears Clearance Strategy; annually updating and implementing the Medium-Term Debt Strategy to guide public debt management; and continuing to strengthen debt management and improving debt reporting and transparency through the regular publication of publicly guaranteed debt.[2]

External sector: The current account deficit was estimated to decrease to 10.3 percent of GDP in 2022 from 15 percent in 2021 attributable to higher exports and an increase in official and private grants. Despite a higher current account deficit in 2021, the overall BoP recorded a significant surplus estimated at US$ 149.0 million (3.6 percent of GDP) which was higher than US$ 4.5 million (0.1 percent of GDP) in 2020. The improvement in the BoP position in 2021 was largely due to improved performance in the financial and capital accounts, reflecting higher FDI inflows, other investments and project support grants. The current account deficit was driven by trade deficit which reached 17 percent of GDP in 2021 due to an increase in import bills relative to subdued export performance. Sierra Leone is highly dependent on the international prices of its major commodity exports, particularly iron ore, for revenue and foreign exchange. The country needs to diversify its economy and export base as well as economic competitiveness to withstand recurring external shocks. Gross foreign reserves decreased to US$ 599.5 million in September 2022 (3.3 months of import cover) from US$ 932 million in December 2021 due to measures implemented to support the private sector in the importation of food and fuel products to ensure an uninterrupted supply of these commodities in the market. The sharp decline in reserves in turn exerted pressure on the currency leading to accelerated depreciation of the SLL which exchanged for SLL 20.5 per US$ in March 2023 compared to SLL 11.74 per US$ in March 2022.

Financial Sector: The financial sector in Sierra Leone is small, shallow and underdeveloped but generally sound. The banking sector consists of 14 commercial banks, ten of which are foreign owned but two state-owned commercial banks continue to play a key role, holding about 30 percent of total bank assets. There are 17 community banks, 59 financial services associations, 18 micro-finance institutions (three deposit-taking) and 4 mobile money operators. The banking sector accounts for 99 percent of financial sector assets and the sector is well-capitalized, liquid, and profitable, with assets concentrated in liquid high-yielding public debt. The Capital Adequacy Ratio stood at 41 percent in 2021, far above the 15 percent regulatory requirement. Most of the key financial soundness indicators were above their minimum thresholds except for the Non-Performing Loans (NPLs). The ratio of NPLs to gross loans decreased to 14.3 percent in Q2 2022 from 14.8 percent in 2021 but remained above the 10 percent prudential limit. In 2021, the high NPLs were driven by five banks which failed to meet the statutory minimum requirement as at the end of the year. To address this, in its 2021 Financial Sector Stability Review, the government plans to focus on bank supervision, systemic risk, financial stability and macroprudential policy frameworks, as well as the oversight of financial market infrastructure. Moreover, the spread between banks' lending and deposit rates remained very high. The high NPL and the wide interest rate spread may constrain financial intermediation and constrain private sector development in Sierra Leone. Private sector credit remains low (18 percent of total bank assets at the end of 2021) due to limited bankable projects as lending remains concen-

Table 1.1 - Macroeconomic Indicators

	2018	2019	2020	2021	2022€	2023(p)	2024(p)
Real GDP Growth	3.5	5.3	-2.0	4.1	2.8	3.1	4.8
Real GDP Growth per capita	1.1	2.9	-4.3	1.8	0.6	1.0	2.7
Inflation	16.0	14.8	13.5	11.9	26.9	27.1	20.8
Overall Fiscal Balance, Including Grants (% GDP)	-6.2	-3.2	-5.5	-7.4	-4.8	-3.2	-2.3
Current Account (% GDP)	-20.3	-18.7	-8.7	-15.0	-10.3	-8.0	-7.4

Source: Data from Domestic authorities; estimates (e) and prediction (p) based on the AfDB's calculations. AfDB Statistics Department, April 2023.

Poverty and Social Indicators: Sierra Leone is characterized by high levels of poverty, income inequality and high youth unemployment due to slow growth, low savings and investment, and heavy dependence on natural resources with little value addition, diversification and structural transformation. The poverty headcount ratio stood at 56.8 percent in 2018 compared to 62.4 percent in 2011.[3] In terms of the multidimensional poverty rate, 4.8 million people (59.2 percent) were multidimensionally poor in 2020. Poverty has been exacerbated by the rising cost of living due to rapidly increasing inflation and depreciating local currency triggered by Russia's invasion of Ukraine. Poverty remains very high and is exacerbated by growing structural inequalities, including high youth unemployment at 74.8 percent of the under-35 population. Food insecurity has intensified due to the increase in food prices. Poverty remains disproportionately rural with 73.9 percent of the poor living in rural areas, more than double the rate of 34.8 percent in urban areas while about 70 percent of youth are underemployed[4] or unemployed, amongst the highest in the West African sub-region, compounded by skills mismatch.

Box 1. Impact of Russia's invasion of Ukraine on Sierra Leone

Sierra Leone was significantly impacted by Russia's invasion of Ukraine. The rapid increases in global food and fuel prices due to the disruptions in the global supply chains following the war and the pass-through effects on domestic prices caused consumer inflation to more than double to 26.9 percent in 2022 from 11.9 percent in 2021. The rising inflationary pressure in turn contributed to rapid exchange rate depreciation and vice versa. GDP growth declined to 2.8 percent in 2022 from 4.1 percent in 2021 due to high production costs including fuel, energy and freight charges in the key sectors of the economy on the supply side, and depressed household consumption and investment on the demand side. The rising food prices worsened poverty and the already fragile food security in Sierra Leone. On the fiscal policy side, disruption in trade due to the uncertainty created by Russia's invasion of Ukraine led to a shortfall in tax revenue while fuel subsidies continue to exert pressure on the government budget. Total fuel subsidies amounted to SLL 596.0 million as of May 2022. On the monetary policy front, the BSL has pursued tight monetary policy since the end of 2021, raising the policy rate by 475 basis points to 18.75 by March 2023. The government has also taken further policy measures to address the impact of the war including BSL's (i) Food Facility of US$ 50.0 million to support the importation of rice, flour and sugar, and (ii) a US$ 36.0 million Reserve Fuel Facility for the importation of fuel. From January to October 2022, the BSL provided US$ 115.0 million to oil marketing companies through commercial banks for the importation of fuel. The government has also secured US$ 1.8 million from the AfDB under the African Emergency Food Production Facility to support farmers with agricultural inputs, to increase local food production, boost food security and address domestic supply side drivers of price increases.

2.2 Outlook and Risks

Economic Growth: The GDP growth outlook is positive. Real GDP growth is projected to improve to 3.1 percent in 2023 and 4.8 percent in 2024. On the supply side, the recovery is projected to be driven by the mining sector (iron ore in particular) and the continued recovery of agriculture, manufacturing, construction and tourism sectors and the expected improvement in business environment. On the demand side, growth will be driven by improvements in global commodity prices and FDI inflows. However, current projections indicate that growth will not return to the pre-pandemic levels until 2025 as multiple external shocks, including Russia's invasion of Ukraine and monetary policy tightening in advanced economies, will continue to weigh on the domestic economy. The government acknowledges that creating the enabling environment to maximize private sector participation in economic activities is vital for spurring economic growth, creating job opportunities and building economic resilience. In this regard, the government will continue to pursue reforms that will create an enabling environment for business and invest in critical infrastructure. Nevertheless, the private sector is voicing concerns that the Finance Act 2023, which proposes new taxes on businesses, may not encourage private sector investment.

Monetary Policy and Inflation: Inflation is projected to increase to 27.1 percent in 2023 but decline to 20.8 percent in 2024 as the disruptions in the global supply chain caused by Russia's invasion of Ukraine and the lingering impacts of the COVID-19 pandemic subside. Headline inflation continues to be driven by both food inflation and non-food inflation. Factors that will continue to drive inflation include depreciation of the currency, the protracted effects of Russia's invasion of Ukraine, tight global liquidity conditions, domestic supply side constraints and high commodity prices.[5] Authorities will maintain a tight monetary policy stance to tame inflationary pressure and contain currency depreciation despite weaknesses in growth prospects. As inflation continues to rise in 2023, Sierra Leone will have little monetary policy space to sustain economic recovery. Although inflation is projected to ease in 2024 it will remain at nearly double the rate in 2021.

Fiscal Account Balance: The fiscal deficit is projected to narrow to 3.2 percent and 2.3 percent of GDP in 2023 and 2024, respectively, driven by the government's fiscal consolidation measures, in particular higher tax revenue and expenditure rationalization, as well as positive economic growth despite the lingering impacts of multiple external shocks. Nevertheless, expenditure is expected to increase in 2023 due partly to activities related to the national elections in June. The public debt is projected to decrease in the medium term and is projected to decline to 90.2 percent and 85.4 percent of GDP in 2023 and 2024, respectively. It is, however, projected to remain above the sustainable threshold of 70 percent of GDP in nominal terms by 2026. This could exacerbate Sierra Leone's already high risk of debt distress. The government aims to limit domestic borrowing within a sustainable fiscal anchor and continue to seek grant financing or borrow on concessional terms to finance investments in key sectors of the economy, particularly, infrastructure to ensure debt sustainability.

