

## *Chapter 8*

### **Sierra Leone: Strategic Environmental and Social Assessment of the mining sector**

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*A Strategic Environmental and Social Assessment (SESA) of the mining sector in Sierra Leone was undertaken between 2006 and 2007 in order to support legal and policy reforms and to assist in the country's economic recovery. The SESA created a platform for dialogue involving all key mining stakeholders including traditionally sidelined interest groups like villagers, civil society organisations and non-governmental organisations. The greatest challenge ahead for Sierra Leone is to maintain capacity development and governance strengthening around the mining sector.*

## Context

Sierra Leone in West Africa is a country with 6 million people, many of whom live in extreme poverty. The country's economy was destroyed by violent internal conflict during the period 1991-2001 and both the environment and social welfare suffered heavily. Now efforts to rebuild the economy are focusing on export-oriented activities since the local market is too small to provide the necessary stimulus. Agriculture, forestry, tourism and mining have formed the traditional economic base. Agriculture, forestry and fisheries are recovering to meet local needs. In the longer term, tourism may again provide a significant source of inward investment but only when the country's war-torn image has been eradicated. Mineral development will continue to play a critical role in Sierra Leone's recovery.

The mining sector has been important to the economy since the early 1930s with diamonds, rutile and bauxite being the principal minerals exported. Currently the industry accounts for 20% of GDP and provides a livelihood for up to 300 000 people. Following the reopening of rutile and bauxite mines and with the prospect of new diamond and gold mines being developed, export revenues (USD 200 million in 2006) could ultimately exceed USD 370 million.

Expansion of mining activity requires substantial reform of legislation and taxation and the Government of Sierra Leone sought World Bank assistance in developing a new minerals policy. This support was provided through a strategic environmental and social assessment (SESA)<sup>2</sup> of the mining sector undertaken between 2006 and 2007. The World Bank funded the work under its Programmatic Governance Reform and Growth Grant Series, and subsequently provided a technical assistance loan<sup>3</sup> to attract investment and modernise Sierra Leone's mining sector.

The SESA was undertaken in order to support legal and policy reforms and to assist in the country's economic recovery. The SESA created a platform for dialogue involving all key mining stakeholders including traditionally sidelined interest groups like villagers, civil society organisations (CSOs) and NGOs. SESA identified environmental and social priorities in the mining sector, assessed existing capacities for addressing these priorities, assessed how the proposed mining reform and the political economy of the existing mining sector would affect Sierra Leone's capacity to manage these priorities, and proposed an action plan to enhance this capacity during the implementation of the mining reform.

## Process of SEA

The policy dialogue launched by the SESA has continued through two initiatives: the West Africa Minerals Sector Strategic Assessment that has brought a regional dimension into the policy dialogue, and, the Justice for the Poor programme that considers the application of law and accountability mechanisms in mining communities. Synergies between the SESA and these other initiatives have helped to mainstream environmental and social considerations in mining sector reform by providing more favourable conditions for institution building, greater transparency and enhanced participation of local governments and civil society. The greatest challenge lying ahead for Sierra Leone is to maintain capacity development and governance strengthening around the mining sector. This is not an easy task for a society devastated by years of internal conflict and resource mismanagement, where there is a huge demand for reducing poverty and unemployment.

The SESA was undertaken to comply with the World Bank's procedures on policy development lending, but the buy-in and involvement of Sierra Leone's government was also regarded as a priority. The government established an Inter-Sectoral Steering Committee of representatives of the transport, tourism, forestry, mining and other sectors, and the SESA was housed at the National Commission for Environment and Forestry (NACEF). The government's decision to locate the SESA at the NACEF was seen by the SESA team as a weak link in terms of influencing mining reforms. Efforts were therefore made to report to, and ensure the participation of, the Ministry of Mineral Resources (MMR) in all key SESA activities. The MMR subsequently participated along with the NACEF in the provincial workshops that established the SESA's priorities and discussed its findings and the national workshop, which validated the SESA's policy recommendations.

### ***Stakeholder consultation***

The SESA's ultimate purpose was to influence the reform of mining policy in ways that could help to ensure protection of the environment, and enhance potential environmental and social benefits arising from mining development. The SESA began by identifying key stakeholders who are directly or indirectly affected by mining. These include the government at all levels, local authorities, NGOs, representatives of women and children living in mining communities, miners and mining companies. In parallel, the key environmental and social issues arising from large-scale, small-scale and artisanal mining operations were identified. The results of both analyses provided essential information for stakeholders to exchange ideas through open participation in workshop sessions and to reach consensus on the environmental and social priorities for mining reform (Box 8.1).

