

# BTI 2012 | Sierra Leone Country Report

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scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Please cite as follows: Bertelsmann Stiftung, BTI 2012 – Sierra Leone Country Report. Gütersloh: Bertelsmann Stiftung, 2012.

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## Key Indicators

Population	mn.	5.9	HDI	0.336	GDP p.c.	\$	827
Pop. growth <sup>1</sup>	% p.a.	2.2	HDI rank of 187	180	Gini Index		42.5
Life expectancy	years	47	UN Education Index	0.304	Poverty <sup>3</sup>	%	76.1
Urban population	%	38.4	Gender inequality <sup>2</sup>	0.662	Aid per capita	\$	76.8

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

## Executive Summary

In the period under review, Sierra Leone's transformation process has been characterized by two major issues. In the political sphere, the country witnessed the consolidation of the national government that rose to power by means of the ballot box in 2007. In the socioeconomic sphere, post-conflict reconstruction, development and poverty reduction remained top priorities after a disastrous 11-year war that ended in 2002. Given the overall external dependency of the economy and the lack of domestic financial resources, Sierra Leone, one of the world's poorest and least-developed countries, remains dependent upon maintaining a viable relationship with international donors, which also necessitates a fairly well-functioning relationship with the IMF and the World Bank. In the final phase of the Ahmad Tejan Kabbah presidency, failure to address major socioeconomic problems properly and to maintain a good relationship with the donors by implementing economic programs in line with IMF conditionality provisions contributed to the loss of voter confidence in the Sierra Leone People's Party (SLPP) government, and ultimately to the party's loss of power. The new All People's Congress (APC)-dominated government of President Ernest Bai Koroma mended the relationship with the IMF and began implementing programs to repair the government's domestic and international credibility. Koroma revived IMF-style policies aimed at stabilizing the economy and consolidated relationships with donors. However, the unfavorable global economic environment presented new challenges to this approach beginning in 2008 – 2009. Although the government remains officially committed to economic and political stabilization policies, external problems and domestic clientelistic pressure may threaten the entire political and economic transformation process, including the further consolidation of postwar peace.

The roots of violent conflict, including corruption, mass poverty, disaffection among the youth and a general vulnerability to globalization, remain firmly ingrained in the country. Koroma has shown some intention to combat corruption, promote attitudinal and behavioral change toward clientelism and corruption, and address youth problems by creating job opportunities. However,

given the country's immense developmental constraints, prospects seem mixed if not outright dismal, as the new government's management and steering capabilities in promoting economic as well as political transformation seem to be as limited as those of the previous government.

## History and Characteristics of Transformation

Low levels of economic, social and political development have limited Sierra Leone's ability to take significant and sustainable steps toward transformation. As a consequence of British colonialism, the country's prospects were burdened from the outset by structural constraints, including the high dependency of state revenues on the export of agricultural and mineral products. The country and its population also suffered as a result of excessive corruption, mismanagement and authoritarian – periodically military – rule, which itself eventually became a major political and economic crisis factor. In the end, the country was brought to its knees by a disastrously bloody and disruptive 11-year war lasting from 1991 to 2002.

The war spilled over from neighboring Liberia in 1991 through the domestic, essentially youth-based Revolutionary United Front (RUF) rebel movement in collaboration with then-Liberian warlord Charles Taylor, who sought access to Sierra Leone's diamonds to fuel a violent struggle for power in what he called a "Greater Liberia." In Sierra Leone, the RUF tried to capitalize on the widespread disaffection resulting from corruption, repression, mass poverty and severe social inequalities.

The war reshaped, complicated and disrupted a process of political transformation which had begun with the end of the Cold War in 1990. The authoritarian regime of Joseph Momoh, who had himself held power since 1985, was forced to abolish the two-decade one-party rule of his All People's Congress (APC), and to introduce a new democratic constitution and a multiparty system in 1991. However, the war destabilized the country, undermining democratization to a significant enough extent that a military regime took over in 1992. A "palace revolt" in early 1996 paved the way for elections based on the 1991 constitution. The poll brought to power President Ahmad Tejan Kabbah and his party, the Sierra Leone People's Party (SLPP).

However, Kabbah was overthrown in a coup d'état in 1997, bringing to power a ruthless military regime, which in turn was overthrown by a Nigerian-led external military intervention in 1998. Kabbah and the SLPP then returned to power, but remained violently challenged by the RUF.

It was only in 2000 that troops sent by the former colonial power, Great Britain, effectively crushed the military capacity of the rebels. An international peacekeeping force, the United Nations Mission in Sierra Leone (UNAMSIL), in collaboration with the British military, restored a modicum of security, stability and stateness to the country, which had come very close to failure during the course of the war. Kabbah was able to formally declare the end of the war in January 2002 and to organize new elections in May of the same year. In these elections, he won

approximately 70% of the vote, an approval rating that was later reaffirmed by another 70% majority in the May 2004 local elections.

Postwar political stabilization and transformation was facilitated by stated attempts to fight corruption, promote human rights and enforce the rule of law. Despite shortcomings, the peace process has been successful enough to allow the phasing out of UNAMSIL, which had grown to more than 17,000 international troops at the height of its intervention in late 2005. After UNAMSIL's departure, much smaller political U.N. missions continued to support the peace process in the country.

As a result of heavy external financial, technical and security support, Sierra Leone has managed to stabilize the democratization process. Nationwide presidential and parliamentary elections in August and September 2007 brought about a change of government, owing to the disillusionment of a substantial share of the electorate with the then-ruling SLPP. Ernest Bai Koroma, a politician turned businessman, gained almost 55% of the vote in the run-off presidential election, while his party, the APC, took 59 seats in the 124-member parliament. The SLPP earned 43 deputies and the People's Movement for Democratic Change (PMDC), an SLPP offshoot, 10 deputies, while the remainder went to indirectly elected paramount chiefs. Due to his political skills, Koroma successfully consolidated his rule. However, APC-SLPP antagonism occasionally led to episodes of violence, posing a significant threat to the country's further political consolidation. Following U.N. mediation, the APC and the SLPP in March 2009 committed themselves to competing peacefully for power, but tensions began mounting again in 2010 in the run-up to the 2012 elections.