Current projections indicate that economic growth will not return to the pre-pandemic levels until 2025 as multiple external shocks, including Russias invasion of Ukraine and monetary policy tightening in advanced economies, will continue to weigh on the domestic economy.

Current Account Balance: Current account deficit is projected to narrow to 8 percent and 7.4 percent of GDP in 2023 and 2024, respectively, as the trade deficit improves and official and private grants increase. In particular, the relative decline in imports and increases in exports of iron ore, rutile and cocoa is expected to improve the trade balance. The current account deficit will be financed by increased inflows of FDI and official and private grants. However, capital inflows could be adversely impacted by policy shifts in source countries. In the short-term, policy options to address this include diversifying import sources and embarking on export promotion and export diversification. In the medium-to-longer term, Sierra Leone could pursue structural reforms aimed at diversifying the export base by adding more value and adding to the beneficiation of its mineral resources.[6]

Risks to Growth Outlook: Downside risks to the outlook include the likelihood of a global economic recession, a tight global liquidity situation and the continuation of Russia's invasion of Ukraine. Other risks include sustained increase in food and fuel prices and implications on domestic inflation, as well as fiscal and external balances, a decrease in international financial assistances and a re-emergence of the COVID-19 pandemic and other public health emergencies. Risk mitigation measures could include accelerating domestic resources mobilization, reprioritizing spending to create fiscal space and accelerating reforms to improve economic diversification and transformation to withstand recurring external shocks.

3 PRIVATE SECTOR FINANCING FOR CLIMATE CHANGE AND GREEN GROWTH IN SIERRA LEONE

3.1 The Imperative for Green Growth and the Role of Private Sector Financing

Green growth and climate action are critical for the realization of Sierra Leone's national development vision of becoming a middle-income country by 2039 through sustainable and inclusive growth.

Sierra Leone is highly vulnerable to climate change. The country is ranked as the third most vulnerable nation to the adverse effects of climate-change. Its geographical location, land composition and other environmental factors (rivers, monsoon climate) make it highly vulnerable to disasters. Economic hardship drives the less privileged to live in high-risk areas, making them particularly vulnerable. Interrelated issues such as climate change, poverty and unplanned urbanization have been driving food insecurity (CRFA, 2022). The country contributed only 0.11 tons of carbon dioxide equivalent per capita in 2020. However, it is disproportionately affected by extreme climate change risks such as floods and drought which not only undermine development efforts but also significantly impact the economy pushing people into extreme poverty. Sierra Leone is still battling with social inequalities. For example, in 2020, 42 percent and 75 percent of the population did not have access to improved water supply and sanitation, respectively. Although, the World Health Organization is supporting the establishment of the Sierra Leone Social Health Insurance Scheme, access to health insurance is minimal making health services unaffordable to many.

Sustainable and inclusive growth is a priority for Sierra Leone, which is a low-income country. For example, the Medium-Term National Development Plan (MTNDP) 2019-2023 highlights that inclusive growth and poverty reduction are at the centre of the national development plan with human capital development as the top priority, to be followed by (i) diversifying the economy, (ii) infrastructure investment and fostering economic competitiveness, and (iii) governance and accountability, as the four core priorities. However, climate change is having adverse impacts on Sierra Leone's economic development and poses a fundamental threat to the realization of the MTNDP 2019-2023. Economic growth has generally been driven by export-led capital-intensive mining over the last decade. Sustainable growth will require de-concentration of productivity growth in capital-intensive industries such as mining, with its limited capacity to generate jobs, and will emphasize raising productivity in sectors where most of the labour force is found such as agriculture.[7] The government notes that to achieve sustainable growth and economic development objectives, it needs to address the drivers and effects of climate change, ensure sustainable use of environmental resources, and address the lingering social inequalities.

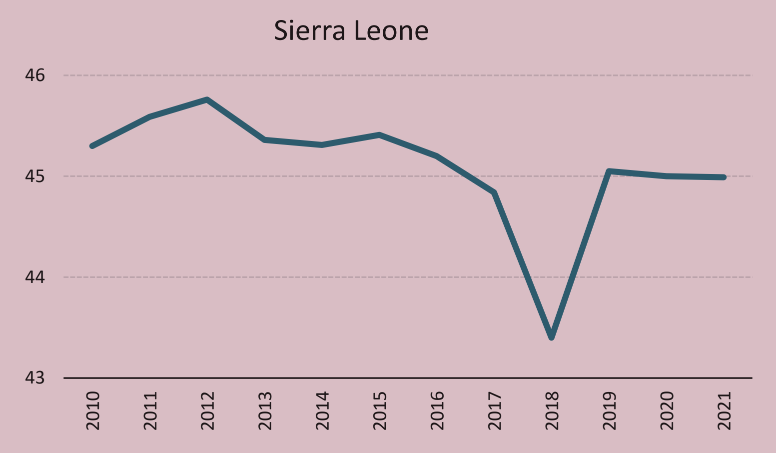
Sierra Leone has demonstrated a strong political commitment to green growth and made considerable progress in outlining its green growth and climate action priorities in development plans.

Sierra Leone mainstreamed climate change into a national development agenda. The MTNDP 2019-2023 stresses the need for aligning environmental, climate and economic development plans to stage proactive efforts to mitigate the causes of global warming. Sierra Leone's updated Nationally Determined Contribution (NDC) 2021 underscores that climate change mitigation is particularly crucial for the country in terms of adaptation, as well as mitigation measures. Sierra Leone has also adopted a National Climate Change Policy and National Climate Change Strategy and Action Plan driven by the need to urgently address the adverse impacts of climate change on the country's economy and society as well as its physical environment. This is the basis for green growth in Sierra Leone. For instance, although Sierra Leone has committed to a reduction in CO2 emission levels by 10 percent by 2030, a comprehensive approach to addressing climate change also involves investments in climate change adaptation, addressing losses and damages from climate change, investments in natural resource management and in reducing social inequalities.

While Sierra Leone's overall green growth index (GGI) has declined marginally in the past 11 years, the mean GGI increased, indicating that the country is making progress to meet its green growth objectives.

Sierra Leone's GGI decreased marginally from 45.3 in 2010 to 44.9 in 2021 (see Figure 2.1a). This was due mainly to weak performance in green economic opportunities. Nevertheless, the mean GGI has been stable increasing from 47.6 in 2010 to 48.6 in 2021 indicating that the country is on track to achieve its green growth targets despite the challenges.

Figure 2.1a. **Green Growth Index (GGI) in Sierra Leone 2010-2021**



Source: AfDB Statistics Department.

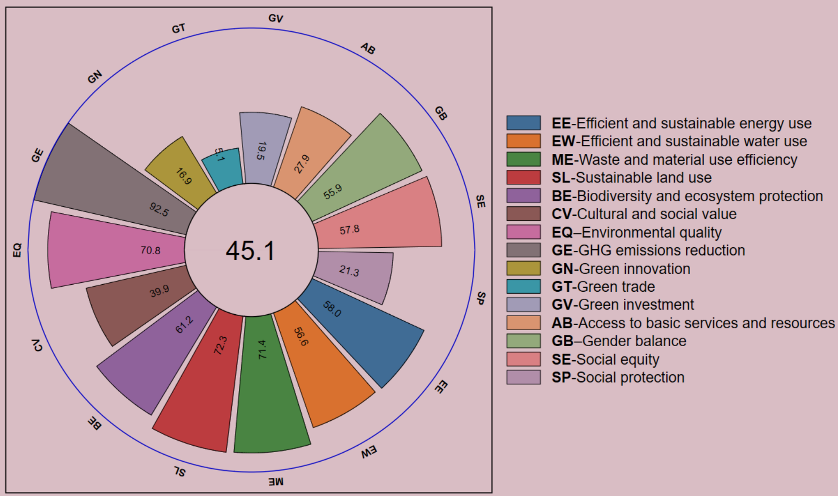
Sierra Leone's average GGI is higher than the average for North Africa region but lower than the average GGIs for West Africa, Southern Africa, Eastern Africa, and Central Africa regions (Figure 2.1b). Sierra Leone needs to mobilize more climate finance resources to achieve its green growth and climate action targets and foster sustainable and inclusive economic development.

Figure 2.1b. **Sierra Leone's GGI in comparison with other African countries, 2010-2021**

Source: AfDB Statistics Department.

In terms of the components of GGI, Sierra Leone underperformed in (i) GT-Green trade; (ii) GN-Green innovation; and (iii) GV-Green investment (figure 2.1c).

