

African Development Bank Group

**Statement by Franck Perrault
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**Meeting of the Consultative Group on Sierra Leone
the United Kingdom's Department for International Development
(DfID), London, 18-19 November 2009**

Mr. Chairman

Your Excellency Dr. Ernest Bai Koroma, President of the Republic of Sierra Leone,

Honorable Ministers,

Honorable delegates,

Ladies and Gentlemen,

It is a great pleasure to be representing the African Development Bank here in London at the sixth Consultative Group meeting for Sierra Leone. On behalf of the President of the African Development Bank, I would like to thank the Government of Sierra Leone, the United Kingdom's Department for International Development (DfID), the World Bank, and the United Nations for organizing this meeting which provides an opportunity for discussing progress on implementation of the Government's second Poverty Reduction Strategy as well as key priorities and challenges for reconstruction and development.

Our presence here today is a confirmation of our firm and long-term commitment to work in partnership with Sierra Leone and the International Community to meet the Development challenges facing this country, as articulated in its second-generation Poverty Reduction Strategy Paper (PRSP II) also known as the "Agenda for Change".

Following the end in 2002 of the decade-long war, Sierra Leone has made remarkable strides on the consolidation of peace and reconciliation. A peace and reconciliation process, including a special court, has largely completed the task of bringing to end the ills of the conflict period. The African Development Bank Group commends the substantial achievements in the consolidation of political rule and a democracy which is growing stronger, with well-managed, free and fair elections twice in recent years for both national and local office. It is remarkable that power passed smoothly from government to opposition in Presidential and Parliamentary elections. Sierra Leone has also made good progress, with robust economic growth averaging 10 per cent between 2002 and 2007.

Nonetheless, Sierra Leone faces several challenges over the medium term. The most critical include addressing the high youth unemployment, capacity building, improving services delivery, and consolidating the macroeconomic environment. The short-to-medium-term option in dealing with the growing youth unemployment is to accelerate large infrastructure programs, modernize agriculture, and revive mining and other private sector activities. Promoting private sector development (both indigenous and foreign) should therefore be the cornerstone of the government's growth policy. But this is possible only if lingering concerns regarding the enabling environment (governance, infrastructure, and human resource development) are addressed.

Second, the limited public sector capacity poses a significant challenge to the implementation of Sierra Leone's PRSP II. This issue stems directly from the decade-long conflict that caused tremendous damage to the country's public and private sector institutions, leading to systemic capacity constraints. The AfDB is working through the Fragile State Facility to address some of the systemic capacity challenges in Sierra Leone. Through the Pillar III (targeted support) the Bank has already made some resources available to Sierra Leone to address capacity issues.

Good governance, peace and security represent the bedrock of stable political, economic and social systems that require the commitment of all stakeholders. It is against this background that, the African Development Bank supports the Government's move in passing into law, the new Anti-Corruption Act of 2008 which now mandates public officials including the President and Ministers to declare their assets to the Anti-Corruption Commission. It is encouraging that up to 17,000 public officials including the President have declared their assets, and that a number of cases have been successfully prosecuted in courts resulting in the recovery of over one billion Leones (approximately US\$290,000) in 2009 with a similar amount recovered in 2008. More, however, needs to be done. In particular, some weaknesses in public financial management persist and need to be addressed through (i) linking more effectively the budgetary system to the PRSP II process; (ii) improving the accounting system by strengthening internal controls and the effectiveness of the internal audit system; and (iii) addressing the inadequate human resources development and shortage of qualified accountants and auditors.

Mr. Chairman
Mr. President
Excellencies,
Honorable delegates,

The continued support of Sierra Leone's development partners is clearly required to address the numerous competing priorities the country is facing. Capacity-building will continue to be a key priority in the short to medium term. In implementing PRSP II, the limited capacity in the public sector for data gathering and analysis in most line ministries is a constraint. In addition, many line ministries have to master the challenges of planning, budgeting, implementing and monitoring programs of PRSP II. We support the Government's request for additional aid, and encourage the Government to strengthen the apparatus of aid coordination in its new aid policy. We urge government to streamline the many PIUs by line ministry in order to enhance efficiency and effectiveness in aid delivery by minimizing duplication of effort.

In the context of its Joint Assistance Strategy with the World Bank which is currently being finalized to guide the engagement of the two institutions through 2012, the AfDB will focus on assisting the country transit from fragility to a nation poised for long-run growth. The strategy will be operationalized through two pillars: i) Inclusive Growth; and ii) Basic Services for All. Within this joint pillar structure, the AfDB will focus on infrastructure and governance.

The Bank Group's 2008-2010 operations in Sierra Leone are being financed largely through grants, to the tune of US\$ 114 million under the current funding cycle, the bulk of which comes from resources of the Fragile State Facility. We expect to maintain and try to increase this level of resources in the next replenishment cycle (ADF XII) covering 2011-2013. Presently, we have undisbursed grant and soft loan approvals of around US\$ 80 million as of November 2009, from current and previous funding cycles. These undisbursed funds point to the need for more effort to improve the quality of aid by insuring that timely action is taken, on both sides, to expedite the disbursement of much-needed resources.

Under the 2008-2010 ADF XI program, the Bank has provided budget support grant of US\$ 16 million to deepen the country's macroeconomic reform program.

The Bank is also supporting rehabilitating carefully selected infrastructure projects that include the Lungi-Port Loko Road Project with an FSF grant equal to \$42 million. This road when completed will improve the difficult link between Freetown and Lungi airport. The Bank also plans to provide financing to the Mototoka to Sefadu Road in 2012. Furthermore, the Bank is involved in rehabilitation of feeder roads to enhance market access, reduce the high incidence of post-harvest losses, and stimulate supply response in the agricultural sector. These interventions will, therefore, enable smallholder farmers to increase food security and household incomes and permit the agricultural sector to realize its full potential for contributing to economic growth and poverty reduction.

Two weeks ago, we all celebrated commissioning of the Bumbuna hydroelectric plant. The AfDB has been actively involved in various stages of the project. The Bank's commitment has been strong in accompanying Sierra Leone over the long years it took for this project to come to fruition. We made every possible effort to push through the completion of the project and contributed 103 million USD out of the estimated total sum of 327 million USD spent.

Water supply and sanitation could be addressed through the Bank Group's Rural Water Supply and Sanitation Initiative (RWSSI) and accordingly the AfDB will finance an Urban Water Supply and Sanitation Project next year followed by a Rural Water Supply and Sanitation Project in 2011. This will assist the Government of Sierra Leone in its efforts to improve access to safe drinking water and sanitation services for the urban and rural populations.

While the general business plan of AfDB's private sector department is not country-driven, it is aligned with the Bank's country and sector strategies and will assist the government in its drive to revitalize the private sector. The private sector arm is considering to co-finance in 2010, the Addax Bio-energy Project and provide Euro 25 Million from its private sector window for the project which will grow sugar cane and produce ethanol and electricity as a by-product. Our private-sector regional operations currently include equity funds in the areas of ICT infrastructure and financial services. Moreover, the AfDB private-sector arm and the IFC are discussing joint activities in the context of the Conflict Affected States in Africa (CASA) Initiative that includes Sierra Leone.

Finally, Sierra Leone is benefiting and will continue to benefit from multinational resources in the context of our Regional Integration Strategy Paper (RISP) for ECOWAS and MRU countries

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I am confident that if we all work hard together in the coming months to implement the measures that we have been discussing here, we will be able to contribute to the more effective use of donor and government resources in Sierra Leone.

Thank you for your kind attention.