Despite the high risks related to bitter APC-SLPP rivalries, political transformation has gained momentum in the postwar period, consolidating to some extent in the period under review. By contrast, economic transformation toward a sustainable market economy has progressed very slowly. Economic performance weakened in the 2008 – 2010 period, most notably in 2009 when the effects of the global financial and economic crisis were felt in Sierra Leone. However, 2010 witnessed a slight upward trend owing, inter alia, to a rebound of the diamond economy, the country's major source of export revenue.

Dependency on diamonds remains high, although the country has sought to attract foreign direct investment to bolster other potential exports such as rutile, bauxite, iron ore, gold and oil in the mineral sector, as well as cocoa, coffee and other products in agriculture. In addition, the country is also investigating the potential of tourism. Despite these efforts, the effective diversification of the country's export and other world-market-facing economic structures remains low, and the population relies mostly on subsistence agriculture and the urban informal sector for a frequently poverty-marked survival.

Since 2006, Sierra Leone has gained some economic and financial leeway owing to substantial debt relief and renewed donor commitments, based on a mid-term loan arrangement with the IMF. The IMF has for decades been the driving force behind international pressure to develop a free-market economy in the country. However, the Kabbah government's domestic political

problems with acceding to IMF conditionalities in 2006 – 2007 led to a reduction in donor assistance, which aggravated the country's already substantial socioeconomic problems. The SLPP subsequently lost the 2007 presidential and parliamentary elections. In order to receive funds to tackle mass poverty, high youth unemployment and other related problems, the newly installed Koroma government swiftly restored relations with the IMF and the donor community. The 2006 IMF loan arrangement was brought back on track, and though implemented with only mixed success, it indicated government compliance with IMF conditionality. The country's 2009 economic performance showed major weaknesses, due partly to domestic constraints and partly to external factors, including the effects of the global financial and economic crisis. When Sierra Leone managed with the help of external support to recover from the 2009 economic slowdown, the IMF approved another three-year loan arrangement in mid-2010, the performance of which has yet to be evaluated.

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

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Question  
Score

During the civil war, Sierra Leone's stateness, institutional structures, overall security and territorial integrity were seriously undermined. With international support, the postwar country has been able to restore stateness, including the monopoly on the use of force. Tens of thousands of refugees, internally displaced persons and ex-combatants have been reintegrated into civilian society, new internal and external security forces have been formed, and core administrative structures and institutions have been reestablished. However, the process of promoting capacity building and rehabilitating civilian and security institutions at the national, regional and local levels is still burdened with problems, including widespread corruption. Moreover, non-state actors challenge the state authorities at the local level. 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 highly dependent on external assistance.

Monopoly on the  
use of force

8

Despite the country's violent history, the nation-state's legitimacy is currently not questioned in principle. Most people enjoy the same rights of citizenship, and there is a shared sense of being part of the Sierra Leonean state and civil society. However, non-African residents, even those whose families have been based in Sierra Leone for generations (such as members of the Lebanese community), are denied full citizenship despite persistent demands to raise their status.

State identity

8

Ethnic loyalty remains an important factor in the government, armed forces and business. Ethnic discrimination and rivalry remain sources of conflict and distrust.

There are divisions between north and south, between Muslims (about 77% of the population) and Christians (21%), and between the Temne (north) and Mende (south), each of which comprises about 30% of the population. Other ethnic groups

(among a total of about 20 groups) include the Limba (north) and Krio (Freetown peninsula).

In a narrow sense, Krio is a term used for descendants of freed slaves, who make up only 1% – 2% of the Sierra Leonean population. In a broader sense, Krio is an English-based creole language; it is the mother tongue of about 10% and a lingua franca for more than 80% of the population. However, while the Krio language can bridge the linguistic divides between ethnic groups, Sierra Leone is far from being a creole nation.

The constitution provides for the separation of religion and the state. Religion does not play a significant role in defining or legitimizing state and political power or in designing laws. The overwhelming majority of Muslims and Christians view religion as a private sphere separate from politics. The Inter-Religious Council of Sierra Leone (IRCSL) has been working with dedication toward establishing mutual respect, understanding and good relations between people of different religious affiliations. However, owing to the large share of Muslims in the country's population, Sierra Leone elected to become a member of the Organization of the Islamic Conference (OIC). Moreover, both the previous and the current governments have maintained good relationships with Libya and its leader, Muammar al-Qadhafi, who propagated a self-styled version of Islam in his "Green Book." The Koroma government also expanded well-established contacts with Iran when the president visited Teheran in November 2010. Notwithstanding the influence of Libya and Iran, which may also have religious ulterior motives in terms of Islamization, the leverage gained by any kind of political or militant Islam has been very low in Sierra Leone to date.

No interference of religious dogmas

9

Thanks to the rebuilding of state institutions and ongoing attempts at capacity building after 2002, basic administrative structures formally exist throughout the country today. However, due largely to clientelistic structures and corruption at all levels of the state, these institutions do not function adequately. Clientelism and corruption remain major constraints to administrative rationality, although the previous and the current governments have emphasized the urgent need to pursue anti-corruption policies.

Basic administration

6

## 2 | Political Participation

The constitution formally establishes mechanisms of political participation. Universal suffrage and the right to campaign for office are guaranteed by constitutional and other legal provisions. Nationwide presidential and parliamentary elections were held in 2002 and 2007, whereas local elections, designed to stimulate

Free and fair elections

8

the process of decentralization and to bolster stateness in the hinterland, were conducted in 2004 and 2008. The next general elections are scheduled for 2012.

Postwar elections were generally considered to be free and fair, thanks to the independent work of the National Electoral Commission, as well as to international support. In 2007, for the first time since the civil war, power was transferred peacefully to the opposition by the electorate at the national level. Domestic and international observers recorded only minor irregularities that, according to their view, did not affect the outcome of the polls.

Nevertheless, poverty and a lack of resources to fund candidatures and campaigning serve as de facto restrictions on the eligibility of a large part of the population to participate in the political process. In addition, there are limitations on access to the media and to general media coverage.

Due to its 2007 electoral victory, the government of President Ernest Bai Koroma is endowed with formal democratic legitimacy. Thanks to its electoral success, as well as very significant external economic, political and security support, it is able to govern the country effectively.

