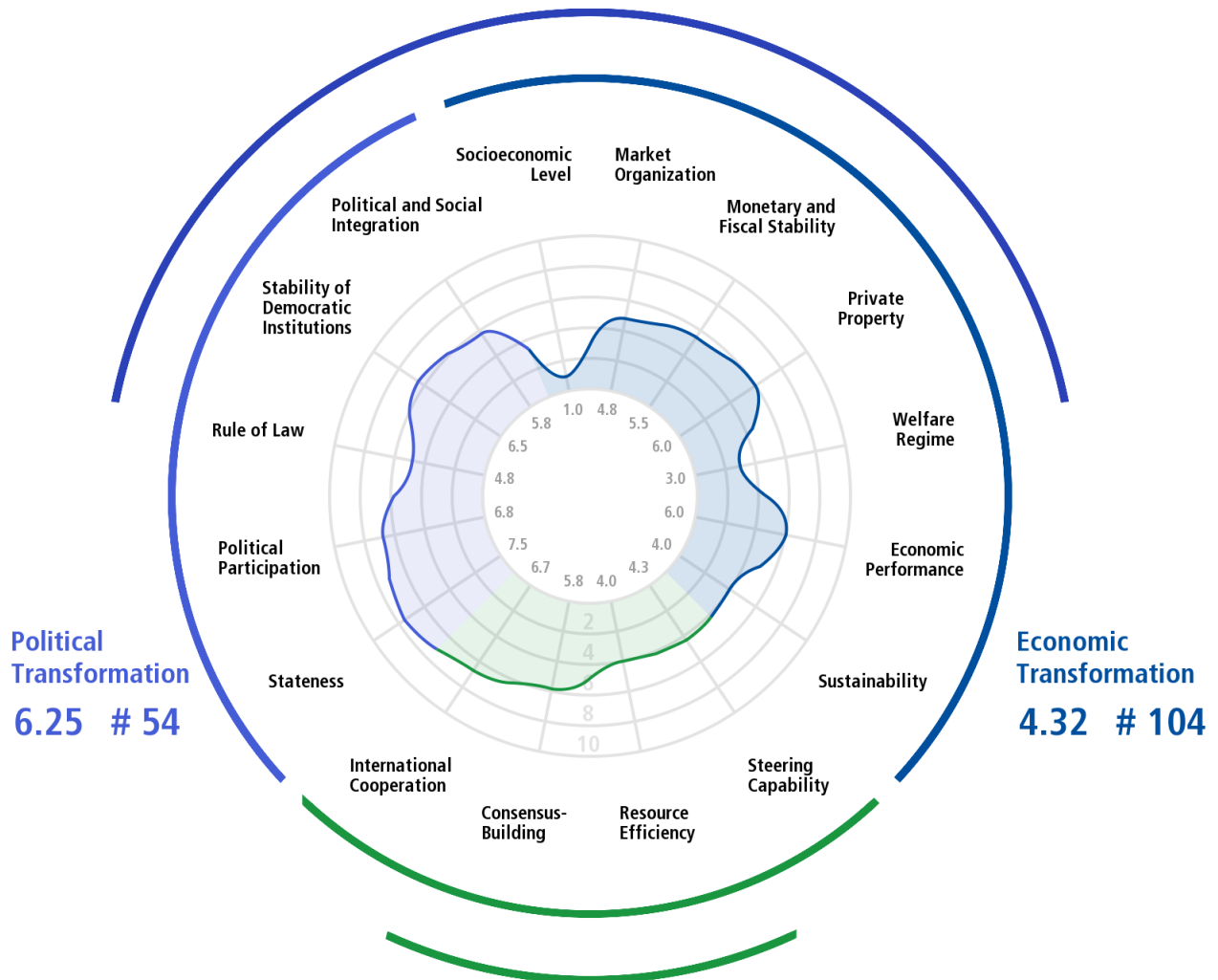


# Sierra Leone

## Status Index

**5.29 # 74**

on 1-10 scale out of 137



## Governance Index

**4.89 # 69**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>7.7</b>	HDI	<b>0.438</b>	GDP p.c., PPP \$	<b>1604</b>
Pop. growth <sup>1</sup>	% p.a.	<b>2.1</b>	HDI rank of 189	<b>181</b>	Gini Index	<b>34.0</b>
Life expectancy	years	<b>53.9</b>	UN Education Index	<b>0.403</b>	Poverty <sup>3</sup>	% <b>81.3</b>
Urban population	%	<b>42.1</b>	Gender inequality <sup>2</sup>	<b>0.644</b>	Aid per capita \$	<b>71.8</b>

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

General elections were held in Sierra Leone in March 2018 to elect the president, parliament and local councils. Incumbent President Ernest Bai Koroma was constitutionally ineligible to run again, after having served two terms.

Neither the candidate from the All People's Congress (APC), Samura Kamara, nor the candidate from the Sierra Leone People's Party (SLPP), Julius Maada Bio, received the number of votes required to win the presidency in the first round. In the second round, the opposition leader Bio won by a slight margin, receiving 51.8% of the votes against 48.2% for the APC candidate Kamara. However, the APC took the majority of seats in the parliament.

The election was deemed "free and fair" by international observers, and violence between supporters of the two parties remained on a low level. The transition of power was overall smooth and formally strengthened democratic procedures.

In mobilizing the electorate, however, both parties resorted to exploiting existing ethno-regional divides within the country. The stronghold of the SLPP lies historically in the south with the Mende and the Limba, while the APC relies mainly on the Temne of the north. As in the past, political mass support was generated by accentuating ethnicity rather than presenting competing political visions and programs. This resulted in the deepening of societal antagonisms and contravened the peace consolidation processes.

In the reporting period since 2017, Sierra Leone continued to make modest progress in post-war reconstruction and the aftermath of the 2014 "twin shocks": First, the Ebola outbreak led to the death of around 4,000 people, paralyzed the country for over a year, and further weakened the already rudimentary health and education infrastructure. Sierra Leone depended on extensive international support to successfully fight the pandemic and had to use financial resources, which could otherwise have been invested in the implementation of pressing political and economic reforms.

Second, commodity prices on the world market went down, and due to Sierra Leone's dependency on the export of minerals, impacted negatively domestic macroeconomic development. In 2015, the economy shrunk by more than one-fifth.

When the Ebola crisis had been brought under control towards the end of 2015, the government failed to even out the social and economic setbacks the country had suffered. Rather, towards the end of his second term (2012 – 2017), Koroma started to focus on keeping the APC in power, pushing the boundaries of available legal means.

Despite his efforts, the SLPP won the election and newly elected president Bio took office in April 2018. As one of his first measures, he mandated a Government Transition Team (GTT) to assess the political conduct under 10 years of APC rule. In its report, the GTT states that the former government under Koroma pursued a “policy of tribalism,” and found extreme levels of lack of fiscal discipline and rampant corruption. Bio announced that he would review all the political appointments made by the former government and take appropriate measures. Based on past events, it is a strong possibility that the SLPP will – just like the APC – display an ethno-regional bias, despite announcing that it will form an inclusive government.

The challenges for the new government are manifold. Economic performance weakened towards the end of 2018 and the beginning of 2019. So far, Sierra Leonean governments have failed to successfully diversify the economy, leaving it extremely vulnerable to exogenous developments beyond the control of domestic actors. Corruption is endemic, service delivery by the state is deficient at all administrative levels, the majority of the people live in multidimensional poverty, and disaffection among youth is growing. Overall, the prospects for democratic and economic transformation remain fairly poor.

## History and Characteristics of Transformation

Sierra Leone gained independence from Great Britain in 1961, its political and economic prospects burdened from the outset by structural constraints.

In the first free elections in 1962, the SLPP, in existence since 1951, took over from the British and ruled the country until 1967 when it lost the election to the break-away APC under Siaka Stevens.

The APC governed the country from then on until 1992 (between 1978 and 1991, following a controversial constitutional referendum, as the sole legal political party). One-party rule ended in 1991, but at this point, social eruptions were no longer containable. The Revolutionary United Front (RUF), originally supported by disillusioned university students, had started a war against the government in Freetown. With military support from Libya, Burkina Faso and most notably neighboring Liberia, the RUF brought large parts of eastern and southern Sierra Leone under its control. The Sierra Leonean military disagreed with the political leadership over how to tackle the crisis and replaced the civilian government in a military coup in 1992.

The Sierra Leonean military under the leadership of the National Provisional Ruling Council (NPRC) managed to push back the RUF and free elections were held in 1996, which were won by the SLPP. But the peace accord did not hold and fighting resumed. Another military coup brought another faction of the military to power, the Armed Forces Revolutionary Council (AFRC). The AFRC joined forces with the RUF and formed a shared government.

The Economic Community of West African States Monitoring Group (ECOMOG) forces under Nigerian leadership retook Freetown on behalf of the exiled civilian Sierra Leonean government in 1998, and the Lomé peace accord was negotiated in 1999. However, disagreements persisted, and in 2002 the RUF, was on its way to Freetown again. The former colonial power, Great Britain, intervened, and in 2002, the war was declared over.

The Sierra Leonean war had resulted in over 75,000 casualties, displaced 2.6 million people, was characterized by war crimes, such as the use of child soldiers, mutilations, torture and systematic rape, and largely destroyed existing infrastructures.