Figure 2.1c. **Components of GGI for Sierra Leone, 2010-2021**



Source: AfDB Statistics Department.

For Sierra Leone to achieve its green growth and climate action ambitions, more private sector finance will need to be mobilized.

Significant investment is required to meet green growth and climate change adaptation and mitigation targets in Sierra Leone. For example, the assessment shows that upfront private investment opportunities to adapt to droughts are 1.7 percent of the GDP in Sierra Leone.

Sierra Leone's policies and strategies on green growth and climate change recognize the important role the private sector plays in mobilizing the resources that are needed to meet the country's policy objectives. For instance, NDC 2021, notes that steps for improving access to public and private financing sources will be a high priority. For instance, a National Climate Financing Facility (NCFF) will be formed to set out an NDC Investment Plan, including a strategy for meeting the financing needs of the NDC. The NCFF, housed within the National Climate Change Secretariat at the EPASL will build specific institutional capacities to address relevant technical barriers to resource mobilization and create an enabling environment for private sector engagement.

3.2 Private Sector Finance Flows, Gaps and Needs for Green Growth and Climate Action in Sierra Leone

3.2.1 Current flows of finance

The largest proportion of climate finance flows in Sierra Leone is public finance, with private finance accounting for only 11 percent of total climate finance flows.

Over the 2020/2021 period, total climate finance in Sierra Leone amounted to US$ 235 million. The public finance allocated through the Government of Sierra Leone totalled US$ 209 million of which US$ 144 million was specified by fund sources. Of the latter amount, 68 percent came from multilateral Development Financing Institutions (DFI) and multilateral climate funds and 32 percent came directly from domestic public finance sources. The private sector contributed US$ 26 million in climate finance accounting for 11 percent of the total climate finance in the same period.

Most private sector finance flows in Sierra Leone are directed towards the energy sector with limited investments towards other sectors that are important for effective climate action and green growth.

About 35 percent of climate finance in Sierra Leone was directed to investments in energy systems - renewable energy and energy efficiency. Cross sectoral and other climate mitigation and adaptation activities were allocated the second largest share (24 percent) of the total climate finance. The third and fourth largest shares of climate finance went to agriculture, forestry, other land uses and fisheries (20 percent), and transport (11 percent). Of the total climate finance 49 percent went to adaptation activities while 41 percent went to mitigation

Sierra Leones policies and strategies on green growth and climate change recognize the important role the private sector plays in mobilizing the resources that are needed to meet the countrys policy objectives.

activities. About 9 percent of the funds were allocated for multiple climate change objectives.

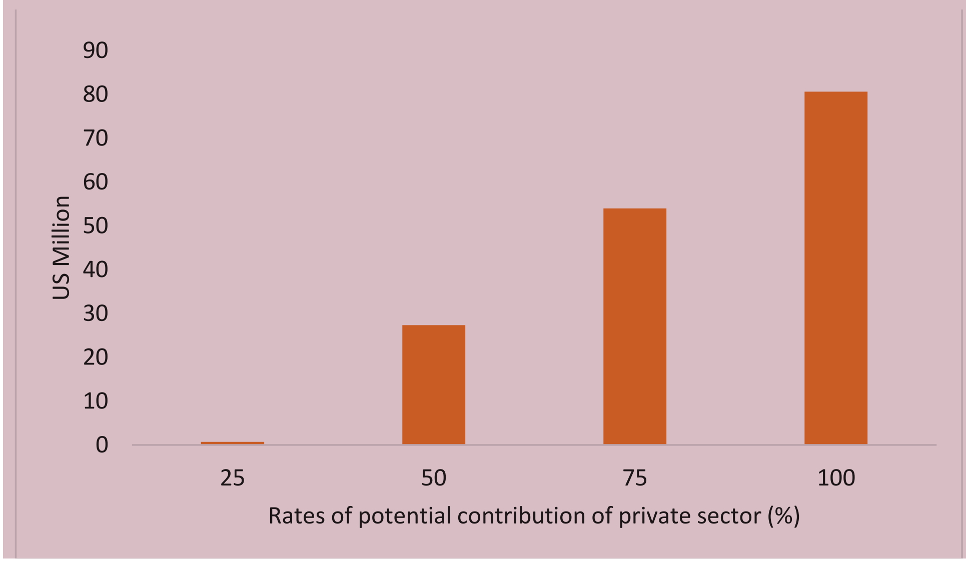
3.2.2 Private Sector Finance Needs For The Future

Sierra Leone will need about US$ 347 million (US$ 276 million equivalent to 8.3 percent of GDP or 54 percent of fiscal revenue in 2021 according to government estimates) annually up to 2030 to meet its climate change and green growth objectives.

According to Sierra Leone's updated NDC, meeting adaptation and mitigation costs outlined in this policy will require US$ 2.76 billion between 2020 and 2030, which translates to US$ 276 million annually over this period. The AfDB estimates the amount at a total of US$ 347 million (an annual average of US$ 315 million). The estimated costs for mitigation and adaptation are US$ 1.38 billion (US$ 1.7 billion, government estimate) and US$ 1.38 billion (US$ 1.1 billion, government estimate) respectively and other loss and damages account for the balance. In the NDC, the government committed to allocating 10 percent of annual national budgets to climate change adaptation across sectors. That would amount to approximately US$ 68 million per annum. This implies that US$ 208 million would need to be provided by international public and private sources per annum until 2030.

Given recent trends in global private climate finance flows to Sierra Leone, the private sector is likely to contribute 25-75 percent of the climate financing needs of the country. For a 25 percent contribution to climate financing needs, which represent a conservative scenario, the private sector will have to contribute only marginally. However, for a 50 percent contribution to the climate financing needs by the private sector, which is a moderate scenario, the private sector financing gap will increase to nearly US$ 30 million (0.78 percent of GDP) slightly above the current contribution of the private sector for climate finance of about US$ 26 million. A 75 percent contribution of the private sector to climate financing gap, which is an ambitious scenario, implies a private sector financing gap of US$ 54 million (1.5 percent of GDP) on average annually until 2030 (figure 2.2).

Figure 2.2. Sierra Leone breakdown of annual private climate finance gap for selected rates of potential contribution of the private sector to the residual climate finance needs



Source: AfDB Statistics Department.3.2.3 Emerging innovative private sector financing mechanisms for green growth and climate action

Potential exists for new and innovative instruments for mobilizing private sector finance towards green growth and climate action in Sierras Leone but their use remains limited.

The Sierra Leone NDC encourages the use of innovative vehicles to meet financing needs. Innovative financial instruments for better climate resilience and a just energy transition include green finance, carbon market, debt-climate swaps, climate-related debt, using natural capital accounting to accelerate climate financing, national funds and the participation of the private sector. Sierra Leone is currently relying on national funding, private sector participation and green finance. The potential exists for carbon market, debt-for-climate swaps and using the natural capital accounting system to accelerate finance for climate. Carbon finance investment firms have shown interest in purchasing carbon credits in Sierra Leone, largely through afforestation programs. However, given the volatility in the global carbon market (price per ton of CO2 equivalent can range from less than US$ 10 to US$ 100), Sierra Leone needs more robust climate financing facilities underpinned by government-to-government collaboration in the carbon market. As a country with a high risk of debt distress with public debt-to-GDP ratio above 70 percent, Sierra Leone could consider debt-for-climate swaps as an innovative solution to manage mounting public debt and climate change challenges and to raise resources for the underfunded adaptation action. Sierra Leone is rich in mineral resources. Management of mineral and energy resources for sustainable development has been a priority in the World Bank's operations in Sierra Leone, offering an opportunity to tap into a natural capital accounting instrument to finance climate change mitigation and adaptation actions (Sierra Leone CFR 2022). The government is strengthening the legislative framework around forest protection and related environmental issues to leverage climate finance from forests, including carbon credits, reducing emissions from deforestation and forest degradation (REDD+) payments, as well as grants for forest conservation or reforestation.

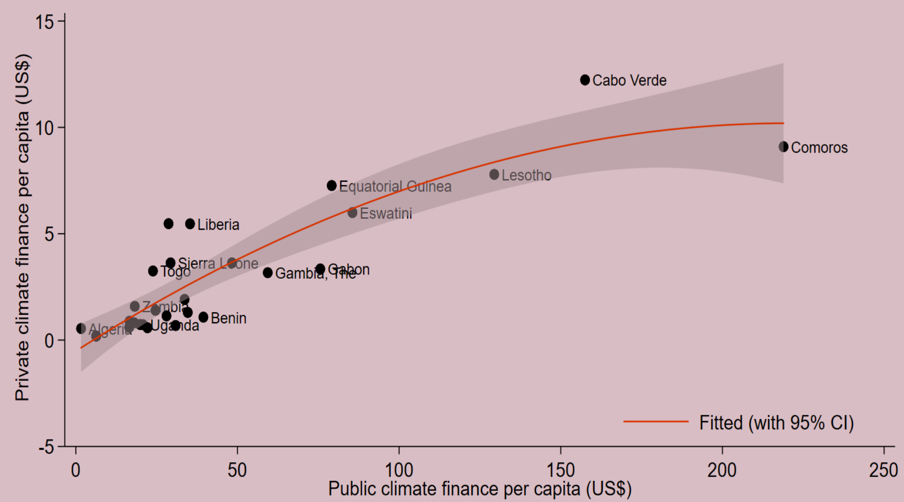
3.3 Opportunities and barriers for mobilizing private sector finance for green growth and climate action

3.3.1 Opportunities for private sector investments

Sierra Leone mobilizes relatively similar amount of private climate finance compared to its peers.