Effective power to govern

7

However, the legitimacy of the current government continues to be questioned in the SLPP-dominated southeastern parts of the country, where the ruling APC remains a fairly weak minority party. In 2002 (and in 2004), the SLPP (and Kabbah) made much stronger gains in the APC-dominated northern parts of the country than the APC was able to make in the SLPP's southeastern strongholds in 2007 (and in 2008).

Historically, the military and rebel militias have served as major veto powers. While the militias were defeated and disarmed by British and U.N. troops, the military and the police were restructured, trained and ideologically "de-politicized" with external (mostly British) assistance. However, as in previous years, the possibility of the military reemerging as a veto power in case of serious economic and/or political crisis cannot be ruled out.

Citizens are able to form parties or civil society organizations freely and without major restrictions. However there are limitations to assembly rights. The U.S. State Department reports addressing the year 2009 noted that police have on occasion forcibly dispersed demonstrators, which has resulted in civilians sustaining injuries. Police were sometimes unable to control violent demonstrations, and demonstrators at times attacked police stations. For example, in September 2009, a community angry at perceived police ineffectiveness in handling a crime attacked a small police station; one officer opened fire and killed three of the demonstrators. The State Department also reported that members of opposition parties were occasionally barred from demonstrating publicly against government policies.

Association / assembly rights

7



Freedom of expression and the press are guaranteed by the constitution. However, de facto restrictions do exist. For instance, the coverage of high-level corruption cases has in the past provoked state repression. Although media organizations, especially a few of the country's more than two dozen newspapers, are able to openly and routinely criticize the government, they face extensive harassment by the state. In 2010, Sierra Leone ranked 115th out of 175 countries in the World Press Freedom Ranking of Reporters Without Borders (RWB) and also 115th out of 196 countries in Freedom House's Global Press Freedom Rankings (receiving an assessment of "partly free").

Freedom of  
expression

6

### 3 | Rule of Law

The 1991 constitution provides for clear de jure separation between the state powers, including the judiciary. However, in many respects, there is a de facto lack of separation of powers, due to the executive's attempts to influence and put pressure upon the legislative and judicial powers. Although President Koroma has committed himself to the separation of powers, the Sierra Leone Bar Association complained in July 2010 that the government continued to interfere with judicial affairs. Moreover, the combination of attorney-general and minister of justice functions in a single individual is seen by some analysts as a structural factor impeding the effective separation of powers. The mixing of important judicial and executive functions in one office attracts criticism.

Separation of  
powers

5

The judicial system consists of three main courts: the Supreme Court, the Court of Appeals and the High Court of Justice. The president appoints, and parliament approves, justices for these courts. At the district level, there are magistrate courts. At the local level, chieftaincy courts administer customary law.

Independent  
judiciary

5

In the wake of a reform of the judicial system supported by the United Kingdom Department for International Development (DFID), Sierra Leone established a legal framework aimed at ensuring the rule of law, at least in theory. There is evidence that the judiciary has demonstrated independence in several instances, and a number of trials have been free and fair. However, corruption, underqualified personnel and scarce resources, among other factors, continue to impede the judiciary from enforcing a credible and enduring rule of law.

A high level of impunity for officeholders and other state actors still seems to hold when it comes to arbitrariness, maladministration and corruption. Sierra Leone remains far from applying legal mechanisms against abuse of office systematically. One of the major reasons for the SLPP's defeat in the 2007 elections was their failure to bring about improvements in this field. Since taking office in 2007, President Koroma has taken some steps to hold government officials and other state actors accountable for maladministration and office abuse. For instance, ministers

Prosecution of  
office abuse

4

have to sign performance contracts, and the specified criteria must be met for them to maintain their positions. However, this approach has not yet brought about lasting improvement.

The 1991 constitution guarantees civil liberties and human rights, and the promotion and protection of human rights have been formulated as stated objectives by both the Kabbah and Koroma governments. The Human Rights Commission of Sierra Leone is tasked with promoting human rights and reporting on violations. War crimes and crimes against humanity have been on the agenda of the Truth and Reconciliation Commission (TRC) and the United Nations-mandated Special Court for Sierra Leone (SCSL). Despite these positive steps, serious shortcomings persist in the area of civil liberties and human rights. There have been some positive developments with regard to abuses by security forces, however. As the U.S. State Department reports, the Police Complaints Commission and the Complaints, Discipline and Internal Investigations Department (CDIID) increased the number of hearings on complaints against police officers in 2009. Between January and July 2009 the CDIID received 1,281 complaints countrywide, with the result that at least 291 officers were dismissed, demoted, suspended or officially warned. Human rights transgressions are particularly prevalent against women and children, many of whom are victims of human trafficking, forced labor and/or female genital mutilation (FGM). The state has failed to provide adequate protection in such cases, particularly in the case of FGM, which is a common practice in religious and traditional African cultures. While this failure to stem human rights violations is partly due to the state's severely limited financial and technical capabilities, the reluctance to interfere with the influence of religious and traditional culture has also been fuelled by the fear of losing support among the traditionally socialized parts of the electorate. However, President Koroma has taken steps to address this challenge. As early as January 2008, for instance, he defied all traditional norms and publicly denounced the practice of FGM.

Civil rights  
6

#### 4 | Stability of Democratic Institutions

The institutions of the executive and legislative branches, the government and parliament, are constitutionally democratic and relatively stable based on the electoral outcomes of postwar national and local elections. However, although democratic institutions exist, they are not capable of performing adequately in terms of political and economic transformation. The stability of institutions is undermined by clientelism and corruption in the political parties and the state apparatus, which threaten to erode the democratic legitimacy of institutions in general.

Performance of  
democratic  
institutions  
6

As in previous years, a majority of political actors clearly accept the democratic institutional framework. Although a significant part of the population is aware of politico-administrative weaknesses, they do not currently call the legitimacy of these institutions into question as such. But institutional legitimacy cannot be taken for granted, and increasing disaffection among the population could bring about a major negative shift in this respect. Moreover, the renewed political ambitions of factions in the rebuilt military could potentially become a matter of concern, given the armed forces' tradition of taking over in the event of serious political crisis.