With massive international support – the United Nations Mission in Sierra Leone (UNAMSIL) at its high with the maximum authorized deployment strength of 17,500 military personnel – reconstruction and reconciliation efforts started. In the following years, international partners provided significant finance and know-how, and a fragile stability ensued.

The SLPP won the first post-war elections in 2002. In the next elections, in 2007, the APC returned to power, and was reelected in 2012. The most recent elections, in March 2018, brought the SLPP back into office.

The political landscape has been static since 1961, the bipolar political system only interrupted by a disastrous war between 1991 and 2002.

Likewise, the economy of the country has in principle been left unchanged since independence. Sierra Leone still depends on the export of a handful of agricultural and mineral goods.

Sierra Leone's economy slowly started growing after the war, based mainly on rutile, diamond and bauxite exports. Between 2012 and 2014, it gained momentum, which was due to the reemergence of iron ore as an export product.

Between 2014 and 2016, the country suffered a significant economic setback – as the country was hit hard by the Ebola virus outbreak and the decline in international market prices for iron ore.

The economy recovered again from 2016 on, in large part, due to international debt relief. In the beginning of 2019, growth prospects were rather poor – the lack of diversification and dependency upon a small number of international investors left the country extremely vulnerable to volatility.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Generally, the state's monopoly on the use of force and its fundamental administrative and security infrastructure extend throughout the entire territory of the country, but they remain deficient and dependent on external assistance.

Since the end of the war in 2002, Sierra Leone has been rebuilding and reforming its security sector. Supported by the United Nations as well as a range of individual donor countries (in particular, the UK) the national police and military were trained to perform in line with human rights standards, accountability and democratic norms.

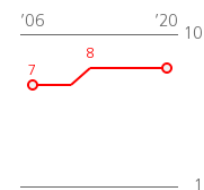
Large areas of the country remain isolated, with very limited public infrastructure, and during the rainy season (May to November), most roads are inaccessible. The border regions with Guinea and Liberia remain volatile. Non-state security providers (vigilantes, private security companies, paramilitary forces) play an important role. The overall effectiveness of the police is limited by endemic corruption and a lack of resources.

The major groups in society accept and support the official concept of the nation-state. In principle, the constitution provides citizenship rights to all people living in Sierra Leone. Nonetheless, members of non-African minority groups are discriminated against – they are denied full citizenship rights by birth, even if their families have been living in the country for generations (like the Lebanese community). The requirement for full citizenship is that the person has to be of African descent. People of non-African descent can still apply for citizenship by naturalization, which gives them voting rights, but they remain ineligible to run for public office. The government has stated in the past that it intends to abolish this racially discriminating piece of legislation, but no concrete actions have been taken. Despite being discriminated against, the non-African minorities are perceived by Africans as privileged because of their relative success in businesses.

Question  
Score

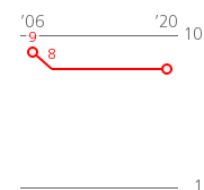
Monopoly on the  
use of force

8



State identity

8



State identity, the legal framework and institutional arrangements are based on secular norms and principles. The constitution provides for the separation of state and religion.

Sierra Leone is predominantly Muslim, an estimated 80% of the population, with the remaining 20% considered Christian; forms of syncretism are common. Most Muslims follow the Sunni tradition of Islam; about 10% are adherents to the Ahmadiyya sect. The majority of Christians follow one of the established protestant denominations, but Pentecostal churches are on the rise.

Ethnic and religious identities correlate to a certain extent, but most ethnic groups adhere to more than one religion.

The relations between adherents to different religions are good. Interreligious violence is extremely rare, and organizations like the Inter-Religious Council of Sierra Leone (IRCSL) foster mutual respect and understanding.

In 2018, a popular Pentecostal preacher from Nigeria sparked outrage in Sierra Leone when he called Islam a violent religion during a sermon given in Freetown – while this was immediately condemned by Muslim and Christian Sierra Leoneans alike, it also highlights the necessity of keeping proponents of radical religious thought in check.

The basic administrative functions of the state remain highly insufficient. The delivery of public services is inadequate and the majority of the population lives in poverty with only very limited socioeconomic perspectives.

Mismanagement, corruption, clientelism, and the lack of human, as well as material resources, curtail the functioning of state institutions at all administrative levels.

For example, the country's National Revenue Authority (NRA) has been accused of failing to ensure that taxes are paid by government contractors delivering services and supplying goods. The judiciary lacks the capacity to implement the law. Especially in rural areas, communities rely on traditional mechanisms for the provision of law and order. The security forces are underpaid and corrupt. Health and educational systems are weak (for example, according to government figures, the ratio of medical personnel per capita went down from 17.2 per 100,000 to 3.4 per 100,000 during the Ebola outbreak). Sanitation and water provision are very limited and the public transport system extremely deficient. Only 15% of the population had access to sanitation and 62% to drinking water, according to the latest numbers from 2015.

No interference of religious dogmas

9



1

Basic administration

5



1

## 2 | Political Participation

A legal framework for universal suffrage, the right to campaign for office and periodic democratic elections exist. Since 2002, general elections have been held regularly, though the election in 2018 was delayed for some days, despite a court having rejected the postponement request by the then-administration. Local elections were conducted in 2004, 2008 and 2012. Additionally, several by-elections were held. Over time, democratic processes have been strengthened.

According to international observers, all Sierra Leone's elections have been free, fair and transparent including the latest general election in March 2018, which was the first one organized by Sierra Leonean institutions without direct U.N. support. The elections were won by the SLPP and its presidential candidate Bio and beating the former ruling party, the APC, which had fielded Samura Kamara (the prior President Koroma could not run because he had already served his two constitutionally allowed terms). The last election, despite some administrative irregularities, marked another change of power through the ballot box.

Sierra Leone's political system is bipolar, with the APC and the SLPP dominating the political landscape – other parties effectively do not stand a chance, and so far, all initiatives to establish an alternative have failed. The governing party generally instrumentalizes state resources to stay in power, and, under APC rule, the police had been criticized for having become a tool of the Koroma government.

Between the APC and the SLPP, the losing party generally challenges the results and accuses the National Electoral Commission (NEC) of being biased. The NEC is composed by members selected by the president, subject to approval by parliament.

The democratically elected government has – through international legitimacy and support, as well as available financial and political resources – effective power to govern. At the same time, the opposition party generally dominates a number of electorates and holds significant influence on the local level. The respective opposition party is thereby in the position to constrain the power of the SLPP, but not in the sense of a veto actor. Traditional authorities such as chiefs and healers hold significant power in the hinterland. The implementation of policies on the local level is impossible without their approval and cooperation. Large mining companies also wield considerable power, not only in their licensed area, but also through relations with political representatives.

After the war, local militias were disbanded and the military and the police were restructured. However, some informal networks for mobilizing militias are reported as remaining intact in the hinterland, and a degree of uncertainty remains over the effectiveness and sustainability of the security sector reform. Under certain circumstances, armed groups could challenge the government through the use of force.

Free and fair elections

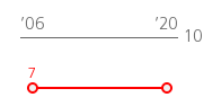
8



1

Effective power to govern

7



1



Freedom of association and assembly are guaranteed by the constitution. In principle, citizens are entitled to form parties and civil society organizations (CSO) and to hold public assemblies.

In practice, however, those rights are repeatedly curtailed. The controversial Public Order Act (1965) serves to prohibit public assemblies, and the police dispersed demonstrations on numerous occasions. The previous government under President Koroma introduced a new NGO policy in December 2017, which has been criticized by civil society representatives; they claim it imposes severe restrictions on the rights to freedom of association, including the right to form or join trade unions.

During the Ebola crisis, the Koroma government instrumentalized state of emergency regulations to silence and intimidate critics, and the new government under Bio seems to be inclined to uphold the Public Order Act, which it used to criticize when it was still the opposition party.

Sierra Leone has a diverse media landscape, with multiple newspapers, radio and television stations, web portals and the national Sierra Leone Broadcasting Corporation (SLBC). As internet access is restricted, significant numbers of people are illiterate, and TVs are hardly affordable for the majority, radio stations are the most important source of information.

The constitution provides a legal framework for freedom of speech and the press. In practice, the above-mentioned Public Order Act serves to prevent critical media coverage. Criminal libel laws in particular are used to put pressure on the media. Critical and investigative journalism goes hand in hand with a high risk of being arrested or sued for financial compensation, resulting in bankruptcy of the media outlet in question. Another, indirect form of influencing the media is at the government's disposal – most media outlets depend financially on selling advertisement space, and the biggest advertiser is the government.

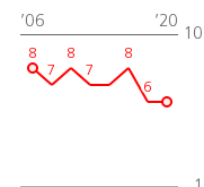
### 3 | Rule of Law

The separation of powers is formally established but weak in practice. The constitution provides for a presidential system. Governing powers are concentrated within the realm of the executive branch. The positions of the legislature and, to an even greater extent, the judiciary are comparatively weak. The mechanisms of checks and balances are inadequate.

During its recent terms, the parliament was dominated by the party of the president. This changed with the 2018 election. The APC won the majority (while the SLPP won the presidential race). The result could be even more time-consuming negotiation processes or even stalemates between the executive and the legislature.

