



PROJECT: ENHANCING EFFICIENCY AND SUSTAINABILITY OF ARTISANAL AND SMALL-SCALE MINING THROUGH CLIMATE SMART ACTIONS.

COUNTRIES: GUINEA BISSAU, LIBERIA AND SIERRA LEONE

PROJECT APPRAISAL REPORT

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ECNR

March, 2020

TABLE OF CONTENTS

PROJECT SUMMARY	IX
1. STRATEGIC THRUST AND RATIONALE	- 1 -
1.1 PROJECT LINKAGES WITH CONTINENTAL MINING VISION, COUNTRY STRATEGIES AND OBJECTIVES	- 1 -
1.2 GUINEA BISSAU:	- 1 -
1.3 LIBERIA:	- 2 -
1.4 SIERRA LEONE:	- 2 -
1.5 THE ROLE OF MINERALS IN SOCIO- ECONOMIC DEVELOPMENT	- 3 -
1.6 THE ASM GLOBAL LANDSCAPE AND SPECIFIC TRENDS IN GUINEA BISSAU LIBERIA AND SIERRA LEONE	- 4 -
1.7 ECONOMIC TRENDS AND OUTLOOK IN SIERRA LEONE, LIBERIA AND GUINEA BISSAU	- 7 -
1.8 ENVIRONMENTAL CONSTRAINTS TO ARTISANAL AND SMALL SCALE MINING IN GUINEA BISSAU, LIBERIA AND SIERRA LEONE	- 9 -
1.9 INTERNATIONAL ARTISANAL AND SMALL SCALE MINING FRAMEWORKS	- 10 -
1.10 ARTISANAL SMALL SCALE MINING AND CLIMATE SMART ACTIONS	- 12 -
1.11 GENDER RELATED ISSUES	- 14 -
1.12 STRATEGIC RATIONALE	- 14 -
2. PROJECT DESCRIPTION	- 17 -
2.1 COMPONENT 1: SUPPORT FORMALISATION OF ARTISANAL AND SMALL-SCALE MINING	- 17 -
2.2 COMPONENT 2 – CAPACITY BUILDING OF MINING SECTOR REGULATORY INSTITUTIONS	- 17 -
2.3 COMPONENT 3: PROJECT COORDINATION AND MANAGEMENT	- 18 -
2.4 TARGET BENEFICIARIES	- 18 -
2.5 EXPECTED OUTCOMES/OUTPUTS	- 18 -
2.6 ALTERNATIVES CONSIDERED	- 20 -
2.7 LESSONS LEARNT FROM ELSEWHERE	- 20 -
2.8 RISK AND MITIGATION MEASURES	- 21 -
3 IMPLEMENTATION ARRANGEMENTS	- 23 -
3.1 PROJECT MANAGEMENT AND IMPLEMENTATION STRUCTURE	- 23 -
3.2 GUINEA BISSAU	- 23 -
3.3 LIBERIA: IMPLEMENTATION ARRANGEMENTS	- 24 -
3.4 SIERRA LEONE: IMPLEMENTATION ARRANGEMENT	- 25 -
3.5 OVERALL TIMELINE	- 27 -
3.6 MONITORING AND EVALUATION MEASURES AND ASSURANCE	- 28 -
3.7 SUSTAINABILITY	- 28 -
3.8 PROJECT FINANCING PLAN	- 28 -
4.0 PROCUREMENT ARRANGEMENTS	- 31 -
4.1 GUINEA BISSAU	- 31 -
4.2 SIERRA LEONE	- 33 -
4.3 LIBERIA	- 35 -
5.0 LEGAL FRAMEWORK AND COMPLIANCE	- 36 -
5.1 LEGAL INSTRUMENT	- 36 -
5.2 CONDITIONS ASSOCIATED WITH THE BANK’S INTERVENTION	- 36 -
5.3 COMPLIANCE WITH BANK POLICIES	- 37 -
6.0 CONCLUSION AND RECOMMENDATION	- 37 -

REFERENCES	- 38 -
ANNEX 1: GUINEA BISSAU - SELECTED MACROECONOMIC INDICATORS	- 39 -
ANNEX 2: LIBERIA – SELECTED MACROECONOMIC INDICATORS	- 40 -
ANNEX 3: SIERRA LEONE – SELECTED MACROECONOMIC INDICATORS	- 41 -
ANNEX 4: REQUEST LETTER – LIBERIA	- 42 -
ANNEX 5: REQUEST LETTER – SIERRA LEONE	- 44 -

LIST OF TABLES AND ANNEXES

Table 2.1:	Output/Outcome and KPIs
Table 2.2:	Alternatives considered and causes of rejection
Table 2.3:	Lessons Learnt
Table 2.4:	Risks and Mitigation Measures
Table 3.1:	Activity Chart and Timelines
Table 3.2:	Cost by Component

ANNEXES

Annex I	Selected Macroeconomic Indicators – Sierra Leone
Annex II	Selected Macroeconomic Indicators – Liberia
Annex III	Selected Macroeconomic Indicators – Guinea Bissau
Annex IV	Request Letter – Liberia
Annex V	Request Letter – Sierra Leone

FISCAL YEAR OF BUDGET
1 January to 31 December
[Except Liberia: July 1 to June 30]

CURRENCY EQUIVALENTS
UA 1.0 = USD 1.38
(February, 2020)

WEIGHTS AND MEASURES
Metric System

GRANT INFORMATION

CLIENT'S INFORMATION

RECIPIENTS: GUINEA BISSAU, LIBERIA AND SIERRA LEONE

EXECUTING AGENCIES:

Ministries responsible for the mining sector in **Guinea Bissau** (Ministry of Energy & Natural Resources), **Sierra Leone** (Ministry of Mines and Mineral Resources, supported by the National Minerals Agency) and **Liberia** (Ministry of Mines & Energy). The Ministry of Finance in the three countries will support the fiduciary aspects of the project implementation.

Financing plan

Source	Amount in UA	Instrument
TSF Pillar III	1,500,000	Grant

TSF's Key Financing Information

Grant Currency UA

Financing Type	UA (Millions)	USD (Millions)
Summary		
Total Project Amount	1.50	2.07
TSF Pillar III	1.50	2.07
Details		
Guinea Bissau	0.5	0.69
Liberia	0.5	0.69
Sierra Leone	0.5	0.69

TIMEFRAME – MAIN MILESTONES [EXPECTED]	
Peer Review	February 25, 2020
Regional Team Meeting	March 10, 2020
DG/DDG Clearance	March 17, 2020
RDTs Approval	March 20, 2020
RDVP Approval	March 27, 2020
Effectiveness Date	December, 2020
Last Disbursement	June, 2022
Completion	December, 2022

LIST OF ACRONYMS

AfDB	African Development Bank
AMV	Africa Mining Vision
ASM	Artisanal and Small-Scale Mining
CSP	Country Strategy Paper (AfDB)
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EA	Executing Agency
EESASM	Enhancing Efficiency & Sustainability in Artisanal & Small-Scale Mining
EPA	Environmental Protection Agency
GDP	Gross Domestic Product
GHG	Green House Gases
GoL	Government of Liberia
GoSL	Government of Sierra Leone
GoGB	Government of Guinea Bissau
MME	Ministry of Mines and Energy
MMMR	Ministry of Mines and Mineral Resources
MENR	Ministry of Energy and Natural Resources
M&E	Monitoring and Evaluation
NMA	National Minerals Agency of Sierra Leone
NGO	Non-Governmental Organisation
PIU	Project Implementation Unit
PCU	Project Coordinating Unit
PFMU	Public Financial Management Unit
PSC	Project Steering Committee
UNDP	United Nations Development programme
WDI	World Development Indicator

PROJECT SUMMARY

Section	Description
Project Overview	<p>Project Name: Enhancing Efficiency and Sustainability of Artisanal and Small-Scale Mining (ASM) through Climate Smart Actions.</p> <p>Geographical Scope: Guinea Bissau, Liberia and Sierra Leone</p> <p>Expected Impact & Outcomes: the key expected project impact and outcomes are: (i) ASM related data available for natural resource policy development; (ii) Improved regulation of the ASM sector; (iii) Strengthened institutional capacity to manage the ASM sub sector; (iv) Enhanced capacity of ASMs for efficient and sustainable mining and processing practices; (v) ASMs integrated into the formal economy in targeted areas; (vi) Improved health, safety & security issues in ASM and (vii) reduction in environmental degradation, especially deforestation, pollution and siltation of water courses and mercury emissions from mining operations.</p> <p>Overall Timeframe: From July 1, 2020 to June 30, 2022</p> <p>Project Cost: UA1.5 million</p> <p>Direct Project Beneficiaries: Ministries responsible for the mining sector in Guinea Bissau (Ministry of Energy & Natural Resources), Sierra Leone (Ministry of Mines and Mineral Resources), Liberia (Ministry of Mines & Energy); (2) Other relevant ministries and government bodies, (3) artisanal and small scale miners, and mining industry associations; (4) The people of Guinea Bissau, Liberia and Sierra Leone through enhanced employment and wealth-creation opportunities.</p>
Needs Assessment	<p>West Africa's mineral landscape is characterized by a common geological environment - Birimian greenstone belt hosting approximately 52 million ounces of gold resources discovered to date. The sub-region accounts for 49%¹ of Africa's gold production and a significant percentage² of this production comes from the Artisanal and Small-Scale Mining (ASM) sub sector.</p> <p>Thus, the mineral endowments in Guinea Bissau, Sierra Leone and Liberia provide opportunities for the mining sector, especially the Artisanal and Small-Scale Mining (ASM) sub sector to contribute significantly to employment creation and poverty reduction. With Africa's unemployment rate estimated to hit 100 million in 2030 (AfDB, 2019), the ASM sub sector in many resource-rich countries has potential to contribute to addressing Africa's unemployment gap, poverty reduction and improvement in income levels through such Bank interventions.</p> <p>Guinea-Bissau is endowed with a wide array of minerals such as gold, diamonds, bauxite, phosphate, graphite, limestone among others. Development minerals including sand and granite could provide employment opportunities beyond the agricultural sector. Currently, operators in the mining sector include small quarries and mines for development minerals. Unlocking the potential of the ASM sub sector requires addressing weaknesses in sector governance (informality in the ASM sub</p>

¹ World Gold Council, 2019 Statistics.

² ASM production ranges from 20% to 80%. For example, Ghana (33%), Sudan (80%).

sector, inadequate regulatory framework, inadequate capacity of regulators). Guinea Bissau's forests cover 73.7% of the country's total land area³. However, increasingly unsustainable land clearing for shifting cultivation, illegal logging activities, expansion of cashew plantations and informal mining have been described as relevant deforestation and forest degradation factors in the country which has the potential of contributing to climate change because of the reduction in the carbon sink through deforestation. Mineral extraction is also linked to environmental degradation due to unsustainable practices, which cause resource depletion. Therefore, adequate policies and capacity improvements are vital to minimize social, environmental and climate impacts of mining operations, particularly in the small-scale mining sub sector.

For Liberia, in 2016 total natural resource rents accounted for 50% of GDP. Out of this, mineral rents accounted for 17.6% (WDI, 2018). Liberia is endowed with gold, diamonds, iron ore, bauxite, phosphate, rutile among others. Mining of gold and diamonds are to a large extent done by ASMs. Currently, the ASM sub sector employs over 100,000 people and when well-managed, holds potential to contribute to addressing the unemployment situation and reduce poverty in Liberia. While notable improvements have been made in addressing fragility in Liberia, the level of fragility remains substantial. The Bank's Country Resilience and Fiduciary Assessment (CRFA 2019) indicates that political, economic, social, and environmental pressures are high and interlinked while state and societal capacity to address these pressures is low. Some of the underlying factors include governance weaknesses and land disputes. Currently, about 48% of the country's population is extremely poor with about 3 million multi-dimensionally poor. This can be a recipe for civil unrest especially with the high youth population. Additionally, informal ASM activities in Liberia tend to destroy and degrade forests and its ecosystems (through habitat destruction, the use of toxic chemicals, pollution of waterways, etc) and threatens the economic activities on which mine fringe communities depend (for example, gathering firewood, bushmeat hunting, timbering for construction, etc). It is also a growing driver for internal migration and colonization of frontier forest lands that may lead to permanent conversion of forests into farm lands thereby reducing the carbon sink which further impacts on climate change.

For Sierra Leone, natural resources including minerals, forests and fish stocks are the foundation of the economy. The main minerals mined in Sierra Leone include diamonds, gold, rutile, bauxite and iron ore. Yet exploitation of these resources have not adequately translated into better economic and social outcomes. Sierra Leone remains one of the poorest countries in the world with 60% poverty rate (UNDP, 2019). Sierra Leone's industrial sector accounted for 12.4% of GDP in 2016 and is dominated by mining and quarrying, which alone contributed 5.8% of GDP. The ASM sub sector employs an estimated 300,000 people (75% of the total mining sector workforce) in Sierra Leone. Despite this significant employment, Sierra Leone continues to battle with environmental degradation from the activities from these ASMs. For mining to continue to make significant contribution to Sierra Leone's economy, these challenges, especially environmental degradation must be addressed. Also deforestation and land degradation is caused by multiple forces, including extreme weather conditions particularly drought, and human activities, especially illegal mining that pollute or degrade the quality of soils and land negatively affecting food production, livelihoods, and the production and provision of other ecosystem goods and services. About 38% of Sierra Leone's remaining land covered by forest is decreasing, principally as a result

³ <http://rainforests.mongabay.com/deforestation/guinea-bissau.htm>

of anthropogenic activities which can all be attributed to poverty as the underlying cause of much of the forest degradation and deforestation. The main drivers of deforestation in Sierra Leone are: informal mining and quarrying, agriculture slash and burn farming, fire wood and charcoal production and timber production. All these activities impact on the climate.

Furthermore, mineral resources have played significant roles in fuelling conflicts, especially Liberia and Sierra Leone. Sierra Leone suffered a great deal from conflict relating to its diamond resources. Sierra Leone's civil war between 1991 and 2002 demonstrates how the presence of natural resources prolong conflict by providing easy lootable assets for rebel movements to fund continued operations⁴. Therefore, in order to avoid recurrence of such natural resource conflicts, robust natural resource management policies, strategies and interventions need to be put in place. Also, the current state of unemployment means these countries have not succeeded to offer adequate income generating jobs especially to the youth.

Globally, there are close to 30 million people involved in ASM in 80 countries and 12 million have been estimated Africa. Thus, it is expected formalization will provide the platform needed to facilitate regulation and effective management of the sector. Consequently, each of the three countries will be assisted to develop and implement strategies to ensure the ASM sub sector not only creates more employment to address a key challenge of lack of economic alternatives, but also to reduce environmental degradation and improve contribution to Government revenues

In summary, the project will contribute to governance improvement leading to reduction in activities with tendency to contribute to climate change, through enhancing the capacity of mineral sector agencies to formalise the ASM sector.

In terms of climate benefits, the ASM sub sector emits low Green House Gases (GHG) as compared to industrialized large-scale mining because it uses much lower fossil fuel in the mining and processing operations. This renders ASM more climate smart and cleaner than industrialized large scale mining. Despite the relatively low generation of GHG, the intervention will further lead to reduction through education on efficient use of fossil fuels (regular maintenance of machinery and equipment to avoid over consumption) as well as reduction in deforestation and thereby increasing the carbon sink. Overall, when the sub sector is well regulated, it will contribute to achieve the participating countries emissions reduction targets in line with the Paris Agreement on climate change.

Some of the output and outcomes will include; enhanced capacity of ASMs for efficient mining; integration of ASMs into the formal economy in targeted areas; adoption of sustainable mining practices, improved safety, health and security issues, reduction in environmental impacts of ASM activities and reduction in deforestation as a means of increasing the carbon sink hence slowing climate change.

⁴ Nina Asadi 2013: Natural Resources and Prolonged Conflict: The Case of Sierra Leone. Cornell international affairs review, 2013, vol. 7 no.