Commitment to democratic institutions

7

## 5 | Political and Social Integration

Postwar national and local elections reinforced and stabilized the multiparty system enshrined in the 1991 constitution. Based on the results of the 2007 national and 2008 local elections, there is a de facto two-party system dominated by the APC and the SLPP, with the PMDC as junior partner. While some reports described a gradual erosion of the PMDC in 2010, the APC and the SLPP have remained antagonistic poles in the party system. As rivals, these parties represent consolidated clientelistic networks with ethnic-regional power bases rather than institutionalized organizations with clearly defined political goals, and their programmatic agendas rarely go beyond takeover of the government and the retention of power.

Party system

7

In 2007, the opposition APC became the new ruling party, owing largely to Ernest Bai Koroma's victory in the presidential election runoff with almost 55% of the vote. Koroma's victory was made possible by PMDC support in the runoff. Koroma's party, the APC, gained 59 House of Representatives seats as opposed to the SLPP's 43 and the PMDC's 10. Twelve more seats were allocated to paramount chiefs as representatives of the districts. Although there are many more parties in the country, none are able to challenge the main political parties.

There is a clear distinction between the parties in terms of ethno-regional roots and constituencies, particularly in the case of the APC and the SLPP. 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 PMDC, which split from the then-ruling SLPP in 2005, siphoned votes from the SLPP, especially in the southern coastal regions and around Bo, the country's second-largest city. In the 2007 presidential runoff, votes for Koroma/APC and Berewa/SLPP were split at almost exactly 50% apiece in the country outside the Freetown area – the former mainly in the north, the latter almost entirely in the southeast. Freetown, which voted largely in favor of Koroma, swung the election to the APC.

The major parties are not deeply distinct from each other in terms of political programs. They present themselves primarily as forces that promote the well-being of the people. President Koroma, a former businessman, argued strongly in favor of democracy, anti-corruption policies and a free-market economy.

In terms of organizational structures, the Sierra Leonean parties remain weak compared to the standards of developed countries. Most parties are committed to constitutionalism and peaceful activity, but inter- and intraparty rivalries remain significant, occasionally turning violent. Assaults and clashes, officially classified as “isolated” cases, occurred not only during the 2007 electoral campaign, but also during ensuing by-election campaigns. Although the political parties, following successful U.N. mediation, agreed in March 2009 to compete against each other peacefully, there were fresh reports of violent interparty incidents in the country’s peripheral regions in November 2010.

Sierra Leone has a growing number of civil society organizations and pressure groups in the areas of business, trade unions, women’s rights and human rights. However, the organization of interests, as well as the leverage to intervene effectively in the political process, is largely an urban middle- and upper-class affair. The interests of the rural population, women and the poor remain critically underrepresented at the national level.

The level of consent to democratic norms and procedures is difficult to evaluate due to a lack of survey data. However, by international standards, voter participation was high in the national elections (76% in 2007), but fairly low in the local elections (about 30% in 2008). Although voter participation as such is not very meaningful when assessing citizens’ consent to democracy, we may conclude from the 2002 and 2007 national elections that a large majority of the Sierra Leoneans are enthusiastic about participating in electoral democracy. In 2007, voters ousted the government by means of the ballot, installing a new government led by President Koroma. The previous SLPP-led government had lost much of its political credibility as many Sierra Leoneans became increasingly frustrated and discouraged by rampant corruption, a grossly deficient infrastructure, an acute lack of jobs and overwhelming poverty. Thus, they chose a new government. While many voters were initially optimistic about Koroma and his APC party, disillusionment soon became a major issue again as the new government proved unable to deliver on its pre-election promises quickly and satisfy the people’s increasingly impatient expectations.

A large majority of the population relies on informal sector activities and subsistence agriculture to survive. Extended families, village communities and women’s groups are important frameworks of solidarity and self-organization. Within these forms of self-organization, interpersonal trust appears to be high.

Interest groups  
5

Approval of  
democracy  
n/a

Social capital  
4

However, trust rarely cuts across ethnic and regional segments of society, and mistrust among significant portions of the population remains a reality.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Question  
Score

Sierra Leone has traditionally fallen into one of the weakest positions in the annually published UNDP Human Development Report. In the 2010 UNDP Human Development Index (HDI), the country was given an HDI score of 0.317, ranking it 158th out of 169 countries. The income equality-derived Gini coefficient was 62.9, and the gender inequality index 0.755. The ratio of female to male population with at least secondary education was 0.465.

Socioeconomic  
barriers  
1

Sierra Leoneans suffer from mass poverty (about three-quarters of the population lives under the poverty line), widespread malnutrition, high infant and child mortality rates, low life expectancy, deficient infrastructure, a poor education system, and insufficient availability of basic medical services to cope with tropical diseases, malaria, tuberculosis and HIV/AIDS. Although the majority of the population is poor, there is a high level of gender inequality, with women affected much more dramatically by the consequences of poverty than are men.

The economic foundation of the country is so weak that thoughts of self-sustaining development seem utopian. A large proportion of the population depends on economic, social and medical services provided by international agencies and NGOs for their survival. Social exclusion is a reality for the overwhelming majority of the population and many families barely manage to live from hand to mouth.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	1663.7	1954.8	1856.4	<b>1905.0</b>
GDP growth	%	6.4	5.5	3.2	<b>4.9</b>
Inflation (CPI)	%	11.6	14.8	9.3	<b>16.6</b>
Unemployment	%	-	-	-	-

Economic indicators		2007	2008	2009	2010
Foreign direct investment	% of GDP	5.8	2.9	4.0	<b>4.5</b>
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-160.1	-225.4	-193.8	<b>-320.1</b>
Public debt	% of GDP	55.2	53.7	60.0	<b>57.3</b>
External debt	\$ mn.	523.6	607.1	701.0	<b>778.0</b>
Total debt service	\$ mn.	9.7	5.7	7.9	<b>11.1</b>
Cash surplus or deficit	% of GDP	-1.0	-4.4	-3.1	-
Tax revenue	% of GDP	10.2	10.5	11.0	-
Government consumption	% of GDP	11.8	12.5	14.0	<b>12.2</b>
Public expnd. on edu.	% of GDP	3.3	3.1	4.3	-
Public expnd. on health	% of GDP	12.7	13.3	13.1	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.9	2.4	-	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

## 7 | Organization of the Market and Competition

Since the Kabbah government began committing itself to IMF-style policies as early as 1996, Sierra Leone has been taking steps to develop a market economy. Since 2007, President Koroma has promised to run the country “like a business concern” by pursuing IMF-style policies based on a free-market philosophy, the establishment of a good investment climate and minimal state intervention. His government swiftly revitalized a 2006 mid-term IMF loan arrangement and concluded another three-year arrangement in July 2010.