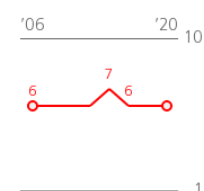
Association /  
assembly rights

6



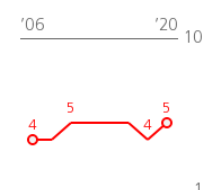
Freedom of  
expression

6



Separation of  
powers

5



The judiciary is not in a position to counterbalance the executive and keep it in check. Judges, among them members of the Supreme Court, are appointed by the president, following proposals by the Judicial and Legal Service Commission, whose members are again appointed by the president and judges. The attorney-general and minister of justice are combined in a single individual, blurring the lines between the branches of government.

The independence of the judiciary is heavily impaired by the exertion of political influence. Widespread corruption and a lack of human and material resources limit the effectiveness of the judicial system on all levels. The top echelon of the judicial system comprises three courts: the Supreme Court, the Court of Appeals and the High Court of Justice. At the district level, magistrate courts, and at the local level, chieftaincy courts are formally responsible for the administration of law. The Supreme Court has the right to review existing laws and policies.

Prisons are overcrowded. Juvenile and adult offenders are kept in the same facilities. Even though the judiciary was able to demonstrate independence on some occasions, enforcement remains rather weak, especially when there are political ties.

As a result of the deficient capacities of judiciary officeholders, those who break the law and engage in corruption are generally not adequately prosecuted. During his two terms, former President Koroma declared the fight against corruption as one of his primary political goals, but in empirical terms, the output was well below expectations. The rule of law is still undermined by political corruption in all branches of the government and its agencies.

For the general public it remains extremely difficult to officially complain against misconduct by government officials. Notwithstanding the existence of institutions such as the Office of the Ombudsman, the Independent Police Complaints Board and the Legal Aid Board, the majority effectively has no tools to defend itself against arbitrary and unlawful conduct by government officials.

Civil rights are codified by law, and Sierra Leone has made significant progress de jure: important international human rights treaties have been ratified; the country collaborates with institutions such as the U.N. Human Rights Council, UNICEF, and U.N. Women; and it has declared its intention to implement U.N. Resolutions 1325 and 1820, which call for a gender perspective in post-war reconstruction, among other things.

Following recommendations by the Truth and Reconciliation Commission (TRC), a National Human Rights Commission was founded. A Parliamentary Human Rights Committee and a National Forum for Human Rights (NFHR), which serves as an umbrella organization for numerous CSOs, are in place.

De facto, however, violations of civil rights are common. The death penalty is still in force (although a moratorium on executions is in place) and equal access to justice is

#### Independent judiciary

4

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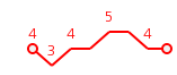


1

#### Prosecution of office abuse

4

'06 '20 10

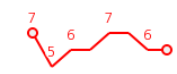


1

#### Civil rights

6

'06 '20 10



1

nonexistent. Sexual violence, gender-based discrimination and exploitative widow rites are widespread. Police brutality and mistreatment of prisoners are common. Child labor, early and forced marriage and trafficking in persons remain serious concerns. Marginalized groups, such as disabled people and the majority of elderly live under precarious conditions; the rights of LGBTIQ are neglected. Long-lasting initiatives to ban the practice of female genital mutilation (FGM) did not result in substantial political action. Proponents of the practice cite traditional values and wield significant political influence, especially in rural areas.

#### 4 | Stability of Democratic Institutions

Democratic institutions exist and are legitimized through elections. In everyday politics, however, frictions among those institutions result in inefficiency that goes beyond the democratic balancing of power, and which leads to overall deficient performance by the state. The relationship between the executive branch and the parliament, for example, is characterized by mutual mistrust, informal processes of power brokering and vested interests. As such, legislative processes imply long, often non-transparent bargaining.

Likewise, the relationship between the national government and regional and local governments is strained. For policies formulated at the federal level to be implemented at regional and local levels requires the cooperation of regional and local authorities, whose interests do not necessarily accord with those of the central government.

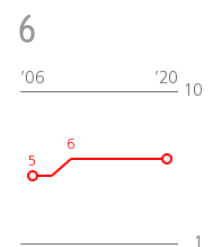
Up until 2004, when the Local Government Act came into force and local councils were established, traditional authorities were the only form of local government. Hence, traditional power structures continue to have significant influence and exist partially parallel to formally democratic government structures.

A number of key political actors, including government bodies, political parties and civic organizations, accept democratic institutions as such as legitimate. At the same time, processes of power sharing, policy formulation and decision-making frequently do not follow democratic norms and values, but are characterized by the influence of informal social networks, vested interests, and the pursuit of individual gains.

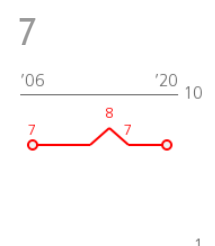
The general public is not in a position to develop a political consciousness of democratic values, in the sense of forming an independent opinion by comparing political ideas and programs; rather, ethno-regional affiliations determine which party voters vote for, and inner-party politics are often opaque.

Given Sierra Leone's political and administrative deficiencies and general poor living conditions, the stability of democratic institutions is not a given – at the end of the day, the legitimacy of a democratic political system depends on the delivery of public services to the population. In a situation where a significant part of the population

Performance of democratic institutions



Commitment to democratic institutions



becomes disenfranchised and alternative key political actors, such as traditional authorities, secret societies, traditional hunter guilds or elements within the military use their influence to mobilize those people, the legitimacy of formal institutions can be under serious threat.

## 5 | Political and Social Integration

Since independence in 1961, the Sierra Leonean party system has been stable – from 1968 until the civil war in 1992 in the one-party rule of the APC, and in recent decades in the alternating rule of the APC and the SLPP. Occasionally, breakaway factions have formed their own parties, and ambitious individuals tried to challenge the duopoly, but to no avail.

The most prominent example during the 2018 election was Kandeh K. Yumkella, who, after a career in the U.S. and the U.N., founded the KKY Movement. In the run-up to the elections, he changed his strategy and joined the SLPP, but left the party again, together with a number of SLPP members, and founded the National Grand Coalition (NGC). The NGC won four seats in the new parliament.

As rivals, these parties represent consolidated clientelist networks with ethno-regional power bases rather than institutionalized organizations with clearly defined political goals. While the APC is deeply rooted in the northern regions and in the Temne and Limba ethnic groups, the SLPP remains more or less a Mende party based in the southeastern parts of the country. The Freetown agglomeration has been a swing region.

There are smaller parties: The Coalition for Change (C4C), an alliance of a number of small parties, managed to win eight seats in the new parliament. The presidential candidate from the C4C was Samuel Sam-Sumana, who served as vice president under Koroma between 2007 and 2015, when he was dismissed by the president – the concrete circumstances of his dismissal remain unclear. In 2011, he was also in the midst of the Timbergate corruption scandal, allegedly having offered authorizations to conduct illegal logging operations in exchange for bribes.

Musa Tarawally, a former close associate of Koroma, went into the race as the presidential candidate for the Citizens Democratic Coalition (CDC); in December 2017, he was arrested by the police on allegations of corruption. Observers speculated that there could have been political motifs for his arrest. The CDC did not win any seats.

The 146 seats in the new parliament were won by the APC with 68, the SLPP with 49, the NGC with four, the C4C with eight seats, and three seats for independents; additionally, 14 seats are reserved for paramount chiefs, which were elected indirectly through chiefdom councils.

Party system

6

'06 '20 10



1

Only a small elite of political, traditional and economic actors, embedded in fluid social alliances and informal networks, has access to the countries' resources (e.g., government jobs, land, economic opportunities).

A plethora of CSOs is active and furthers the interests of certain social groups (e.g., women, youth, rural communities) or focuses on specific policy issues (e.g., environment, justice, urban development). Mostly, CSOs implement donor-funded projects to overcome organizational deficiencies and lack of resources.

Independent, membership-based CSOs remain weak compared to the above-mentioned interest groups.

Public opinion survey data for Sierra Leone shows high support for democracy, much higher than before the turnover in 2018. According to Afrobarometer survey data released in February 2019, 84% (in 2015: 59%) of respondents prefer democracy to any other form of government, while 71% reject military rule. In terms of "supply," 60% perceive Sierra Leone to be a substantial democracy, a dramatic increase from 25% in 2015.

According to the NEC, more than 80% of registered voters headed for the polls for the presidential run-off election in 2018. It seems likely, again, that this turnout is the result of ethno-regional mobilization, rather than informed approval of democracy by individual voters.

Unfortunately, Statistics Sierra Leone (SSL), the central national authority for statistical information, does not provide public opinion data referring to the level of approval of democracy.

Social capital which fosters cooperation and mutual support for purposes of self-help does exist. Extended families, village communities and self-help groups, such as women's groups, provide social mechanisms for self-organization and support networks to disadvantaged members of segments of society. Likewise, overall respectful relationships among followers of different religions provide social capital for solidarity among all Sierra Leoneans and the development of modes for nonviolent conflict resolution.

At the same time, however, low levels of education and socioeconomic hardships result in a vulnerability among social groups to being manipulated and mobilized along ethno-regional divides. Political initiatives that aim at peace consolidation, reconciliation and community solidarity could increase existing social capital. Political mobilization along ethnic and regional divides, by contrast, tends to negate this potential.

#### Interest groups

5

'06 \_\_\_\_\_ '20 10



\_\_\_\_\_ 1

#### Approval of democracy

8

'06 \_\_\_\_\_ '20 10



n/a \_\_\_\_\_ 1

#### Social capital

4

'06 \_\_\_\_\_ '20 10



\_\_\_\_\_ 1

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Sierra Leone is one of the poorest countries in the world. Poverty and inequality are extensive and structurally ingrained.