AEO 2023 report finds that African countries which mobilized higher public climate finance (per capita) are also most likely to attract private climate investments. This suggests that both sources of climate finance are complementary and mutually reinforcing in Africa (Figure 2.3). With public climate finance per capita of US$ 29.3, Sierra Leone was able to mobilize private climate finance per capita amounting US$ 3.6. This implies that about US$ 230 million in public climate finance crowds in about US$ 29 million in private climate finance in Sierra Leone.

Figure 2.3. Complementarity between public and private climate finance in Africa



Source: AfDB Statistics Department.

Opportunities for private sector investments in green growth and climate action in Sierra Leone cut across the economy.

Sierra Leone holds various sectoral opportunities for investments in green growth in different sectors, including energy systems, agriculture, forestry and fisheries, infrastructure, health, education, transport, water and wastewater and other resource management. Sierra Leone has limited access to energy with less than 25 percent of the population connected to the national grid. This provides investment opportunities for the private sector to invest in green energy and energy efficiency. Sierra Leone is also urbanizing at a faster rate. This provides opportunities for the private sector to invest in greener alternatives for urban mobility such as mass transit systems, green urban housing, waste management and fuel-efficient or electric vehicles.

Sierra Leone's intended transition to middle-income economy by 2039 means that there will be increased demand for products including energy for lighting, cooking and other productive uses. This will provide further opportunities for private sector investments to provide alternative sources of energy derived from renewable energy thereby contributing to Sierra Leone's green growth objective.

3.3.2 Barriers to Private Sector Investments

(a) High fiscal deficits and interest costs leading to accumulation of unsustainable debt

Sierra Leone is at high risk of external and overall public debt distress due to a large fiscal deficit, exchange rate depreciation and higher interest payments.

The COVID-19 pandemic, and the effects of Russia's invasion of Ukraine have worsened Sierra Leone's debt burden by weakening growth, revenue, and exports. For instance, the external public debt was estimated to account for 68 percent of GDP in 2022 thus exposing Sierra Leone to high risk of external debt and overall public debt distress in 2022.

External debt accumulation is driven by large fiscal deficit, exchange rate depreciation and higher interest payments. The fiscal deficit was driven by expenditure pressures which included containing a third wave of COVID-19, wages and salaries, goods and services due to inflationary pressures, accelerated domestic capital projects following COVID delays and more than anticipated energy subsidies. Total interest payment comprised 3.4 percent of GDP in 2022. The sharp decline in reserves triggered by external shocks exerted pressure on the currency leading to accelerated depreciation of the SLL in 2022. Heavy reliance on short-term domestic financing (T-Bills) creates potential rollover risks, as reflected in persistently elevated debt service ratios and gross financing needs over the medium and long-term.[8] High-interest repayment burden reduces the volume of public finance available for financing green growth and climate action in line with Sierra Leone's commitments in its updated NDC.

(b) Low levels of skills and capacity within the country to meet green growth and climate action needs

Transitions to green growth and the implementation of climate change adaptation and mitigation require green skills and capacities within key sectors. Capacity building and technology transfer are, therefore, vital conditions for the successful implementation of the NDC. In Sierra Leone, capacity building and technology transfer are considered in the context of the shortfalls in past initiatives on capacity building under different bilateral and multilateral agencies which can be largely attributed to their short-term, ad-hoc, supply-driven and project-based nature. Overall, despite the progress made with capacity building related to climate action at the national level over the years, there are institutional, technical and financial capacity gaps and needs with respect to the implementation of adaptation and mitigation actions. Capacity gaps that have persisted include challenges to data generation, collection, and analysis; governance and coordination; capacity gaps in project design for climate change mitigation; development of endogenous capacity; access to climate finance; monitoring and reporting; and gender-responsiveness.[9] Therefore, Sierra Leone needs to focus on further deepening and expanding its green skills and capacities across sectors, while at the same time promoting innovation in other sectors to attract private sector investors.

(c) Risk perception by international private sector

Sierra Leone needs to implement reforms to improve the business environment and attractiveness of the country to foreign investment.

Sierra Leone needs to address the challenges the private sector faces in doing business in the country such as registering property, getting electricity, trading across borders and access to credit, among others, to mitigate the perceived risk by the foreign investors. The government needs also to strengthen collaboration and engagement with various stakeholders. In the latest NDC, the Government of Sierra Leone recognizes the need for regulatory reforms and stakeholder engagement and active participation by all key institutions, including Ministries, Departments and Agencies (MDAs), international and domestic private agencies, international donor organisations, and civil society to mobilize climate finance. The government also emphasizes maintaining political will at all levels and coordinating planning and decision-making processes both within and outside government. Since the domestic private sector is underdeveloped, the government will need to facilitate direct engagement between domestic and international private sector actors, Multilateral Development Banks (MDBs) and DFIs to fully leverage the potential such partnerships can offer and improve the risk perception.

(d) Gaps in coordination amongst sectors and government ministries

Sierra Leone has a strong national green growth and climate change policy framework. However, there are still gaps in coordination across different levels of governance undermining an integrated approach to the mobilization and use of private sector climate finance.

The National Climate Change Council which is meant to improve institutional and functional capacities for environmental governance is still at an early stage of its formation. Mechanisms for multilevel climate governance and coordination are still being strengthened. NDC implementation will be overseen by the Ministry of the Environment with technical support provided by the EPASL and the Sierra Leone Meteorological Agency supported by different MDAs. In the revised NDC, the government aims to foster shared action and ensure inclusive stakeholder engagement across diverse actors national, sub-national, municipal, public, private, civil society and community. However, these institutional mechanisms are at early stage of being strengthened.[10]

Moreover, although there are institutions that have been set up to mobilize private sector finance for green growth and climate action at the national level, these have not yet been fully operationalized. The Sierra Leone Climate Finance Fund (SLCFF) is still under formation to mobilize and track the flow of climate finances. Its governance structure is meant to include selected MDAs, private agencies, international donor organisations and civil society. Non-operationalization of the SLCFF means that Sierra Leone is not fully benefiting from coordinated efforts to raise funds, participate in global innovative finance markets and to allocate the finance for effective climate change actions at national, sub-national, and municipal levels.

Other barriers to Sierra Leone's participation in global innovative climate finance markets include a lack of technical capacity to develop specific innovative financing products, lack of capacity to measure the value of the country's natural capital through System of Environmental Economic Accounting (SEEA), the absence of regulations and institutions to govern the marketing of these financing products and weak monitoring and verification mechanisms.

3.3.3 Pathways to mobilizing private sector finance for green growth and climate action in Sierra Leone

There are several pathways that Sierra Leone can use to unlock private sector finance for green growth and climate action. These are discussed below.

(a) Scaling up the use of blended finance instruments for financing green growth

Sierra Leone could use public/donor finance instruments to de-risk and scale up private climate investments

The use of blended finance can be a useful approach for reducing the risks for private sector investment and ensuring that these achieve the desired outcomes, particularly in Sierra Leone which is constrained with limited fiscal space. Blended financing instruments typically combine concessional public finance resources with other forms of private sector finance.[11]

The level of risk that is encountered by private sector investors will determine the extent to which public finance is used to de-risk investments. However, the blended finance instruments have allowed public actors such as MDBs and DFIs to leverage more financing from the private sector by taking some of the political, governance and economic risks associated with climate action projects.[12] Since Sierra Leone has already committed via NDC to allocate 10 percent of annual national budgets to climate change adaptation and 80 percent of the climate finance consists of public finance, there is an opportunity to direct part of this finance towards blended finance instruments to mobilize private sector finance towards key sectors for green growth.

Blended finance can also be used to increase private sector participation in infrastructure for green growth. However, this requires a strong national legal and regulatory framework that defines the relationship between governments and private sector investors making investments in these projects. For instance, Sierra Leone has developed a national PPP legal and regulatory framework and has identified large-scale infrastructure PPP projects and socially oriented PPP opportunities in energy, transport, water, health and sanitation, urban housing and tourism, some of which are directly related to climate change and green growth objectives. According to the AEO 2023 statistics, Sierra Leone had a total of five PPP projects focused on climate change.