One of the major pillars supporting market-based competition is the 2004 Investment Promotion Act, which establishes incentives aimed at attracting more private capital. Foreign capital is highly sought after and is legally equivalent to domestic capital.

Generally, the institutional framework and the administrative capacities enabling the pursuit of market economic policies remain weak, while the informal sector and

Market-based  
competition

3

more recently criminal economic activities such as the drug (e.g., cocaine) trade are gaining momentum. The currency barely offers a monetary basis for socioeconomic development, while the contestability of markets remains low. Lebanese businessmen residing in Sierra Leone invest a significant share of the country's legally invested domestic private capital.

In order to stimulate agricultural production, especially in growing food crops, the Koroma government has opened the sector for liberalization and commercialization. The aim is to give incentives to smallholders to raise their production levels beyond mere subsistence agriculture.

In line with IMF conditions, Sierra Leone is politically committed to the abolition of state monopolies and oligopolies in strategic sectors such as utilities and transport. However, institutional incapacities, clientelistic networks in the state apparatus, the economy's structural weaknesses, rampant corruption and low levels of interest on the part of potential investors have all adversely affected the implementation of liberalization policies. Thus, some key sectors of the economy remain under state control or under heavy state influence. For instance, partly or fully state-owned banks still account for the majority of assets in the financial sector, while utilities continue to work as state monopolies that lack financial viability. It is extremely difficult in the current socioeconomic context to pursue coherent and effective anti-monopoly policies.

Anti-monopoly  
policy

6

Foreign trade and foreign exchange regimes are largely subordinate to market mechanisms. According to the WTO, only a few import prohibitions and restrictions are maintained for health, safety, security and environmental reasons. However, some observers, such as the Economic Intelligence Unit and the Heritage Foundation, have repeatedly complained about import taxes and fees, nontransparent regulations, non-tariff barriers, inefficient customs implementation and distortions caused by corruption. The country's Goods and Services Tax (GST) Act took effect in January 2010, meaning that seven taxes, including import taxes, would be administered at a single rate of 15% for the majority of goods and services. While this revision of the tax system was aimed at strengthening market forces, the decision of the government to introduce a 15% export tax on high-value diamonds, also in early 2010, included a dimension of state interventionism. Although the export tax was introduced to counterbalance losses of state revenue caused by the global economic crisis, some analysts judged that it tended to undermine regular markets by increasing the incentive to smuggle.

Liberalization of  
foreign trade

7

Both the war and the country's overall low level of socioeconomic development are to blame for the absence of an efficient financial sector and of functioning capital markets. Since 2002, however, the banking sector has grown substantially, thanks to the rise of new banks and the reemergence of banks established before the war. There are now a number of banks and non-bank financial institutions concentrated

Banking system

5

primarily in Freetown. In addition, the country is developing a microfinance sector that is promoting small-scale business, especially in rural areas. The performance of banks is still weak and has been impaired by the global financial and economic crisis, which was felt with particular keenness in 2009 and 2010. According to the IMF, the return on equity of commercial banks decreased from 7.2% in 2008 to 3.8% by June 2010, while the return on assets dropped from 2.2% to 1.2% in the same period. The number of banks grew from 10 in 2007 to 14 in 2009, but fell to 13 in 2010 owing to the collapse of one institute, an event which was at least partially due to the global crisis. In general, the lack of capital seriously limits prospects for socioeconomic development. The banking system and capital market are poorly developed, and regulation and supervision by the central bank remain inadequate. The central bank itself lacks the autonomy necessary to be an effective player in supervising monetary, exchange rate and credit policies.

## 8 | Currency and Price Stability

Due to prewar corruption, persistent mismanagement and disruptions caused by the civil war, Sierra Leone has a long tradition of high inflation, monetary instability and overall economic vulnerability. Both the Kabbah and Koroma governments committed themselves to containing inflation and stabilizing the national currency. In the early postwar period, Sierra Leone was able to reduce year-on-year inflation to single-digit percentages. However, given the overall weak outlook of the Sierra Leonean economy, which falls into both the least developed country (LDC) and heavily indebted poor country (HIPC) categories, inflationary pressures have increased since 2003. Exogenous factors such as international price increases for oil and food as well as the global financial and economic crisis in 2008 – 2009 have exacerbated the overall situation. Inflation has generally remained problematic in the postwar period, and was also high in 2009 and 2010. While it decreased to a single-digit 9.2% in 2009 thanks to a partly externally induced economic slowdown, it soared again to a projected 15.5% in 2010 as a result of budget deficits, currency depreciation and the end of the government fuel subsidy.

Given Sierra Leone's domestic developmental constraints and the impact of – and dependency upon – the global economy, it will be very difficult to stabilize prices at a point of single-digit inflation. The Sierra Leonean government and central bank have only limited instruments and capacities to achieve this goal.

During the review period, the government voiced a commitment to sound and tight fiscal and debt policies, but the state's resource base is too weak to allow a balanced budget and debt servicing without massive external support. The gap between domestic revenue and expenditure is high, which is an important factor contributing to the acceleration of inflation. Sierra Leone is marked by structural deficits within the country's trade and current account balances. The ability to generate foreign

Anti-inflation /  
forex policy

6

Macrostability

6



exchange reserves also remains weak. Government consumption levels are high, while the investment rate remains dismal. The government lacks the financial resources and administrative capacity to promote stabilization-oriented fiscal and debt policies without significant external support.

Sierra Leone has received substantial international debt relief in support of governmental policies. Upon reaching the completion point under the enhanced HIPC Initiative, it qualified for debt relief under the Multilateral Debt Reduction Initiative (MDRI) in 2006. Subsequently, Sierra Leone's nominal external public sector debt decreased from 145.9% of GDP at the end of 2005 to 32.1% of GDP at the end of 2007, according to IMF figures. In the years that followed, debt figures remained close to those of 2007. For 2010, the IMF projected that external debt would total 33.8% of GDP.