Alignment with GoL, GoGB, GoSL and Bank Strategies	<p>The project is consistent with the Bank’s Ten-Year Strategy (2013-2022) in its Pillar II aimed at promoting inclusive and green growth as means to create employment opportunities for all, including women and youth, and to improve the quality of live in African countries. It also aligns with the Bank’s High 5 priorities, notably: Industrialize Africa, and improving the quality of life of the people of Africa through sustainable and decent job creation. The project interventions will contribute to the Bank’s Climate Change Action Plan (CCAP) in Guinea Bissau, Liberia and Sierra Leone, particularly regarding its Pillar I on boosting adaptation and climate-resilient development, and its Pillar II aimed at promoting climate mitigation and low-carbon development in Africa through the reduction of GHG emissions in mining sector. It is also consistent with the ADF-14 focus to use TSF Pillar III resources to support natural resource governance in fragile countries. It is also aligned with the Bank’s strategy of Addressing Fragility and Building Resilience in Africa (2014-2019).</p> <p>The proposed intervention is also consistent with the national priorities of the selected countries in mineral resource management, as reflected in the Country Strategy Papers and National Development Plans that recommend a greater focus on improving governance in the natural resources sector. By promoting ASM, which emissions are much lower compared to industrialized large-scale mining, the project will also contribute to achievement of National determined Contributions (NDCs) of Guinea Bissau, Liberia and Sierra Leone through the reduction of GHG emissions in mining sector, in respect to the Paris Agreement on climate change. Indeed, all these three committed to Paris Agreement with ambitions to conditionally and/or unconditionally reduce their GHG emissions. Additionally, the intervention is aligned to the aspirations of the Africa Mining Vision (AMV) of “harnessing the potential of ASM to stimulate local/national entrepreneurship, improve livelihoods and advance integrated rural, social and economic development”.</p> <p>For Guinea Bissau, the project objectives aligns with the new vision and strategy of the Government of Guinea-Bissau for 2015-2025 christened Terra Ranka (fresh start). The new strategy also captured the minerals and mining sector as one of key growth sector priorities. The Government intends to exploit its mineral resources with strict enforcement of environmental norms through two key programmes: (i) institutional reforms and strengthening; (ii) promotion of the major mines. The programme of institutional reforms and strengthening constitutes an essential stage, given the sector’s low level of development. The strategy also targets formalisation of the small-scale mining sub sector to facilitate employment creation among others. Guinea Bissau did not commit in terms of reducing GHG emissions in its NDCs, but the country is committed to achieving specific climate mitigation actions, which are conditioned upon receipt of technical and financial support from the international community.</p> <p>For Liberia the current development agenda is the “Pro Poor Agenda for Prosperity and Development (PAPD)” 2018-2023. A key pillar of the development plan creating decent jobs for the citizens. The current AfDB Country Strategy Paper for Liberia also identified mining as a sector with the potential to contribute significantly to employment, income generation, and infrastructure development. Specifically, the Artisanal and Small Scale mining sub sector, has the potential to employ thousands of the youth. The project objectives are also aligned with provisions in the 2010 Mineral Policy of Liberia. Specifically, the policy identified the ASM sector as a source of employment creation, generate income and help to reduce poverty in rural areas as well as stem migration from rural to urban areas. Thus, Government intends to facilitate the</p>
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	<p>provision of skills and access to appropriate technologies, such as mercury-free gold processing. The Government also intends to make available extension services to support ASM operations through technical advice and facilitation of capital (micro-loans) schemes. In its NDCs, Liberia committed to reduce national GHG emissions reduced by 15% by 2030 compared to BAU levels.</p> <p>For Sierra Leone, the current medium-term National Development Plan NDP (2019-2023) is Government's strategic framework which places significant emphasis on leveraging Sierra Leone's mineral resources to promote socio-economic development. The project objectives are also clearly aligned with the Artisanal Mining Policy of Sierra Leone (2018) which sets out a clear framework for guiding actions leading to the improvement of artisanal mining sector governance and management, improve sustainable artisanal mining practices, enhance environmental protection, community and occupational health and safety safeguards, ensure that miners get a fair deal for their winnings; and strengthen linkages between artisanal mining and other sectors of the economy. Furthermore, the current African Development Bank's Country Diagnostic Note (CDN, 2019) for Sierra Leone also highlighted the minerals and mining sector as a priority area of Government. In the framework of Paris Agreement, Sierra Leone ambitions to maintain relatively low emissions by 2035 or be carbon neutral by 2050 by reducing carbon footprint and by following green growth pathways in all economic sectors. To ensure contribution from the minerals and mining sector, the National Minerals Agency (NMA) must be strengthened to play its technical role of fully enforcing compliance of the legal framework to formalise the ASM sector particularly, because it holds promise for significant job creation in Sierra Leone.</p>
Bank's Added Value	<p>The overall goal of this project is to improve formalisation, efficiency and environmental management practices in the ASM sub sector in the three selected countries.</p> <p>Through this project, the Bank, will strengthen the institutional and human capacity of government regulatory agencies to among others facilitate formalisation of ASM to generate employment and improve the economic status of several stakeholders – especially those along the ASM value chain.</p> <p>The Bank has a comparative advantage implementing projects, including technical assistance programmes aimed at stimulating private sector investment in the countries. In Liberia, the on-going Energy Efficiency and Access Project (EEAP) will give support to improve access to reliable and cost effective services for households and public institutions in the priority corridors in Great Monrovia, South East region and BOMI region. In Sierra Leone, the Bank, through the Africa Legal Support Facility (ALSF), is supporting the Government by building their capacity to negotiate mining concession agreements. In Guinea Bissau, the Bank is financing an Economic and Financial Governance Strengthening Support Project (PARGEF) which is aimed at building capacity to control corruption and create conditions conducive to the rapid recovery of the economy.</p>
Knowledge Management	<p>The proposed intervention will contribute to building knowledge through generation of strategies and guidelines for ASM formalisation. Additionally, the capacity of the mining regulatory institutions of the beneficiary countries will be built through training in health, safety and environmental courses among others. In terms of sustainability, aside Government budgeting for such training programmes, the project will involve</p>

	and reinforce the capacities of CSOs and local NGOs during implementation. With appropriate capacity reinforcement, these NGOs will attract funding to continue the implementation of these activities. This will strengthen the institutional and human capacity of each regulatory institution to develop strategies to formalise the ASM sector to contribute to socio-economic development in the beneficiary countries.
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PROJECT: Enhancing efficiency and sustainability of Artisanal and Small-Scale Mining (ASM) through climate smart actions. PURPOSE: Improve formalisation, efficiency and environmental management practices in the ASM sub sector in Guinea Bissau, Liberia and Sierra Leone.						
RESULTS CHAIN		PERFORMANCE INDICATORS			VERIFICATION PROCEDURES	RISKS/MITIGATION MEASURES
		Indicator	Baseline 2019	Target 2021/2022		
IMPACT	ASM related data available for Natural Resource Policy Development	<ul style="list-style-type: none"> Information Technology based system in place for data collection and analyses 	Absence of Information Technology aided data collection system	Target: 2022 <ul style="list-style-type: none"> Verifiable ASM data available for policy development 	Monitoring and Evaluation reports. Supervision Reports Annual Reports of the Executing Agencies	
	Improved Regulation of the ASM sector	<ul style="list-style-type: none"> Improved safety in ASM 	N.A Baseline study to provide this	Target: 2022 <ul style="list-style-type: none"> Reduction in accidents % Reduction in informal ASMs % reduction in Hg emissions (% of ASMs processing gold without the use of mercury) Reduction in GHG emissions (measured by reduction in deforestation) 	Monitoring and Evaluation reports. Supervision Reports Annual Reports of the Executing Agencies	

PROJECT: Enhancing efficiency and sustainability of Artisanal and Small-Scale Mining (ASM) through climate smart actions.						
PURPOSE: Improve formalisation, efficiency and environmental management practices in the ASM sub sector in Guinea Bissau, Liberia and Sierra Leone.						
RESULTS CHAIN		PERFORMANCE INDICATORS			VERIFICATION PROCEDURES	RISKS/MITIGATION MEASURES
		Indicator	Baseline 2019	Target 2021/2022		
OUTCOMES	Strengthened institutional capacity to manage the ASM sector	<ul style="list-style-type: none">Improvement in policy and regulatory frameworks to manage ASM in the 3 countries.	Absence or inadequate ASM frameworks	Target: 2021 <ul style="list-style-type: none">Baseline Study of the ASM Landscape in Study AreasASM Strategy developedHealth, Safety & Environmental guidelines developed;ASM Gender Mainstreaming guidelines developedASM CSR guidelines developed	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: Developing documents not priority for the government. Availability of Consultants /Firms with the requisite expertise Mitigation: Needs assessment conducted with active involvement of key stakeholders. EOIs widely publicized
		<ul style="list-style-type: none">Improved capacity of regulators to manage the ASM sector	Inadequate capacity (some trained as back as 2014) Inadequate resources to train newly recruited officers.	Target: 2022 <ul style="list-style-type: none">50% of State Regulators trained to serve as Trainer of TrainersImproved compliance enforcement in the mining sector	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: Selecting officers about to retire Timely delivery of training programmes. Mitigation: Ensure officers have years left to contribute to the training of ASMs Trainings programmes are delivered in time and with the highest possible standards

PROJECT: Enhancing efficiency and sustainability of Artisanal and Small-Scale Mining (ASM) through climate smart actions. PURPOSE: Improve formalisation, efficiency and environmental management practices in the ASM sub sector in Guinea Bissau, Liberia and Sierra Leone.						
RESULTS CHAIN		PERFORMANCE INDICATORS			VERIFICATION PROCEDURES	RISKS/MITIGATION MEASURES
		Indicator	Baseline 2019	Target 2021/2022		
	Sustainable/Smart mining and processing techniques adopted	<ul style="list-style-type: none"> Reduction in ASM related land degradation (Ha) Improved production efficiency 	Not Available (N.A) Baseline study to be conducted.	Target: 2022 Percentage Reduction in land degradation in ASM areas Percentage improvement in minerals recovered from processing	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: Lack of logistics to facilitate training of ASMs Mitigation: Provide logistics for training ASMs on good mining practices; and renewal of permits linked to compliance.
		<ul style="list-style-type: none"> System developed for generation of ASM related statistics in Real Time (mineral production, sales, expenditure, incidence, accidents etc) to inform policy 	Sierra Leone: Web based platform exists Liberia: N.A Guinea Bissau: N.A	Target: 2022 <ul style="list-style-type: none"> ASM related statistics available <ul style="list-style-type: none"> Production Sales Taxes paid etc. 	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: Absence of systems to capture statistical information Mitigation: Develop reporting system for data collection and analysis
OUTPUTS	Component 1: Support Formalization of Artisanal and Small-Scale Mining					
	1.1 ASMs integrated into the formal economy	<ul style="list-style-type: none"> Number of ASM licensed concessions 	Sierra Leone: 1,400 Liberia: 1,031 Guinea Bissau: N.A	Target: 2022 ASM licenses granted: Guinea Bissau: 10 Liberia: 40% increase Sierra Leone: 50% increase	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: Perceived Complex licensing system, high licensing fees, unavailability of areas for ASM licensing Mitigation: ASMs educated on licensing procedure Low licensing fees

PROJECT: Enhancing efficiency and sustainability of Artisanal and Small-Scale Mining (ASM) through climate smart actions.
PURPOSE: Improve formalisation, efficiency and environmental management practices in the ASM sub sector in Guinea Bissau, Liberia and Sierra Leone.

RESULTS CHAIN	PERFORMANCE INDICATORS			VERIFICATION PROCEDURES	RISKS/MITIGATION MEASURES
	Indicator	Baseline 2019	Target 2021/2022		
	<ul style="list-style-type: none"> Number of ASM trained (Safety Health & Environment, climate smart mining & processing methods etc.) 	N.A Baseline study to unearth data	Target: 2022 Number ASMs trained: <ul style="list-style-type: none"> Liberia: 5,000 Sierra Leone: 5,000 Guinea Bissau: 200 [Disaggregated by gender] 	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: ASMs unwilling to join cooperatives Mitigation: ASMs sensitized on benefits of cooperatives
	<ul style="list-style-type: none"> % contribution of the ASM sector to mineral production and other economic indicators. 	Liberia: Gold: 14% Diamond: 100% Sierra Leone: N.A Guinea Bissau: N.A	Target: 2022 X percent of minerals produced by ASMs Liberia: 20% increase Sierra Leone: 20% increase Guinea Bissau: N.A	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies	Risk: unavailability of areas for ASM licensing Mitigation: Data collection systems linked to permit renewals
	1.2 Improved safety, health and security issues in ASM	<ul style="list-style-type: none"> ASM work-related injuries and health impacts reduced (%) Child labour reduced at ASM mine sites (Number) 	N.A	Target: 2022 20% Reduction in work related injuries 20% Reduction in child labour	Monitoring and Evaluation reports. Supervision Reports Quarterly and Annual Reports of the Executing Agencies Risk: ASMs unwilling to adopt safe mining techniques Mitigation: ASMs sensitized on good mining practices.

PROJECT: Enhancing efficiency and sustainability of Artisanal and Small-Scale Mining (ASM) through climate smart actions.

PURPOSE: Improve formalisation, efficiency and environmental management practices in the ASM sub sector in Guinea Bissau, Liberia and Sierra Leone.

RESULTS CHAIN		PERFORMANCE INDICATORS			VERIFICATION PROCEDURES	RISKS/MITIGATION MEASURES
		Indicator	Baseline 2019	Target 2021/2022		
	1.3 Mainstream gender in ASM operations	<ul style="list-style-type: none"> % of women owning ASM concessions % of women in the local, regional and national associations of ASM 	<p>N.A</p> <p>Baseline Study</p>	<p>Target: 2022</p> <ul style="list-style-type: none"> 30% increase in women owning concessions 20% women in the local, regional and national associations of ASM 	<p>Monitoring and Evaluation reports.</p> <p>Supervision Reports</p> <p>Quarterly and Annual Reports of the Executing Agencies</p>	<p>Risk: Women unwilling to acquire concessions</p> <p>Mitigation: Women sensitized to acquire licenses through cooperatives/groups</p>
	1.4 Simplified taxation framework developed for ASM	<ul style="list-style-type: none"> % of ASMs absorbed in the tax bracket 	<p>N.A</p> <p>Baseline Study</p>	<p>Target: 2022</p> <ul style="list-style-type: none"> Taxes and fees paid by ASMs 	<p>Monitoring and Evaluation reports.</p> <p>Supervision Reports</p> <p>Quarterly and Annual Reports of the Executing Agencies</p>	<p>Risk: High taxes for ASM operations</p> <p>Mitigation: Revenue Agencies advised to start low and graduate with time</p>
Component 2: Capacity Building of State Regulators						
	Build capacity of State regulators to manage ASM operations	<ul style="list-style-type: none"> Number of regulators trained in various disciplines (Safety, Health, Environment, policy, legal & regulatory frameworks, climate change) – disaggregated by gender 	<p>N/A</p> <p>Baseline Study</p>	<p>Target: 2022</p> <p>Regulators trained –</p> <p>Liberia: 200 Sierra Leone: 274 Guinea Bissau: 40</p>	<p>Monitoring and Evaluation reports.</p> <p>Supervision Reports</p> <p>Quarterly and Annual Reports of the Executing Agencies</p>	<p>Risk: Unavailability of technical staff to be trained</p> <p>Mitigation: Select the right caliber of staff for training</p>

PROJECT: Enhancing efficiency and sustainability of Artisanal and Small-Scale Mining (ASM) through climate smart actions.

PURPOSE: Improve formalisation, efficiency and environmental management practices in the ASM sub sector in Guinea Bissau, Liberia and Sierra Leone.

RESULTS CHAIN		PERFORMANCE INDICATORS			VERIFICATION PROCEDURES	RISKS/MITIGATION MEASURES
		Indicator	Baseline 2019	Target 2021/2022		
		<ul style="list-style-type: none"> Study tours to matured mining jurisdictions to exchange experience. e.g. Ghana, Tanzania. 	N/A	Target: 2022 <ul style="list-style-type: none"> At most 2 study tours to facilitate peer to peer learning. 	Back to office reports including action plans for implementation of recommendations from the study tour	Risk: Unavailability of technical staff to be trained Mitigation: Select the right caliber of staff for the study tours
COMPONENTS Component 1: Support Formalisation of Artisanal and Small-Scale Mining - 1.05 Million UA <ul style="list-style-type: none"> Train ASMs in mining, processing, Health and Safety issues etc. Conduct sensitization programmes to encourage informal ASMs to regularize their operations Train ASMs in Environment friendly and climate smart mining and processing methods Development of Knowledge Products <ul style="list-style-type: none"> Conduct Baseline Study of the Mining Landscape (emphasis on the ASM sub sector) ASM Strategy, Guidelines for Safety, Health and the Environment & Child labour laws Component 2: Capacity Building of State Regulators -- 0.3 Million UA <ul style="list-style-type: none"> Conduct Needs Assessment of regulatory institutions Capacity Building and Competency Certification of state regulators Develop Real Time Reporting System to improve Data Collection, Analyses and Rapid Policy Response Study tours to matured mining jurisdictions to exchange experience Component 3: Project management: 0.15 Million UA						

1. STRATEGIC THRUST AND RATIONALE

1.1 Project Linkages with Continental Mining Vision, Country Strategies and Objectives

1.1.1 The project is aligned with the Africa Mining Vision (AMV)⁵ which recognises Artisanal and Small Scale Mining (ASM) as an important sector for socio-economic development. The AMV articulates the need to formalize ASM and upscale programmes to upgrade knowledge, skills and technology in the ASM sector; mainstream ASM into poverty reduction strategies; ensure gender equality; eliminate child labour; stimulate partnership with government and large-scale mining to facilitate access to technology, skills, knowledge and markets; and strengthen ASM associations.

