



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

SIERRA LEONE

Climate Module of the
Public Investment Management Assessment

JUNE 2024

Prepared By

Bryn Battersby, Isabela Duarte, Phyllis Makau, June Nyakahuma, Nompumelelo Radebe,
and Ilyas Tufan

FISCAL AFFAIRS DEPARTMENT

DISCLAIMER

The contents of this document constitute a high-level summary of technical advice provided by the staff of the International Monetary Fund (IMF) to the authorities of Sierra Leone (the "CD recipient") in response to their request for capacity development. Unless the CD recipient specifically objects within 30 business days of its transmittal, the IMF will publish this high-level summary on IMF.org (see [Staff Operational Guidance on the Dissemination of Capacity Development Information](#)).

2024 International Monetary Fund HLS/24/28

High-Level Summary Technical Assistance Report Fiscal Affairs Department

Sierra Leone: Climate Module of the Public Investment Management Assessment
Prepared by Bryn Battersby, Isabela Duarte, Phyllis Makau, June Nyakahuma, Nompumelelo Radebe, and Ilyas Tufan.

The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The assistance assessed how climate change impacts and mitigation and adaptation responses are addressed in the public investment cycle using the Climate Module of the Public Investment Management Assessment (C-PIMA). Sierra Leone was found to perform moderately well in some areas of the Climate Module of the Public Investment Management Assessment (C-PIMA), but there are key gaps in other areas, often linked to weaknesses in the underlying public investment management framework. The assistance found that addressing these persisting core public investment management challenges is a prerequisite for effective climate-sensitive public investment management.

JEL Classification Numbers: H54, H83

Keywords: Public investment management, C-PIMA, climate change, Green PFM.

This technical assistance (TA) was provided with financial support from the Government of Japan.



Background

Sierra Leone faces significant climate challenges that impact its infrastructure, including rising temperatures, changing precipitation patterns, and an increased risk of extreme weather events. The country experiences a varied climate with distinct rainy and dry seasons, and temperatures have been rising steadily. Climate models predict further increases in temperatures and changes in rainfall patterns, making heavy precipitation more volatile and unpredictable. This poses heightened risks of floods, landslides, and other natural disasters, exacerbating the vulnerability of coastal communities and infrastructure to rising sea levels and coastal erosion. The existing infrastructure, weakened by historical factors including a decade-long civil war and inadequate maintenance, is particularly susceptible to climate-induced stresses.

These challenges underscore the importance of integrating climate resilience into Sierra Leone's infrastructure planning and development. To strengthen the climate sensitivity of public investment management in Sierra Leone, this assistance from the Fiscal Affairs Department assessed those practices in Sierra Leone drawing on the IMF's [Climate Module of the Public Investment Management Assessment \(C-PIMA\)](#). The support provided an action plan to guide implementation and support from development partners.

Summary of Findings

Sierra Leone has made some progress in strengthening public investment management since the 2020 Public Investment Management Assessment (PIMA), but critical gaps remain, which are creating fiscal risks. The National Public Investment Management Policy was approved by Cabinet in 2021. This facilitated the introduction of the Pre-Investment Guidance Manual, and enhancements in procurement and project oversight mechanisms. However, there is still no unified project database or clear criteria for project selection. Serious continuing challenges in the management of multi-year contracts, annual capital budgeting, and effective commitment controls are leading to cost overruns in the capital budget, particularly within the roads sector.

The results of the C-PIMA show Sierra Leone performs moderately well in some areas of the Climate Module of the Public Investment Management Assessment (C-PIMA), but there are key gaps in other areas, often linked to weaknesses in the underlying public investment management framework. Sierra Leone has established a framework for climate-aware planning through its Nationally Determined Contribution and initial National Adaptation Plan, but there is a disconnect with implementation, as public investments, national and sectoral development plans, and land use regulations are not fully consistent with the country's climate change commitments. Coordination between various entities involved in climate investment decision-making is not optimal, although oversight frameworks for state-owned enterprises have been enhanced to incorporate climate considerations within the new ownership policy, which is good practice. Existing guidelines for project appraisal fall short of adequately covering climate-related analysis, and the Public-Private Partnership framework lacks provisions for the allocation of climate risk. Budgeting and portfolio management practices do not sufficiently account for climate-related considerations in public investment.

Summary of Recommendations

Addressing persisting public investment challenges is a prerequisite for effective climate-sensitive public investment management in Sierra Leone. A comprehensive review and rationalization of existing and new public investments, particularly focusing on high-impact sectors like roads is needed. The development of clear and transparent criteria for project prioritization and selection and the establishment of a central database to manage and monitor public investments are also key steps that need to be taken. Additionally, strengthening commitment controls and enhancing project oversight are essential to ensure that investments align with available resources and strategic objectives.

Reforms to introduce climate sensitivity should simultaneously address the underlying challenges in public investment management. For instance, the inclusion of climate sensitivity in project appraisal and selection processes should build on efforts to develop a pipeline of appraised projects for selection and the supporting legal and IT infrastructure. The assessment of the vulnerability of public assets to climate change should also be sequenced with the planned development of a comprehensive register of public assets. Enhancing the integration of climate sensitivity within Sierra Leone's public investment management will also require addressing existing capacity and coordination challenges, and developing a more cohesive governance framework that fosters collaboration and knowledge sharing among all stakeholders involved in climate-related public investment.