However, in November 2010, the government published an expansionary 2011 budget, widening the fiscal deficit to a projected 5.7% of GDP in 2011 and increasing other macroeconomic deficits as well. The budget includes, inter alia, ambitious infrastructural development plans and the completion of the country's first special economic zone (SEZ), scheduled to open by March 2011 and intended to boost export earnings. While desirable in developmental terms, this might prove problematic in terms of economic stabilization goals. Under such circumstances, there is an increased probability that Sierra Leone will eventually run into difficulties with the IMF.

## 9 | Private Property

Property rights and the transfers of capital and investment income are formally guaranteed. There is a program to privatize state-owned companies as well as a range of incentives, including tax exemptions, to attract private capital. However, according to the Heritage Foundation, private property is weakly protected in Sierra Leone due to the country's inefficient judicial system and the absence of a credible land titling system. The risk of expropriation for private foreign capital, on the other hand, seems to be very low.

Property rights  
5

According to official government policy, private companies are supposed to form the backbone of the economy. However, there are still several state companies and strong market concentrations such as oligopolies in Sierra Leone. The de facto business climate for private investors remains burdened by obstacles and risks, including corruption and inefficiency in the judicial and administrative systems, a dilapidated infrastructure, and a fragile political environment. Moreover, the privatization program, introduced in 1998 and reshaped in 2001, has progressed slowly due to political obstacles and the structural limitations of the war-ravaged economy. However, the country's private-sector performance has improved under

Private enterprise  
7

the Ernest Bai Koroma government. In the World Bank's Doing Business 2011 report, Sierra Leone ranked 143th out of 183 assessed countries, showing a steady improvement in recent years (163rd in 2008 and 156th in 2009).

## 10 | Welfare Regime

In Sierra Leone, most people have to rely on family and community structures as the social basis of survival. Subsistence agriculture, the informal sector and international humanitarian assistance comprise the basic means of livelihood for a large majority of the population. There is a rudimentary public social insurance system, the National Social Security and Insurance Trust (NASSIT), which covers some of the costs associated with old age, disability, survivorship (e.g., orphans), work injury, sickness and maternity. In 2006, the previous government launched the Social Safety Net Scheme, which is connected to NASSIT and specifically directed at the needs of poor and vulnerable groups, including disabled persons, widows, widowers, orphans and children separated from their parents during the war. The National Commission for Social Action (NaCSA) conducts projects in the social, health and education sectors.

Usually, public expenditure on health totals only about 1.5% of GDP. Life expectancy at birth was 48 years in 2008.

All in all, the welfare sector remains heavily dependent upon international assistance.

Equal opportunities do not exist for the country's inhabitants. About three-quarters of Sierra Leoneans live in poverty. The massive disparity in income distribution has been and remains a major source of conflict in the country. Poor people, people with disabilities (often as a consequence of war) and women are heavily discriminated against. There are also strong biases in terms of ethnicity when it comes to economic opportunities, social equity and political influence.

## 11 | Economic Performance

While the rehabilitation of basic agriculture and the boom of the informal sector led Sierra Leone to high growth rates in the 2002 – 2007 period, growth flattened to 5.5% in 2008, 4.0% in 2009 and a projected 4.8% in 2010. From 2002 to 2008, GDP per capita increased from \$185 to \$335 in current prices, decreasing to \$307 in 2010, when it was projected to be \$781 in purchasing power parity (PPP) terms. While the effects of the global financial and economic crisis were felt in Sierra Leone in 2009, 2010 witnessed a slight recovery, driven by the agricultural sector and in particular by a rebound in diamond production.

Social safety nets

4

Equal opportunity

2

Output strength

5

During the postwar period, the increase in GDP was much more a matter of foreign-assisted reconstruction- and rehabilitation-related growth than of sustainable development or transformation-related growth. Performance in terms of development and transformation has been and still is weak. The dynamics of the economy remain limited due to the erratic rate of investment (16% of GDP in 2010) as well as the low extent of diversification. Foreign exchange income is still heavily dependent upon a single product, diamonds, which accounted for 34% of (regular) export earnings in 2009. Another 24% of export earnings were attributed to rutile and bauxite, which had only been resuscitated from their wartime collapse in 2006. Agricultural products contributed 15% of export earnings, while other products such as oil, gas and some minerals have yet to prove their potential.

Owing to structural weaknesses and unfavorable international developments, the external current account deficit amounted to 11.7% of GDP in 2008, 9.0% of GDP in 2009 and a projected 8.4% of GDP in 2010. In general, Sierra Leone remains highly vulnerable to global economic developments that influence its major export and import products. Moreover, in the foreseeable future, the overall economic performance of this still war-torn country remains heavily dependent upon financial inflows from international donors and investors.

Foreign direct investment has remained minimal. Structurally, tax revenue does not meet fiscal requirements. Inflation remains erratic, occasionally soaring up to double-digit figures. Although there is no data on this issue, unemployment and underemployment remain huge problems.

## 12 | Sustainability

Environmental issues are of secondary importance in political decision-making processes, eclipsed by the more pressing challenge of socioeconomic reconstruction and development. This latter demand includes the need to develop export products as sources of foreign revenue as well as the urgency of providing for the basic needs of the mostly poor population. Although there is awareness of environmental problems, legislation, decision-making and action are still geared toward short-term survival rather than long-term sustainability. Laws such as the 2000 National Environmental Protection Act (NEPA) have not halted environmental degradation.

In 2010, Sierra Leone ranked last out of 163 states measured by the Environmental Performance Index (EPI score: 32.1).

As a result of the war, the state of education in Sierra Leone is poor to deplorable. Neglect before and during the war has resulted in low literacy rates. In 2008, only 52% of men and 29% of women were able to read and write, while public

Environmental  
policy  
4

Education policy /  
R&D  
3

expenditures on education amounted to 3.1% of GDP in 2007, according to UNESCO estimates. Although reconstruction and rehabilitation of the education system began before the war's official end, all levels of institutions for education, training, research and development remain below par. Educational standards are dismally low and no research and development sector of any developmental significance has been established so far. At the grassroots level, education, including vocational training, is offered to the population and is supported by external assistance.