1.1.2 The specific objectives of this project are also aligned with the National Development Priorities, especially strategies to create decent employment through leveraging the mineral resource endowments in the three respective countries for socio-economic development, as follows:

1.2 Guinea Bissau:

1.2.1 The objectives of the project aligns with the new vision and strategy of the Government of Guinea-Bissau for 2015-2025 christened Terra Ranka⁶, meaning fresh start. The vision seeks to turn the page on three decades of poverty including unemployment, mostly among the youth & women; inequitable access to economic opportunities & livelihoods, both in urban and rural areas and achieve transformation within 10 years. This will be done through inclusive economic development, strengthening of democratic institutions, sustainable management of natural resources, high-quality of basic services, good governance and preservation of biodiversity⁷.

1.2.2 The new strategy also captured the minerals and mining sector as one of key growth sector priorities. The other three are: agriculture & agribusiness, tourism, fishing and aquaculture. Government intends to exploit its mineral resources with strict enforcement of environmental norms through two key programmes: (i) institutional reforms and strengthening; (ii) promotion of the major mines. The programme of institutional reforms and strengthening constitutes an essential stage, given the sector's low level of development. In this framework, the mining inventory projects will provide precise knowledge of the resources and allow the development of a mining registry. The strategy also targets formalisation of the small-scale mining sector to facilitate employment creation among others.

1.2.3 The overall objective of the project is to improve formalisation, efficiency, profitability and environmental management practices in the ASM sub sector in the selected countries. Specifically, the project aims at the following:

1.2.4 Building capacity of the extractive sector regulatory agencies, especially the Ministry responsible for Mines, to provide the needed support services to ASMs;
Implement capacity building programmes for ASMs to improve safety, health and environmental aspects of their operations;

⁵ The AMV was approved by African Heads of States in 2009 as a blueprint to transform Africa's mining sector based on the thrust of "Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development".

⁶ Terra Ranka; Guinea-Bissau strategic vision and plan, 2015-2025 is a two-phased agenda for change, focusing on (a) peace and governance; (b) biodiversity and sustainable use of natural resources; (c) urban infrastructure development to provide the necessary bases for development; (d) human development; and, (e) business environment and private sector development for a more conducive business context

⁷ Terra Ranka, 2015: Vision and Strategic Plan of Guinea Bissau.

Improve efficiency and sustainability of their operations through technical support by regulatory agencies.

1.3 Liberia:

1.3.1 Liberia's "Pro Poor Agenda for Prosperity and Development (PAPD)" 2018-2023 is the Government's current development Agenda. The objectives of the development plan include: (i) poverty alleviating through enhanced domestic food production and job creation; (ii) improved infrastructure, particularly road and energy infrastructure; (iii) improved education and health delivery systems; and (iv) a transparent and accountable governance system. The PAPD has prioritized four Pillars namely, (1) Power to the People; (2) Economy and Jobs, (3) Sustaining the Peace; and (4) Governance and Transparency. The PAPD has generated high expectations amongst Liberians hence the challenge for the Government is to implement the plan successfully, especially strategies relating to job creation⁸.

1.3.2 The current AfDB CSP for Liberia also identified mining as a sector with the potential to contribute significantly to employment, income generation, and infrastructure development. Specifically, the Artisanal and Small Scale mining sub sector, has the potential to employ thousands of the youth. Currently the sector employs over 100,000 people and when well-managed, offers opportunity to contribute to reducing unemployment. The project will contribute to the efforts being made by the Ministry responsible for Mines to formalize activities of the artisanal and small scale miners.

1.3.3 The project objectives are also aligned with provisions in the 2010 Mineral Policy of Liberia. Specifically, the policy identified the ASM sector as a source of employment creation, generate income and help to reduce poverty in rural areas as well as stem migration from rural to urban areas. Thus, Government intends to facilitate the provision of skills and access to appropriate technologies, such as mercury-free gold processing. The Government also intends to make available extension services to support ASM operations through technical advice and facilitation of capital (micro-loans) schemes. Other proposed interventions include: designating and exploring areas for ASMs, simplify procedures for licensing ASM concessions and implementing strategies for financial inclusion.

1.4 Sierra Leone:

1.4.1 The current medium-term National Development Plan NDP (2019-2023) is Government's strategic framework which places significant emphasis on leveraging Sierra Leone's mineral resources to promote socio-economic development. The Plan feeds into the country's long-term vision 2035 to achieve middle-income status by 2035. The NDP comprises the following clusters i) Human Capital Development; ii) Economic diversification and growth promotion; iii) Infrastructure and economic competitiveness; iv) Governance and accountability for results; v) Empowering women, children, adolescents and persons with disabilities; vi) Youth employment, sports and migration; and vii) Addressing vulnerabilities and building resilience.

1.4.2 The project objectives are also clearly aligned with the Artisanal Mining Policy of Sierra Leone (2018) which sets out a clear framework for guiding actions leading to the improvement of artisanal mining sector governance and management, improve sustainable artisanal mining practices, enhance environmental protection, community and occupational health and safety

⁸ AfDB, 2019: Liberia CSP (2019 – 2023)

safeguards, ensure that miners get a fair deal for their winnings; and strengthen linkages between artisanal mining and other sectors of the economy.

1.4.3 Furthermore, the current African Development Bank's Country Diagnostic Note (CDN, 2019) for Sierra Leone also highlighted the minerals and mining sector as a priority area of Government. The CDN revealed that enhancing governance institutions and systems is top priority. This is key for private sector development and the creation of the much-needed jobs in the country. To ensure contribution from the minerals and mining sector, the National Minerals Agency (NMA) must be strengthened to play its technical role of fully enforcing compliance of the legal framework to formalise the ASM sector in particular, because it holds promise for significant job creation in Sierra Leone. This is also in line with Government's priority of creating employment opportunities for the teeming youth in Sierra Leone.

1.5 The Role of Minerals in Socio- Economic Development

1.5.1 Minerals embody a distinct intrinsic growth potential and therefore serves as a great opportunity for countries possessing these resources to transform them into other forms of capital. The sector's resources and growth can be harnessed as inputs for holistic sustainable development. Africa hosts 30% of global mineral reserves and more than 50% annual production of: Platinum, Cobalt, Manganese, Chromium & Diamonds⁹. The mining sector also contributes up to 70% of total merchandise exports in some African countries, as well as varying percentages to GDP. The following examples are worth noting as of 2018: Botswana (25.5%), Ethiopia (2%), Ghana (7.2%), Guinea (22%), Rwanda (2%) and Zambia (14%)¹⁰.

1.5.2 Beyond direct fiscal receipts, the sector has great capacity when it is integrated into the economy. This can be achieved through several channels: additional fiscal revenues from mining-related activities, employment generated by these activities, inputs provision for other sectors, research and development activities, and technology transfers. Mining also contributes to development through implementation of Corporate Social Responsibility (CSR) programmes as well as social cohesion for host Communities and the general public at large.

1.5.3 However, to fully realize the potential of the sector to contribute to socio-economic development, several key challenges must be addressed, such as inadequate linkages between the mining sector and the rest of the economy and poor diversification of the sector.

Another challenge facing the mining industry is the management of artisanal and small scale mining, especially the menace of informal mining. This requires finding suitable areas as well as sensitization of such miners to formalize their operations.

1.5.4 It is therefore important that the key identified challenges are addressed to ensure these mineral resources are leveraged to provide feedstock for industrialisation and the benefits optimized for socio-economic development.

⁹ USGS Mineral Commodity Summary, 2019

¹⁰ <http://dataportal.opendataforafrica.org>

1.6 The ASM Global Landscape and Specific Trends in Guinea Bissau Liberia and Sierra Leone

1.6.1 Artisanal and Small-Scale Mining (ASM) is typically undertaken by the nationals in developing countries. There are close to 30 million people involved in ASM in 80 countries worldwide, 30–40% are in Africa. Those in the ASM sector mine and process more than 35 different minerals and make a significant contribution to the world production of critical mineral products. For instance, in 2005, 15% of the gold production (400–600 t/a) valued at approximately USD 20 billion was undertaken by ASM. The ASM activity generates and supports secondary activities/economies of close to 100 million people with the sector supporting direct and indirect livelihoods of about 150 million people. The main commodities mined by ASM in terms of value are gold and diamonds which are produced by 15 million ASMs (for gold only). ASM produces about 10-15% of the world's mined gold; between 15-20% of mined diamonds; approximately 20-25% of tin and tantalum; and around 80% of precious and semiprecious stones (IGF 2018).

1.6.2 In Africa, it is estimated that around 12 million people are involved in ASM and produce a variety of mineral commodities with prominence in terms of value to gold, diamonds, coltan and coloured gemstones. Thus, ASM contributes significantly to the economic development of the countries where it is practiced. In some countries it constitutes the only mining activity and produce 100% of the metallic mineral commodities. However, it is also known that the sector faces numerous challenges related to the informality of its economic streams; illegality; environmental disruptions; poverty and vulnerability to trade in conflict minerals.

1.6.3 Guinea Bissau

1.6.3.1 Guinea-Bissau's ASM landscape is characterized by the production of development minerals including sand, granite, clay minerals and recently gold close to the western border with Guinea. Currently, operators in the small-scale mining sector are mostly informal. Unlocking the potential of the small-scale mining sector requires addressing weaknesses in sector governance including the need to formalize activities of small-scale operators. Mineral extraction is linked to environmental degradation due to unsustainable practices.

1.6.3.2 The current mining law, Law of Mines and Minerals, no. 3/2014, provides the framework for regularization and management of small-scale mining operations in Guinea Bissau. Specifically, Section III of the Law provides for small-scale license acquisition. The small mining license cannot cover an area greater than 10 hectares and is issued for a period of three years, renewable, upon request, for additional periods of two years, provided that the exploitable reserves are not exhausted, and the holder fulfils his obligations. The law also stipulates that in order to be awarded with the mining title/permit an environmental impact assessment must be prepared to prevent, reduce, control and compensate for the project's environmental and social impacts.

1.6.3.3 In terms of artisanal quarry operations, obtaining a quarry license is mandatory whenever production exceeds 400 m³ per year. ASM operations are also subject to the payment of a flat-tax rate on the activities and the supervising Ministry may delegate to the local administration the power to collect the tax on behalf of government.

1.6.3.4 Obligations of ASM operators include: good records of sales of minerals products; daily record of workers present at the extraction site; good environmental management practices; compliance with all requirements of the license.

1.6.3.5 The Government of Guinea Bissau intends to transform the artisanal quarries into commercially viable entities through the following measures:

- Provision of free technical support by ministry responsible for Mines to the artisanal quarry operator, in order to carry out a simplified feasibility study of the deposit;
- Exemption for the artisanal quarry operator from payment of fees related to obtaining the industrial quarry license;
- Exemption for the holder of the license, tax payments in the first year of commercial production.

1.6.3.6 The above listed provisions will form an integral part of the contract to be signed between the Ministry and the artisanal explorer, provided that the latter expresses the willingness to transform its artisanal quarry. Thus, the above provisions will form the framework for the formalization of the ASM sector in Guinea Bissau.

1.6.4 Liberia:

1.6.4.1 Artisanal mining of gold and diamonds serve as a highly critical form of livelihood for an estimated 100,000 miners in Liberia. The Artisanal Mining sector, however, remains largely under-regulated and informal. The potential of the sector to produce significant national mineral revenues, and to contribute to local community development and economic growth, is not currently being realized. Previous surveys commissioned by USAID estimated that 60-80 percent of diamond mining claims are unlicensed (Siegel, 2014).

1.6.4.2 Artisanal mining attracts both local and foreign miners in Liberia due to its low barriers to entry in the form of rudimentary technical equipment required to mine. Despite this, artisanal miners face numerous barriers to mine legally, and their mineral recovery remains low. The primary barriers faced by miners in Liberia to enter legal mining activity, and maximize mineral recovery are the following:

- High cost of artisanal mining licenses (US\$150 license fee, US\$150 survey fee and US\$50 “clearance fee”), placing extreme economic burden on miners in already subsistence income households;
- Limited knowledge about productive and safe mineral recovery techniques;
- Inability to access credit or micro loans through which mining activities can be financed;
- Limited knowledge about Mining Law and existing rights within the Law;
- Complex and often convoluted supply-chains which often make miners, supporters and shovel boys susceptible to exploitation (not getting a fair price for their minerals);
- Lack of clear meaning on who a supporter is, and what their role is;
- Low level of knowledge among miners about diamond value and pricing;
- Difficulty in accessing diamond and gold appraisal/valuation services;
- Absence of strong regulatory framework and resistance to producing and selling minerals through legal channels; and finally
- Lack of a traceable mineral supply-chain and formalized market linkages through which to produce and sell minerals.

1.6.4.3 Recognizing the immense potential for the artisanal mining sector to generate national revenue and provide a sustained source of livelihood for over 100,000 gold and diamond miners in Liberia who depend on the sector for income, the Ministry of Mines and Energy (MME) has

kick-started the process of formalizing the sector. The MME envisions that formalization of the sector will reduce rural poverty; enable opportunities to enhance rural capital for small micro-enterprise investment; generate proceeds to build rural community infrastructure such as schools, clinics and roads; and above all, build sustainable livelihoods for Liberians miners.

1.6.4.4 The Government of Liberia (GoL) Ministry of Mines and Energy, in partnership with the German Technical Cooperation (Gesellschaft für Internationale Zusammenarbeit, “GIZ”) has conducted series of mining sector reform processes in Liberia. These reform processes include, but are not limited to, updating and reviewing the Liberian Minerals and Mining Act; drafting a full set of mining Regulations; developing a capacity development plan for the MME, and formalizing the AM sector.

1.6.5 Sierra Leone

1.6.5.1 Sierra Leone has a long history of mining. Key minerals with significant commercial resources include; diamonds, iron ore, rutile, gold and bauxite. Minerals mined on artisanal and small-scale basis are mainly diamonds and gold although some coltan and zircon are mined.

1.6.5.2 The artisanal and small-scale mining sector in Sierra Leone provides livelihood opportunities for hundreds of thousands of citizens. The ASM activities cover more than half of the country’s 190 Chiefdoms. Most diamonds and gold are found in varying gravel concentrations ranging from 6-10 meters in depth throughout the north, south and eastern provinces of Sierra Leone; located in high and low terraces, hard rock, watercourses, and riverbeds. The National Minerals Agency (NMA) estimates that more than 300,000 Sierra Leoneans are directly employed in the artisanal mining sector. The NMA further estimates that a significant percentage of Artisanal Miners (AM) in Sierra Leone operate without valid licenses, thus, contributing to the harmful environmental and social impacts that has bedeviled the sector. Another persisting challenge has been the exploitative relationships of AM within the production chain. In many cases, artisanal miners become victims of exploitative relationships with the production chain designed in such a way that miners tend to perpetually depend on financiers. Even in instances where miners get significant financial rewards, their general lack of formal education and haphazard spending behaviour discourages investments. They often indulge in wasteful spending, run out of money fast and revert to artisanal mining again. Furthermore, not all gold produced in Sierra Leone is officially exported. For example, in 2017, the NMA reported that only 142 kg of gold with a value approximately US\$6 million was officially exported. However, given that an estimated 2,944 kg of gold is produced annually, Sierra Leone’s ASM gold sector could, if formalized, provide at least US\$125 million of foreign exchange earnings and could yield about US\$6.2 million of royalties each year¹¹.

1.6.5.3 In order to address the challenges in the ASM sector, the Government approved a new artisanal mining policy, separate from the general minerals and mining policy of Sierra Leone in 2018. The development of the artisanal mining policy was in response to the need to domesticate the artisanal mining provisions in the African Mining Vision (AMV) which provides for “a viable and sustainable artisanal and small-scale mining sector that contributes to growth and development”. Furthermore, the policy will position the country’s artisanal mining sector as a primary driving force of local economic development and rural livelihood

¹¹ Government of Sierra Leone, 2019: National Action Plan for Reducing Mercury Use in the Artisanal and Small-scale Gold Mining (ASGM) Sector in Sierra Leone.

as well as respond to the economic, social, health, safety, and environmental challenges in the artisanal mining sector.