(b) Skills and capacity to effectively engage the key private sector to mobilize climate finance

Sierra Leone needs to integrate the development of green skills and capacities into existing institutions.

To effectively implement climate change adaptation and mitigation actions, Sierra Leone needs to build capacity at individual and technical as well as institutional levels. The workforce must be equipped with the skills required to mobilize private sector climate finance globally and locally. In its Education Sector Plan 2022-2026, the Government of Sierra Leone committed to integrating climate and environment education into the school curriculum. It plans to develop and print a climate change education manual and train teachers and other educators on climate change. In addition to this, Sierra Leone needs to utilise other institutions such as the Sierra Leone Directorate of Science, Technology and Innovation, to help mainstream green growth and climate change-related innovation into the education system.

(c) Implementation of fiscal incentives to attract private sector investments particularly towards other sectors that generate soft infrastructure outcomes

Policies on appropriate fiscal incentives have already been developed at the national level in Sierra Leone but more comprehensive fiscal incentives need to be in place for mobilization of private sector finance.

Fiscal incentives have already been used in Sierra Leone, to direct investments to key sectors, particularly the energy sector. Government incentives in the energy sector include income tax exemptions, import duty exemptions and goods and services tax exemptions. Sierra Leone provides fiscal incentives for solar and other renewable energy-related products which involves an import duty exemption for persons and institutions importing these items. However, the application of these fiscal incentives is limited to largely the energy sector. To meet the national green growth objectives comprehensive incentives that apply to other sectors in the economy are required without jeopardising the government's fiscal positions. This also calls for effective coordination across different levels of governance to foster an integrated approach to the mobilization and use of private sector climate finance.

(d) The role of MDBs and DFIs

Sierra Leone needs more concessional financing from MDBs and DFIs

Both official development assistance and official aid to Sierra Leone are relatively small. In 2021, Sierra Leone received net official development assistance and official aid amounting to US$ 696.7 million which accounted for a meager 1.1 percent of the same financial flows received by Sub–Saharan Africa. Of this, at least US$ 98 million (14 percent) was for climate finance, meaning that these institutions have a critical role in mobilizing and delivering private sector climate finance to Sierra Leone. Sierra Leone needs concessional financing from MDBs, DFIs and governments of advanced economies to ensure debt sustainability.

MDBs and DFIs can play a greater role in private sector finance mobilization for Sierra Leone through increasing their risk appetite for investments and providing more concessional funding. By facilitating access to capital, assisting in developing national development strategies targeting low-carbon and green growth transitions and working with national banking and financial sectors to leverage private investments, MDBs and DFIs can contribute to the energy transition efforts in Sierra Leone. In addition, in line with their mandate, and leveraging their comparative advantages and convening power, they can also assist Sierra Leone in understanding and integrating climate risks in its investment decisions and in ensuring that appropriate adaptation and mitigation measures are undertaken. Their expertise on climate change issues is often used by Sierra Leone to mainstream climate resilience into development with the aim of reducing the vulnerability of investments to climate shocks and searching for innovative climate finance instruments.[13]

4 NATURAL CAPITAL FOR CLIMATE FINANCE AND GREEN GROWTH

4.1 The Evolution of Natural Capital in Sierra Leone

Natural capital is tracked in three groups: (a) renewable capital consisting of land, cropland, forest timber, forest non-timber, mangroves, fisheries, protected areas and pastureland; (b) non-renewable assets separated into oil, natural gas, coal, metals and minerals, and (c) non-measured forms of natural wealth such as renewable energy potential from solar, wind and hydro-resources, landscapes and marine assets which are reviewed qualitatively.[14] The data for (a) and (b) is from the World Bank, covering the period 1995-2018. [15] The findings for Sierra Leone are summarized in Table 2.

Sierra Leone is rich in both renewable and non-renewable natural resources. It is endowed with vast minerals which include diamonds, rutile, bauxite, gold, iron ore, limonite, platinum, chromite, coltan, tantalite, columbite and zircon, as well as promising petroleum potential. Sierra Leone has significant renewable resources such as fisheries, forestry, agricultural and pasture lands, mangroves and protected areas, among others.

According to World Bank data, Sierra Leone's natural capital increased by 79 percent to US$ 28.9 billion in 2018 from US$ 16.9 billion in 1995 at constant 2018 US$ compared to African average of 31.9 percent in the same period. The bulk of Sierra Leone's natural capital is renewable natural capital which increased in value to US$ 27.3 billion in 2018 compared to US$ 16.1 billion in 1995, a real growth of 69 percent over the past quarter century. The growth in the value of renewable natural capital was driven by increases in the value of agricultural land (94 percent) of which cropland (88 percent), pastureland (196 percent), protected areas (446 percent) and non-timber forests (30 percent) over the same period. Although Sierra Leone's crop land increased significantly in the period under consideration, of the estimated 5.4 million hectares of fertile arable land, 75 percent remains uncultivated which explains why about 80 percent of foodstuff consumed in the country is imported.[16] Sierra Leone's terrestrial protected areas increased significantly to about 12.7 percent of total land area in 2021 as the country embarked on measures to protect forests, wildlife and the environment.

The other category of renewable natural capital the potential of which is not fully harnessed is forests. Sierra Leone can increase the efficiency of sequestering carbon in terrestrial ecosystems, particularly forests. The NDC is committed to enhancing the management of land use and forests, as well as other land use changes to enhance carbon sequestration and to add value for the protection and conservation of carbon sinks particularly through the conservation of biodiversity.

As highlighted in the AEO2023 report, the categories of natural capital evaluated do not cover all sources of such capital on the continent. As in other African countries, Sierra Leone has unmeasured and largely untapped natural wealth such as hydropower, sunshine, wind, geothermal energy, bioenergy, wave, tidal resources and biodiversity, and the ecosystem services they provide. The contributions of these categories of natural wealth could be measured and be included in the value of natural capital. In this regard, the country needs to partner with the UN to benefit from the SEEA and be able to measure the value of its unmeasured natural wealth. Natural capital such as landscape, flora and fauna also form a foundation for tourism. Landscape and tourism are natural capital not fully measured and valued as part of Sierra Leone's natural wealth. Sierra Leone has rich ecosystems and biodiversity harboring some of the world's most unique flora and fauna (including numerous endemic species) and a coastline of more than 400 kilometers with excellent beaches, exotic islands, and opportunities for water sports making it an optimal location for ecotourism. The potential for ecotourism in Sierra Leone is significant but is currently unrealized with tourism contributing only 0.3 percent to GDP in 2021.[17] Due to the COVID-19 pandemic-induced travel restrictions, tourism in Sierra Leone fell sharply in 2020 and declined further by 38 percent in 2021 compared to 2019. Despite this, in 2021, 41000 people (approximately 1.5 percent of the labor force) were employed in the tourism industry in Sierra Leone.[18] The contribution of natural capital in generating these tourism benefits is significant and could be estimated.

Another important component of natural capital in Sierra Leone is its marine wealth which has only been partly covered in the wealth accounts available so far. Total fisheries production in Sierra Leone was reported at 200,715 metric tons in 2020. The fisheries sector alone

Table 2 - Evolution of natural capital in Sierra Leone: 1995-2018

Sierra Leone	Total US$ 2018 million			Per capita US$ 2018		
	1995	**2018**	**% Increase**	**1995**	**2018**	**% Increase**
Renewable natural resources	16,138	27,348	69%	3750	3575	-5%
Forests, timber	5,171	8,594	66%	1201	1123	-6%
Forests, non-timber	2,879	3,749	30%	667	490	-26%
Mangroves	43	53	23%	10	7	-31%
Fisheries	670	347	-48%	156	45	-71%
Protected areas	73	399	446%	17	52	206%
Cropland	6,864	12,911	88%	1595	1687	6%
Pastureland	436	1,294	196%	101.3	169.2	67%
Sub-soil assets	**825***	**1,588**	**92%**	**191**	**207**	**8%**
Oil	0	0	n.a	0	0	n.a
Natural gas	0	0	n.a	0	0	n.a
Coal	0	0	n.a	0	0	n.a
Metals and Minerals	825*	1,588	92%	191	207	8%
Total	16,963	28,936	70%	3941	3782	-4%

*Source: World Bank, 2021; * value for 1996.*

contributes about 12 percent of the country's GDP and provides an estimated 80 percent of animal protein intake for Sierra Leoneans with annual per capita consumption of fish at 26.6 kg, compared to an African average of 10 kg, and one of the highest on the continent. The sector is important for nutrition and food security, especially in a country that ranks very low globally in poverty and nutrition indicators particularly among women and young children. However, Sierra Leone's fish stock is decreasing. The estimated value of fish stock decreased from US$ 670 million in 1995 to US$ 347 million in 2018, implying a depletion rate of 48 percent. During this period, Sierra Leone lost over US$ 323 million worth of its fisheries capital. This is attributable to low capture of fish stocks due to biological overfishing as well as overcapacity, IUU fishing activities, poor resource governance, insufficient knowledge and misperception of biophysical dynamics, and climate conditions such as sea level rise, salinity and coastal upwellings - see African Economic Outlook 2023 (AfDB, 2023). Sierra Leone made some progress in terms of curtailing IUU fishing practices. The country's IUU index score improved by 0.48 from 3.01 in 2019 to 2.53 in 2021. Sierra Leone was the fourth best performer in Africa after Mozambique, Sudan, and Cameroon in containing IUU fishing practices in its coastal areas.

