



Independent Assessment of Paris Alignment for the Third Inclusive and Sustainable Growth Development Policy Financing (DPF) in Sierra Leone

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1. Introduction

1.1. Background

The Paris Agreement, adopted at the 21st Conference of the Parties (COP21) in 2015, represents a landmark global commitment to limit global temperature rise to well below 2°C, and preferably to 1.5°C above pre-industrial levels (UNFCCC, 2015). Achieving this ambitious goal requires urgent and transformative action across all sectors and financing streams, including the alignment of all financial flows — public and private — with low-carbon, climate-resilient development pathways. Multilateral Development Banks (MDBs), including the World Bank, play a pivotal role in this endeavor by channeling resources and policy advice to developing countries to support sustainable growth trajectories.

Development Policy Financing (DPF) instruments, which provide direct budget support to governments conditional on the implementation of specific policy reforms, are powerful tools that can either drive or hinder Paris-aligned development. If DPFs are not carefully designed with climate considerations at their core, they risk locking countries into high-emission, climate-vulnerable pathways for decades. Recognizing this, the World Bank and other MDBs have committed to aligning all new operations with the objectives of the Paris Agreement by 2023-2025 (World Bank, 2020).

However, the operationalization of Paris Alignment, especially for policy-based finance such as DPFs, remains complex and evolving. Unlike investment projects with clear infrastructure footprints, DPFs influence laws, regulations, and fiscal frameworks, which have systemic and often indirect impacts on a country's climate trajectory. Thus, assessing the Paris Alignment of DPFs demands a thorough and nuanced approach that goes beyond checking for obvious mitigation or adaptation activities and scrutinizes the broader economic signals being sent.

It is against this backdrop that this report presents an independent desk review of the Paris Alignment of the World Bank's Third Inclusive and Sustainable Growth Development Policy Financing Programme (P178322) for Sierra Leone.

1.2. Context: Sierra Leone's Climate Vulnerabilities and Development Challenges

Sierra Leone is one of the most climate-vulnerable countries in the world, ranked 109th out of 182 countries on the Notre Dame Global Adaptation Initiative (ND-GAIN) Index (ND-GAIN, 2021). The country faces a host of climate-related risks, including:

- Increased frequency and intensity of flooding.
- Coastal erosion threatening major urban centers like Freetown.



- Prolonged droughts impacting agricultural productivity.
- Heightened vulnerability to landslides, such as the catastrophic 2017 Sugarloaf landslide.
- Climate change poses a serious threat to Sierra Leone’s socio-economic development, with agriculture, fisheries, and mining — sectors that collectively account for the majority of livelihoods and exports — being highly climate-sensitive (Government of Sierra Leone, 2021).
- At the same time, Sierra Leone is pursuing ambitious development goals under its Medium-Term National Development Plan (2019–2023) and its Nationally Determined Contributions (NDCs) submitted under the Paris Agreement. The updated NDC (2021) commits Sierra Leone to a 5% unconditional and 10% conditional reduction in greenhouse gas (GHG) emissions by 2030, relative to a business-as-usual scenario, while enhancing resilience across key sectors such as agriculture, water, energy, and infrastructure.

However, achieving these goals requires significant external support, institutional reforms, and investments in climate-smart policies. Development finance operations like the DPF play a crucial role in influencing whether Sierra Leone's growth pathway becomes more inclusive and sustainable vulnerabilities.

1.3. The DPF Programme: Objectives and Climate Relevance

The World Bank’s Third Inclusive and Sustainable Growth DPF for Sierra Leone aims to support reforms across three key pillars:

- **Enhancing Economic Diversification and Competitiveness:** Focusing on improved business regulations, agricultural value chains, and mining sector reforms.
- **Strengthening Transparency and Accountability in Natural Resource Management:** Improving governance in mining, fisheries, and land tenure.
- **Promoting Inclusive Access to Basic Services and Climate Resilience:** Strengthening social protection systems and basic service delivery.