1.6.5.4 While the Government has created the environment necessary to formalise the sector, there are still some gaps impeding the success of this formalization goal. These gaps include inadequate manpower to monitor, evaluate and enforce the social and environmental regulations that are needed to make ASM more sustainable. Aside monitoring and enforcement, trained regulatory officers will be expected to provide extension services and technical support in modern mining and processing technologies to ASMs.

1.6.5.5 In summary, due to inadequate enforcement of the legal and regulatory frameworks, the immediate and most obvious effects of artisanal and small-scale mining in Sierra Leone are widespread environmental degradation. In fact, since mining activities began in Sierra Leone, there has been clear evidence of land and soil degradation resulting from rudimentary and inefficient ways of carrying out mining activities. There is evidence of uncontrolled pit digging with no concurrent reclamation. Most artisanal mining activities have resulted in pollution of water courses with adverse downstream effects. In most artisanal and small-scale mining areas, the disruption of natural drainage and silting of drainage courses have caused water quality to deteriorate and encouraged the breeding of mosquitoes and other microorganisms that pose serious health hazards to the population. Furthermore, ASM activities are vulnerable to climate change including floods, landslides, storms and extreme rainfall events, which are exacerbated by uncontrolled pig digging and installation of ASM concessions. It is therefore important that the challenges discussed be addressed to position the artisanal and small-scale mining as an environmentally friendly activity that provides decent employment to the youth.

1.7 Economic Trends and Outlook in Sierra Leone, Liberia and Guinea Bissau

1.7.1 Whilst there are several important differences, all countries – Guinea Bissau, Liberia and Sierra Leone share several common economic issues, including high unemployment, lack of economic diversification, a high dependence on primary sectors with a corresponding exposure to commodity price fluctuations, governance challenges relating to natural resource management among others. In addition, Guinea Bissau has had recent political instability, whilst Liberia and Sierra Leone have also had setbacks following the Ebola Virus Disease (EVD) outbreak.

1.7.2 Over the past decade, Guinea-Bissau's economy has been mainly dependent on export of primary commodities with little structural change and absence of an industrial sector. Guinea-Bissau is heavily dependent on agriculture, accounting for 56% of GDP. It generates almost 70% of total employment and it is responsible for more than 90% of exports. GDP growth maintained a constant trend during the 2015-2019 period, with an average of 5.4% per annum. Higher growth rates are projected in 2020 and 2021 based on expected higher output and better global prices of cashew-nuts on the supply side. GDP growth outlook for 2020 and 2021 is to remain at 5%, given increasing cashew nut production and constant price. These projections are subject to resolution of the political crisis, abundant rainfall and maintenance of cashew nut price levels. Investments in the phosphates sector, scheduled to start in 2019, did not take place¹². The risks to growth prospects relate mainly to political instability as well as internal and external exogenous shocks (rainfall, cashew nut prices). The unstable political climate,

¹² African Economic Outlook, 2020.

which negatively affects the business environment and investments, generates an “opportunity cost” by reducing the actual growth rate relative to the growth potential of the national economy.

1.7.3 Inflation is estimated to remain below three percent (3%), despite increase in oil prices. Underperformance in cashew exports in 2018 has translated into lower revenue performance as agriculture is the main source of domestic revenues. The effect of the lower cashew price is expected to constrain 2019 and 2020 budget. Revenue underperformance combined with higher expenditures will increase government deficit to 5.1% in 2019. Authorities remain committed to reversing the upward trend in fiscal deficit: to finance the estimated deficit, public debt securities totalizing 10 billion CFA were issued in September 2019. Public debt is estimated at 27 percent of GDP in 2019.

1.7.4 Current account balance will worsen from -1.6 percent of GDP in 2018 to -3.4 percent in 2019, reflecting the lower cashew-nut export prices. The country is heavily dependent on imports, which are dominated by machinery and construction materials (19%), fuel and refined products (18%), services (16%), and food and agricultural products (12%). India remains Guinea-Bissau’s main trading partner, receiving more than 80 percent of unprocessed cashew exports.

1.7.5 Since 2015, Guinea-Bissau’s political environment has been unstable, hampering further economic development. From 2015 to 2019, the country had seven prime ministers and four governments. In 2015, the elected government managed to engage and mobilize International Partners and received pledges of 1.2 billion dollars in projects outlined in the national development plan Terra Ranka. The disbursement of the round table pledged funds, however, has been successively delayed due to relapse into political instability triggered by the dismissal of the first Prime Minister’s Government by the President in August 2015. In December 2019 Guinea-Bissau has completed the full electoral cycle with Presidential elections; this will give the country a new start to guarantee stability.

1.7.6 Guinea-Bissau is in the category of countries with low human development. Approximately 67% of the population live in absolute poverty and 33 percent live in extreme poverty, which mainly affect women in rural areas. Inequality is high, at 50.7 percent as measured by the Gini index. Unemployment rate is at 11.6 percent and workers in informality is a structural problem.

1.7.7 Liberia’s economy is based on natural resource including iron ore, gold, diamond and vast forests. Until the 1980s, Liberia was one of the leading exporters of iron ore in the world. The two wars between 1989 and 2003 disrupted the country’s economic progress due to the destruction on infrastructure and brain drain. After the war in 2003 the country resumed its mining activities in iron ore, diamonds and gold. The economy is largely dependent on primary commodities with very limited value addition. Liberia’s recent past has been dominated by the recovery from the impact of Ebola Crisis that hit the country between 2014 and 2016 plunging the economy into a recession as GDP growth shrunk to lowest level of -1.6 percent in 2016. To-date the economic restoration is still heavily dependent on improved performance of natural resource hence remains vulnerable to international commodity prices. The medium-term outlook is promising although GDP growth is expected to be low. GDP growth was estimated at 0.4% and is further projected to remain just over 1% in the next two years unless economic turn-around measures are successfully

implemented under the IMF supported macroeconomic programme approved in December 2019.

1.7.8 Sierra Leone has a small and undiversified economy dominated by agriculture, forestry and fishing, mining and services sectors. After recording an unprecedented high of 20.7% in 2013 mainly due to a booming mining sector, the trend turned around in 2015 when GDP shrunk by 20.5%, reflecting the twin shocks arising from the Ebola virus disease (EVD) and a slump in international iron ore prices. Overall GDP growth follows that of industry and specifically the trends in the mining sector. Economic growth recovered to 6.3% in 2016 but slowed to 4.3% and 3.5% in 2017 and 2018 respectively, due largely to a sluggish mining sector¹³. Short term prospects remain subdued, with growth currently estimated at 5.1% in 2019 but projected to decline to 4.7% in 2020, mainly due to headwinds from the suspension of the licenses of the two major mining companies (Shandong Steel and Gerald Metals) in July 2019. Main export commodities include gold, diamonds, and iron ore and their performance has a major bearing on GDP growth in Sierra Leone.

1.8 Environmental Constraints to Artisanal and Small Scale Mining in Guinea Bissau, Liberia and Sierra Leone

1.8.1 Artisanal and Small-scale Mining (ASM) sectors in Transition States specifically Guinea Bissau, Liberia and Sierra Leone provide essential livelihood support for poor people by supplying valuable start-up capital for other economic activities. Despite being associated with a host of environmental, health and safety and social concerns, ASM continue to provide jobs and livelihood support to millions of people in these countries. It is therefore considered as one of the most important non-farm activities in the region. Studies reveal that products from ASM are important mechanism of trans-border exchange, particularly across the Guinea-Guinea Bissau border. In both Sierra Leone and Liberia as well as in many transition countries, ASM remains informal and unregulated, leaving poor people susceptible to exploitation; and market mechanisms for buying the products remain poorly developed and are dominated by informal buyers who operate outside the legal system.

1.8.2 According to the International Growth Centre (IGC), ASM is a complex and diversified sector across much of the developing world. It ranges from informal individual miners seeking a subsistence livelihood, to small-scale formal commercial mining entities producing minerals in a responsible way. For many countries in transition, ASM is at once an important source of livelihoods and of environmental damage. The sector is largely informal and mineral extraction as well as processing are often undertaken manually and with low technology. The productivity levels tend to be low and incomes barely above the poverty thresholds. There is a pressing need to enhance the quality of life for those miners working outside of formal legal and economic systems, and to enhance the contribution of the sector to sustainable development. The ASM sector is further characterized by low productivity, a lack of health and safety measures, the absence of environmental safeguards, and economic insecurity.

1.8.3 Based on reports from the Liberia Extractive Industry Transparency Initiative (LEITI) and the Sierra Leone Extractive Industry Transparency initiative (SLEITI), there are inadequate

¹³ African Economic Outlook, 2019.

regulatory environmental requirements for ASM due to informality. Additionally, the resistance by some miners to transition to a formal system also make assessment and management of environmental impacts challenging. Despite these challenges, sustainable development of the ASM sector can only be realized by reducing its environmental impact especially in the transition countries. At the same time, a lot can be achieved through a combined process of a regional-scale, strategic environmental impact assessment conducted by governments and partners and operational environmental management by ASM miners.

1.8.4 Over the years, payments from the artisanal and small-scale miners in the solid mineral sector are only reported by the government and have not been independently verified or reconciled by the requisite agencies like the SLEITI/LEITI or Independent Administrator owing to lack of data from the artisanal and small-scale miners. In addressing this challenge, a Scoping Study in the Mining Sector of Liberia was conducted. The study was intended to assess the solid mineral sector believed to be dominated by ASM to consider the possibilities of including all payments and revenue from the sector into the reporting process. Specifically, the study examined the scale of operations surrounding artisanal and small scale-mining including the licensing procedures, registration and revenue payments as well as identified key players or available networks, locations of their operations and strategic opportunities available for the full inclusion of the sector in the implementation of the EITI process.

1.8.5 Strategies to address these environmental and social constraints include: Providing technical training to improve productivity and safeguard the environment, and developing, disseminating and enforcing regulations with an emphasis on safeguarding water sources, reducing deforestation, safe working conditions and access to health care. Undertaking regional programmes that provide minimal standards of health and education to ASM workers and their families. Making a significant and verifiable reduction in the number of children employed in artisanal mining and improvements in the nature and scheduling of their work to accommodate educational needs. Strengthening, monitoring and enforcing laws on child labour in artisanal and small-scale mining areas. Strengthening the role and security of women in ASM and promoting the inclusion of ASM in rural development and job creation policies such that, where desired and realistic, alternative livelihoods are explored and promoted.

1.9 International Artisanal and Small Scale Mining Frameworks

1.9.1 The extraction of gold and diamonds by ASMs have increasingly become an international concern due to potential consequences related to child labour, environmental destruction, and connections to rebel movements. Particularly, gold mining involves introduction of mercury into the environment during processing, which is detrimental to human health and the environment. A number of international frameworks have been established to govern aspects of the mining value chain in order to address inherent challenges and avoid unintended consequences. The Minamata Convention on Mercury seeks to address the adverse effects of mercury and to ultimately ban new mercury mines and reduce mercury use. In the case of diamonds, the Kimberly Process, a joint government, industry, and civil society initiative, seeks to stem the flow of conflict diamonds and raise awareness of consumers. For this project, the Minamata Convention and the Kimberly Process are relevant.

1.9.2 The Minamata Convention: Improper use of mercury in ASM causes significant adverse neurological and other health impacts, particularly in unborn children and infants. The Minamata Convention on Mercury is a global treaty implemented by the United Nations Environment Programme (UNEP) to protect human health and the environment from the adverse effects of mercury. It was adopted in 2013 at the United Nations Diplomatic Conference in Kumamoto, Japan. The Minamata Convention includes a ban on new mercury mines, the phasing out of existing ones, the reduction and phasing out of mercury use in products and processes, control measures on emissions to air and on release to land and water, and the reduction of mercury use in the informal sector of ASM. It also addresses storage of mercury and its disposal as waste as well as site contamination. Countries that join the Minamata Convention are under legally binding obligation to implement the responsibilities outlined in the Convention. To reduce mercury use in ASM, participating countries who declare significant ASM activities must develop and implement a National Action Plan (NAP). The NAP must outline the following:

- National objectives and reduction targets;
- Actions for eliminating worst practices with respect to mining and processing using mercury;
- Actions for mitigating mercury emissions;
- Steps for facilitating the formalization or regulation of ASM;
- Baseline information on mercury use;
- Strategies for promoting the reduction of mercury and managing trade;
- Methods for involving stakeholders, building capacity in training healthcare workers, and preventing exposure of vulnerable populations; and
- Strategies for sharing information.

1.9.3 The Kimberly Process Certification Scheme (KPCS): The Kimberly Process was established in 2000 in response to the trade of “conflict diamonds” or “blood diamonds” throughout sub-Saharan Africa, with the goal of preventing or reducing violence by rebel groups seeking to undermine legitimate governments. In the case of conflict diamonds, diamonds would be seized or mined by rebel groups and sold to finance their activities. The Kimberly Process was adopted by the United Nations General Assembly and created an international certification scheme for rough diamonds, which requires controlling rough diamond production and trade in participating countries. Requirements include certifying rough diamonds as “conflict-free” and preventing conflict diamonds from entering the legitimate trade. Participating states must enact national legislation and institutions must monitor export, import, and internal controls, as well as commit to transparency and the exchange of statistical data. Participating states may trade with each other if they meet minimum requirements, providing market benefits to participation. Currently, Kimberly Process members account for 99.8 percent of the global production of rough diamonds. Liberia and Sierra Leone are members of the KPCS.

1.10 Artisanal Small Scale Mining and Climate Smart Actions

1.10.1 Climate Smart Mining (CSM) is a concept which among others supports the sustainable extraction and processing of minerals and metals while minimizing the environmental and climate footprints throughout the value chain. Regarding climate change issues in the beneficiary countries, at this stage, it is difficult to assess detailed project vulnerability to climate change because of lack of data on major climatic conditions and risks of the project intervention localities (mining areas). However, all three countries are listed among the most climate vulnerable in Africa. Climate projections suggest that all these countries experience heavy rains, recurrent floods and landslides in the future. If occurred in mining areas, these climate risks could lead to significant economic and social damages to the communities. The proposed baseline study of the project will address the lack of information on the impact of climate change in mining sector through climate vulnerability assessment of ASM assorted with climate-resilient actions plan. However, the general and specific interactions between ASM and climate change is discussed herein.

1.10.2 It is important to note that the environmental impacts of ASM such as deforestation, landslide, chemical contamination of soil, top soil loss & erosion, biodiversity loss can be exacerbated by climate change indirectly and directly over the short, medium, and long term. For example, landslides may occur because of improper mine construction; also extreme rainfall can worsen landslides or make them more likely to occur. In the same way, topsoil loss due to improper erosion controls due to ASM activities may be worsened by climate change-related flooding. Regions which experience drought, may exacerbate water availability already affected by ASM-related water contamination. Long-term changes in temperature and rainfall can also impact environmental conditions and the provision of ecosystem services.

1.10.3 Climate change can also amplify a number of human health and safety-related impacts though the actual effects will vary by time scale and region. Increasing temperatures can worsen the physical heat exposure that miners may already feel while working in poorly ventilated mines. Excessive rainfall can exacerbate potential structural hazards in mines by weakening tunnel walls or filling pits with floodwaters. Heavy rains can also cause landslides that partially fill in mine excavation sites or damage nearby communities. Drought conditions can also worsen dusty conditions from mine excavation, or mine blasting, with implications for respiratory health. Over the long term, changing climatic conditions may also lead to water or food insecurity or famine, resulting in demographic shifts as individuals and families seek out alternative livelihoods or move to new regions entirely. Also, if ASM activities are in a valley that is subject to inversions, climate change may increase the frequency or severity of the inversions. During an inversion, colder air is trapped underneath warmer air, and emissions within the valley become trapped with the colder air. This would cause emissions such as diesel exhaust or mercury from mining to be trapped also, exacerbating their negative impacts. Some key mitigations are placement of the mine site downstream from where water is drawn for drinking or irrigation, minimized clearing of vegetation for mine development, avoiding accumulation of washed ores and gravel in streambeds, storing mined rock and mine wastes away from water sources and reducing air emissions of mercury by replacement or use of a retorts. Climate change may also lead to water scarcity which complicates production and processing activities at the mine and may ultimately lead to mine closure or technological change .

Integrated Impact of Climate Change and ASM Activities: The majority of ASM activities occur in countries that are at increased vulnerability to impacts of climate change. Changes in

temperature and precipitation may alter the seasonality of mining, possibly contributing to additional shifts in livelihoods and population migration. Such shifts could result in increasing social conflict. Moreover, such physical changes could cause additional stress on underlying socio-economic and health status of community members, resulting in reduced adaptive capacity and resilience to climate change impacts. Climate change can also have particular impacts on socio-political systems of ASM communities. These include migration shifts as climate refugees move from areas where their livelihoods or homes are threatened by extreme weather, storm surge, changing agricultural conditions, etc. Land tenure conflicts, which can happen as a result of transient population movement could also arise from climate related demographic shifts.