## Transformation Management

### I. Level of Difficulty

The level of difficulty facing transformation in Sierra Leone remains extremely high. The structural political and socioeconomic constraints on governance are massive, and the corruption and mismanagement that stem from problems associated with structural limitations exacerbate them further. The country is still highly vulnerable to external economic and political developments. The most serious domestic constraints include mass poverty, deficient infrastructure, the lack of economic diversification (including the generation of foreign exchange) and extremely low vocational skill levels among the economically active population. Major external problems are associated with the unclear economic and political prospects of the potentially unstable neighboring countries of Liberia, Guinea, and more acutely, Côte d'Ivoire.

Structural  
constraints  
10

Civil society traditions are rather weak. However, activist individuals and organizations have been encouraged in recent years by the democratization process. A landscape of civil society organizations now exists, but scarce resources and a lack of political leverage plague many of them. Most activities are concentrated in Freetown. However, religious groups, women's movements and other grassroots organizations have played a key role in recent years in reconciling those who were adversaries during the civil war.

Civil society  
traditions  
6

Sierra Leone is riven by strong regional and social divisions that are also reflected in the relations between the ruling and major opposition parties, but there has been little violence since the end of the civil war, including during the review period.

Conflict intensity  
5

Historically, the disaffection of the poor, especially youth, has been a major cause of conflict and war, luring combatants into the RUF rebel movement. Since the root causes of conflict have yet to be resolved, renewed violence or a coup d'état remain likely. The plight of the young and unemployed, many of whom are ex-combatants, poses a persistent threat to the country's stability and security. Nevertheless, President Koroma and several of the technocrats around him seem to be aware that the failure of decision-makers to address the country's major developmental problems played a role in the civil war; accordingly, they have recognized the urgent need to act on the promises they formulated during the 2007 election

campaign. The same may be true for Koroma's predecessor, Ahmad Tejan Kabbah, and some other members of the previous government. Since the SLPP did not really accept the 2007 APC electoral victory, the country's stability may be threatened by a resurgent antagonism between the current and previous ruling parties. President Koroma has exacerbated regional political rivalries by replacing numerous officials appointed by the SLPP administration with APC members and supporters from the north. The situation is further complicated by the political rivalry between the SLPP and the breakaway PMDC in the Bo and coastal regions of the south. In general, inter- and intraparty political rivalries, as well as power struggles between ambitious political individuals, continue to undermine the country's political stability of the country.

## II. Management Performance

### 14 | Steering Capability

Steering capability is to a large extent dependent upon the personal capabilities of the president and other high-ranking government technocrats. While the former president, Kabbah, gained management experience as an employee of the United Nations, the current president, Koroma, is a politician turned businessman with extensive experience running commercial enterprises. Apart from the presidents, few leaders in the country demonstrate much in the way of steering capability. Organizational and institutional structures designed to promote and enhance steering capability remain weak. Rather than exercise their own capabilities in administrative and economic management, Sierra Leonean governments have depended on the IMF, World Bank, UNDP and other international actors. The state apparatus lacks the capability and qualified personnel in the areas of administration and security to rule the country effectively without external support.

The political leadership tries to pursue long-term goals, but it quite often tends to act in contradiction to its stated objectives in order to appease domestic vested interests. The leadership seeks to build democracy and the market economy, but its strategic aims are not commensurate with the country's situation, problems and needs. Very often, attempts at reform are corrupted by the conflicting interests of individuals and groups.

By and large, both the previous and current governments have shown and continue to show awareness regarding the objectives of constitutional democracy as well as of a socially responsible and ecologically sustainable market economy. However, the gap between stated objectives and policy implementation has been and

Question  
Score

Prioritization  
6

Implementation  
6

continues to be highly problematic. In an interview in October 2010, the International Growth Center (IGC) director for Sierra Leone hinted at the discrepancy between policy goals and achievements, relating the lack of success to constraints coming from administrative hierarchies. For example, an objective may be clearly defined at the top level of the administration, but implementation may fail because of inefficiency, corruption or lack of compliance at the lower levels of the hierarchy assigned to execute concrete policy elements. To date, postwar governments have had only limited success in implementing announced reforms.

The previous government responded to mistakes and failed policies with changes and adjustments, but did so mostly as a result of IMF, World Bank and donor pressure.

Policy learning  
6

President Koroma and key technocrats within the presidency are aware that policy learning is important not only for the country, but also if the APC-dominated government is to retain power. However, vested domestic interests, structural economic weaknesses and corruption tend to work as impediments to policy learning. Once again, external pressures and actors, rather than domestic insights, force learning processes upon the political elite.

## 15 | Resource Efficiency

The power of vested interests has prevented the previous and current governments from using all available resources efficiently, although international donor pressure to improve resource efficiency remains very high. Unknown amounts of resources have been allocated to groups and individuals in order to satisfy private needs and to pacify potentially conflicting interests. These nontransparent resource allocations led international donors to lose confidence in the Kabbah government, leading to a decrease in external financial support that aggravated economic problems and ultimately contributed to a loss of voter confidence and the SLPP's electoral defeat. In line with his promise to run the country like a business, President Koroma has since 2007 taken significant steps to streamline the ministerial system and revitalize the civil service reform process. However, vested domestic interests, structural economic weaknesses and corruption continue to thwart efforts to use scarce resources efficiently.

Efficient use of  
assets  
4

Both the previous and current governments have tried, but often failed, to balance conflicting objectives and interests in the allocation of resources, as the strongest interests and pressure groups have a good chance of prevailing over the weaker elements. For example, the vested interests represented by transnational corporations and their Sierra Leonean counterparts in the minerals sector (rutile, bauxite, oil exploration, etc.) tend to assert themselves against developmental goals in the agricultural and especially the food producing sector. Vested interests also

Policy  
coordination  
4

tend to inhibit reform of land tenure schemes and land administration practices that are effective constraints to increasing the dynamism of development within the agricultural sector.

Sierra Leone takes part in the African Peer Review Mechanism (APRM). Both the previous and the current governments have committed themselves, at least rhetorically, to combating corruption and implementing good-governance mechanisms. However, due to pressure from those with vested interests within the state apparatus, the Kabbah government was unable to successfully fight corruption despite the passage of legislation such as the Anti-Corruption Act (2000) and the Anti-Money Laundering Act (2005). Although the Anti-Corruption Commission (ACC), created by the Anti-Corruption Act, aims to facilitate improved governance, results thus far have been disappointing. The ACC has come under both domestic and international criticism for underperformance. Sierra Leone ranks poorly in international assessments of corruption levels. In order to improve governance, the Koroma government has committed itself to reform, including a strengthening of the ACC. Top-level officials in public institutions have been replaced by presumed technocrats of fairly good reputation. Moreover, Koroma began an attitudinal and behavioral change campaign that seeks to combat structures of clientelism and corruption, and to educate ordinary people and state employees, in particular, on how to properly use and manage public resources. However, Koroma's efforts are constrained by the painful lack of financial resources and skilled personnel in the country.