Given the inclusion of themes like climate resilience and natural resource governance, the DPF is positioned as potentially supportive of Sierra Leone’s climate and sustainable development agendas. However, without specific and binding climate-related policy actions, fiscal reforms could unintentionally exacerbate emissions, expose communities to greater climate risks, or delay the transition to a low-carbon economy.

2. Rationale for Independent Assessment

While the World Bank conducted an internal Paris Alignment assessment of the DPF (summarized in Annex 5 of the Programme Document), independent reviews are essential to ensure objectivity, apply a Local Lens, enhance Accountability and identify Gaps and Best Practices.

Given Sierra Leone’s acute climate vulnerabilities and the pivotal nature of current reforms, ensuring the DPF is Paris-aligned is not merely a technical exercise. It is central to safeguarding the country’s development gains and human security.

3 Methodology



The review utilized a Paris Alignment screening framework based on the Joint MDB Paris Alignment Principles. The methodology combined detailed document analysis, structured stakeholder consultations with key government ministries, city councils, and sector agencies, and a comparative benchmark against similar African DPFs, such as Ghana's Resilient Recovery DPF and Rwanda's Energy Sector DPF. Key criteria evaluated included mitigation potential, adaptation measures, transition risk management, and systemic impacts on the country's climate pathway.

4. Key Findings

4.1. Proactive Contribution to Paris Goals

The DPF does not systematically promote low-carbon development. While reforms in governance, public financial management, and resource transparency could indirectly support sustainable growth, there is no deliberate prioritization of climate action within the core policy reforms. Initiatives like "Freetown the Treetown," which aims to plant over four million trees, and the promotion of climate-smart agriculture by the Ministry of Agriculture demonstrate local leadership but remain isolated from the DPF-supported national policy framework.

Moreover, fiscal and sectoral reforms largely focus on macroeconomic stability without embedding green growth priorities. This "climate-blind" approach limits the DPF's capacity to catalyze transformational change toward a low-carbon economy.

4.2. Alignment with the 1.5°C Mitigation Goal

The DPF lacks binding commitments or measurable actions to reduce greenhouse gas (GHG) emissions. Critical emission-intensive sectors such as mining, urban transport, and waste management are not comprehensively addressed:

- Mining reforms concentrate on transparency and revenue mobilization, with no requirements for decarbonization of mining operations.
- Urban emissions, especially from diesel transport fleets and unmanaged solid waste, are significant but overlooked.
- No sector-specific mitigation targets, clean energy incentives, or urban low-carbon transition measures are incorporated.

Carbon lock-in risks are substantial, given the support for governance reforms that may unintentionally stimulate expansion of fossil fuel-intensive industries without corresponding sustainability safeguards.

4.3. Adaptation and Resilience Alignment

The DPF does not systematically mainstream climate risk management into policy reforms. Major gaps include:

- Urban planning reforms miss opportunities to integrate flood and landslide risk management, despite high vulnerability, especially in Freetown.
- The social protection components of the DPF do not explicitly account for climate vulnerability, particularly gender-specific adaptation needs.



- Ecosystem-based adaptation measures, such as coastal mangrove restoration or watershed management, are absent from budgeted reforms.

Given Sierra Leone's ranking among the most climate-vulnerable countries globally, the lack of comprehensive adaptation mainstreaming represents a critical shortfall.

4.4. Transition Risk and Stranded Asset Management: The DPF does not address the risks associated with stranded high-carbon assets. No strategies are proposed to phase out fossil fuel-dependent infrastructure, such as widespread diesel generators or inefficient transport systems. While there is mention of conceptual plans for carbon markets, these are not operationalized within the DPF's reform conditions.

Best practice comparisons, such as South Africa's Just Transition Framework, highlight the importance of integrating worker transition plans and asset retirement pathways—elements absent in the DPF for Sierra Leone.

4.5. Systemic Policy Impacts: Macroeconomic and fiscal reforms under the DPF risk reinforcing high-emission development trajectories:

- Tax exemptions on fossil fuel imports remain in place, distorting price signals against renewable energy competitiveness.
- Public investment frameworks are not climate-proofed, lacking shadow carbon pricing or climate risk assessments.
- Public procurement reforms do not prioritize low-carbon, resilient infrastructure options.