1.10.4 Contribution of ASM to Climate Change: ASM is conducted via manual or semi-mechanized labour (e.g., limited to water pumps and earth-moving equipment), so therefore, in comparison to large-scale or industrialized extractive processes, the use of fossil fuels in ASM is negligible. ASM communities often face underlying poverty, the lack of access to reliable and efficient energy sources for everyday needs (e.g., cooking, heating) often result in reliance on carbon-intensive sources of energy (e.g., wood, charcoal, and gasoline), which also contribute to greenhouse gas emissions. However, the more urgent and consequential contributions to climate change by the ASM sector are deforestation; alterations to river morphology; air, soil, and water pollution from tailings, waste, and sewage; and abandoning and leaving mining pits un-reclaimed. These pollutants and degraded sites lead indirectly to climate change, as even after mining is completed, land cover will change, and reforestation is unlikely. In addition to the removal of greenhouse gas sinks that deforestation and land clearing cause, such activities also negatively impact overall ecosystem resiliency and thereby the adaptive capacity of adjacent communities.

1.10.5 It is important to understand not only how ASM activities may contribute to climate change, but also how the populations that participate in ASM may best increase their adaptive capacity and resilience to the impacts of climate change in both the short and long term. According to a USAID sector environmental guidelines for ASM¹⁴, emissions from ASM activities could be minimized by undertaking the following actions:

- a. Minimize deforestation and land clearing practices in ASM sites that contribute to the loss of carbon sinks;
- b. Ensure any machinery or vehicles utilized in ASM processes are maintained and optimized for fuel efficiency to reduce greenhouse gas emissions;
- c. Increase access to alternative energy sources to provide electricity, heating, and lighting power both within mines as well as across the community (e.g., maximizing opportunity for solar or hydro power) to reduce reliance on carbon-heavy energy sources;
- d. Minimize transport requirements through the placement of processing facilities in close proximity to mine sites to reduce greenhouse gas emissions from vehicular or other fossil fuel based transportation methods (consider full market value chain from overview section);
- e. Minimize the use of mining practices that alter ecosystems (e.g., river morphology that could increase flood risk); and
- f. Educate miners and community members on climate change, impacts, and potential mitigation and adaptation actions they can take to reduce contributions to and impacts from climate change.

¹⁴ USAID 2017, Sector Environmental Guidelines for ASM

1.11 Gender Related Issues

The gender issues specific to artisanal mining in the three countries could not be elaborated to the required detail during the preparation and appraisal stages due to the lack of resources and time constraints. The project has therefore included a study on the gender dimensions and women in the ASM sector in the three countries to identify gender gaps and possible policy and operations interventions. A gender analysis will be conducted to explore gender issues in the ASM sector which will provide insights into how to mainstream gender in the sector. These shall include among others: roles of women and men along the ASM value chain (digging, crushing, sluicing, panning, sorting, transporting, vending, provision of goods/services) and their implications regarding remuneration, control of resources, safety, and health; ownership of and access rights to land, pit areas, and mining permits/licenses/concessions by women and men; Gender Based Violence, and sexual harassment at mining sites, voices of women in decision-making forums – e.g. participation in cooperatives and mining associations. Since the project is targeting: policy development, institutional capacity building, capacity building of ASMs which will indirectly benefit women or men through the gender study, it is assigned Category III (Gender Outputs) according to the GMS of the Bank¹⁵.

1.12 Strategic Rationale

1.12.1 Under the third element of Pillar III on *multi-country thematic support*, the proposed intervention seeks to contribute to enhancing the capacity of African Governments in the implementation of the Africa Mining Vision (AMV), which has a main thrust of ensuring “Transparent, equitable and optimal exploitation of mineral resources to underpin broad-based sustainable growth and socio-economic development”. Despite the commitment by African Heads of States to implement the AMV a decade ago, the mining sector is still saddled with issues relating to transparency, value addition, informality in the ASM sub sector, environmental degradation among others. The project also aims to build the capacity of Artisanal and Small-Scale Miners (ASMs), conduct geological investigation of designated areas for ASM to ensure earmarked concessions have mineral reserves and equip policymakers responsible for mining sector regulation with the right tools and knowledge to manage the ASM sub sector.

1.12.2 Additionally, the long-term goal of the intervention, which is expected to be scaled up is to ensure that the ASM sub sector contributes to job creation, skills development, expand local economic opportunities, facilitate social cohesion, and contribute to foreign exchange earnings. Furthermore, the activities would be done in a climate smart manner to ensure environmental integrity. Through this intervention, the Bank will strengthen and help scale up efforts of African Governments to bring about the needed transformation in the ASM sub sector of the 3 countries. The intervention will improve the selected countries approach to mineral resource governance in line with the Africa Mining Vision, the African Development Bank’s strategic focus on inclusive and green growth, as well as the High 5s.

1.12.3 Mineral resources have played significant roles in fuelling conflicts in the selected countries, especially Liberia and Sierra Leone. Sierra Leone suffered a great deal from conflict relating to its diamond resources. Sierra Leone's civil war between 1991 and 2002 presents two important findings for African politics. First, it demonstrates how the presence of natural

¹⁵ The African Development Bank Gender Marker System (GMS), 2017.

resources prolong conflict by providing easy lootable assets for rebel movements to fund continued operations. Second, it suggests that the presence of natural resources affects the type of soldiers recruited and causes higher levels of violence likely to prolong civil conflict¹⁶. Therefore, in order to avoid recurrence of such natural resource conflicts, robust natural resource management policies, strategies and interventions need to be put in place. Additionally, State regulatory agencies and other key stakeholders must be empowered with the right technical and managerial skills for natural resource management. Given that these countries have significant mineral resources, which can be harnessed to support post conflict reconstruction, the importance of this intervention cannot be overstated.

1.12.4 Liberia's mining sector employs over 100,000 people and has the potential to contribute significantly to income generation and reducing the high unemployment estimated at 25 percent¹⁷. An estimated 85% of the active work force has only vulnerable employment without access to a pension, insurance policies, sick benefits or job security. While Liberia is rich in natural resources; the country is deprived of development largely because of weak human and institutional capacity to transform the natural resources into wealth. High transport and energy infrastructure deficits have undermined potential private sector investment in key sectors of mining, agro-processing, services and manufacturing. Liberia's PAPD notes that the concessions model used to exploit mineral resources has not yielded the expected dividends to communities. The export of raw materials, including the lack of relevant information on values for decision making by government institutions, expose Liberia to price distortion and puts communities at a disadvantage in distribution of the benefits of their natural resources. Weak legal and regulatory framework, as well as institutional oversight, lead to revenue loss for government and income loss for citizens who are doing artisanal mining. Going forward, government will encourage Corporate Social Investment (CSI) with strong Local Content Development Framework and Strategy for local benefits, and Free Prior Informed Consent (FPIC) for community engagement for all concessions to reduce/mitigate potential conflict. Government will improve the management of natural resources and conservation of biodiversity for inclusive and sustainable development while generating lawful revenues for development. A major focus will be placed on strengthening of regulatory mechanisms to provide greater transparency and to cater to the welfare of small-scale miners while safe guarding the environment.

1.12.5 Guinea-Bissau is characterized by many different factors of fragility caused by overall institutional weakness. In general, the drivers of fragility identified suggest the characteristics of a post conflict country, requiring state building, the development of basic infrastructure, reform of the justice system in order to lay the foundations of inclusive growth. These drivers of fragility are, however, more complex in so far as they stem from the historical weakness of national institutions and a model of governance that created an imbalance of power between the army and civil institutions. This is compounded by other drivers of fragility such as a lack of economic alternatives, the emergence of illegal income and establishment of cross-border criminal networks¹⁸.

¹⁶ Nina Asadi 2013: Natural Resources and Prolonged Conflict: The Case of Sierra Leone. Cornell international affairs review, 2013, vol. 7 no. 1

¹⁷ African Economic Outlook, 2020, African Development Bank

¹⁸ AfDB, Guinea Bissau CSP (2015-2019)

1.12.6 Key issues addressed by this intervention relate to the question *how can the mineral endowments in the selected countries, especially, the ASM sub sector help to provide inclusive and sustainable growth in the selected transition states?* Building capacities of regulatory institutions to formalise the ASM sub sector in the beneficiary countries will be key in addressing the governance challenges in the sector. Formalisation of the ASM sector is expected to lead to decent employment creation, contribution to socio-economic development and reduction in environmental externalities resulting from ASM activities.

2. PROJECT DESCRIPTION

The project is based on three (3) components: (i) Formalization of the artisanal and small-scale mining sector to create jobs and contribute to the improvement of the socio-economic life of mining communities; (ii) capacity building of regulatory institutions to enforce mining laws and regulations and (iii) Project coordination and management. The key activities of the components are summarized below:

2.1 Component 1: Support Formalisation of Artisanal and Small-Scale Mining

2.1.1 In line with the national development strategies of the beneficiary countries, ASM has been identified as a sector with potential source of employment and also contribute to the socio-economic development of rural communities who have less economic alternatives besides engaging in agro-allied enterprises. Among others, the project will help promote and support sustainable mining practices; support mining cooperatives; improve environmental conditions in mining communities; train small-scale miners in efficient extraction processes and promote gender equality & social inclusion in mining communities. Currently, most of mine workers are men; gender related information on the role of women in ASM is scarce. This component will also implement a strategy to potentially increase the role of women in the ASM sector.

2.1.2 Specific challenges to address include the following:

- a. Lack of designated areas for ASMs: In general, there is a bias to large scale exploration and mining companies in terms of mineral right acquisition. As a result, the majority of ASMs operate illegally leading to environmental degradation especially in informal mining areas;
- b. Non-payment of income tax due to highly informal nature of ASM operations. Formalizing the sector will mainstream their operations thereby become readily identifiable to honour their obligations including payment of taxes;
- c. Inadequate capacity of regulators to monitor operations of ASMs;
- d. Inadequate community structures to monitor ASMs operations
- e. Poor health and safety standards and practices; and
- f. Inadequate knowledge of stakeholders on mining policy and laws.

2.1.5 Addressing these challenges will ensure the ASM sector contributes to the socio-economic development of the beneficiary countries. Proposed activities under the component 1 (ASM formalization) include:

- a. Create awareness and enforce provisions of mining policies, laws and regulations;
- b. Train small scale miners in more efficient and environmentally sustainable mining and processing techniques, including health and safety;
- c. Develop and implement strategies to address gender inequalities in ASM;
- d. Develop regulations and guidelines to include ASM in the tax bracket; and
- e. Community stakeholder's engagement and formation/reviving of community development committees

2.2 Component 2 – Capacity Building of Mining Sector Regulatory Institutions

2.2.1 The project intends to build the capacity of mining sector regulatory institutions to enforce the policy, legal and regulatory frameworks. The institutions include: Guinea Bissau (Ministry of Energy & Natural Resources, Ministry of Environment), Sierra Leone (Ministry of Mines and Mineral Resources, National Mineral Agency), Liberia (Ministry of Mines & Energy and the Ministry of environment).

The mining sector institutions will also be supported to improve data collection to inform policy responses aimed at addressing natural resource conflicts. This will involve purchasing Geographic Information System (GIS) based software, tablets, Global Positioning Systems and other field accessories. The estimated costs of the goods is about 7% of the funds available to each beneficiary country.

Activities under this component include:

- Needs Assessment of regulatory institutions;
- Capacity Building and Competency Certification of state regulators in the mining industry;
- Develop Real Time Reporting System to improve Data Collection and Analyses to inform rapid policy responses; and
- Study tours to relatively more developed mining countries such as Ghana, Tanzania and Botswana to exchange experience

2.3 Component 3: Project Coordination and Management

This component will involve the provision of institutional/management support to executing agencies, supervision of project activities and outcomes. The Bank will hold bi-annual supervision missions and AfDB country/field offices in Bissau, Monrovia and Freetown will be part of the project's technical committee.

2.4 Target Beneficiaries

The project is expected to have a positive impact on the livelihoods of more than 10,000 people directly involved in the artisanal and small-scale mining sub sector in the beneficiary countries. These group of miners will receive direct training. The project will also directly train more than 500 mining regulatory officials in the selected countries. These officers are expected to provide extension services to over 200,000 ASMs in the beneficiary countries. Furthermore, business activities in these mining communities will flourish due to the enhanced purchasing power of the ASMs. Overall, the project is expected to trigger wealth creation opportunities and decent employment.

2.5 Expected Outcomes/Outputs

2.5.1 By formalizing artisanal and small-scale mining, the intervention is expected to create a socially and environmentally sustainable ASM in targeted areas to support a transition out of poverty especially for many rural dwellers who have less in terms of alternatives. Table 2.1 below shows output/outcome results and their corresponding Key Performance Indicators (KPIs).

Table 2.1: Output/Outcomes and KPIs

No	Output/ Outcome	Key Performance Indicator
Component 1: Support Formalisation of Artisanal and Small-Scale Mining		
a	Capacity of ASMs enhanced through training	<ul style="list-style-type: none"> • Number of ASMs trained in various disciplines (Safety, Health, Environment, Policy, legal and regulatory frameworks, Gender based violence) – disaggregated by gender • Climate smart mining technologies adopted • Improved record keeping for generation of ASM related statistics (mineral production, sales, expenditure etc)

b	ASMs integrated into the formal economy	<ul style="list-style-type: none"> • Number of ASM licensed concessions; • Number of ASM cooperatives formalised to enjoy common support (At least 50% of leadership female) • Number of ASMs employed • % contribution of the ASM sector to mineral production and other economic indicators.
c	Sustainable/Smart mining and processing techniques adopted	<ul style="list-style-type: none"> • Reduction in ASM related land degradation (Ha) • ASM related Environmental issues reduced
d	Improved safety, health and security issues in ASM	<ul style="list-style-type: none"> • ASM work-related injuries and health impacts reduced (Number) • Child labour reduced at ASM mine sites (Number)
e	Improved social license for ASMs	<ul style="list-style-type: none"> • Functional Community Development Committee (CDC) • ASMs undertake agreed responsibilities in communities • Reduction in ASM related social conflicts
f	Mainstream gender in ASM operations	<ul style="list-style-type: none"> • Number of women owning ASM concessions • % of women in the local, regional and national associations of ASM • % of women trained in the ASM sector
g	Simplified taxation framework developed for ASM	<ul style="list-style-type: none"> • % of ASMs absorbed in the tax bracket • Tax and fees paid by ASMs
h	Mainstream climate change into ASM activities	<ul style="list-style-type: none"> • Number of ASMs educated on climate smart mining practices
Component 2: Capacity Building of Mining Sector Regulatory Institutions		
a	Strengthened institutional capacity to manage the ASM sector	<ul style="list-style-type: none"> • Baseline Report on ASM Landscape • ASM Strategy developed as a blueprint for the formalisation process; • Operations manual developed for ASM • Health, Safety & Environmental guidelines developed • ASM Financial Inclusion Strategy developed • Guidelines for enforcement of Child Labour Laws in ASM developed • ASM Gender Mainstreaming guidelines developed • CSR guidelines developed • Number of regulators trained in various disciplines (Health, Safety, Health and Environment, gender, finance, policy, legal and regulatory frameworks) – disaggregated by gender

2.6 Alternatives Considered

A few other activities were considered as project alternatives, Table 2.2 below gives alternatives considered and causes of rejection.

Table 2.2 - Alternatives considered and causes of rejection

Alternative solution	Brief description	Cause of the rejection
Formalisation without support	This solution involves application of the law to coerce ASMs in the informal sector to acquire licenses before operating.	This solution was rejected because, lessons from other countries have shown that without incentives, formalization is not sustainable. In the first instance, the ASMs lack capital to even conduct exploration to determine viability of acquired concessions. Additionally, without capacity building in areas such as Health, Safety and Environment (HSE), the negative environmental impact of their operations will be tremendous.
Do nothing Scenario	This scenario involves maintaining the status quo	Maintaining the status quo will not improve the ASM landscape. Additionally, ASMs will continue to mine and smuggle gold across the borders resulting in loss of revenues to Government. Furthermore, the informal activities will continue to degrade the environment.

2.7 Lessons Learnt from Elsewhere

2.7.1 This project capitalizes on several lessons learnt from elsewhere about formalising ASM in Africa as well as country specific lessons emanating from the development of Country Diagnostic Note (CDN), Country Strategy Papers (CSPs), CSP Completion Reports and Portfolio Reviews and midterm review of the Bank's Country Strategy Papers. Some of the key lessons learnt are highlighted in Table 2.3 below and taken on board in the project design.