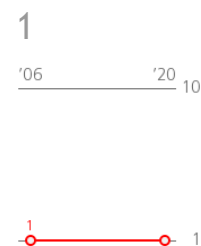
In its HDI 2017, the UNDP ranks Sierra Leone 184 out of 189 assessed countries. The poverty rate is very high, with an estimated 70% of the population living on less than \$1.25 a day. The adult illiteracy rate is around 40%, but is higher among youth, of whom more than 70% are unemployed or underemployed. The World Bank estimated the Gini index in 2011 to be 34, which places the country somewhat in the middle of all assessed nations. More recent figures are not available. Live expectancy at birth is 52.2 years and UNICEF states that the under-five mortality rate at 110.5 per 1000 live births.

The fact that those figures actually represent positive trends illustrates the extreme extent to which Sierra Leone was devastated during the war – state structures had almost ceased to exist.

Most people live in multidimensional poverty and rely on subsistence farming. Prospects for socioeconomic development are low, especially for youth. Socioeconomic barriers exclude the majority from the benefits of development.

Question  
Score

Socioeconomic  
barriers



Economic indicators		2015	2016	2017	2018
GDP	\$ M	4218.7	3674.8	3739.6	<b>3999.9</b>
GDP growth	%	-20.6	6.1	4.2	<b>3.7</b>
Inflation (CPI)	%	6.7	10.9	18.2	<b>16.9</b>
Unemployment	%	4.8	4.7	4.3	<b>4.3</b>
Foreign direct investment	% of GDP	6.0	3.8	20.1	<b>15.0</b>
Export growth	%	-55.1	21.7	23.3	-
Import growth	%	-18.3	23.9	6.3	-
Current account balance	\$ M	-1003.1	-162.8	-535.2	-

Economic indicators		2015	2016	2017	2018
Public debt	% of GDP	44.9	55.5	57.9	<b>63.0</b>
External debt	\$ M	1551.2	1598.3	1715.6	<b>1712.9</b>
Total debt service	\$ M	52.4	38.3	58.5	<b>58.3</b>
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	10.2	12.4	10.4	-
Public education spending	% of GDP	-	3.1	4.6	-
Public health spending	% of GDP	1.6	1.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.9	1.1	1.1	<b>0.8</b>

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

The framework for free and fair competition and a level playing field for market participants is weak. Most people in Sierra Leone make a living working in the informal sector, of which a major part is constituted by subsistence farming, trading local produce and retailing imported manufactured goods.

The government implements economic policies in line with the demands of the IMF and international donors.

Domestically, the Memorandum of Economic and Financial Policies articulates the government's medium-term reform program for 2017 – 2020. The idea behind the Finance Act of 2015 was to enhance the tax revenue system, and the National Strategy for Financial Inclusion 2017 – 2020 was put in place to create a better framework for MSMEs.

But all in all, market organization remains weak – Sierra Leone is ranked 163 out of 190 countries in the World Bank's 2019 Doing Business report. Starting a business takes eight days and five procedures with a cost of 8.4 % of GNI per capita. The Starting a Business score is 91.1 out of 100 (ranked at 55 out of 190 countries).

The country is heavily dependent on international financial aid and economic cooperation. Hence, the new government is likely to continue working closely with the World Bank, the IMF and other international partners, as did its predecessor. The

Market  
organization

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government is committed to policies aimed at market liberalization, commercialization and privatization.

In the past, however, privatization policies were not implemented to the extent the IMF suggested, and it is unlikely that this will change under the new government because of social policies, clientelism and vested interests.

Sierra Leone does not have a competition or antitrust law, but the Ministry of Trade and Industry has a mandate to regulate anticompetitive business practices. Although competition policy, as well as consumer protection, have been approved by the cabinet, there is no enabling legislation yet. Instead, the state plays a pivotal role in many sectors. The state-owned Sierra Leone Produce Marketing Company (SLPMC) and the Sierra Leone Commodity Marketing Agency (SLCMA) are charged with the promotion of export policies. Agriculture dominates the economy by contributing more than 60% of GDP, but remains weak in the export market. The energy sector and the transport and shipping sectors remain to a large extent under government control.

The extractive sector generates 90% of exports, but only 20% of government revenue and 1.5% of overall employment. In 2017, the country reviewed its legal framework and issued recommendations for a reform of beneficial ownership disclosure. Currently, under the oversight of the Sierra Leone Extractive Industries Transparency Initiative, ownership information from the 20 largest extractive taxpayers is collected, and steps are being taken to support and improve the due diligence procedures employed by the National Minerals Agency and the Petroleum Directorate.

Sierra Leone is not a member of the International Competition Network (ICN).

Foreign trade is liberalized in principle, but significant barriers remain. The country is integrated into the global economy through the export of minerals (mainly diamonds, iron ore, and rutile), as well as to a much lesser extent agricultural (palm oil) and food products (shrimp, dried fish) and the import of technology, petroleum products and food products.

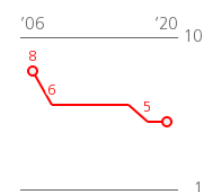
Export licenses are required for gold, diamonds, coffee, cocoa, palm oil, ginger and a few other products. Exporters have to pay a 2.5% levy on the free on board (F.O.B.) value of the export.

Import duties average around 20% and are subject to a 15% sales tax. Some items are duty-free, such as textbooks, medical equipment, agricultural input and machinery. As an incentive to foreign investors, Sierra Leone offers accelerated depreciation at 40% for plant and equipment during the first year. Imports from other Mano River Union (MRU) states are untaxed.

Sierra Leone has been a member of the WTO since 1995. The WTO does not provide the simple average of the most favored nation in its publication, “World Tariff Profiles 2017.”

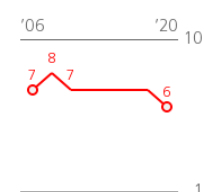
#### Competition policy

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#### Liberalization of foreign trade

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The banking sector faces severe challenges. In a speech in May 2018, the new president pointed out flaws in directives and management, a weak policy and legal environment, as well as inadequate coordination in the banking sector. A shortage of skilled professionals, insufficient technological resources, a deficient interbank market, the absence of credit risk information, inadequate short-term financial markets, and the absence of long-term financing and foreign currency lending all contribute to the underperformance of the banking system.

There was no information available on the ratio of capital to assets and the share of non-performing loans.

According to the government, 14 licensed functional banks operate in Sierra Leone. Among the three local banks, the Sierra Leone Commercial Bank and the Rokel Commercial Bank are solely and partly owned by the government, respectively. The Union Trust Bank is an entirely privately owned Sierra Leonean bank. The remaining banks are foreign-owned; they control 75% of financial sector assets.

The government follows policies to strengthen the central bank (Bank of Sierra Leone – BSL) and to develop microfinance institutions.

## 8 | Monetary and fiscal stability

De jure, the BSL Act of 2000 lists the promotion of monetary stability as one of the main objectives of the central bank; de facto, the country has been prone to monetary instability.

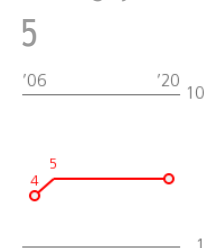
Inflation averaged 12.5% per annum between 2004 and 2008, rose to 18.5% in 2011, went down to 9% in 2015 and recently accelerated. Towards the end of 2016, it was estimated to be over 15%, rose to a further 17.7% in mid-2018 and to 19.3% in October 2018.

This went hand in hand with a higher CPI, which translates, among other things, into higher prices for most everyday goods – price hikes were observed for food and energy, in turn raising transport costs. In July 2018, the first demonstrations against the new government took place to protest its decision to remove fuel subsidies, following a recommendation by the IMF.

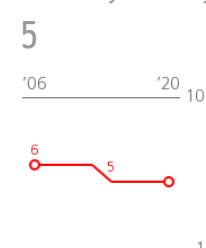
The World Bank has predicted that the inflation rate will remain high throughout 2019, due to an increase in price pressures among mineral exporters.

Currency and foreign exchange rate stability is naturally another main objective of the BSL. Between 2011 and 2014 – bolstered by a resurgence in iron ore exports – the currency exchange rate was stabilized between 4,300 and 4,400 leones to the U.S. dollar. In the aftermath of the Ebola crisis 2014/2015 and the sharp fall in iron ore prices in the same period (“twin shocks”), the exchange rate depreciated to 5,639

### Banking system



### Monetary stability



leones to the U.S. dollar in 2016 and stood at 8,596 leones to the U.S. dollar in December 2018.

The World Bank estimated the real effective exchange rate index (REER) at 99.5 in 2014, 108.2 in 2015 and 112.2 in 2017.

In general, the government and the (in principle, independent) central bank have limited capacities to pursue monetary stability, in part because of the deficiencies listed by President Bio with regard to the banking sector, but also to a large extent due to exogenous factors beyond the control of domestic actors – most notably, heavy dependency on iron ore exports.

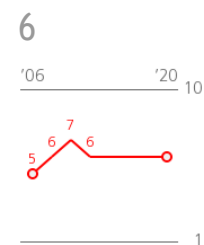
The challenges of pursuing monetary stability are mirrored in the arena of fiscal policy. While the government promotes fiscal stability, institutional weaknesses, a lack of economic diversification and international dependency create an unfavorable setting.