Without addressing these systemic levers, national economic growth could be locked into a carbon-intensive path incompatible with Paris goals.

Overall, Paris Alignment Assessment

Criteria	Assessment
Proactive Contribution	Partial and fragmented
Mitigation	Weak alignment; no sectoral or systemic mitigation measures
Adaptation	Limited; climate risks insufficiently addressed
Transition Risk Management	Negligible; stranded assets unaddressed
Systemic Impacts	Negative; fiscal incentives perpetuate fossil fuel dependence

In sum, while the DPF includes important governance and resilience co-benefits, it is **only partially Paris aligned**. Stronger climate conditionalities, mitigation measures, and systemic reforms are urgently required.

5. Recommendations

5.1. Strengthen Mitigation Measures

- Integrate comprehensive GHG screening into all fiscal, sectoral, and macroeconomic policy reforms.

- Set sector-specific mitigation targets, particularly in mining, urban transport, and waste sectors.
- Introduce binding policy triggers for renewable energy investment and emission reduction commitments.
- Eliminate fossil fuel subsidies and VAT exemptions that undermine low-carbon development.

5.2. Enhance Adaptation and Resilience

- Allocate dedicated fiscal resources for disaster risk reduction, ecosystem-based adaptation, and community resilience building.
- Integrate gender-sensitive climate vulnerability assessments into social protection and livelihood programs.
- Require urban planning and land-use reforms to incorporate climate resilience standards.

5.3. Manage Transition and Stranded Asset Risks

- Develop a national "Just Transition" strategy ensuring support for workers and communities dependent on fossil fuel sectors.
- Inventory all major fossil fuel-based assets and prioritize phased decommissioning plans.
- Explore early-stage development of green finance mechanisms, such as green bonds and climate risk insurance, linked to DPF-supported reforms.

5.4. Address Systemic Fiscal and Policy Barriers

- Introduce a shadow carbon price in public investment appraisal processes.
- Mandate green public procurement standards for infrastructure, transportation, and energy services.
- Remove perverse fiscal incentives and realign tax systems to favor low-carbon development.

5.5. Strengthen Monitoring, Reporting, and Transparency

- Institute climate expenditure tagging across all DPF-supported reforms.
- Require annual climate public expenditure reviews (CPEs) and publish findings.
- Establish a climate finance monitoring dashboard accessible to government agencies and civil society.

6. Conclusion

Without substantial enhancements, the DPF risks undermining Sierra Leone's climate ambitions, entrenching high-emission economic pathways, and exposing the country to heightened transition and physical climate risks. The urgent reforms outlined above are necessary to move from a "climate-neutral" to a "climate-positive" development pathway.

Ensuring genuine Paris Alignment of Development Policy Financing is critical not only for Sierra Leone's long-term prosperity and human security but also for building credibility in the evolving global architecture of climate-resilient development finance.

Weaknesses and Gaps in the World Bank's Official Paris Alignment Assessment

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1. Introduction This section critically examines the weaknesses and gaps in the World Bank's official Paris Alignment assessment for the Third Inclusive and Sustainable Growth DPF in Sierra Leone. A robust alignment assessment must systematically address both direct and systemic impacts, integrate local realities, and transparently communicate methodologies. However, significant deficiencies were observed.

2. Main Weaknesses Identified

2.1 Incomplete Mitigation Screening

- i. The assessment narrowly focuses on direct project outputs without evaluating systemic emissions drivers such as fiscal incentives favoring fossil fuels.
- ii. Mining sector reforms are reviewed primarily for governance improvements, omitting their potential to escalate emissions through expanded extractive activities.
- iii. No emissions profiling or mitigation benchmarking was conducted against Sierra Leone's Nationally Determined Contributions (NDCs), leading to a fragmented view of the program's mitigation relevance.