Table 2.3: Lessons Learnt

Lesson Learnt	Incorporation in project design
Delays in project implementation	The project will be implemented under the TSF Pillar 3 guidelines for TA. Realistic milestones will be set for the beneficiary country PIUs
Failure to account for the various categories of ASM	Project design took account of the diverse nature of ASM in Africa's mining sector
Failure to implement recommendations of supervision missions	The PIU will produce quarterly reports on progress of the project Oversight by the Project Steering Committee and regular supervision missions by Bank staff.

	Task Manager to regularly update the recommendations and follow-matrixes with clear and reasonable deadlines on a monthly/quarterly basis.
Failure to appropriately consider and incorporate feedback from all beneficiaries during project design	The feedback of all stakeholders will be appropriately considered and incorporated where appropriate in the design of the project to ascertain level of ownership and successful project implementation.
Poor procurement planning	PIUs will be sensitized on Bank procurement rules and supported by the Procurement experts to ensure compliance.

2.8 Risk and Mitigation Measures

2.8.1 As with any development project, there are potential risks which may arise during project implementation. These risks can be institutional, technical, organizational, financial and managerial. The risks and associated mitigation measures were assessed during the project formulation process. They are indicated in Table 2.4 below.

Table 2.4: Risks and mitigation measures

Risk	Probability	Impact	Mitigation strategy	Residual Risk
Less interest in the mining sector due to the volatility of world commodity prices.	Medium	Major	Improve efficiency to reduce overhead costs. In general costs in the ASM sector is relatively low due to limited mechanization	Moderate
Insufficient capacity of the project implementation unit	High	Major	Capacity building will be an integral part of the programme. Mining regulators will also be trained.	Moderate
Initial estimates of programme costs are inadequate	Medium	Major	The budget estimates were prepared in consultation with stakeholders during the appraisal missions.	Moderate
Coordination of projects between ministries is proving difficult.	Medium	Major	-Strong leadership from the PIU; -Effective functioning of project steering committees and technical working groups	Moderate
Failure to provide benefits to targeted beneficiaries.	Medium	Severe	Ensure the selection of highly experienced technical staff to form the PIU. Implement a robust monitoring and evaluation framework to monitor project indicators.	Major
Serious incidents related to violations of health and safety standards or human rights violations (e.g. child labour, clashes with illegal miners for security reasons).	High	Severe	Give priority to health and safety training and the use of personal protective equipment (PPE); Raise awareness of and ensure compliance with the "Voluntary	Moderate

			Principles on Security and Human Rights" among security personnel.	
Gold and diamond smuggling across the border to neighboring countries.	High	Severe	Build capacity of regulators to monitor activities. Apply the legal framework for the purchase and export of gold.	Major
Duplication of similar activities by other partners	Low	Moderate	Other development partners have been consulted to ensure complementarity of support to the countries.	Low
Lack support from Regional Economic Communities (RECs)	Low	Moderate	The project is in line with the Africa Mining Vision, the ECOWAS Directive of Harmonization of Guiding Principles and Policies in the Mining Sector as well as the ECOWAS Mineral Development Policy.	Low
Inadequate budgetary allocations to support capacitated regulatory agencies after the project	Medium	Moderate	Ministries responsible for finance will be part of the Project implementation under the project and will continue to be sensitized on the needs of the Agencies.	Low

3 IMPLEMENTATION ARRANGEMENTS

3.1 Project Management and Implementation Structure

The project will be managed by the respective implementing agencies in the beneficiary countries of Guinea Bissau, Liberia and Sierra Leone. The Project Task Manager will ensure linkages between the project action plan and the Bank Group strategic priorities and operational processes.

3.2 Guinea Bissau

3.2.1 *Project Steering Committee:* The Project will constitute a Project Steering Committee (PSC), chaired by the Minister of Energy and Natural Resource's nominated representative, which will provide strategic and oversight governance to the project. The PSC will approve key strategic documents including annual workplans, budgets and procurement plans as well as monitor and track project implementation progress. The PSC will meet in every quarter and Project Coordinator shall act as the secretary for the PSC meetings.

3.2.2 *Project Coordination:* The technical aspects of the project will be implemented through a Project Implementation Unit (PIU) to be established at the Ministry of Energy and Natural Resources. The Ministry will also ensure coordination of the activities of the Multi-sectoral Steering Committee, which will be set up and composed of the sectoral ministries involved in the project as well as representatives from Gender Ministry, CSOs, NGOs, ASM association, and ASM sector working group. The PIU will be headed by a Projects Coordinator who will be supported by four (4) specialists: Procurement, Mining, Monitoring and Evaluation and Training. The ministry of finance will be in charge of managing the fiduciary arrangements.

3.2.3 *Technical Implementation Committee* - A Technical Implementation Committee (TIC) will be constituted from key Departments of the Ministry of Energy and Natural Resources (MENR) including the Departments of Mines & Geology, Inspectorate, Cadastre, among others. The TIC will provide critical technical support to project implementation and track progress. It will meet quarterly and in between quarters if urgently required and make recommendations for project implementation, which feed into the PSC meetings.

3.2.4 *Executing Agency-* The MENR is the designated as the Executing Agency (EA) of the Proposed Project.

3.2.5 *Financial Management:* The day-to-day implementation and coordination of the project will be carried out by the Ministry of Energy and Natural Resources through a constituted Project Coordination Unit (PCU) to be headed by a Project Coordinator and supported with core expert staff including, Mining Health and Safety Specialist, M&E Specialist, Training Specialists, Procurement Specialist and a Project Accountant. The Financial arrangements will be overseen by the Ministry of Finance. A financial management procedures manual will be developed for the project if the Ministry of Finance does not have one. The financial management unit of the Ministry of finance will prepare quarterly un-audited interim financial reports (as per the agreed format) and submit to the Bank within forty-five (45) days after the

end of each quarter. The project financial statements (PFS) covering the its two years shall be the reviewed/ audited and the reviewed reports transmitted to the Bank within six (6) months after the end of the project.

3.2.6 Disbursement: Two disbursement methods will be used by the Bank in transferring funds to the Project- (i) Direct payment method will be used for payment consultancy contracts duly signed between the Executing Agency (EA) and consultants/ service providers. (ii) The Special Account (SA) method will be used for meeting recurrent/ operating expenses of the project. A dedicated US Dollar denominated SA will be opened at a Commercial Bank acceptable to the AfDB, to receive grant resources. The SA will be jointly managed by the Ministry of Finance and the EA as co-signatories. *All disbursements under the project will follow procedures outlined in the Bank's Disbursement Handbook 2012.*

3.2.7 Audit: The Project's financial statements (PFS) at the end of the project in 2 years shall be reviewed by the national audit agency or outsourced to a competitively recruited independent Practitioner/ auditor. The review will be carried out in accordance with International Standard on Review Engagements (ISRE) 2400 and TORs will be agreed with the Bank. However, in the event that the project extends over the 2 years lifespan, the PFS shall be reviewed at mid-term and at the end of the project. The review reports comprising of the reviewed project financial statement (with the practitioner's statement of negative assurance/ opinion and related management letter, should be submitted to the Bank within six (6) months at the end of the review period.

3.3 Liberia: Implementation arrangements

3.3.1 Project Steering Committee: The Project will constitute a Project Steering Committee (PSC), chaired by the Minister of MME or his nominated representative, which will provide strategic and oversight governance to the project. The PSC will approve key strategic documents including annual workplans, budgets and procurement plans as well as monitor and track project implementation progress. Other members of the PSC shall comprise a representative each from the Ministry of Finance and Development Planning, Ministry of Gender, Environmental Protection Agency (EPA), Artisanal and Small Scale Mining Sector Working Group (ASMSWG), Artisanal and Small Scale Miners, and Civil Society Organizations (CSOs). The PSC will meet in every quarter and Project Coordinator shall act as the secretary for the PSC meetings.

3.3.2 Project Coordination: Technical implementation of the project in Liberia will be carried out by the Ministry of Mines and Energy (MME), through a Project Coordination Unit (PCU) to be constituted. It will be supported by the Public Financial Management Unit (PFMU) of the Ministry of Finance and Development Planning (MFDP), which will be in charge of managing the fiduciary arrangements.

3.3.3 Executing Agency- The Ministry of Mines and Energy (MME) is the designated the Executing Agency (EA) of the Proposed Project. The MME was established by an act of legislature to administer all activities related to mineral, water and energy resource exploration, coordination and development in the Republic of Liberia.

3.3.4 Financial Management

The MDPF/ PFMU will manage the financial management arrangements of the project. The PFMU shall designate an Accountant for the Project who shall be supervised by the Director of the PFMU. The PFMU has a robust FM system in place for managing donor funded projects and currently managing the fiduciary arrangements of some Bank funded projects in Liberia. The Unit is therefore experienced in the Bank's FM rules and Disbursement procedures. The PFMU already has a Financial Management Procedures Manual in place and Administrative Procedures Manual which will be adopted with minor project specific requirements to guide project implementation. The internal audit function at the PFMU will periodically review project operations to strengthen the control environment. The Unit will use its existing Sun Accounting software to record and process project transactions and prepare financial reports in line with International Public Sector Accounting Standards (IPSAS), in harmony Accounting Standards adopted by the Government of Liberia. The PFMU will prepare quarterly un-audited interim financial reports (as per the agreed format) and submit to the Bank within forty-five (45) days after the end of each quarter. A single audit covering the two years project life span shall be the reviewed/ audited and the reviewed reports transmitted to the Bank within six (6) months after the period reviewed.

3.3.6 Disbursement: Two disbursement methods will be used in transferring Bank's funds to the Project - (i) Direct payment method will be used for payment of consultancy contracts duly signed between the EA and consultants/ service providers. (ii) The SA method will be used for meeting recurrent/ operating expenses of the project. A dedicated US Dollar denominated SA will be opened at a Commercial Bank acceptable to the AfDB, to receive grant resources. The SA will be managed by the PFMU, with the EA as co-signatory to the account. All disbursements under the project will follow procedures outlined in the Bank's Disbursement Handbook 2012.

3.3.6 Audit: A single review/ audit will be performed over the project's 2 years lifespan by the General Auditing Commission (GAC) or outsourced to a competitively recruited independent Practitioner/ auditor (using GAC's outsourcing guidelines). The review will be carried out in accordance with International Standard on Review Engagements (ISRE) 2400 and TORs will be agreed with the Bank. However, in the event that the project extends over the 2 years lifespan, the PFS shall be reviewed at mid-term and at the end of the project. The review reports comprising of the reviewed project financial statement (with the practitioner's statement of negative assurance/ opinion and related management letter, should be submitted to the Bank within six (6) months at the end of the review period.

3.3.7 Overall conclusion: The MME with the support of the PFMU has adequate capacity to implement the proposed project and ensure that funds are used for the intended purpose. To mitigate further, MME will constitute a PSC with representatives from key stakeholder entities, deploy key experts to the PCU and customize the FM Manual with minor project specific requirements. The overall fiduciary risk is moderate.

3.4 Sierra Leone: Implementation Arrangement

3.4.1 Project Steering Committee: A Project Steering Committee (PSC), will be established with membership from key relevant entities and chaired by the Minister of MMMR or his nominated representative. The PSC will provide strategic and oversight governance to the project as well as scrutinise and approve key strategic documents such as, annual workplans,

budgets, procurement plans etc. and monitor/ track project implementation progress. A representative each from the following entities shall constitute the PSC- The Ministry of Finance (MOF), Ministry of Lands, Housing and Environment (MLHE), Ministry of Gender and Children Affairs (MOGCA), National Minerals Agency (NMA), Environmental Protection Agency (EPA), Natural Resources Authority (NRA), National Chamber of Mines (NCM), CSOs and two representatives from the ASMs. The Project Coordinator shall act as the secretary for the PSC meetings. The PSC will meet on a quarterly basis to deliberate on issues of the project.

3.4.2 Project Coordination: The Project in Sierra Leone will be executed by the Ministry of Mines and Mineral Resources (MMMR) through its existing Project Implementation Unit (PIU) in charge of project coordination and the National Minerals Agency (NMA) leading the technical implementation of the project in Sierra Leone. The PIU is currently coordinating the implementation of the ongoing Extractive Industries Technical Assistance Project (EITAP) Phase 2 funded by a Development Partner. The NMA shall appoint other core technical experts to the project where necessary.

3.4.3 Executing Agency- The MMMR is designated the Executing Agency (EA) of the project. The Technical implementation of the project will be handled by the NMA. Whilst the NMMR is in charge of policy, the NMA which was established by an act of parliament in 2012 is to promote the development of the minerals sector by effectively and efficiently managing the administration and regulation of mineral rights and minerals trading in Sierra Leone, to provide technical and other support to the mineral sector including geological survey and data collection activities. The NMA is responsible for enforcing the legal statutes on mining and also make recommendations or advise the Minister of MMMR on policy matters regarding for improvements, as well as formulate and implement plans and systems for managing the responsible development of the minerals sector and to promote the rights of communities.

3.4.3 Financial Management: The MMMR EITAP PIU will oversee the day-to-day implementation and coordination of the project in Sierra Leone, with technical implementation support provided by the NMA. The PIU to be headed by an experienced Project Coordinator and supported by three (3) staff including an experienced Financial Management Specialist (FMS), a Procurement Specialist and a Procurement Assistant. The FMS will oversee the overall financial management function of the project and will be supported by an Accounts Assistant (to facilitate capacity building and segregation of incompatible duties). The EITAP Project is using QuickBooks Accounting software and has in place an Operations Manual (OM) which embodies financial management and internal controls. The OM will be adopted (with minor for AfDB specific requirement) to streamline FM practices and guide project implementation. The FMS will use QuickBooks Enterprise Solutions version 8.0 to capture all project accounting transactions and generate all project financial reports including Interim Financial Reports (IFR) and draft financial reports for audit. The Project will adopt IPSAS Cash Basis for the preparation of financial reports in harmony with the Accounting standards used by the Accountant General of Sierra Leone. The Internal Auditor of the MMMR will perform periodic reviews of the project to strengthen the project control environment. The

Bank will provide further guidance to the Project FM staff at launching and during implementation to enable them to be abreast with the Bank's FM rules and Disbursement procedures. The Project shall submit to the Bank quarterly un-audited IFRs (as per the agreed format) no later than forty-five (45) days after the end of every quarter. A single review/ audit will be performed the PFS covering the project's life span of 2 years and the review reports submitted to the Bank no later than six (6) months after the period reviewed.

3.4.4 Disbursement: Direct payment and Special Account methods will be used in advancing resources under the project (i) The Direct payment method will be used for payments against signed contracts between the EA and consultants/ service providers. (ii) All payments for operating and other administrative expenses will be done through the Special Accounts (SA) method. The EA will open and manage a US Dollar denominated SA account at a Commercial Bank acceptable to the AfDB, for receipt of grant resources from the Bank. The disbursement procedures outlined in the Bank's Disbursement Handbook 2012 shall be followed.

3.4.5 Audit: The Auditor Audit Service of Sierra Leone (ASSL) or a competitively recruited independent Practitioner/ auditor (appointed by the Auditor General of Sierra Leone) will carry out a single review/ audit of the project financial statements at the end of the project's 2 years lifespan, in accordance with ISRE 2400. The review TORs will be agreed with the Bank. Where the project gets extended over 2 years, the review on the PFS shall be done at mid-term and at the end of the project. The review reports consisting of the reviewed PFS (with the practitioner's opinion) and the accompanying management letter, should be submitted to the Bank no later than six (6) months of each period reviewed.

3.4.6 Overall conclusion: MMR has adequate capacity to execute the proposed and ensure that funds are used for the intended purpose subject to constituting a PSC with representatives from key stakeholder entities, appointment of key specialist to the PIU and minor modifications to the OM with project specific requirements. The overall fiduciary risk is rated as moderate.

3.5 Overall Timeline

The project will be implemented over a period of 2 years. Table 3.1 below shows the activity chart.

Table 3.1: Activity Chart and Timelines for Guinea Bissau, Liberia and Sierra Leone

	2020		2021				2022	
Components	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sierra Leone								
Component 1: Support Formalization of Artisanal and Small-Scale Mining								
1.1 Development of Knowledge Products								
○ Conduct Baseline Study of the Mining Landscape (emphasis on the ASM sub sector)								
○ ASM Strategy, Guidelines for Safety, Health and the Environment & Child labour laws etc.								
1.2 Train ASMs in mining, processing, Health, Safety & Environmental issues etc.								
1.3 Conduct sensitization programmes to encourage informal ASMs to regularize their operations								
Component 2: Capacity Building of State Regulators								
2.1 Conduct Needs Assessment of regulatory institutions								
2.2 Capacity Building and Competency Certification of state regulators in the mining industry								
2.3 Develop Real Time Reporting System to improve Data Collection and Analyses*								
2.4 Study tours to matured mining jurisdictions to exchange experience								
Component 3: Project Management								
3.1 Strengthening the Project Coordinating Units for efficient delivery								

*This activity will not be conducted in Guinea Bissau due to inadequate regulatory manpower.