#### **Box 8.1. Workshops for selecting SESA's priorities**

Workshops were organised in Sierra Leone's four provinces. Each workshop began with a presentation of SESA objectives, process stages and the main environmental and sustainable development issues in the Sierra Leone mining industry. Discussions covered between 20 and 25 issues presented by the SESA consultants, as well as other issues that stakeholders believed to be important. The stakeholders then prioritised each issue as being of high, medium, or low importance with respect to environmental and health risks, social and cultural risks, and the number of people affected. They were also asked whether they thought there was the political will to resolve each problem and their opinion on the cost of implementing a solution to the problem. Finally, they prioritised the issues vertically, choosing what they believed were the five most important issues to be resolved. In one workshop the prioritisation was done on a consensus basis (south), in two workshops it was done in stakeholder focus groups (east and north), and in the other workshop it was done individually (west).

Public participation included individual meetings with civil society and government officials, as well as site visits and the workshops. Analysis centred on understanding the behaviour of the key stakeholders in relation to the SESA's priorities. Key issues included how the behaviour of key stakeholders was affected by the incentives and constraints posed by the institutional and environmental regulatory framework. Examples included responses to the performance of the NACEF and the effects of local custom and law, including the land tenure system.

The analysis helped to clarify which institutional gaps and political economy drivers are most critical in leading to environmental degradation and social exclusion in mining activities in Sierra Leone. A similar assessment considered the extent to which planned policy reform would address these gaps and constraints, and hence what additional changes would need to be incorporated within the reforms to enhance their sustainability. Finally, the SESA assessed the risks that the proposed policy reform might be taken over or distorted by stakeholders in danger of losing advantages due to potential changes in the status quo.

The SESA's findings and recommendations were presented and validated by all key stakeholders at a national workshop held in Freetown in June 2007. In early 2008 the World Bank published an overview of the SESA findings and recommendations (World Bank, 2008b) as a contribution to the policy dialogue with the new administration of Sierra Leone headed by President Koroma (who was inaugurated in October 2007). The full SESA report was published in July 2008.

### ***Main findings and recommendations of the SESA***

Through the national and regional workshops, SESA stakeholders selected the following environmental and social priority concerns that would hamper sustainable development driven by mining growth unless they were resolved by mining reform:

- Cross-regional (national) priorities:
  - land and crop compensation and village relocation;
  - sanitation and water pollution;
  - deforestation and soil degradation;
  - child labour;
  - post-closure reclamation.
- Regional priorities:
  - mine employment (Southern province);
  - provision of infrastructure (especially paved roads and electricity) (Southern province);
  - community development and participation (Southern and Western provinces);
  - regulations to mitigate the negative impacts of blasting (Eastern province).

The failure of existing policies to address these priorities effectively was considered to have arisen from:

- imprecisely worded legislation and regulations;
- lack of specificity for mining activities that left interpretation to be determined on a case-by-case basis;
- poorly defined responsibilities for various ministries and between central, provincial and local authorities;
- lack of monitoring of company and miner performance;
- consistently weak implementation of laws and regulations that leaves enforcement to rely on voluntary initiatives and pressure from civil society.

The SESA confirmed that some of these shortcomings would be addressed by the proposed mining reform, including better definition of environmental requirements at all stages of mining operation and provisions to ensure that more of the revenues generated by mining operations would be destined for local communities and mining regions. However the SESA also identified other critical institutional and governance adjustments that would be needed. Most of these institutional weaknesses and political economy distortions revolve around land tenure issues and lack of monitoring and enforcement that go beyond the mining sector reforms. These include:

- asymmetries in power among stakeholders (for example, Chiefs), which are magnified by lack of transparency and accountability;
- customary relationships which have evolved out of the needs of an agrarian society and are ill-equipped to address temporary and high-risk environmental activities like mining;
- the existence of powerful individuals such as middlemen and traders who could easily take advantage of wide open, nonexistent or inconsistent negotiation frameworks.

The SESA concluded that complementary reforms would be required in other sectors including:

- strengthening governance for environmental and natural resources management;
- enhancing the contribution of mining to local development;
- effective incorporation of artisanal miners in mining reform.

Specific main recommendations from the SESA in these areas are summarised in Box 8.2.

