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Statement of the European Commission

Consultative Group for Sierra Leone

London, 19 November 2009

Your Excellency the President Honourable **Ernest Bai Koroma**, Honourable Ministers, Co-Chairs, Development Partners both multilateral and bilateral, Ladies and Gentlemen,

First of all, let me congratulate Sierra Leone and its people on enormous progress your country has achieved in consolidation of peace and democracy since 2002. Sierra Leone seems to be becoming a showcase in this regard as it is one of the few countries that is progressively overcoming the tragic past and found their way towards long-lasting peace and stability.

PRSP

Sierra Leone has achieved significant progress, nevertheless, we all know that a lot still needs to be done to consolidate the achievements and to tackle the remaining challenges. In this context, I welcome "The Agenda for change" with clearly defined growth-oriented priorities and I sincerely believe that "Agenda for change" has the potential to bring Sierra Leone from a post-conflict situation to a long-term sustainable growth.

Let me assure you that the EC as the major multilateral donor in Sierra Leone will pursue its continuous and close support to Sierra Leone currently based on our joint country strategy that addresses several of the main objectives of the Agenda for change – e.g. good governance, road transport, energy and agriculture. Our budget support will continue to assist you in poverty reduction and improved basic services delivery. The ongoing mid-term review of our joint strategy may open the way for even closer synergies.

Good governance and PFM

The EC welcomes basic principles of the Agenda for change, notably the commitment of Sierra Leone to good governance, including respect for human rights and fundamental freedoms, rule of law and democracy – these are values which we all broadly share. The EC also welcomes your firm commitment to fight against corruption and would like to commend the Anti-Corruption Commission for its excellent work in this regard. It is essential that the work continues and comprises also fight against money-laundering.

CHECK AGAINST DELIVERY

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Let me also comment on management of natural resources that is closely related to good governance, climate change and is often a source of fragility. The EC appreciates and fully supports the personal involvement of H.E. President Koroma in this regard as voiced in the joint statement of H.E. President Koroma and his Liberian counterpart President Johnson Sirleaf on climate change and forest conservation during the European Development Days in Stockholm a couple of weeks ago. I am proud that the EC supports the establishment of the Gola Forest National Park and the creation of the Transboundary Peace Park between Sierra Leone and Liberia that will further contribute to fostering peace, democracy and reconciliation in the Mano River region.

I would also like to highlight reforms in the area public financial management as one of the aspects of economic governance which is of particular importance to the EC. Sierra Leone has come a long way in rebuilding its core Government functions and this is particularly illustrated by the pace of progress in the area of PFM. The Multi Donor Budget Support partners have committed to pursue their support to your PFM reforms and we hope that these will contribute to your objective of improved public expenditure management. We would also be happy to hear more about your intentions in the area of civil service reform.

Private sector, MDGs

We welcome the emphasis the PRSP puts on growth and private sector development and I am glad to hear that the Government is determined to tackle the existing constraints to growth. In this respect I would have one question: stabilising and securing the business environment presupposes improving access to land and establishing clear property rights. It is a highly political and controversial issue in many countries around the world and therefore I would be interested to know what steps the Government has in mind to tackle the difficulties in this area in Sierra Leone.

I took good note of the main strategic priorities of the Agenda for Change: Energy, Agriculture, Infrastructure and Sustainable human development. Allow me one comment - Bearing in mind the need for prioritisation, we would encourage Sierra Leone (and its partners) to pay increased attention to the human development. We all have to make sure that the human development will not be neglected and that it will receive the same attention, notably given the long way ahead of Sierra Leone to achieve the MDGs by 2015.

I followed with big interest the presentation on sector strategies that constitute an important step towards sector wide approaches and sector budget support. In this context, the EC welcomes the launch of the National Sustainable Agricultural Development Plan (NSADP) in September 2009.

Budget support – fragile states

Let me comment on budget support. Budget support is the EC's preferred aid modality and we have been providing general budget support to Sierra Leone since

CHECK AGAINST DELIVERY

CHECK AGAINST DELIVERY

2002 to assist the country in its reconstruction although it was not always easy. We are committed to increased predictability and continuity of our budget support interventions but I must emphasize that we can only disburse when the basic conditions as mentioned in Cotonou Agreement are met. Good governance is also a field which we look at.