4.2 Opportunities for Enhancing the Contribution of Natural Capital in Sierra Leone

Sierra Leone's predominant type of natural capital is renewables, primarily land, cropland, forests, pastureland and protected areas. Renewable natural capital accounted for about 94.5 percent of the country's total natural capital in 2018 while non-renewable capital accounted for 4.5 percent of total natural capital in 2018, implying that renewable resources present greater opportunities for economic growth and transformation than the nonrenewable resources. In this regard, the role of the agricultural sector cannot be overemphasized. Sierra Leone has significant renewable resources such as fisheries and other marine resources, forestry, agricultural and pasture lands, mangroves, and vast protected areas. It is also endowed with vast minerals which include diamonds, rutile, bauxite, gold, iron ore, limonite, platinum, chromite, coltan, tantalite, columbite and zircon, as well as promising petroleum potential. Despite this abundance, Sierra Leone's natural capital is not efficiently harnessed for sustainable economic development. This section discusses the potential for boosting the value of natural capital and harnessing it for sustainable development in Sierra Leone.

4.2.1 Non-Renewable Resources

Sierra Leone's extractive sector significantly contributes to public finance. Total government revenues generated from the extractive industries in Sierra Leone in 2019 amounted to US$ 67.8 million (including social and environmental expenditure). Sierra Leone's value of non-renewable capital consisting only of minerals in 2018 was estimated at US$ 1.6 billion at constant 2018 US$, increasing by 92 percent over the past quarter century.

Sierra Leone receives meager rents from its natural resources. Total natural resources rents decreased from 10.5 percent in 2010 to 7.8 percent of GDP in 2020 implying that Sierra Leone has not been able to maximize benefits from its vast mineral wealth and renewable resources. For natural resource wealth to derive economic development, Sierra Leone must ensure receiving a fair share of resource rents and effectively managing these revenues. Moreover, tax policies should be designed to internalize environmental opportunity costs associated with the exploitation of non-renewable resources. However, obtaining a fair share of rent from non-renewable resources does not guarantee economic development if the revenues are not spent on productive activities. In this regard, there are issues of corruption and weak institutions in mineral-rich countries in Africa including Sierra Leone because of which such countries have been found to experience low growth rates and high poverty rates.[19] Therefore, ensuring a fair share of rents for the state must be accompanied by transparency, efficiency and good governance in managing these rents. Sierra Leone's partnership with Extractive Industries Transparency Initiative (EITI) has been a positive experience in ensuring transparency in extractive revenue management.

Aside from improving transparency and accountability in the resource rents, Sierra Leone, should align its industrial policies with current trends and opportunities in the energy transition. Sierra Leone has significant green mineral resources needed for energy transition, such as iron ore and rare earth elements. The country should direct its approach to their exploration towards minerals-based industrialization to maximize their contribution to sustainable growth. This way, local content and other industrial linkages can be improved for job creation among other benefits.

4.2.2 Renewable Resources

Renewable resources are critical for sustainable development in Sierra Leone. There are several ways in which these resources can be exploited sustainably to foster economic development and reduce poverty in the country.

Regarding cropland and pastureland, Sierra Leone experienced significant expansion over the last quarter century although three-quarters of the arable land remains uncultivated. The country also faces significant land degradation due to increased rates of soil erosion, occurrences of landslides, subsistence agriculture, forest exploitation, unplanned urban development, wildfires and small and large-scale mining activities. The country aims to implement sustainable land management for improved livelihoods. Given the environmental risks associated with farming land expansion, policy makers should focus on investing in new technology to increase the productivity of the agriculture sector per hectare and add value to agri-food system.

Sierra Leone witnessed a diminishing forest cover by over 33,000 hectares over the last quarter of a century. Forests are threatened by charcoal production and fuel wood collection for the energy needs of both rural and urban populations, encroachment, logging and slash-and-burn agriculture which ultimately result in land degradation. Unsustainable farming practices and illegal mining activities have intensified pressures on land and forest. The activities of mining result in land degradation through loss of vegetation cover, soil erosion and contamination of water sources.[20] Sierra Leone has developed regulations to protect forests and is implementing reforestation programs. At COP26, the Government of Sierra Leone committed to planting 25 million trees by 2030 over 960,000 hectares. A pilot project has been launched to use drone-based remote sensing and data management technologies to verify and monitor reforestation programs.

Sierra Leone is strengthening the legislative framework around forest protection and related environmental issues to leverage climate finance from forests, including carbon credits, REDD+ payments and grants for forest conservation or reforestation as well as raising the price received for carbon sequestered through accessing international agreements on carbon. However, like other African countries, Sierra Leone lacks human resources and the capacity for climate negotiations. The AEO2023 report noted an important channel for doing this is the creation of a single market for the trade of emissions credits (under Article 6 of the Paris International Agreement). Sierra Leone also has the potential to reduce carbon emissions to the atmosphere through biological and geological carbon sequestration. This will stabilize carbon in solid and dissolved forms so that it doesn't cause the atmosphere to warm. The government's reforestation program will increase the sequestration of carbon in forests.

Sierra Leone is committed to Convention on Biological Diversity (CBD) and adopted an

> For natural resource wealth to derive economic development, Sierra Leone must ensure receiving a fair share of resource rents and ensure transparency and accountability in the management of these revenues.

updated National Biodiversity Strategy and Action Plan (NBSAP) 2017-2026. The country is ready to implement the Post-2020 Global Biodiversity Framework (GBF) targets to scale up ecosystem restoration, reduce the extinction risk of species and protect 30 percent of land, freshwater and marine areas by 2030 and benefit from GBF's pledged increase in international financial resources to developing countries and economies in transition by 2025 and 2030. Sierra Leone could also benefit from voluntary carbon markets including AfDB's Adaptation Benefits Mechanism. While carbon trade under the Paris Agreement's Article 6 is linked to countries' NDC compliance, other actors (especially large corporations) are also making pledges to compensate for their CO2 emissions. To service this demand, many project developers have emerged that offer a range of greenhouse gas emission offsets. Many of these are nature-based solutions related to forestry and land use, agriculture and soil sequestration and blue carbon.[21] The country could also benefit from the Africa Carbon Markets Initiative launched at COP27 to foster the growth of African voluntary carbon markets.

Regarding other forms of natural capital such as fisheries, Sierra Leone needs to do more to tackle IUU fishing in order to curtail biological overfishing and improve resource governance, build capacity and knowledge to address misperceptions of biophysical dynamics, and create awareness about climate conditions such as the rise in sea levels, salinity and coastal upwellings. Sierra Leone needs to ensure its dwindling fishing wealth is restored and exploited sustainably in a manner that allows the local communities and the government receive a fair share of the economic benefits generated by fishing activities'

Sierra Leone's tourism potential remains largely untapped. If properly utilized, it could yield considerable economic and social benefits for local communities while safeguarding natural resources. One of the objectives of Sierra Leone's MTNDP 2019-2023 is to revitalize the tourism sector. To exploit landscapes more effectively for tourism, Sierra Leone developed an ecotourism policy in 2017. The NEP aims to attract 20,000 international and 30,000 domestic ecotourism visits to sites by 2025. The policy has placed significant emphasis on the protection of the environment, in collaboration with the EPASL and the NPAA. Sierra Leone has over 31 protected areas which offer investors an untapped potential in ecotourism. These protected areas are host to pygmy hippos, chimpanzees and multiple species of birds.

Furthermore, to capture more value and maximize benefits from natural resources, Sierra Leone adopted a Local Content Policy (LCP) in 2012 and established Sierra Leone Local Content Agency in 2016. The rationale for the policy is to ensure that there is sufficient linkage between the local economy and foreign enterprises. By setting specific performance requirements, the government aims to ensure that the benefits that Sierra Leone seeks to obtain from FDIs including improved technology and managerial skills are integrated into the domestic market and distribution networks. The LCP has also set a policy framework for the consistent implementation of sectoral-based local content policies for key sectors of the economy including mining, tourism and agriculture as well as oil and gas explorations. The policy aims to develop the human and institutional capacity of Sierra Leoneans through training and transfer of knowledge and technology from foreign firms to Sierra Leoneans; it also seeks to promote employment of Sierra Leonean citizens through participation in the private sector.[22]

5 CONCLUSION AND POLICY RECOMMENDATIONS

5.1 Conclusion

Public sector finance alone is not sufficient to achieve Sierra Leone's green growth agenda. To meet the estimated climate finance need in Sierra Leone, the private sector will need to play a major role. The country should leverage the opportunities for private sector investments in adaptation and mitigation of climate change while reducing the barriers to private sector investments. Sierra Leone's policies and strategies on green growth and climate change recognize the importance of the private sector in mobilizing the resources that are needed to meet the country's policy objectives including utilizing innovative private sector financing mechanisms.