External debt decreased from an average of 71.4% of GDP between 2004 and 2008 to 28.2% in 2009 – basically owing to debt relief. Slowly it began to rise again, from 24.9% in 2014 to 27.5% of GDP in 2015, then accelerated to 63% of GDP in 2017. The account deficit widened from 17.5% in 2015 to 19.9% in 2016. The current account balance is notoriously negative (over -160 million in 2016).

In November 2018, the IMF approved a new \$172.1 million arrangement under the Extended Credit Facility. The proclaimed intention is to assist Sierra Leone in addressing – according to a press release – “fiscal slippages.” Likewise, the IMF wants the money to be used to soften recent external shocks and to supplement the government’s structural reform agenda (most notably, concerning central bank safeguards and governance). The IMF states that “forceful implementation...will be essential to achieve fiscal sustainability.”

The government and the BSL essentially lack the capacities to sustain stabilization-oriented fiscal and debt policies on their own.

Fiscal stability



## 9 | Private Property

Property rights and regulations are defined formally in law, but they are not implemented and enforced consistently in practice.

The legal framework for doing business consists of a set of laws and regulations (e.g., the Investment Promotion Act 2004, the Mines and Minerals Act 2009, the Petroleum Act 2011, the Finance Act 2015, the Fiscal Management and Control Act 2017 and the Extractive Industries Revenue Act 2018, among others).

Property rights are protected de jure, but the legal framework functions ineffectively. Enforcement of property rights is hampered by a deficient judiciary, lack of police professionalism and corruption.

According to the World Bank's 2019 Doing Business report, registering a property requires 56 days and seven procedures, and the legal enforcement of contracts before the Freetown High Court/Commercial Section takes 515 days on average.

As stated in the Protectorate Land Act 1927, land cannot be bought or sold in the provinces (except in the western area, where members of the former administration accumulated land under questionable circumstances).

However, a functional land titling system does not exist. Customary land rights are not legally defined, and the process to create a legal framework is ongoing.

Although foreign investors may not own land, they can lease land for up to 99 years. Significant portions of land have been leased to agricultural investors, clashing with the needs of local subsistence economies.

In line with market principles and the policies of international donors, the government officially views private enterprises institutionally as important engines for economic production.

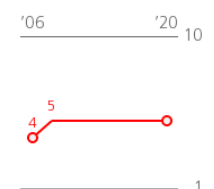
The business climate is burdened by the abovementioned obstacles, among them endemic corruption, significant dysfunctionality in all branches of government, a dilapidated infrastructure and a generally fragile socioeconomic environment.

Privatization processes, as demanded by the IMF, proceeded slowly due to vested interests and the structural limitations of the economy. Key sectors of the economy remain under state control or under heavy state influence. Market concentration is strong, with oligopolies controlling main sectors of the economy.

Sierra Leone is ranked 163 out of 190 countries in the World Bank's 2018 Doing Business report (down from 148 out of 190 in the 2017 report).

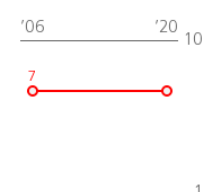
Property rights

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Private enterprise

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## 10 | Welfare Regime

State safety nets to compensate for the social risks of the capitalist economic system are rudimentary; the majority of the population lives in abject poverty.

Just as the overall economy is to a large extent informal, social safety nets are likewise informal. Most people depend on family, clan, community or self-help structures as social bases to survive.

In the form of the National Social Security and Insurance Trust (NASSIT), a public social insurance system does exist, and the National Commission for Social Action (NaCSA) conducts projects in the social, health and education sectors. But against the background of the existing overarching social inequalities, these structures remain completely inadequate.

In the course of the Ebola crisis, the socioeconomic situation of a significant portion of the population deteriorated further. The estimated 14,000 Ebola survivors and the 12,000 Ebola orphans, for example, have received little to no support and are caught up in an ongoing struggle for survival. According to the World Food Program (WFP), around 50% of the population lacked access to sufficient nutritious food in 2017, while the prevalence of chronic malnutrition was over 30% in that year.

In 2018, the CSO, AdvocAid, released a documentary about the estimated 26,000, often underaged, prostitutes working in the streets of Freetown (Kolonko). These women and girls do not receive any social support at all, and are subject to sexual exploitation, police brutality and suffer from STDs.

What there is of a welfare sector remains substantially dependent on international assistance and aid. A number of CSOs fulfil social functions where the government leaves a void, but their capacities and resources are insufficient.

Equal opportunity is limited. The social background of individuals determines access to public office, education and employment.

The new SLPP government accused the APC under Koroma of “regionalism and tribalism” in its recruitment and promotion of personnel in government agencies and announced that it will review all middle-level and senior appointments.

Ethnic favoritism has been a characteristic of both APC and SLPP administrations. As such, ethnicity and political preference determines access to resources. The last election deepened the ethno-regional divide. It is unlikely that this political practice will change under Bio.

The majority of Sierra Leoneans lives in poverty; educational levels are low; illiteracy is an estimated 40%; most people live of subsistence farming – opportunities for socioeconomic advancement are very few. Most people are faced with a daily struggle for survival and neither have the abilities nor the means to advance in society.

Social safety nets

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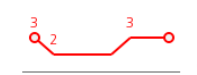


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Equal opportunity

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As subgroups within the marginalized majority, the elderly, youth, people with disabilities, Ebola survivors and Ebola orphans, Africans from other countries, LGBTIQ and females are discriminated against; people living in rural areas tend to be more disadvantaged than people living in the cities.

According to the UNDP, the Gender Inequality Index (GII) lies at 0.645, which places Sierra Leone among the least developed nations on the world.

Whereas current enrollment rates are almost equal for boys and girls, gender equity is far from achieved. For example, in the aftermath of the Ebola crisis, the country experienced a surge in teen pregnancies. In contrast to its gender equality rhetoric, the Koroma government expelled pregnant girls from school, stating that they would have a negative moral influence on fellow students.

Female genital mutilation is prevalent; widows are discriminated against; early and forced marriage, as well sexual violence, are common. Legislation to counter discrimination does exist (e.g., the Domestic Violence Act of 2007, the Registration of Customary Marriage and Divorce Act of 2007, the Sexual Offences Act of 2012), but implementation fails due to traditionally, culturally and religiously deeply rooted gender stereotypes.

## 11 | Economic Performance

Macroeconomically, Sierra Leone remains extremely volatile, as diversification of the economy remains low and highly dependent on world market prices for minerals.

During the period of 2003 to 2014, the average annual growth rate was over 7.8%, largely due to mineral production. The twin shocks in 2014/2015 brought a massive decline of minus 21% in 2015, according to the IMF. Resumption of operation of one of the two iron ore companies led to a rebound, with a growth rate of 6.3% in 2016. In 2017, it slowed to 4.3%, due to less demand on the world market

In per capita terms, growth was slower (1.9% and 3.8% in 2017 and 2016, respectively). Public debt stood at more than 60% of GDP in 2017.

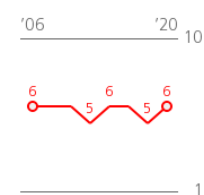
The challenges arising from the mono-structural export economy and dependency on a small number of influential foreign companies are multiplied by fiscal and monetary hardships – high inflation, price increases, debt, underperformance of the banking sector, among other things.

According to the World Bank, external debt was 63% of GDP in 2017. The inflation rate rose to about 20% in 2018.

Sierra Leone experienced an increase in official development assistance (ODA) inflows in 2014 and 2015. Those funds were mainly used to counter the Ebola

Output strength

6



outbreak, with little spent to meet already-existing reform needs. In some cases, international partners made preliminary payments – this money is missing now.

All in all, lower revenue, coupled with substantial and growing expenditure needs, puts the government budget under immense pressure, with potentially disruptive social consequences.

## 12 | Sustainability

Environmental concerns are subordinated to growth efforts. Whereas a legal framework for environmental regulation does exist and the new government under President Bio publicly embraces environmental sustainability just as its predecessor did, enforcement of environmental laws remains weak and a comprehensive environmental policy is not implemented.

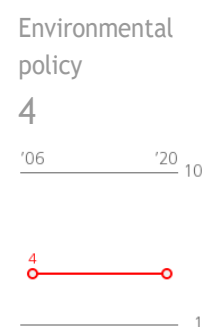
Laws such as the Environmental Protection Act 2000, institutions (Environment Protection Board) and strategies (Convention on Biological Diversity membership since 1995) did not result in policy formulation and implementation that take into account criteria for sustainability. Deforestation, erosion, and environmental damage caused by mineral and sand mining, overfishing and illegal and informal real estate development all endanger the livelihoods of current and future generations.

The SLPP government announced that the new national development agenda will incorporate the principles of the Agenda 2030, as well as those of the Agenda 2063 and that it will aim to reach the Sustainable Development Goals (SDGs). This leaves roughly 10 years to implement far-reaching and all-encompassing reforms in basically all policy arenas. Progress at this rate is completely unrealistic. This is true, for example, for sustainable development goal number 12 – “ensure sustainable consumption and production patterns”; most people live off subsistence farming and a significant portion of the population is exposed to food insecurity.

Sierra Leone lacks the capacities to proactively contribute to the protection of global public goods.

In August 2017, mudslides, following the usual heavy rain falls during the wet season, killed around 1,000 people and left 3,000 homeless in the informal settlement of Regent, Freetown.