2.2 Superficial Adaptation Analysis

- i. Adaptation elements are addressed at a superficial level, with generalized references to resilience building but no specific linkage to major national climate risks like urban flooding, coastal erosion, and landslides.
- ii. Vulnerable groups, especially women engaged in agriculture and informal sectors, are not explicitly considered, despite their heightened exposure to climate shocks.
- iii. Opportunities to promote ecosystem-based adaptation (e.g., mangrove restoration, urban greening) were overlooked, limiting the transformative adaptation potential of the DPF.

2.3 Neglect of Systemic and Transition Risks

- i. The DPF's macro-fiscal reforms are not assessed for their broader climate implications, such as reinforcing carbon-intensive development pathways.
- ii. Persistent VAT exemptions on fossil fuel imports are ignored, even though they counteract decarbonization efforts.
- iii. Transition risks, including the creation of stranded assets (e.g., diesel-based generators, fossil fuel-reliant infrastructure), are not acknowledged, increasing Sierra Leone's future financial vulnerabilities.
- iv. No assessment of "just transition" planning to support workers and communities dependent on carbon-intensive sectors.

2.4 Limited Use of Local Data and Climate Context

- i. The assessment relies heavily on global frameworks but insufficiently integrates local climate data, such as vulnerability maps developed by Sierra Leone's Environmental Protection Agency (EPA) and disaster risk profiles from the National Disaster Management Agency (NDMA).

- ii. Recent climate events, notably the 2017 Sugarloaf landslide and recurrent urban flooding, are not reflected in risk prioritization.
- iii. The assessment does not explicitly align DPF-supported reforms with the updated targets and sectoral priorities outlined in Sierra Leone's 2021 NDC update.

2.5 Lack of Transparency and Methodological Rigor

- i. The methodology applied for the Paris Alignment screening is not publicly disclosed, limiting replicability and third-party verification.
- ii. No structured stakeholder consultation process is documented, raising concerns about the adequacy of input from national experts, civil society organizations, and climate-vulnerable communities.
- iii. Scoring criteria for determining "alignment" versus "non-alignment" of policy actions are not clearly defined, making the final conclusions difficult to independently validate.

3. Implications of Identified Weaknesses -These weaknesses have significant consequences:

- i. Potential misclassification of policy reforms as "Paris aligned," creating reputational and operational risks for the World Bank and for Sierra Leone.
- ii. Missed opportunities to use the DPF as a lever for accelerating the country's low-carbon, resilient development.
- iii. Increased exposure of Sierra Leone to physical and transition climate risks due to inadequately climate-proofed economic reforms.

4. Recommendations to Address Gaps

- i. Adopt a comprehensive mitigation and adaptation screening approach that evaluates direct, indirect, and systemic impacts.
- ii. Mandate the use of national climate risk data and integrate context-specific vulnerability assessments.
- iii. Institutionalize stakeholder consultations, ensuring that marginalized groups have input into Paris Alignment evaluations.
- iv. Publicly disclose assessment methodologies, criteria, and findings to enhance transparency and foster accountability.
- v. Introduce independent third-party review mechanisms for Paris Alignment assessments, particularly for high-risk or high-value DPF operations.
- vi. **Strengthening Financing Frameworks** -Focus on identifying innovative financing mechanisms, Public-private partnerships\International climate funding, Concessional financing options, Close funding gaps and ensure sufficient resource allocation for climate projects.
- vii. **Enhance Capacity Building** -Identify capacity gaps and recommend strategies to build local expertise in: Climate science, Policy development and implementation, invest in education, training, and international cooperation for knowledge transferring.

5. Conclusion The World Bank's Paris Alignment assessment for the DPF operation in Sierra Leone falls short in rigor, transparency, and contextual grounding. Without urgent improvements to its methodology and practice, there is a risk that development financing intended to support climate goals will inadvertently entrench vulnerabilities and delay transitions.



Ensuring credible, thorough, and context-sensitive Paris Alignment assessments is not just a procedural necessity. It is vital for safeguarding climate justice, development effectiveness, and financial sustainability in vulnerable countries like Sierra Leone.