New aid policy framework

Thank you for a very interesting and informative presentation on the new aid policy and aid coordination mechanism. We welcome the Government's ambitious intentions and stand ready to assist in their implementation. We particularly welcome greater Government ownership of the aid coordination and development agenda. We believe that ownership and leadership of Sierra Leone is crucial for successful implementation of development assistance.

On behalf of the EC and the EU Member States present in Freetown, allow me to make the following comments:

The Paris Principles and the Accra Agenda for Action constitute an ambitious plan for improved aid effectiveness. Donors have committed to make aid more predictable, transparent and aligned with country systems whilst partner countries have undertaken to actively exercise leadership, strengthen capacity and increase accountability to their citizens.

In this context, let me mention the "whole-EU process" aimed at more strategic and better coordinated EU response to situations of fragility in general. We have launched a pilot exercise with six countries including Sierra Leone for which the action plans were adopted and are currently being implemented. The lessons learned from the exercise will feed into an EU Implementation plan on fragile situations, to be presented in late 2009, which will provide for practical guidance and recommendations aimed at enhanced coherence of EU political, diplomatic, development, security and humanitarian instruments. Aid effectiveness is one of the key issues addressed in the plans.

The new aid policy also presents an excellent opportunity for improved donor coordination and harmonization. We donors should be ambitious and should aim at formulating a joint assistance strategy, a donor response to the new aid policy.

Sierra Leone has made good progress to date including the development of the Agenda for Change and an Aid Policy. Building on the work undertaken so far, we urge the Government of Sierra Leone to organise regular aid coordination meetings. Such coordination meetings will allow appropriate structures to be developed to operationalise the aid policy and to improve the delivery of services to the citizens of Sierra Leone as set out in the Agenda for Change.

The EU is a strong supporter of the Paris Principles and the Accra Agenda for Action. This commitment is underpinned by the development of an EU Toolkit and a Fast

CHECK AGAINST DELIVERY

CHECK AGAINST DELIVERY

Track Initiative on Division of Labour and Complementarity which guide implementation. Sierra Leone has been selected as a country which will be supported by the EU Fast Track Initiative to implement in-country Division of Labour with a view to improving aid effectiveness. The EU stands ready to support the Government of Sierra Leone to achieve better development results with a view to implementing the *Agenda for Change* and contributing to achievement of the Millennium Development Goals.

Afternoon session

Let me assure Sierra Leone once again of the European Commission's engagement and support to the PRSP and programme "Agenda for change". Our 10th EDF programme for 2008-2013 provides € 242 million to Sierra Leone. The ongoing mid-term review of the 10th EDF strategy paper is a good occasion to explore opportunities for closer synergies. As the process has only started, I cannot give you any precise information on the outcome yet.

We are well aware of the difficult economic and social circumstances Sierra Leone has to operate in, following the external shocks and the recent global economic downturn. In addition to the € 22,1 million budget support already paid this year, **I am pleased to announce that in coming weeks, the European Commission will provide additional support to Sierra Leone amounting to € 12 million from a new instrument V-Flex that will certainly contribute to mitigating the negative impact of the crisis on the fiscal position of Sierra Leone. The European Commission will continue discussions with the Sierra Leonean authorities on possible assistance for 2010, based on the conditions outlined for the V-Flex instrument.**

Moreover, the European Commission is about to finalise procedures and will disburse additional financial support of **€ 6,42 million** to Sierra Leone to face the impact of the food price crisis. let me reiterate the point raised by German colleagues that there is a need to manage land properly to ensure the necessary supply.

As to 2010 budget support, The European Commission programmed an amount **up to € 11 million**. We believe that our programme will run in line with our commitments on aid predictability provided the necessary conditions are fulfilled. In this context, let me stress the importance of an open and frank mutual dialogue and exchange of information.

Sierra Leone can also benefit from **the regional programme EC-West Africa** that provides **€ 600 million to the region**.

I am looking forward to continue our mutual cooperation at all levels to assist Sierra Leone in its sustainable development to the benefit of all citizens of Sierra Leone.

CHECK AGAINST DELIVERY

CHECK AGAINST DELIVERY

1. I would like to pass a message from our colleagues of the **European Investment Bank** who are now in Monrovia taking part in a West Africa Power Pool meeting. Their aim is to discuss a possible future interconnection project between Sierra Leone, Liberia and Ivory Coast, including a potential significant participation in the financing of its Sierra Leone section. When pre-conditions are met, the EIB could explore opportunities for their intervention with the support of the EU-Africa Infrastructure Trust Fund.

Thank you very much.

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