3.6 Monitoring and Evaluation Measures and Assurance

Monitoring and evaluation activities will be undertaken to ensure visible, tangible results with a real impact on beneficiaries are achieved. Project monitoring will be based on indicators, baselines, and targets disaggregated by gender, age, and location as defined in the results framework.

3.7 Sustainability

3.7.1 The existing national regulatory agencies benefit from the support of their governments. It is therefore expected that beneficiary governments will assist in securing funds through their own means or with other development partners to ensure sustainability of activities of capacitated institutions. Additionally, local NGOs and CSOs will be involved in the project implementation to ensure continuity after project closure.

3.8 Project Financing Plan

3.8.1 The total project cost is 1.5 million UA and is to be financed by the Transition Support Facility, Pillar 3 resources. The Governments' contribution will be in-kind in the form of office space for Consultants and staff time. Table 3.2 below is a cost breakdown by component and activities. Even though, it's a regional project, three (3) distinct Grant Agreements will be

signed by the beneficiary Governments such that delays in one country will not affect implementation in another.

Table 3.2: Cost by Component

Cost Break Down by Components		
Components	Total Cost TSF Pillar 3 (UA)*	Indicative Cost UA
Guinea Bissau		
Component 1: Support Formalization of Artisanal and Small-Scale Mining	350,000	350,000
• Train ASMs in mining, processing, Health, Safety & Environmental issues etc.		150,000
• Conduct sensitization programmes to encourage informal ASMs to regularize their operations		100,000
• Development of Knowledge Products <ul style="list-style-type: none"> ○ Conduct Baseline Study of the Mining Landscape (emphasis on the ASM sub sector) ○ ASM Strategy, Guidelines for Safety, Health and the Environment & Child labour laws etc. 		100,000
Component 2: Capacity Building of State Regulators	100,000	
• Conduct Needs Assessment of regulatory institutions		5,000
• Capacity Building and Competency Certification of state regulators in the mining industry		60,000
• Study tours to matured mining jurisdictions to exchange experience		35,000
Project Management Costs	50,000	
Sub Total	500,000	
Liberia		
Component 1: Support Formalization of Artisanal and Small-Scale Mining	310,000	
• Train ASMs in mining, processing, Health, Safety & Environmental issues etc.		140,000
• Conduct sensitization programmes to encourage informal ASMs to regularize their operations		70,000
• Development of Knowledge Products <ul style="list-style-type: none"> ○ Conduct Baseline Study of the Mining Landscape (emphasis on the ASM sub sector) ○ ASM Strategy, Guidelines for Safety, Health and the Environment & Child labour laws 		100,000
Component 2: Capacity Building of State Regulators	140,000	
• Conduct Needs Assessment of regulatory institutions		5,000
• Capacity Building and Competency Certification of state regulators in the mining industry		60,000
• Develop Real Time Reporting System to improve Data Collection and Analyses. This will involve purchasing GIS based software, tablets and Global Positioning Systems)		50,000
• Study tours to matured mining jurisdictions to exchange experience		25,000

Project Management Costs (10%)	50,000	
Sub Total	500,000	
Sierra Leone		
Component 1: Support Formalisation of Artisanal and Small-Scale Mining	310,000	
<ul style="list-style-type: none"> • Train ASMs in mining, processing, Health, Safety & Environmental issues etc. 		140,000
<ul style="list-style-type: none"> • Conduct sensitization programmes to encourage informal ASMs to regularize their operations 		70,000
<ul style="list-style-type: none"> • Development of Knowledge Products <ul style="list-style-type: none"> ○ Conduct Baseline Study of the Mining Landscape (emphasis on the ASM sub sector) ○ ASM Strategy, Guidelines for Safety, Health and the Environment & Child labour laws 		100,000
Component 2: Capacity Building of State Regulators	140,000	
<ul style="list-style-type: none"> • Conduct Needs Assessment of regulatory institutions 		5,000
<ul style="list-style-type: none"> • Capacity Building and Competency Certification of state regulators in the mining industry 		60,000
<ul style="list-style-type: none"> • Develop Real Time Reporting System to improve Data Collection and Analyses. This will involve purchasing GIS based software, tablets and Global Positioning Systems) 		50,000
<ul style="list-style-type: none"> • Study tours to matured mining jurisdictions to exchange experience 		25,000
Project Management Costs (10%)	50,000	
Sub Total	500,000	
TOTAL	1,500,000	

4.0 PROCUREMENT ARRANGEMENTS

4.1 Guinea Bissau

4.1.1 Procurement of goods (including services other than consultants) and consultancy services financed by the Bank under the Project will be carried out in accordance with the Procurement Framework for Bank Group-financed Operations, October 2015 edition and in accordance with the provisions set out in the Financing Agreement. Specifically, procurement will be carried out in accordance with the Bank's Procurement Methods and Procedures (PPM), based on the relevant Standard Bidding Documents (SBDs) for goods and consultancy contracts for which the PPMs are deemed to be the most appropriate. Indeed, the analysis of the procurement system of Guinea Bissau led to a qualification of the procurement risk as high. Consequently, in the execution of this project, the Bank's Procurement Procedures and Methods will be used with the understanding that a capacity development action plan will be discussed with the Guinean Bissau authorities to enable the use of the national procurement system in the short term following the reforms identified as necessary.

4.1.2 Procurement Risk and Capacity Assessment (PRCA): in order to take into account the specificities of the project, the Bank assessed: (i) risks at country, sector and project level; (ii) risks at the country level; (iii) risks at the project level; and (iv) risks at the project level and (iv) the capacity of the executing agency. The results of these evaluations concluded that there was a substantial level of risk to contracting and were used to guide the decision on the selection of GPGs for all project activities.

4.1.3 Organization of procurement implementation: Project management will be placed under the responsibility of the Minister in charge of energy and natural resources. A coordination team including a **short-term procurement specialist** will be put in place to implement the project activities. The Procurement Specialist will be recruited on a competitive basis. The support of procurement expertise was considered necessary in view of the weak capacity of the beneficiary to comply with the procurement methods and procedures financed by the Bank. The procurement expert will be the subject of a performance contract whose terms of reference must be approved by the Bank.

4.1.4 Project Design and Complexity: Project design and complexity were examined from both a technical and business delivery (including procurement) perspective. In view of the activities to be carried out, the project does not present any major challenges in terms of acquisitions. Indeed, the consultancy services amounting to UA 315,000 are not complex and several similar missions have been or are being carried out in the country.

4.1.5 Details of the procurement methods and procedures (MPA) to be used in the Project
All procurement of goods as well as consultancy services financed from Bank resources will be in accordance with the Procurement Policy for Bank Group-financed Operations ("AfDB Policy"), October 2015 edition and as stipulated in the Financing Agreement. In application of this policy and following the various evaluations carried out, it was agreed as follows:

4.1.6 Country Procurement System (CPS)

As the overall risk for the use of the Guinea Bissau procurement system in the project has been assessed as high, it is proposed that all procurement under this project be carried out in accordance with the Bank's procurement methods and procedures as well as the provisions set out in the Financing Agreement.

4.1.7 Methods and Procedures for Acquiring Bank Sponsored Procurement

All procurement of goods and consultancy services for the project will be made in accordance with the following procurement methods in conformity with the Procurement Framework for Bank Group-financed Operations, October 2015 edition using the Bank's Standard Bidding Documents.

4.1.8 Consultancy services/firms:

- i. All the services of consulting firms except for the financial audit of the project will be acquired following the selection methods as described by the OPM.
- ii. The financial audit services (external audit) of the project will be acquired following a Least Cost Selection (LCS) as described by the OPM or the services of the National Audit Agency can be used if available.
- iii. Individual Consultant Services: All individual consultant services will be procured competitively through the Individual Consultant (IC) selection method as described by the OPM.

4.1.9 Summary of Project Contracting Arrangements

The procurement modalities for the various components, elements and items in the various categories of expenditure to be financed from the Bank's resources are summarized in Table 4.1 below. Contracts, cost estimates, modes of procurement, applicable procurement system, control requirements, and schedule as agreed between the Borrower and the Bank, are indicated in the Procurement Plan.

Table 4.1: Summary of Procurement modalities

Categories	(Cost in Thousands of CU)						
	Country Methods and Procedures (SPMP)			Methods and Procedures of the Bank (MPAB)			Total
	AOO	PS	LR	AOO	LR	others	
1. CONSULTANT/FIRM SERVICES							
1.1 Train ASMs in mining, processing, Health, Safety & Environmental issues etc.					150 [150]		150 [150]
1.2 Development of Knowledge Products					100 [100]		100 [100]
• Conduct Baseline Study of the Mining Landscape (emphasis on the ASM sub sector)							
• ASM Strategy, Guidelines for Safety, Health and the Environment & Child labour laws etc.							
2. CONSULTANCIES/INDIVIDUAL CONSULTANTS							
Conduct Needs Assessment of regulatory institutions					5 [5]		5 [5]
Capacity Building and Competency Certification of state regulators in the mining industry					60 [60]		60 [60]
3. miscellaneous expenses and operation						185 [185]	185 [185]
TOTAL					315 [315]	185 [185]	500 [500]

*The figures between [] are those financed by the Bank; Other = Manual of procedures

4.1.10 Advertising: The content of the General Procurement Notice (GPN) will be agreed with the executing agency and will be transmitted for publication on United Nations Development Business (UNDB) online and on the Bank's website, after approval by Management of the financing proposal.

4.1.11 Specific Tender Notices: Specific tender notices will be prepared and published through appropriate channels to ensure wide publicity. Specifically, specific open bidding notices will be published in UNDB, on the Bank's website, locally and in widely circulated newspapers and specialized journals.

4.1.12 Review by the Bank of the Borrower's Contracts

i. Procurement activities using the country system: Under this project, there will be no procurement activities using the country system.

ii. Control under the Bank's Methods and Procedures for Acquiring Bank Sponsored Procurement (MPAB)

Acquisition processes conducted in accordance with the Bank's methods and procedures will be subject to prior review. All other details and method of review will be as indicated in the procurement plan approved by the Bank.

4.1.13 In this regard, the following documents will be submitted to the Bank for approval: (i) General Procurement Notices, (ii) Specific Bidding Notices or Notices of Expression of Interest, (iii) Requests for Proposals, (iv) Evaluation Report of Consultants' Technical Proposals or CV Selection Report, (v) Combined Technical and Financial Evaluation Reports including recommendations for contract award, accompanied by the minutes of negotiations and the initialed draft contract.

4.1.14 In addition to the Bank's prior review of certain activities, the capacity evaluation recommended one supervision mission per year to review the procurement activities carried out by the Borrower and to ensure that the capacity to supervise procurement activities was established and maintained over time.

4.1.15 Procurement Plan: The Borrower has developed a summary procurement plan that forms the basis of the procurement arrangements for the project. It will be detailed for the activities to be implemented during the first 18 months and submitted to the Bank at the latest during project negotiations. The procurement plan will be rigorously updated at the beginning of each year or as necessary by the project executing agency to reflect the real needs for project implementation. Any proposed revisions to the procurement plan will be subject to the Bank's prior approval. When the procurement plan is updated, the estimated amounts will need to be verified and updated by the borrower to reflect market prices. The Borrower will implement the procurement plan as agreed with the Bank.

4.2 Sierra Leone

4.2.1 The acquisition of consulting services financed by the Bank for this project will be carried out in accordance with the *"Procurement Policy for Bank Group Funded Operations"* dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, procurement will be carried out as described below.

4.2.2 Bank PMPs: Bank standard PMPs, using the relevant Bank Standard Documents for all contracts irrespective of the threshold. “The procurement arrangements for the various components, elements, and items, under the different expenditure categories to be financed by the Grant and procured using Bank’s procurement system are summarized in Table 5.1 below;

Table 4.1: Summary of Procurement Arrangements

Project Categories	Bank PMPs			Total UA
	OCB,	LCB	Other UA	
1. Consulting Services				
1.1 Train ASMs in mining, processing, Health, Safety & Environmental issues			(140,000)	(140,000)
1.2 Conduct Baseline Study of the Mining Landscape and develop ASM strategy Safety, Health and the Environment & Child labour laws			(100,000)	(100,000)
1.3 Conduct Needs Assessment of regulatory institutions			(5,000)	(5,000)
1.4 Capacity Building and Competency Certification of state regulators in the mining industry			(60,000)	(60,000)
1.5 Develop Real Time Reporting System to improve Data Collection and Analyses			(50,000)	(50,000)
TOTAL			355,000	355,000

+ Figures in brackets are amounts financed by the Bank (through TSF Pillar III). Others mean Individual or Firm consultancy,

4.2.3 The procurement of consultancy services, including the training of ASMs in mining, processing, Health, Safety & Environmental issues, conduct of baseline study of the mining landscape, develop ASM strategy and guidelines for safety, health and the environment & child labour laws, conduct needs assessment of regulatory institutions, capacity building and competency certification of state regulators in the mining industry and develop real time reporting system to improve data collection and analyses will be carried out through shortlisting of individual/institutional consultancy using the individual/firm consultancy procedure of the Bank and the audit of the project will be carried out by Auditor General of Sierra Leone.

4.2.4 Procurement Plan: The Recipient shall develop a Procurement Plan for project implementation which provides the basis for the procurement methods. This plan will be agreed between the Recipient and Bank prior to signing of the financing agreement. It will be made available in the Project’s database and in the Bank’s external website. This Procurement Plan

will be updated by the Recipient annually. The Recipient shall implement the Procurement Plan in the manner in which it has been agreed with the Bank.

4.2.5 Assessment of the Executing Agency: The Ministry of Mines will be responsible for the acquisition of consulting services. PIU of the Ministry of Mines has been given this responsibility because they have an established procurement system staffed with procurement officers that are familiar with the procurement policy of the World Bank. Furthermore, PIU had previously successfully implemented the phase 1 of the Extractive Technical Assistance project and is currently implementing the phase 2 of the same project which gives them the requisite experience to implement this project. The PIU will provide fiduciary support to the National Mineral Agency for this project.

4.2.6 Review procedures: All procurement decisions will be subject to prior review procedures. Therefore, for packages subject to prior review, the following documents are subject to review and approval before promulgation: Tender Documents or request for proposal from Consultants, Tender Evaluation reports or Reports on Evaluation of Consultant's Proposals, including recommendations for contract Award, Draft contracts if these have been amended, and differ from the drafts included in the tender documents. The list also includes Reports on Evaluation of Consultants' Financial Proposals, including recommendations for contract award, minutes of negotiations and duly initialled contract documents.

4.3 Liberia:

4.3.1 "Procurement of goods (including non-consultancy services), works and the acquisition of consulting services, financed by the Bank for the EESASSM Project, will be carried out in accordance with the Procurement Policy for Bank Group Funded Operations dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, Procurement would be carried out following:

4.3.2 Borrower Procurement System (BPS): Procurement through National Competitive Bidding (NCB) and shopping procedures will be carried out using BPS comprising its Laws and Regulations (Public Procurement Concessions Act (PPCA) of 2005 which was amended and reinstated in year 2010, using the national Standard Solicitation Documents (SSDs) agreed during project negotiations" for various group of transactions to be indicated under the project, detailed in annex B 5.1 and the provisions stipulated in the Financing Agreement.

4.3.3 Bank Procurement Policy and Methodology (BPM): Bank standard PMPs, using the relevant Bank Standard Solicitation Documents (SDDs), will be used for Open Competitive Bidding International (OCB-I) contracts for both goods and works and Acquisition of Consulting Services as indicated in the relevant Technical Annex of this PAR.

4.3.4 Procurement Risks and Capacity Assessment (PRCA): the assessment of procurement risks at the Country, Sector, and Project levels and of procurement capacity at the Executing Agency (EA), were undertaken for the project and the output have informed the decisions on the procurement regimes (BPS and Banks PMP) being used for specific transactions or groups of similar transactions under the project. The appropriate risks mitigation measures have been included in the procurement action plan proposed under the relevant technical annex of this PAR.