Natural capital also plays a major role in climate finance. Both renewable and non-renewable resources play a major role in the Sierra Leonian economy. The analysis of the natural resources has been based on data collected by the World Bank for major categories of assets but the coverage of forms of natural capital is not complete. Work is needed on estimating the value of renewable energy sources such as sunshine, wind and hydro as well as that of landscapes and biodiversity.

Natural capital in Sierra Leone has not grown over the last quarter century to keep pace with population and so the per capita level of such wealth has declined. If this is to be reversed in the coming years, action will have to be taken to prevent loss of forest ecosystems and marine biodiversity as well as to harness the returns from these systems in a sustainable manner. More can also be done to exploit clean energy resources.

Sierra Leone also needs to manage its vast non-renewable resources sustainably, particularly its minerals, and ensure not only that it receives a fair share of mineral rents but also improves its governance. Sierra Leone is leveraging its membership to EITI to strengthen the transparency and governance of its extractive sector.

For cropland and pastureland, more output can be obtained by increasing productivity per hectare by investing in new inputs and adding value to food production. Sierra Leone is already attracting FDI in the agriculture and agribusiness sector to this effect. For forests, Sierra Leone is already involved in a large-scale reforestation program to reduce loss or damage to the forests. Sierra Leone also has the potential to reduce carbon emissions into the atmosphere through biological and geological carbon sequestration. In addition, Sierra Leone could also benefit from voluntary carbon markets. For fisheries, Sierra Leone needs to do more to stop IUU fishing and prevent overexploitation of fish stocks while generating fair revenues for local communities and the government. For tourism, the country needs to effectively implement its NEP to maximize the economic benefit from the sector.

The following section presents a set of recommendations for different sets of stakeholders with indications of whether these should be implemented in the short-term [S], medium-term [M] or long-term [L].

5.2 Policy recommendations to improve macroeconomic performance and outlook

A mix of short-term and medium to long term policies is needed to accelerate and sustain economic growth in Sierra Leone:

-[S] Effectively coordinate the implementation of monetary and fiscal policies to address structural imbalances causing sticky inflation.

-[S] Mitigate volatilities in capital inflows due to policy shifts in source countries, diversify import sources and embark on export promotion and export diversification.

-[S, M] The government needs to continue to implement fiscal adjustment and rely on concessional financing and grants to ensure debt sustainability.

-[M, L] Implement structural reforms to accelerate economic diversification, productivity, value addition and competitiveness to foster inclusive growth, poverty reduction and build resilience to external shocks.

-[M, L] Sierra Leone needs to scale up domestic revenue mobilization to restore fiscal sustainability and finance inclusive growth and sustainable development.

5.3 Policy Recommendations for Private Sector Financing for Climate Change and Green Growth

5.3.1 National Government

-[S] Strengthen mechanisms for multilevel climate governance and coordination to facilitate the implementation of climate change and green growth initiatives.

-[S, M, L] Develop green skills and capacities utilising the existing institutions to realise the country's green growth and climate action objectives.

-[M, L] Implement reforms to improve business climate to mitigate risks to private sector investments and foster FDI.

-[S, M, L] Scale up the use of blended financing instruments to complement public financing and reduce the risk for private investment.

5.3.2 MDBs and DFIs

-[S] In light of Sierra Leone's debt situation which is at high risk of public debt distress, provide more concessional climate financing for green growth and climate change investments.

-[M, L] Use innovative financing instruments to de-risk private sector investments in all sectors in Sierra Leone.

5.3.3 Domestic and International Private Sector

-[M, L] Invest in green projects in the key sectors of the economy to support the country's green growth and climate change objectives.

5.3.4 Developed Country Governments

-[S, M] Provide concessional bilateral support to climate finance in order to complement government, multilateral and private sector financing.

5.4 Policy Recommendations for Increasing the Contribution of Natural Capital to Climate Finance and Green Growth

a. Sierra Leone's total natural resource rents as share of GDP have not only been low but dwindled over the past decade. The government needs to ensure it receives a fair share of resource rents and improves transparency and accountability in the management of resource rents in the extractive sector by utilising the opportunities offered by EITI.

b. Invest in new technology to increase agricultural productivity and add value to agri-food systems in the medium to long term to maximize benefits from cropland and pastureland.

c. Sierra Leone needs to strengthen the legislative framework around forest protection and related environmental issues and exploit its landscapes, flora and fauna more effectively for tourism by enhancing the implementation of its NEP.

d. Sierra Leone needs to ensure its dwindling fishing wealth is restored and exploited sustainably by tackling IUU and other practices that harm marine biodiversity, enabling the local communities and the government to receive a fair share of the economic benefits generated by fishing activities.

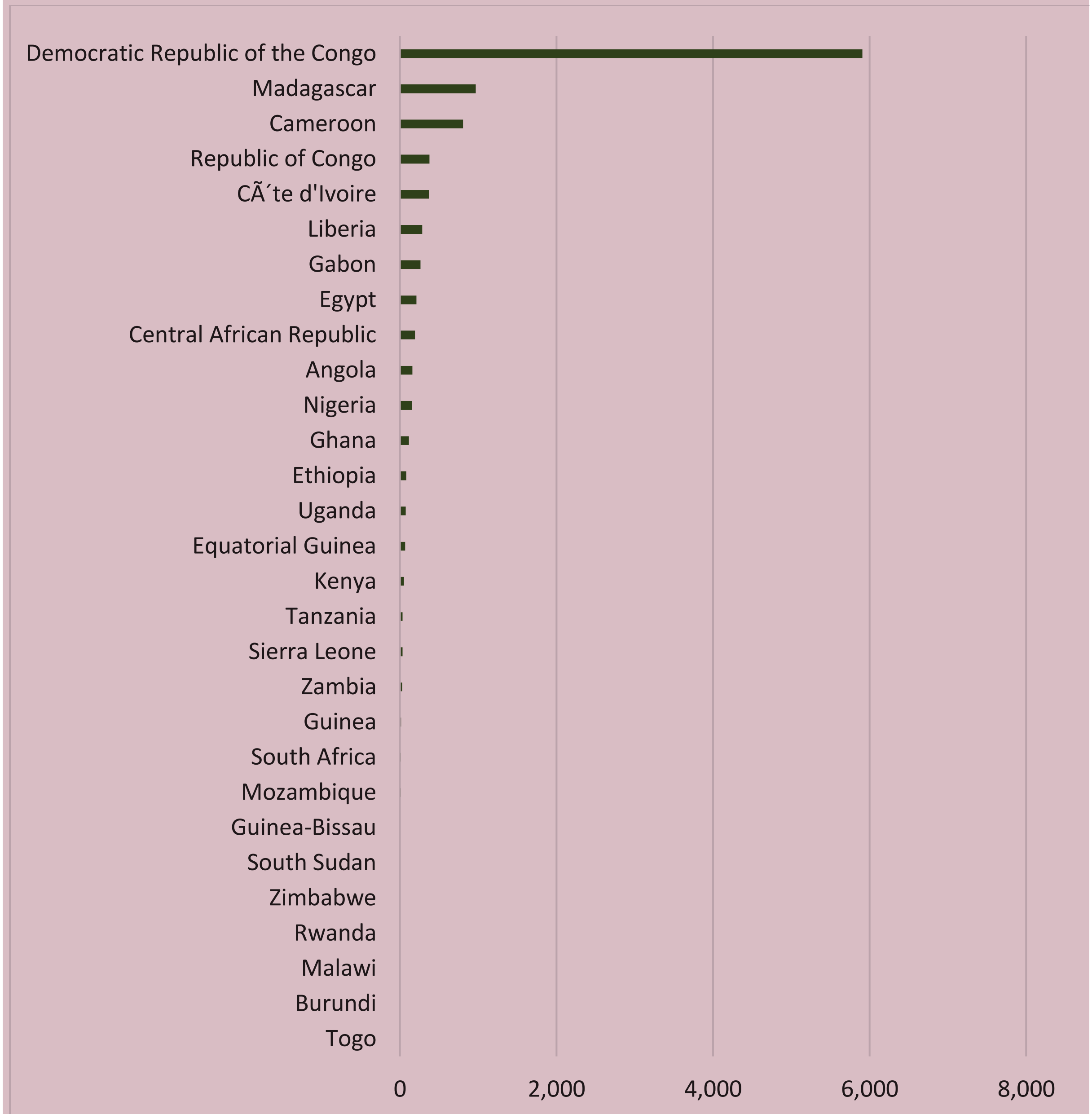
e. Explore mechanisms to enhance the value of natural capital through strategic partnerships with all stakeholders including partnering with the UN on the SEEA, as well as exploiting regional trade opportunities offered by the African Continental Free Trade Area to add value to the country's mineral wealth.