#### Box 8.2. Summary of key recommendations from the SESA

##### **Strengthening environmental governance**

- clarify roles and responsibilities and strengthen capacities of key Sierra Leone environmental and mining sector institutions; establish monitoring frameworks that enable participation by local governments and civil society;
- address funding, governance, legal and regulatory issues that inhibit the performance of Sierra Leone's environmental protection agency (NACEF);
- facilitate access to justice by local groups against mining companies not adhering to environmental and social safeguards, including a dispute resolution mechanism;
- monitor and evaluate EIAs for both large-scale and mechanised small-scale mines, focusing on priorities identified by stakeholders, including compensation and reclamation of land, water management, sanitation and deforestation;
- communicate the results of EIAs to stakeholders and local communities while clearly identifying the social and environmental obligations of mining companies.

##### **Contribution of mining to local development**

- involve land users and villagers in allocation decisions for mining leases, licenses and infrastructure works;
- require tripartite negotiations among local communities, mining companies and government, involving women and youth in decisions that affect them;

**Box 8.2 Summary of key recommendations from the SESA (cont.)**

- include in the new mining law a compensation framework for people facing involuntary resettlement with a focus on enhancing long-term livelihoods of affected people and their families.

**Effective incorporation of artisanal miners**

- pilot innovative initiatives to help local communities and women benefit from artisanal mining while supporting development of alternative livelihoods to artisanal mining and reducing dependence on child labour;
- encourage the organisation of artisanal miners in co-operatives and associations, exposing them to innovative training programmes and marketing opportunities to increase their productivity and income and reduce their environmental and social footprint.

**Results**

Arguably, the main outcome of the SESA has been to deepen the policy dialogue around mining reform within Sierra Leone; between the Government of Sierra Leone and the World Bank; in West Africa, specifically the Mano River countries of Guinea, Liberia and Sierra Leone; and, in the World Bank's mining department. It remains to be seen in what ways this dialogue will be translated over time into specific policy changes. A greater understanding of the SESA's existing and potential influence on the mining reform will also be provided by independent reviewers who are undertaking an evaluation of the World Bank's pilot programme on SEA.<sup>4</sup>

In Sierra Leone, as in many other developing countries, stakeholders at the interface between environment and mining are not traditionally consulted when mining policies are formulated. This SESA broke the mould by giving all stakeholders, but particularly those usually sidelined from the policy dialogue, the opportunity to voice their concerns, set policy priorities and recommend specific policy interventions. The SESA team effectively worked as consultants for the SESA stakeholders to advise them on complex policy issues. Policy and institutional analysis prepared by the SESA team was subsequently considered by the stakeholders as an input from which to choose their own environmental and social priorities and validate revisions in mining reform.

The extent to which the SESA has helped to mainstream environmental and social considerations effectively into Sierra Leone's mining policy is still uncertain. However, progress is being made by the MMR in implementing reform that will potentially add clarity to the policy framework. For example, the Ministry is currently finalising Sierra Leone's new Mines and Minerals Act which will address, amongst other items, environmental protection, community development, and health and safety. The Government of Sierra Leone is also seeking to establish a National Minerals Agency designed to strengthen government capacity to manage the sector and to increase transparency. Amongst the salient factors that affect policy formation will be:

- the extent to which environmental constituencies are consolidated and strengthened in Sierra Leone;
- the gradual strengthening of the currently limited capacity of the state to regulate economic activities and promote public well-being.

Both of these are processes that go beyond mining reform and the ability of the SESA to promote social and policy change. Nevertheless, they may have been positively affected by the SESA.

### ***Mining Technical Assistance Project***

Further developments to support the implementation of the SESA recommendations are likely to arise from the Mining Technical Assistance Project (MTAP)<sup>5</sup> which is planned to support mining reform in Sierra Leone. It includes actions that deal with environmental and social risks and opportunities associated with mining development. The proposed interventions focus on institutional capacity building. These are:

- strengthening of environmental and social impact assessment regulations and procedures in line with the recommendations of the SESA;
- strengthening of the MMR's environmental unit;
- strengthening of the Sierra Leone environmental agency's capacity to monitor and control mining projects;
- supporting the preparation of laws, regulations and procedures for consultation, compensation and distribution of benefits from mining operations to villages and local communities.

The MTAP would also provide grants for capacity building of mining communities.

Proposals to mobilise government, industry and civil society actors under the goal of enhancing environmental and social management and alleviating poverty are unusual in mining reforms. The activities incorporated in the preparation of the MTAP cannot be solely linked to the SESA, as they may also have been inspired by good practice within the mining sector across the globe. Yet, it cannot be denied that the SESA's findings and particularly the policy dialogue created by the SESA has raised the profile of environmental and social priority issues in mining sector reform. Moreover, the SESA has provided the rationale for focusing the environmental dimension of the MTAP on capacity building and institutional strengthening as a prerequisite for sound environmental management in Sierra Leone's mining sector.