5.0 Legal Framework and Compliance

5.1 Legal Instrument

The project will be financed by a TSF Pillar III grant of UA 1.5 million distributed among the three (3) Recipients as follows: (i) the Republic of Guinea Bissau for an amount of UA 0.5 million; (ii) the Republic of Sierra Leone for an amount of UA 0.5 million; and (iii) the Republic of Liberia for an amount of UA 0.5 million.

The legal instrument will be TSF Pillar III Letters of Agreement to be signed between the African Development Bank and the African Development Fund (collectively the Bank) (*as administrators of TSF*) and each of the above-mentioned Recipients.

5.2 Conditions Associated with the Bank's Intervention

5.2.1 Conditions precedent to entry into force: Each TSF Pillar III Letter of Agreement shall enter into force upon its signature by each Recipient and the Bank (*as administrators of TSF*).

5.2.2 Condition precedent to first disbursement:

- (a) **Sierra Leone:** The obligation of the Bank to make the first disbursement of the Grant shall be subject to the entry into force of this Agreement in accordance with Section 5.2.1 (Condition Precedent to *Entry into Force*) of this PAR.
- (b) **Liberia:** The obligation of the Bank to make the first disbursement of the Grant shall be subject to the entry into force of this Agreement in accordance with Section 5.2.1 (Condition Precedent to Entry into Force) of this PAR.

5.2.3 Other conditions:

- (a) **Sierra Leone:** The Recipient shall provide evidence, in the form and substance satisfactory to the Bank, of :
 - i. the availability of its counterpart contribution of office space for consultants for the implementation of the Project, within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Bank; and
 - ii. the establishment of a Project Steering Committee , with a representative each from the following entities: The Ministry of Finance (MOF), Ministry of Lands, Housing and Environment (MLHE), Ministry of Gender and Children Affairs (MOGCA), National Minerals Agency (NMA), Environmental Protection Agency (EPA), Natural Resources Authority (NRA), National Chamber of Mines (NCM), CSOs and two representatives from the ASMs within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Bank.

- (b) **LIBERIA:** The Recipient shall provide evidence, in the form and substance satisfactory to the Bank, of:
- i. the availability of its counterpart contribution for the implementation of the Project, within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Bank; and
 - ii. the establishment of a Project Steering Committee, with a representative each from the following entities: the Minister of Mines and Energy (the “MME”); the Ministry of Finance and Development Planning (the “MFDP”), Ministry of Gender (the “MG”), the Environmental Protection Agency (the “EPA”), the Artisanal And Small Scale Mining Sector Working Group (the “ASMSWG”), and the Artisanal and Small Scale Miners and Civil Society Organizations (the “CSOs”) within three (3) months of the first disbursement of the Grant or such later date as may be approved by the Bank.

5.3 Compliance with Bank Policies

The Project complies with all applicable Bank policies. It will be implemented as part of the Bank’s operations strategy for Guinea Bissau, Liberia and Sierra Leone, defined in their respective CSPs as well as the Bank’s 2013-2022 Strategy.

6.0 CONCLUSION AND RECOMMENDATION

6.1 The Project is in line with the approval procedure and authority contained in Section 3.55 of the Operational Guidelines for the Implementation of the Strategy for Addressing Fragility and Building Resilience in Africa and for the Transition Support Facility, (2014-2019). In conformity with Section 3.55 of the guidelines, the approval of grants for TSF Pillar III operations up to UA 3 Million falls within the mandate of the Vice President of Regional, Integration and Business Delivery, RDVP.

6.2 Based on the aforementioned justifications and approval requirement, we therefore request your approval of UA 1.5 million from TSF Pillar III resources comprising a grant of (i) UA 0.5 million to the Republic of Guinea Bissau; (ii) UA 0.5 million to the Republic of Sierra Leone; and (iii) UA 0.5 million to the Republic of Liberia for the implementation of Enhancing efficiency and sustainability of artisanal and small-scale mining through climate smart technologies for Guinea Bissau, Liberia and Sierra Leone.

6.3 The Project Assistance Request and supporting documents are herewith attached for your consideration.

References

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- Scott Odella et. Al. Mining and climate change: A review and framework for analysis. The Extractive Industries and Society, 2018.
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- USAID 2017, Sector Environmental Guidelines for ASM
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Annex 1: Guinea Bissau - Selected Macroeconomic Indicators

	2015	2016	2017	2018	2019(e)	2020 (p)	2021 (p)
Real GDP Growth	6.1	5.8	5.9	3.8	5.0	5.0	5.1
Real GDP Per Capita Growth	3.5	3.2	3.4	1.3	2.5	2.5	2.7
CPI Inflation	1.5	1.5	1.1	1.4	2.0	2.2	2.3
Budget Balance (%GDP)	-2.8	-5.6	-1.4	-5.1	-2.8	-3.1	-3.2
Current Account %GDP	1.9	2.6	-0.6	-1.6	-3.4	-3.3	-3.0

Source: Data from the AfDB Statistics Department. Note: CPI inflation is consumer price index inflation.

Annex 2: Liberia – Selected Macroeconomic Indicators

Liberia Selected Macroeconomic Indicators

Indicators	Unit	2010	2014	2015	2016 [▼]	2017	2018 (e)	2019 (p)
National Accounts			2.6	2.6	2.6	2.5	2.5	2.5
GNI at Current Prices	Million US \$	989	2,770	2,837	2,815	2,933	...	...
GNI per Capita	US\$	251	631	631	610	620	...	...
GDP at Current Prices	Million US \$	1,020	2,053	2,669	2,757	2,763	3,249	3,221
GDP at 2000 Constant prices	Million US \$	819	1,712	1,871	1,862	1,908	1,932	1,940
Real GDP Growth Rate	%	6.1	5.2	9.3	-1.6	2.5	1.2	0.4
Real per Capita GDP Growth Rate	%	2.4	2.6	6.7	-4.2	0.0	-1.2	-2.0
Gross Domestic Investment	% GDP	18.7	22.7	15.3	11.2	10.8	10.3	10.1
Public Investment	% GDP	4.1	7.6	5.6	4.5	4.3	4.1	3.9
Private Investment	% GDP	14.7	15.1	9.7	6.7	6.5	6.3	6.2
Gross National Savings	% GDP	...	...	...	...	...	...	...
Prices and Money								
Inflation (CPI)	%	7.3	9.9	7.7	8.8	13.2	20.4	24.5
Exchange Rate (Annual Average)	local currency/US\$	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Monetary Growth (M2)	%	28.7	4.6	14.1	6.1	7.1	...	...
Money and Quasi Money as % of GDP	%	...	...	...	...	...	...	...
Government Finance								
Total Revenue and Grants	% GDP	23.5	44.6	31.8	33.3	31.0	26.0	28.0
Total Expenditure and Net Lending	% GDP	23.5	49.4	36.2	36.0	35.8	31.5	34.1
Overall Deficit (-) / Surplus (+)	% GDP	...	-4.8	-4.4	-2.7	-4.8	-5.5	-6.1
External Sector								
Exports Volume Growth (Goods)	%	29.2	16.4	-3.6	-11.9	-6.7	0.6	2.2
Imports Volume Growth (Goods)	%	-9.7	70.2	7.0	-15.9	-24.5	-17.0	-3.2
Terms of Trade Growth	%	41.6	-10.8	-26.3	15.1	8.5	-10.8	-0.2
Current Account Balance	Million US \$	-338	-542	-712	-513	-647	-760	-751
Current Account Balance	% GDP	-33.1	-26.4	-26.7	-18.6	-23.4	-23.4	-23.3
External Reserves	months of imports	2.9	1.9	2.1	3.3	3.3	3.0	2.1
Debt and Financial Flows								
Debt Service	% exports	5.2	3.3	4.7	4.4	5.2	6.7	7.7
External Debt	% GDP	6.9	11.5	16.4	20.1	24.3	28.7	33.5
Net Total Financial Flows	Million US \$	2,423	846	1,858	155	364	...	...
Net Official Development Assistance	Million US \$	1,416	750	1,094	815	622	...	...
Net Foreign Direct Investment	Million US \$	450	277	512	453	...	...	...
			747.290	1 103.180	839.350	635.500		
<div> </div> <div> </div> <div> </div>								

Source : AfDB Statistics Department: African; IMF: World Economic Outlook, April 2019 and International Financial Statistics, April 2019;
AfDB Statistics Department: Development Data Portal Database, July 2019. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available

(e) Estimations

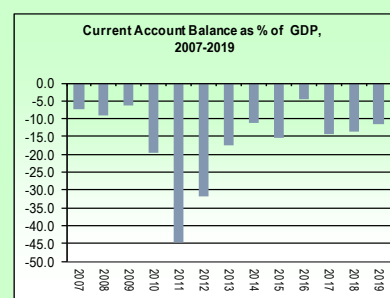
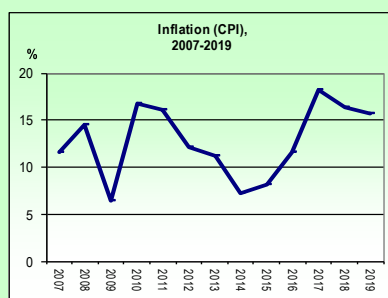
(p) Projections

Last Update: August 2019

Annex 3: Sierra Leone – Selected Macroeconomic Indicators

Sierra Leone Selected Macroeconomic Indicators

Indicators	Unit	2010	2014	2015	2016	2017	2018 (e)	2019 (p)
National Accounts								
GNI at Current Prices	Million US \$	2,426	4,885	3,980	3,550	3,854	...	...
GNI per Capita	US\$	376	690	550	480	510	...	...
GDP at Current Prices	Million US \$	2,578	5,015	4,248	3,863	3,740	3,989	4,088
GDP at 2000 Constant prices	Million US \$	1,534	2,371	1,885	2,004	2,079	2,194	2,306
Real GDP Growth Rate	%	5.3	4.6	-20.5	6.3	3.8	3.5	5.1
Real per Capita GDP Growth Rate	%	2.9	2.2	-22.2	4.0	1.6	1.3	3.0
Gross Domestic Investment	% GDP	31.2	13.7	15.4	17.7	19.1	19.4	19.6
Public Investment	% GDP	7.7	4.7	5.5	6.1	8.7	8.3	8.2
Private Investment	% GDP	23.5	9.0	9.9	11.6	10.4	11.1	11.4
Gross National Savings	% GDP	9.6	-7.2	-5.9	-6.4	-0.8	1.8	-2.9
Prices and Money								
Inflation (CPI)	%	16.8	7.2	8.1	11.5	18.2	16.4	15.7
Exchange Rate (Annual Average)	local currency/US\$	3,978.1	4,524.2	5,080.8	6,289.9	7,353.3	7,992.2	8,570.9
Monetary Growth (M2)	%	25.4	12.8	4.8	17.0	12.0	13.9	...
Money and Quasi Money as % of GDP	%	29.8	27.7	30.8	33.4	32.6	32.1	...
Government Finance								
Total Revenue and Grants	% GDP	15.1	14.0	16.2	15.2	14.8	15.7	17.9
Total Expenditure and Net Lending	% GDP	19.9	17.9	20.7	23.2	23.6	21.5	21.5
Overall Deficit (-) / Surplus (+)	% GDP	-4.8	-3.9	-4.6	-8.0	-8.8	-5.8	-3.6
External Sector								
Exports Volume Growth (Goods)	%	16.0	2.6	-33.9	13.1	-19.9	9.2	35.3
Imports Volume Growth (Goods)	%	39.4	6.7	-5.8	-24.0	19.8	2.1	5.0
Terms of Trade Growth	%	6.8	-16.0	-22.4	9.0	15.1	-10.9	4.8
Current Account Balance	Million US \$	-507	-561	-657	-174	-542	-551	-478
Current Account Balance	% GDP	-19.7	-11.2	-15.5	-4.5	-14.5	-13.8	-11.7
External Reserves	months of imports	4.1	2.5	3.7	4.3	3.8	3.5	...
Debt and Financial Flows								
Debt Service	% exports	3.8	3.0	8.0	4.4	5.7	7.3	6.0
External Debt	% GDP	30.4	22.5	29.1	36.7	41.8	44.6	46.9
Net Total Financial Flows	Million US \$	445	1,138	870	799	730	...	...
Net Official Development Assistance	Million US \$	458	914	946	693	538	...	...
Net Foreign Direct Investment	Million US \$	238	375	252	138	129	599	...



Annex 4: Request Letter – Liberia



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA MINISTRY OF FINANCE & DEVELOPMENT PLANNING

P.O. BOX 10-9016
1000 MONROVIA, 10 LIBERIA



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February 3, 2020

Dr. Orison M. AMU
Country Manager
African Development Bank Liberia Country Office
Sophie Community, Oldest Congo Town
Monrovia, Liberia

Dear Dr. AMU:

RE: Request for Support: Proposed Enhancing Efficiency and Sustainability of Artisanal and Small Scale Mining through Climate Smart Technologies Project.

I wish to present my compliments and herewith submit, for your consideration, a Concept Note for the proposed “Enhancing Efficiency and Sustainability of Artisanal and Small Scale Mining through Climate Smart Technologies Project”. The proposed project is costed at **One Million Five Hundred Thousand Unit of Account (UA1, 500,000.00)**. Below is the proposed cost table for the Project.

Table 1: Proposed Project Cost Table

Project Description	Unit	Cost (UA)	Total Cost (UA)
Support Formalization of ASM	3	250,000	750,000
Provision of Logistics to State Regulators	3	180,000	510,000
Development of Robust Monitoring and Evaluation System for ASM (Model to be tailored to suit each country needs)	1	50,000	50,000
MFDP Project Monitoring and Evaluation Cost	1	30,000	30,000
Project Coordination Costs	1	160,000	160,000
GRAND TOTAL COSTS			1,500,000

The overall objective of the project is to improve formalization, efficiency, profitability and environmental management practices in the ASM sub sector in the selected countries. Specifically the project aims at the following:

- Implementing capacity building program for ASMs to improve safety, health and environmental aspects of their operations;

National Vision: One People, One Nation united for Peace & Sustainable Development

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OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA
MINISTRY OF FINANCE & DEVELOPMENT PLANNING

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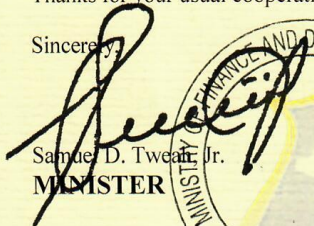
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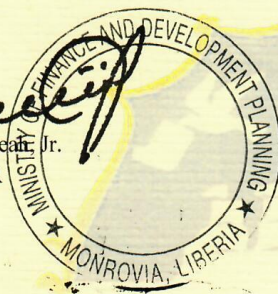
February 3, 2020

- Improve efficiency and sustainability of their operations through technical support by regulatory agencies;
- Support the extractive sector regulatory agencies with logistics, especially the Ministry responsible for Mines, to provide the needed support services to ASMs.

Thanks for your usual cooperation and kind consideration.

Sincerely,


Samuel D. Tweah, Jr.
MINISTER



National Vision: One People, One Nation united for Peace & Sustainable Development

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Annex 5: Request Letter – Sierra Leone

Tel: +232 (0)76 610 641
E-mail: j.saffa@minf.gov.sl



Ministry of Finance
Secretariat Building
George Street, Freetown
SIERRA LEONE

28 January, 2020

Ms. Peninah Kariuki
African Development Bank
13 Lamina Sankoh Street
FREETOWN

Dear Ms. Kariuki,

**RE: DEVELOPMENT OF A REGIONAL PROJECT TO CONTRIBUTE TO
FORMALISING THE ARTISANAL AND SMALL-SCALE MINING
SECTOR IN SIERRA LEONE, LIBERIA AND GUINEA BISSAU**

On behalf of the Government of Sierra Leone, I hereby request technical and financial support from the African Development Bank through the African Natural Resources Centre (ANRC) for development and implementation of a project aimed at contributing to the formalisation of Artisanal and Small-Scale Mining (ASM) in Sierra Leone.

In particular, we request support in our on-going formalisation of the ASM sector in Sierra Leone. Some of the objectives of the project include:

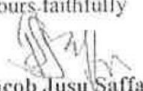
- Implementing capacity building programmes for ASMs to improve safety, health and environmental aspects of their operations;
- Improve efficiency and sustainability of their operations through technical support by regulatory agencies; and
- Support the extractive sector regulatory agencies with logistics, especially the Ministry responsible for Mines, to provide the needed support services to ASMs.

Implementation of the above objectives is intended to improve formalisation and subsequently the contribution of the ASM sector to socio-economic development.

In view of the above, I hereby request the African Development Bank to include Sierra Leone in the regional project.

Please accept the assurances of my highest esteem

Yours faithfully


Jacob Jusu Saffa
Minister of Finance

Copy: Minister of Mines and Mineral Resources