In the SDG Index 2018, Sierra Leone ranks 146 out of 156 assessed countries, and the Environmental Protection Index in 2018 places the country at 155 out of 180 countries (EPI score: 42.54).



The education system as a whole is deficient. Pre-primary education is limited, with an overall gross enrollment rate of 11.99% in 2017, according to UNESCO. For primary and secondary education, school enrollment figures provided by UNESCO show a mixed picture. While the overall result for primary schools is positive with a total gross enrollment ratio of 120.89% in 2017, for secondary schools, the total gross enrollment ratio was 40.86% the same year. UNESCO did not provide data for tertiary education, which points to the fact that only a very small, privileged minority of students moves on and attends university.

The social reality behind those figures is that children do attend primary school. But for secondary schools, the number of students decreases, as the number of youths forced to make a living in the informal sector increases. It is common that boys and girls are expected to contribute to the income of the household in which they live. School fees and the need to buy uniforms and learning materials also lead to a significant number of school dropouts.

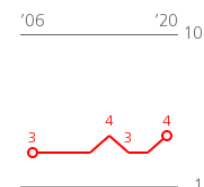
According to the UNDP, government expenditure as a percentage of the GDP was only 2.9% in 2017, and the literacy rate among Sierra Leoneans aged 15 years and older was 32.4%. The U.N. Education Index 2017 lists Sierra Leone at 183 out of 187 assessed countries.

In terms of research and development expenditure, neither the World Bank nor UNESCO provide any data. A research and development sector of any developmental significance does not exist.

The new government formally launched a free education program in August 2018. It includes school fee subsidies, the abolishment of controversial examination fees that had to be paid by students, the provision of essential teaching and learning materials, a school feeding program, and the supply of furniture to schools in all districts.

Education policy /  
R&D

4



## Governance

### I. Level of Difficulty

The structural constraints on governance are very high. These include extreme poverty, a lack of an educated labor force, severe infrastructural deficiencies, as well as proneness to natural disasters and diseases.

The constraints are the result of historical and political developments, and simultaneously perpetuated by ruling elites. Informal power relations and social networks, traditionally established hierarchical relationships and culturally rooted role expectations make it extremely difficult to effectively overcome structurally ingrained limitations to reform.

Sierra Leone's direct neighbors – Guinea and Liberia – are fragile, post-conflict states. The borders are poorly patrolled; the border regions are the operational areas of criminal gangs and smugglers. Ethnic loyalties and traditional settlement areas conflict with national borders. The potential for spillover in the case of violent conflict in those countries is high.

Sierra Leone remains extremely vulnerable to external and unforeseen developments, like changes in commodity prices and pandemics.

In the aftermath of the Ebola crisis 2014/2015, the government emphasized the importance of resilience, especially of the countries' health institutions. At the start of 2017, however, political will and resources focused to a large extent on the upcoming elections, leaving reform efforts behind.

The improvements in recent years, as mirrored by quantitative data, need to be assessed against the fact that the developmental level of Sierra Leone was extremely low after the war.

The constraints on governance remain severe, with dysfunctional democratic institutions, endemic corruption, lack of economic diversification, mass poverty, youth unemployment, infrastructure deficiencies, and low educational levels. These are but the most pressing issues.

Structural  
constraints  
10



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Civil society traditions are still fairly weak. One of the main reasons for the outbreak of the war in 1992 was a static political system, with APC and SLPP “big men” in charge, leaving no room for participation by disenfranchised youth. After 10 years of war, (re)construction of the country started. Thus, a civil society has been in the making for a mere 16 years, without a societally embedded tradition of CSOs.

A plethora of CSOs operates in Sierra Leone and work in particular policy areas (e.g., women, youth, sustainability, law reform or reconciliation). But the CSOs’ capacities remain limited, and, in most cases, local CSOs depend on international partners for finance and know-how. A range of CSOs is directly connected to foreign CSOs and serves as their implementing arm. Their political leeway is restricted. A few months before the March 2018 general elections, the Koroma government introduced a new NGO policy, effectively limiting their freedom to operate. The SLPP government, at this stage, has not positioned itself in terms of an NGO policy.

All in all, development of a tradition of a civil society still needs time.

Customary, “premodern” social mechanisms and roles exist which could be utilized to further the development of a civil society. Religious tolerance and solidarity at the community level could serve as connecting factors, as well as the strong social position of traditional authorities – whereas traditional authorities in some cases hinder the implementation of democratic reforms, in some cases, they also promote developmental change. In any case, implementation of reforms on the local level without the cooperation of traditional authorities is unrealistic.

In fighting Ebola, for example, the importance of the approximately 4,500 traditional healers in Sierra Leone became obvious – with their support, it was possible to inform local communities and change certain traditions (e.g., funeral rituals), thereby significantly contributing to bringing the disease under control.

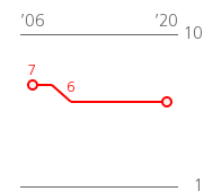
Organized violence remained at a fairly low level during the review period, but the potential for mass violence remains high.

The antagonism between the APC and the SLPP led to violent clashes in the run-up to the general elections in March 2018. This was not unexpected. Despite an agreement to prevent violence between supporters of each party, signed by both parties in 2009, their radicalized youth organizations are prone to the use of violence.

The police were accused to use disproportional use of force in dissolving public gatherings and violating the right to free assembly. Under the Koroma government, the emergency regulations, originally introduced in the fight against the Ebola outbreak, were partly left in force even after the disease was under control – some observers claimed that this was to prevent the then-opposition from being able to organize. Likewise, the Sierra Leone police force (SLP) was accused of having a pro-APC bias, suppressing SLPP supporters.

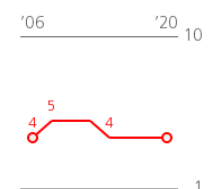
#### Civil society traditions

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#### Conflict intensity

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A specially armed wing of the police, the Operational Support Division (OSD), has been repeatedly accused of violating human rights. In an ongoing court case, Tonkolili Iron Ore, a former subsidiary of African Minerals, is accused of having ordered the OSD to conduct a deadly crackdown on communities protesting against land grabbing in 2010; in 2012, the OSD allegedly committed serious human rights abuses while putting down a worker's strike, again following orders from the company. Among the allegations are assault, torture, rape and homicide.

Tensions between local communities and mineral companies, as well as the instrumentalization of the police in the interests of the companies have a significant destabilizing potential and repeatedly result in violence.

Vigilantism as a form of social self-organization to maintain law and order remains a feature in communities, especially in rural areas and urban slums.

The crime rate is high, especially in Freetown. Young men form gangs, affiliated with neighborhoods and/or rap musicians. The use of weapons (machetes) is common.

Cross-border smuggling continues. Illegal arms depots are suspected to exist in the border region close to Liberia and in Côte d'Ivoire. Handmade fire weapons are used by traditional hunter guilds and poachers.

The security situation remains fragile. The social, political and economic causes that led to the outbreak of the war still exist.

## II. Governance Performance

### 14 | Steering Capability

Both, the current SLPP government and the former APC government have claimed to set strategic priorities. It is no secret that the country faces multiple reform needs. Under the APC, the national development strategy, the Agenda for Prosperity (A4P 2013 – 2018), set out a road map for implementing crucial reforms, and the SLPP issued a manifesto called New Direction, which again incorporates most pressing reform needs and formulates intentions on how to meet these. The challenge, however, lies mainly at the level of implementation.

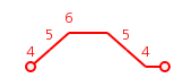
In fact, the government's long-term goals are regularly affected by short-term interests. For example, the ruling party has a tendency to use state resources to promote its reelection campaigns, neglecting development needs and pressing reforms.

Question  
Score

Prioritization

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Steering capability is to a large extent dependent upon the personal capabilities of the president and other high-ranking government technocrats. Organizational and institutional steering capacities remain weak, as, since the end of the war, the presidential administrations have depended on international, external actors, rather than sufficiently developing their own, domestic capabilities.

The deficiencies of the state apparatus became especially apparent during the Ebola pandemic; without massive international aid and support, the government would not have been able to bring the disease under control.

External actors play a major role in a range of policy fields. The IMF and World Bank provide steering capability for the economy; the UNDP assists with the SDGs and statistical assessments; UNICEF supports education and child survival; bilateral partners fulfil multiple stately functions (e.g., the UK still supports security sector reform) and CSOs fill voids left by the government in policy fields, ranging from legal support to the rights of marginalized female youth and microfinance schemes, among others.

All in all, long-term, strategic steering capability remains weak. On the one hand, the country depends on the support of external partners; on the other hand, patterns of dependency are perpetuated through existing arrangements.

Political objectives, including deepening democracy and the fight against corruption, are often not translated into palpable results. This is due to the abovementioned dysfunctions, among them: widespread corruption, the informal agendas of influential interest groups, vested domestic interests, a lack of qualified personnel and a lack of material resources.

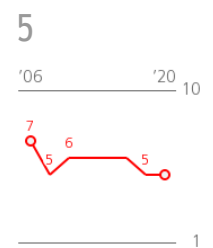
For example, Pillar 1 (out of eight) of the A4P focuses on “Diversified Economic Growth.” Little progress was made between 2012 and 2017. The SLPP manifesto, *New Direction*, prioritizes “Transforming the Economy,” so far as well with meagre results.