### ***The role of access to land and mining rights***

The SESA has also highlighted the fact that environmental and social impacts from mining are linked to processes for accessing land and mineral rights in Sierra Leone. In doing so the SESA has built on previous work, especially that undertaken by the Justice for the Poor.<sup>6</sup> In 2008, a new programme on Strengthening Community-Level Accountability in Sierra Leone's Mining Sector was launched by the Justice for the Poor. It seeks to increase the understanding of the way that local-level accountability is established by law and what actually happens in practice. Embracing the SESA's approach, it will stimulate public debate on accountability issues to inform and influence mining reform. The programme recognises the contribution of the SESA in clarifying and stressing the importance of good governance and institution building for promoting sustainable development in mining activities.

### ***Regional co-ordination in West Africa***

When the preparation of the MTAP started in 2006, it became evident that other West African mineral rich-countries also had a need to reform their mining policies. It became apparent that a regional approach for mining-induced development would need to be considered in order to achieve economies of scale, take advantage of global demand for goods and services, and develop a cost-effective infrastructure given the small size and low development levels of West African national economies. In February 2008, West African Anglophone and francophone countries convened in Conakry, Guinea, and agreed to explore a regional initiative involving gradual harmonisation of mining policies and legislation. The Mano River countries of Guinea, Liberia and Sierra Leone agreed to pilot the regional approach supported by the World Bank and other donors. Over time this initiative has evolved into a regional programme, the Africa Mineral Governance Project (AMGP), bringing together all African countries that share the Africa Mining Vision 2050.<sup>7</sup> This programme will be supported by the World Bank in close partnership with other donors, such as the African Development Bank, African Union, European Union, French Development Agency, USAID, DFID, UNDP and GIZ.

A strategic assessment called the West Africa Mineral Sector Strategic Assessment (WAMSSA) was launched in 2008 to inform the preparation of the AMGP. It focuses on environmental and social issues associated with sub-regional mining development in the Mano River Union of the countries piloting the AMGP. The WAMSSA's approach has been based on the SESA with a more ambitious policy dialogue that extends from the local to the national and the sub-regional levels (a brief description of WAMSSA is provided in Box 8.3). The WAMSSA is keeping alive the policy dialogue opened by the SESA because Sierra Leone is a potential beneficiary of the AMGP, but the WAMSSA also complements the SESA as it will provide the regional dimension of the environmental and social challenges of mining-induced development of Sierra Leone.

#### **Box 8.3. The West Africa Mineral Sector Strategic Assessment (WAMSSA)**

The primary objective of the WAMSSA is to *i)* identify the regional policy, institutional and regulatory adjustments required to integrate social and environmental considerations into minerals sector development and *ii)* formulate recommendations that enhance the wider environmental and social benefits of mining sector development in regional infrastructure development and economic diversification. The WAMSSA is a policy dialogue based on a participatory process with communities, mining companies, governments and experts; and an analysis of the issues at stake. The participatory process and the analytical component complement each other in a process that is concluded at a final validation of the outcomes.

The specific outcomes of the WAMSSA, which will feed into the Africa Mineral Governance Project, are: *i)* broadened regional dialogue on harmonisation of environmental and social policies related to mining, *ii)* greater donor co-ordination on regional integration around mining and *iii)* a policy action matrix and implementation modalities for environmental and social issues at the regional level and by country as required for mining to be a regional driver for economic integration and sustainable development.

The WAMSSA aims therefore to contribute to the informed engagement and participation of West African regional institutions (the Economic Community of West African States, the West African Economic and Monetary Union, Mano River Union, the New Partnership for Africa's Development, international finance institutions, development partners, the mining industry, NGOs and CSOs) in a regional dialogue on mining and sustainable development.



### ***Higher profile of SEA within the donor agency***

When first developed, SEAs were perceived within the World Bank's mining department as another tool developed by environmentalists for environmentalists. However, these mining specialists now recognise that an SEA, including social considerations, is a process that provides a greater understanding of larger environmental, social and political economy policy issues that are critical for the success of any mining reform. Moreover, the policy dialogue set in motion by the SESA is regarded as a necessary process to elicit the views of key stakeholders including local communities and grassroots organisations. It also contributes to policy effectiveness by lowering the likelihood of potential conflicts around mining development as well as stepping up the legitimacy of mining sector reforms.

The SESA has had an unintended but significant impact in setting the context for SEA to be used as a mining sector tool for policy formulation at the World Bank. Since the Sierra Leone SESA was undertaken, application of strategic environmental and social assessment in the World Bank's mining supported projects has increased in different regions and countries such as Eastern Europe (Kosovo), South Asia (Pakistan), Eastern Asia and Pacific (Papua New Guinea), and Africa (West Africa and Malawi).