ANNEX

Annex 1. Changes in per capita value of natural capital for African countries, 1995-2018

Source: Staff computations using data from the World Bank (2021).
Note: Grey circles denote the values in 2018, arrows indicate the direction of change, red circles indicate a decline in value, and green circles indicate an increase in value.

Annex 2. Forest cover loss in Africa between 2001 and 2021, hectares



Source: Staff computations using data from the World Bank (2021).

Annex 3. Sierra Leone Selected Indicators

Indicators	Unit	2010	2015	2018	2019	2020	2021	2022 (e)	2023 (p)	2024 (p)
National Accounts										
GNI at Current Prices	Million US $	2,703	3,950	3,695	4,184	4,035	4,210	...	...	...
GNI per Capita	US$	420	540	470	520	490	500	...	...	...
GDP at Current Prices	Million US $	2,578	4,252	4,085	4,074	4,059	4,148	4,019	3,516	3,999
GDP at 2010 Constant prices	Million US $	2,578	3,168	3,618	3,808	3,733	3,886	3,993	4,118	4,316
Real GDP Growth Rate	%	5.3	-20.5	3.5	5.3	-2.0	4.1	2.8	3.1	4.8
Real per Capita GDP Growth Rate	%	2.5	-22.4	1.0	2.8	-4.2	1.8	0.5	1.0	2.6
Value Added: Mining and quarrying	Million US $	147	174	132	129	123	118	101	...	...
Value Added: Mining and quarrying	% GDP	5.7	4.1	3.3	3.2	3.0	2.9	2.3	...	...
Value Added: Fishing	Million US $	232	524	563	547	610	584	484	...	...
Value Added: Fishing	% GDP	9.0	12.3	14.0	13.4	15.0	14.2	13.5	...	...
Prices and Money										
Inflation (CPI)	%	16.8	6.7	16.0	14.8	13.5	11.9	26.1	27.1	20.8
Exchange Rate (Annual Average)	local currency/US$	3,978.1	5,075.7	7,931.9	9,016.4	9,839.9	10,694.5	14,332.3	21,548.7	23,962.3
Government Finance										
Total Revenue and Grants	% GDP	15.1	16.2	14.9	17.8	20.2	21.1	20.9	19.3	18.0
Total Expenditure and Net Lending	% GDP	19.9	21.3	21.1	21.0	25.7	28.4	25.6	22.5	20.3
Overall Deficit (-) / Surplus (+)	% GDP	-4.8	-5.1	-6.2	-3.2	-5.5	-7.3	-4.8	-3.2	-2.3
External Sector										
Terms of Trade Growth	%	-13.2	-22.1	-13.1	-10.5	29.5	-16.0	-13.9	2.0	1.0
Current Account Balance	Million US $	-507	-1,003	-829	-762	-355	-621	-414	-283	-298
Current Account Balance	% GDP	-19.7	-23.6	-20.3	-18.7	-8.7	-15.0	-10.3	-8.0	-7.4
Debt and Financial Flows										
Debt Service	% exports	3.8	7.8	9.3	10.6	15.3	9.7	11.3	12.9	12.1
External Debt	% GDP	30.4	29.1	38.9	41.4	48.3	48.3	51.0	56.8	53.0
Net Total Financial Flows	Million US $	445	873	521	733	845	702	...	...	...
Net Official Development Assistance	Million US $	458	947	508	566	841	697	...	...	...
Net Foreign Direct Investment	Million US $	238	252	218	301	135	218	...	...	...
Demography										
Total Population	Millions	6.4	7.3	7.9	8.0	8.2	8.4	8.6	8.8	9.0
Population Growth Rate	%	2.8	2.4	2.4	2.4	2.3	2.3	2.2	2.2	2.1
Urban population	% of total	39.0	40.4	41.3	41.6	41.9	42.3	42.7	43.0	43.4
Life Expectancy at Birth	Years	53.7	57.2	59.8	60.3	59.8	60.1	60.4	60.8	61.3
Fertility Rate	births per woman	5.3	4.5	4.3	4.2	4.1	4.0	3.9	3.8	3.7
Poverty and Income Distribution										
Pop. living below national poverty line	% of total population	...	...	56.8	...	...	...	...	...	...
Population living below $2.15 a day	% of total population	...	...	26.1	...	...	...	...	...	...
Gini Index	%	...	...	35.7	...	...	...	...	...	...
Labor Indicators										
Labor Force participation (total)	%	60.7	56.2	53.9	53.8	53.3	53.2	53.3	53.2	...
Labour Force participation (youth)	%	33.9	29.6	32.1	31.6	31.3	31.4	31.5	31.3	...
Unemployment rate (total)	%	4.2	4.4	3.2	3.2	3.6	3.7	3.6	3.7	3.6
Unemployment rate (youth)	%	7.6	8.1	3.6	3.6	4.4	4.2	4.2	4.2	4.1
Natural Resources rents										
Total natural resources rents	% GDP	10.5	10.6	8.0	7.5	7.8	...	...	...	...
Oil rents	% GDP	...	...	...	...	...	...	...	...	...
Natural gas rents	% GDP	...	...	...	...	...	...	...	...	...
Mineral rents	% GDP	0.8	0.8	0.9	0.0	0.0	...	...	...	...
Forest rents	% GDP	9.7	9.8	7.2	7.5	7.8	...	...	...	...
Coal rents	% GDP	...	...	...	...	...	...	...	...	...
Natural Capital Renewable Resources										
Arable land	1000 hectare	1,580.4	1,584.0	1,584.0	1,584.0	1,584.0	...	...	...	...
Agricultural land	1000 hectare	3,930.4	3,949.0	3,949.0	3,949.0	3,949.0	...	...	...	...
Other land	1000 hectare	555.5	635.5	694.7	714.4	734.1	...	...	...	...
Forest land	1000 hectare	2,732.2	2,633.5	2,574.3	2,554.6	2,534.9	...	...	...	...
Planted Forest	1000 hectare	14.6	18.0	20.0	20.6	21.3	...	...	...	...
Annual freshwater withdrawals, total	% of internal resources	0.1	0.1	0.1	0.1	...	...	...	...	...
Total Fisheries Production	metric tons	200,075.0	202,185.0	202,185.0	202,185.0	200,715.0	...	...	...	...
Climate Finance and Green Growth										
Total Climate Finance*	Million US $	...	...	...	...	235.2	...	...	...	...
Green Growth Index**	%	45.3	45.4	43.4	45.1	45.0	45.0	...	...	...

Source : AfDB Statistics Department: African; IMF: World Economic Outlook,April 2023 and International Financial Statistics, April 2023;
AfDB Statistics Department: Development Data Portal Database, April 2023. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations (p) Projections Last Update: June 2023

* Source: Climate Policy Initiative (www.climatepolicyinitiative.org)

**Source: Global Green Growth Institute (GGGI). The scores for the Green Growth Index range from 1 to 100, with 1 having the lowest or very low performance and 100 having the highest or very high performance

NOTES

[1]Steinbach 2019. World Bank

[2]Sierra Leone Ministry of Finance, Budget 2023.

[3]About 25% of Sierra Leonians lived below the poverty line in 2022 according to the new World Bank's international poverty rate (USD 2.15 in 2017 PPP).

[4]National Youth Commission Sierra Leone.

[5]Bank of Sierra Leone, Monetary Policy Statement, March 2023.

[6]See West Africa Economic Outlook (WAEO) 2022.

[7]MTNDP 2019-2023.

[8]IMF Article IV 2022.

[9]NDC2021.

[10]NDC2021.

[11]AEO 2023.

[12]AEO 2023.

[13]See AEO 2023.

[14]The World Bank data can be accessed at: Explore data (worldbank.org). The study covers 146 countries. It excludes those with no data, mainly small island states.

[15]World Bank 2021. The study covers 146 countries. It excludes those with no data, mainly small island states.

[16]US Department of Commerce, ITA, https://www.trade.gov/country-commercial-guides/sierra-leone-agriculture-sector.

[17]Statistics Sierra Leone 2022.

[18]UNWTO.

[19]AEO 2023.

[20]EPA SP 2017-2021.

[21]AEO 2023.

[22]Government of Sierra Leone. https://www.localcontent.gov.sl/local-content-policy/Sierra Leone Local Content Agency, Government of Sierra Leone.

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