The dependency on donors requires the government to formally embrace and comply with the set conditions and expectations, a practice that can be dubbed “politics of the mirror.” Without doubt, genuinely reform-oriented individuals work within the state apparatus, but the existing systemic weaknesses hinder the implementation of a wide-reaching reform agenda.

The government demonstrates little ability with regards to policy learning, in the sense of policy formulation being innovative and flexible, and guided by past experiences, knowledge exchange and collaborative learning processes.

The APC government, in the aftermath of the Ebola crisis, fell seriously short of the pledges it had made to rebuild and revamp education and health facilities.

Implementation



Policy learning

4

Rather, the president pushed legal boundaries in order to get the APC reelected: a) the elections were postponed, based on an argument that the referendum on constitutional changes should be held before the elections (thus, Koroma's term was extended beyond the constitutionally prescribed five years; the referendum itself, it should be noted, did not take place); and b) the redrawing of district boundaries a couple of months before the election to give the APC an advantage over the SLPP, which was in opposition at the time.

Despite these efforts, the SLPP managed to win the election, due to ethno-regional mobilization and, most likely, also due to unmet public expectations under APC rule. Considering how politics operates in Sierra Leone, however, it is very unlikely that the political learning capabilities of the current Bio administration are significantly higher than those of the previous Koroma administration.

## 15 | Resource Efficiency

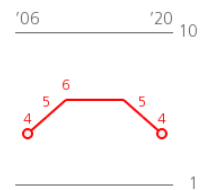
Vested domestic interests, structural economic weaknesses, bureaucratic harassment, as well as functional and ethical failure by public officeholders, have prevented large parts of the government from using resources efficiently.

International partners such as the IMF, the World Bank and the EU maintain strong pressure on Sierra Leone to make more efficient its use of fiscal resources.

Relating to the efficient use of administrative personnel, the new government claims that the number of ethnically favored appointments was significant under APC rule. The SLPP's announcement that it will review all middle-level and senior appointments and to determine whether these appointments followed proper procedure or were the result of tribalism and patronage points to the possibility that the new government will conduct wide-reaching personnel changes. The extent to which these would follow proper procedures and be based on merit or instead give preference to southerners remains to be seen.

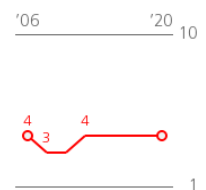
While in power, Koroma tried to centralize leadership structures within the APC. In 2016, he enforced significant personnel changes in the cabinet. The reshuffle resulted in the dismissal of four ministers, among 40 other high-ranking administrative officials. In November 2017, he dismissed Sylvia Blyden, Minister of Welfare, Gender and Children's Affairs. The concrete reasons for this remain unclear, but there was speculation that Blyden, an influential journalist and (formerly) close associate of Koroma, developed her own political ambitions and disagreed with the president over the implementation of anti-corruption policies.

The relationship between the executive and the parliament under Koroma was tense. Decision-making processes required extensive periods of time and behind-the-scenes bargaining. That was despite the fact that the APC had the majority in parliament.



Efficient use of assets

4



This has changed – in the new parliament, the opposition (now the APC) holds the majority. It can be expected that this constellation will not advance processes of constructive policy formulation and implementation.

Efficient use of budget resources and efficient administrative organization remain significant challenges.

After three years of extensive international support and domestic resources, the Constitutional Review Committee presented the government its final report in March 2016. A constitutional reform is seen as a cornerstone of democratizing the country by many international observers and partners. In late 2017, the government presented a white paper rejecting 102 of the 134 recommendations. The new SLPP government has announced it will review the white paper. It also announced the authorization of a law reform commission to review the mandates of the existing 28 national commissions with the aim of reducing that number.

Cooperation and coordination among ministries, departments and agencies remains weak.

Whereas the Local Government Act of 2004 was intended to define the responsibilities and authorities of federal, district and local governments, frictions remain. The competencies of councilors, members of parliament, chairmen of councils, paramount chiefs and district officers are not clear-cut, resulting in inefficiencies and power struggles.

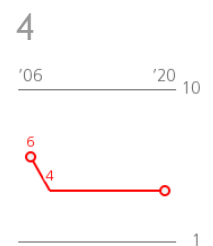
The judiciary did exercise a certain degree of independence occasionally, but remains prone to pressure from the executive branch.

The interests of representatives of the democratically elected government and of traditional leaders are often conflicting. The exact relationship between “modern” and traditional, customary authorities and laws has not been defined.

In general, implementation of policies from the central government down to the local level is hindered by a lack of oversight mechanisms and accountability.

In terms of strategic political goals, the mediation of conflicting interests requires an extent of political will, which is lacking, due to vested interests and dependencies. The most obvious example of this is the difficulty of mediating interests in the extractive sector, agricultural businesses, and local communities living off subsistence farming. This again goes hand in hand with inhibiting land reforms, which are considered by international observers as one of the most pressing societal issues in Sierra Leone. The government depends on multinational companies for investment, employment opportunities and tax revenue. At the same time, it is expected to protect and further the rights of local communities and adhere to the norms of sustainability to protect the livelihoods of future generations.

Policy coordination



Despite the strong anti-corruption rhetoric under President Koroma, the quality of public financial management remained very poor. Several reports by the Audit Service Sierra Leone (ASSL) indicated that the most basic elements of internal control are lacking. Procedures for record-keeping, the protection of assets and procurement, the management of stores, banking and cash management, and enforcement of tax regulations were all considered highly deficient.

The Anti-Corruption Commission (ACC) has been accused domestically and internationally of bias, turning a blind eye when the president's personal entourage was concerned. The overall impression was that the ACC focused more on petty, rather than large-scale corruption.

Back in 2014, the ASSL published a report stating that up to half of all international aid money (around \$9 million) which poured into the country to support the fight against Ebola had been misappropriated. The ACC announced that it would initiate an investigation. To date, the ACC has not delivered upon this announcement.

In 2016, the ACC set up the online-platform, Pay no Bribe (PNB), as an anonymous reporting mechanism to give the public opportunities to report corrupt officials, but also honest behavior. In June 2017, the second PNB report was published, with 15,000 users reporting having had to pay a bribe between January and June of that year. Most reports concerned the police, followed by health and education.

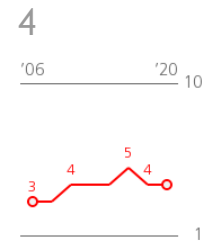
Both the ACC and the ASSL lack the resources, competencies and capacities to effectively implement anti-corruption policies.

Anti-corruption is high on the agenda of World Bank and IMF conditionality, among other international partners. Sierra Leone implements the African Peer Review Mechanism (APRM) and is a member of the Extractive Industries Transparency Initiative, as well as the Kimberly Mechanism.

The new Bio government has declared the fight against corruption as one of its main goals. A report by the Governance Transition Team (GTT) concluded that the previous government routinely ignored ACC and ASSL reports, and that, not only were public appointments based on tribalism and regionalism, but also government contracts and procurements.

President Bio announced plans to strengthen the ACC and the ASSL. In June 2018, he revoked the work contract of the ACC director and appointed a new commissioner. Whether the new government will tackle corruption more effectively remains to be seen.

Anti-corruption  
policy



## 16 | Consensus-Building

The principle objective of democratic consolidation is not disputed by any major party or its leadership. Democratic norms such as the separation of powers and the organization of credible elections are not questioned. The consolidation of peace, the strengthening of civil society, and reforming the economy to create a socially and ecologically balanced market economy are proclaimed goals of both the SLPP and the APC.

The relevant political actors recognize Sierra Leone's external dependency and the necessity of meeting conditions set by donors in terms of good governance. They agree on the strategic goals of democracy and the market economy.

The domestic political system is formally democratically legitimized, but patronage, clientelism and nepotism as social mechanisms play an important role in decision-making processes and policy implementation. The formal economic system mirrors free market norms, but the economy is de facto informal to a large extent.

In light of Sierra Leone's history, the security forces are likely veto actors and thus a threat to democratic rule.

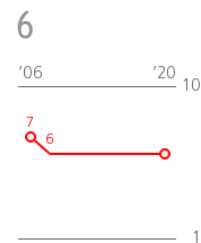
The extent to which the security forces (police and military) have been de-politicized remains unclear. President Bio himself is a retired brigadier general and was involved in a military coup against the APC government in 1992. As a member of the military junta National Provisional Ruling Council (NPRC), he served in several senior government positions between 1992 and 1996, when he led a coup within the coup against the head of the NPRC. Following international pressure, he agreed to hold democratic elections, which brought the SLPP candidate Ahmad Tejan Kabbah to power.

Thus, it can be assumed that Bio has powerful connections within the security apparatus of the country. Nonetheless, during the Koroma government's second term (2012 – 2018), the police were accused of being an instrument in the hands of the APC, and in the run-up to the elections in March 2018, rumors circulated stating that forces within the military were planning to assassinate Bio.

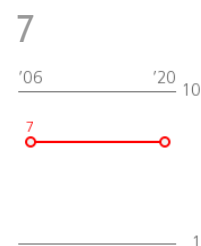
The new SLPP government has placed a travel ban on a number of members of the former administration, stating that it needs time to investigate numerous cases where state funds were stolen or inappropriately used. Where necessary, the travel ban is enforced by the police.