### **Lessons learned**

It is often said that planning is easier to achieve than implementation; this is certainly true for the SESA. While the SESA national validation workshop took place in June 2007 and the SESA report was completed in July 2008, the main components of the mining reform in Sierra Leone were still under consideration in early 2009.

### ***Keeping the policy dialogue alive after the SEA report***

In a country with severe constraints in institutional memory and capacity, incipient checks-and-balances mechanisms and a new administration, the greatest challenge lies in keeping the policy dialogue alive and delivering on the findings and recommendations of the SESA. Both the programme on Strengthening Community-Level Accountability in Sierra Leone's Mining Sector and WAMSSA have had some influence in this respect. It is anticipated that the new administration will own the WAMSSA process and will therefore recognise and support the SESA that preceded (and to some extent created) the WAMSSA. However, this is only a fortunate coincidence that raises the important issue of the need for long-term stakeholder involvement and protracted dialogue for effective policy SEA.

For SEA, like EIA, the greatest risk of failure emerges once the SEA/EIA report is completed. Implementation of EIA's environmental management plans is often limited because of lack of adequate monitoring and enforcement. With regards to the SEA, unless there are inherently strong environmental and social constituencies, the implementation of policy recommendations is left completely to the goodwill of governments. When transparency is weak, there is little or no judicial independence from the executive branch, and there are poor or non-existent grievance-redressing institutions. Governments are invariably ineffective in regulating themselves. This is why the policy dialogue within SEA and mobilisation of environmental and social constituencies needs to be extended beyond the preparation of the SEA report. In the SESA this came through the WAMSSA; it would be advisable that other SEA initiatives plan for a sound post-report implementation process in advance.

### *A fragile state requires sustained institutional capacity building*

In a country like Sierra Leone where institutional capacity, good governance and the rule of law were devastated by years of internal conflict and resource mismanagement in diamond mining, a process like the SESA may be compared with a drop of water falling into a pool. It may create some ripples in the short term but it may not make a difference in the long term. Capacity building, institutional strengthening and the development of a strong checks-and-balances system will require sustained efforts over long periods. This is why it is critical to adopt a strategic approach not only by choosing priorities as part of the SEA but also by using SEAs to inform policy process and high-level plans. An effective SEA of policy reform can only result from one or a few SEAs undertaken in critical sectors only. The selection of SESA has been strategic because of the importance and unique economic role of mining in Sierra Leone.

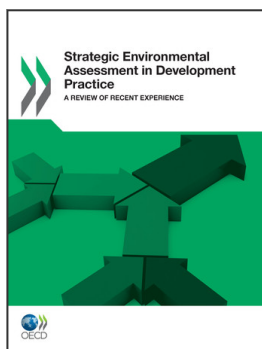
All in all, the main lesson emerging from the SESA points to the need to avoid thinking of an SEA as a short-term process leading to the preparation of a report to influence decision-making. Instead, an SEA needs to be a sustained process focused on one or a few key sectors under a framework for long-term policy dialogue and a protracted effort for institutional strengthening. Unless these conditions are met, it is unlikely that SEAs will make a lasting contribution to environmental and social sustainability. To achieve sustainability, SEAs need to make policies progressively more responsive to public well-being, avoiding policy capture by political elites or powerful interest groups. The SESA was planned in a more traditional and modest way. However, because of the WAMSSA and the Justice for the Poor programme, it may turn out to be an innovative and promising process supporting not only the formulation but also the implementation of the mining sector reform in Sierra Leone.

## Notes

1. Fernando Loayza is senior SEA specialist at the World Bank. Also note that some part of this paper draw heavily on World Bank (2008a).
2. The World Bank uses the term “strategic environmental and social assessment” instead of the more general “strategic environmental assessment”.
3. Mining Technical Assistance Project (MTAP).
4. Preliminary results from this evaluation were released in June 2009 and revised results in June 2010.
5. Currently, the MTAP is intended to be converted from a country-specific operation into the first in a series of projects under the recently proposed Africa Mineral Governance Project (AMGP).
6. Justice for the Poor is a World Bank research and policy programme dedicated to the theoretical and practical challenges of promoting justice reform in a number of countries in Africa, East Asia and the Pacific.
7. Africa Mining Vision 2050 focuses on resource exploitation, infrastructure, labour force and skills, taxation, mining inputs, technologies, licensing and governance and aims over time to see sustained and sustainable development of mining and mining-related infrastructure.

## Reference

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