Besides the uncertainty of the extent to which the police and military have internalized democratic norms and values, potentially destabilizing forces exist in the form of ex-combatants. Experienced and battle-hardened, but also former child soldiers live now in poverty and engage in illegal activities. The traditional hunter guild of the Kamajor still exists. Former combatants have been involved as

Consensus on goals



Anti-democratic actors





mercenaries in conflicts in the region (Côte d'Ivoire). Armed criminal groups operate in poaching and smuggle protected species, drugs, people and weapons. The border areas and large rural areas remain to a significant extent outside government control. The Gola forest on the border with Liberia, for example, has a high concentration of former combatants and is known as a retreat of criminal gangs.

Even if at present nothing indicates mass violence, the structures for the formation of armed groups are existent.

Cleavages manifest in ethnic, regional and social conflicts. The political, social and economic causes for the outbreak of the civil war still exist. Before the war, conflicting political forces in the country were unable to foster stability and development. Afterwards, the APC and the SLPP primarily reorganized and consolidated themselves in their respective strongholds. The last election deepened ethno-regional divides, due to the rhetoric of the political leaders. Neither the APC nor the SLPP positioned themselves as representatives of all Sierra Leoneans, regardless of ethnicity. The general, public perception is that one is either red (APC) or green (SLPP).

Impoverished youth is particularly prone to being politically indoctrinated and instrumentalized. An enduring lack of socioeconomic perspectives could tempt desperate young men to resort to violence. The average age in Sierra Leone is currently 19 years old.

The government has shown a willingness to facilitate the participation of civil society in political processes and to make use of its developmental know-how.

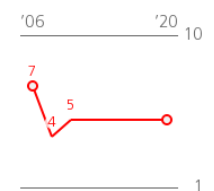
CSOs supplement government services in a range of policy fields, for example, education, health and legal advice. Many CSOs, however, depend on external financial support and expertise.

The Koroma government has shown a tendency to favor CSOs that shared its own political and economic interests over actors that opposed or challenged its interests (the same was true regarding the relationship between the government and the media). As mentioned above, shortly before the last general election, the government introduced a new NGO policy, which has been criticized by civil society actors as curtailing the CSO sector. Advocates from civil society have asked the new government to review the NGO policy and remove barriers to operation.

The effectiveness of reconciliation efforts following the work of the Sierra Leone Truth and Reconciliation Commission (TRC) and the Special Court at the grassroots level remains unknown. With international assistance, Sierra Leone has carried out multiple formal and informal reconciliation activities at the district, chiefdom and local levels. Hundreds of villages have been involved in community-based reconciliation programs. Many individual cases of reconciliation and forgiveness for perpetrators have been observed. But distrust, mutual suspicion (not least as a result

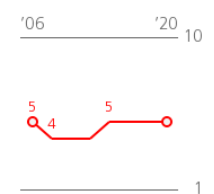
Cleavage /  
conflict  
management

5



Civil society  
participation

5



Reconciliation

6



of the rhetorically confrontative conduct of the political elites) and latent tensions (at times, turning into violent clashes) remain strong. Multidimensional poverty, a deficient monopoly on the use of force, resource scarcity and growing conflicts over land ownership remain structural challenges to the fragile stability achieved so far.

## 17 | International Cooperation

Domestic political actors, regardless of party affiliation, agree that good relations with multilateral actors – the IMF, the World Bank, the EU – are of utmost importance to the country. Top bilateral donors include the UK, the U.S., Germany and Japan. In order to diversify its dependency profile, the government has also established relations with alternative partners such as Cuba, Iran, and, in particular, China.

China's medical assistance in overcoming the Ebola crisis was deemed crucial by the Koroma government and resulted in an intensification of the bilateral relationship.

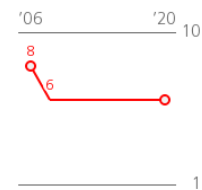
The new government under President Bio continues to follow this path and acknowledges the significance of international cooperation. After thorough consultations with the Sierra Leonean government, vowing to bring about fundamental improvements in economic stewardship, the IMF Executive Board approved \$172.1 million under the Extended Credit Facility (ECF) in November 2018.

President Bio also further deepened cooperation with China. In August 2018, he met Chinese President Xi Jinping in Beijing, where both leaders agreed to promote a comprehensive strategic partnership. The Sierra Leonean president also attended the third Forum on China-Africa Cooperation (FOCAC) a month later.

In the past, the government lacked an autonomous, consistent, long-term strategy for integrating external financial support effectively. For the new government, it is too early to make an assessment. But considering past experiences, it seems reasonable to suppose that significant inefficiencies will remain.

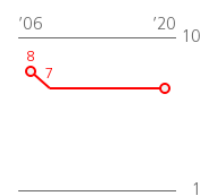
Past administrations were committed to presenting Sierra Leone as a credible and reliable partner in the international community. The country is a member of numerous international organizations, such as the U.N., the African Union, Food and Agriculture Organization (FAO), Multilateral Investment Guarantee Agency (MIGA), the World Health Organization and the WTO. In the subregion, Sierra Leone is a member of the ECOWAS and the Mano River Union (MRU).

Sierra Leone's credibility and reliability is, nonetheless, regularly challenged – domestic factors such as corruption, clientelism and institutional dysfunction, as well as volatility in the face of exogenous or unforeseeable developments (export prices,



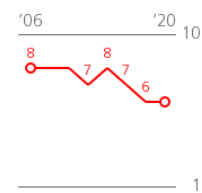
Effective use of support

7



Credibility

6



pandemics, natural disasters) all impact the government's ability to meet international expectations and to deliver.

Regarding creditworthiness, Trading Economics gives Sierra Leone a score of 15 (extremely speculative), and rating agency Fitch expected in 2018 that growth will remain subdued, mainly due to high inflation, a weak exchange rate, the closure of the Tonkolili mine, and the cancellation of the China-funded Mamamah International Airport project under President Bio in October 2018.

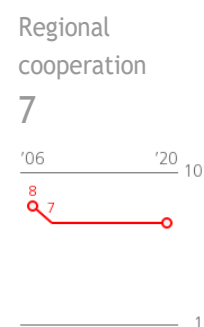
The international community remains, nonetheless, committed to Sierra Leone. Not least because failed states are seen as an international security threat; a certain degree of stability in Sierra Leone is also in the self-interest of international partners. In a severe crisis (e.g., a pandemic, a violent conflict), it is highly likely that the government would receive direct military support from bilateral partners (the UK, in particular) and multinational organizations (U.N. forces).

Sierra Leone maintains close relations with its neighbors and shows commitment to participating in international, regional and subregional organizations. Sierra Leonean forces were trained by the UK to contribute to international peace operations (e.g., in 2018, about 50 soldiers were deployed as part of international missions).

The government has an especially strong interest in maintaining and furthering good relations with its two immediate neighbors, Liberia and Guinea, as well as with Nigeria, which, as a regional power, holds significant importance.

The wars in Sierra Leone and Liberia in the 1990s and early 2000s were interwoven, and the First and Second Ivorian Civil War (2002 – 2007 and 2011, respectively) had regional dimensions as well. Those past, mutually interwoven transnational conflicts, the growth of terrorist activities by extremist armed groups in geographically close states such as Burkina Faso and Mali in recent years, as well as ongoing instability in Guinea-Bissau, combine to pose significant risks to the fragile stability of Sierra Leone, with possible spillover impacting developments in the country.

Hence, Sierra Leone has a paramount interest in fostering good relations and stability in the region. However, it lacks the means and capabilities to play a more proactive role.



## Strategic Outlook

Sierra Leone's situation remains fragile. In order to improve the political and economic framework, the country depends on strong political will, the continuous commitment of international partners and both domestic and foreign investors. Without continuous external support, the achievements made since the civil war are at risk.

Sierra Leone's reform needs are manifold. The implementation of reform policies is highly challenging. The new government under President Julius Maada Bio needs to navigate domestic vested interests, to co-opt conflicting interests, to diversify the economy, and to facilitate international support.

In terms of key challenges, domestic actors should accelerate the implementation of anti-corruption policies. Corruption causes government inefficiencies and waste of financial resources and undermines the trust of the public in a democratically legitimate state. As for previous governments, the challenge for President Bio lies in his need to force changes from within a system, which itself perpetuates corrupt practices. A genuine, unbiased anti-corruption policy would at least imply an increase in financial and personnel resources for the ACC and the ASSL and give them a wider-reaching mandate than they have at present.

Effective anti-corruption policies would facilitate the implementation of policies aimed at youth and women's empowerment through education and training. Education and training would only positively impact peace consolidation, if employment opportunities are provided. This means, among other things, the need to develop microfinance schemes, as well as a general diversification of the economy.

Effective anti-corruption policies would also result in better performance by the judiciary and the security forces. The judiciary and the police play extremely important roles in creating a stable, just, equal and accountable social environment. If people cannot rely on the judiciary and the police as proponents of law and order, but rather perceive them as a threat, the whole political system becomes unstable. After all, the legitimacy of the government depends on the delivery of services, among them law and order; if services are not delivered, the government will eventually lose credibility and legitimacy.

International development partners need to supplement domestic reform efforts. Reasonable goals that can be realistically met by the government should be set, and offering more extensive future cooperation as an incentive might strengthen reform-oriented domestic players.

Domestic and foreign companies hold great responsibility for the future of the country. Investors need to implement norms of corporate responsibility, in particular in circumstances where the state appears too weak to enforce laws and regulations. Ignoring the needs of local communities undermines future prospects for stability. For longer-term stability, it is counterproductive to sacrifice local interests on the altar of short- and middle-term macroeconomic growth.