Anti-corruption  
policy

4

## 16 | Consensus-Building

In theory, the principal objective of democratic consolidation and economic reform is not generally disputed by any major party or its leadership. Officially, the major political parties' postwar leaders have been and are committed to democratic and economic transformation; thus, it seems that a broad consensus with an inclusive approach is being built. In reality, however, both ruling and opposition parties tend to emphasize conflict and dissent rather than seeking consensus, owing to the interparty rivalries discussed above.

Consensus on goals

6

Veto actors such as the military (and former rebels) have been brought largely under control thanks to external support from Britain and UNAMSIL. The army and police have been reorganized, educated and trained with international, primarily British, assistance in an attempt to prevent renewed political intervention. However, in the event of major economic and/or political crisis, it is entirely possible that the military could reemerge as a political player. Moreover, there are a number of experienced former combatants in the country who are now poor and unemployed. If the Koroma government is unable to improve their standard of living,

Anti-democratic  
actors

7



disillusionment and frustration could sooner or later bring about a renewed armed uprising.

The viability of Sierra Leone's civilian political system remains heavily dependent upon the presence of external actors. Without international assistance, Sierra Leone could once again fall victim to a military takeover or rampaging armed groups.

As Sierra Leone's recent history demonstrates, conflicting political forces in the country have not been able to manage political cleavages smoothly enough to foster stable, peaceful development. Although the Kabbah government has sought, with external support, to integrate as many social, political and military factions as possible into the postwar system, major – and potentially violent – regional, social and political cleavages persist. The Koroma government has not yet engaged in consistent efforts to overcome these cleavages; its personnel policies (allocation of ministerial posts, etc.) have tended rather to reproduce and even exacerbate ethnic and regional rivalries. In preparation for the 2012 elections, major political parties, specifically the APC and SLPP, have sought to reorganize and consolidate themselves in their respective traditional northern and southern strongholds rather than make inroads beyond their accustomed constituencies.

Cleavage /  
conflict  
management

5

Thanks to donor influence, both the previous and current political leadership has shown a willingness to facilitate the participation of civil society in political processes and to make use of its developmental know-how. However, the leadership of both political parties has tended to favor civil society actors sharing its own political and economic interests over actors opposing or challenging its interests. Sierra Leone lacks a balanced approach to integrating civil society stakeholders with different views into the political process. Despite improvements, it is, for example, difficult and sometimes dangerous for individual women and women's organizations to pursue their goals within the male-dominated Sierra Leonean society. This is particularly true with respect to issues of women's rights and the problem of female genital mutilation (FGM), which is related to the still-strong influence of traditional culture. Although President Koroma has demonstrated his openness toward women's issues, even issuing a strong criticism of FGM, women still need to summon up the courage to form their civil society organizations in the face of tradition-based, male-inspired counter-pressure.

Civil society  
participation

4

Both the previous and the current governments made concerted efforts towards national reconciliation. With international assistance, Sierra Leone has carried out a number of formal and informal reconciliation activities at the national, district, chiefdom and local levels. On a superficial level, reconciliation has worked to the extent that no major violent conflict has escalated in the country following the formal end of the 11-year civil war in 2002. However, at the grassroots level, considerable suspicion, distrust and latent conflict remains, which is currently felt most obviously in the antagonism between the APC and SLPP political parties.

Reconciliation

6

Although the parties concluded an agreement in 2009 to end violence-prone interparty quarrels, committing themselves instead to a nonviolent political rivalry, major political and societal conflicts still put at risk the consolidation of the country's postwar peace.

Regarding the legacies of the war, a Truth and Reconciliation Commission (TRC) sought to cope with war crimes, human rights violations and the suffering of victims. Based on the findings of the TRC report, published in 2005, the Koroma government decided to introduce financial reparations for war victims in 2008. At a more exposed level, the legacies of the war were dealt with by the U.N. Special Court of Sierra Leone (SCSL). The SCSL was created by U.N. Security Council Resolution 1315 in 2000, and was meant to try those who bore the greatest responsibility for war crimes and crimes against humanity. In total, the SCSL undertook legal proceedings against only about a dozen persons, including the former Liberian warlord and president Charles Taylor, who was handed over to the U.N. Special Court in the Hague in 2006. At the end of 2010, Taylor was the only defendant remaining, far away from the country, while just eight men had received long-term prison sentences. Six convictions were related to the now defunct Revolutionary United Front (RUF) rebel group, while the remaining two, former militiamen, had been allied with the Kabbah government.

## 17 | International Cooperation

Sierra Leone remains heavily dependent upon foreign assistance from multilateral and bilateral donors. While the IMF, the World Bank and the European Union are the most important multilateral actors, bilateral donors include the United Kingdom, Germany and the United States. Generally, Sierra Leone strives to maintain good relations with the West. In order to diversify its foreign policy and dependency profile, it has also developed fairly good relations with countries including China, Libya, Cuba and Iran. The approaches of the previous and current governments do not show major differences in this respect.

For many years, the Kabbah government sought to reintegrate the country fully into the international community and to create the image of a reliable and disciplined partner that abided by democratic norms and stabilization-oriented macroeconomic policies. On occasion Kabbah was termed the "darling of the donors." However, in the final phase of his presidency, he alienated donors, a move which certainly contributed to his party's loss of power. The Koroma government, for its part, immediately began mending these financially important external liaisons, working closely with international donors to foster the impression that it is ready to use external support to improve its policies. This approach, which was rewarded by a

Effective use of  
support

7

new mid-term IMF loan arrangement in July 2010, would be unsustainable without external support.

The Koroma government is committed to presenting itself as a credible and reliable partner to the international community, but faces serious difficulties in performing as such due to economic problems, the influence of clientelism and the inability to overcome major domestic political conflicts, including the persistent north-south divide. The spillover effects of the global financial and economic crisis, felt in Sierra Leone beginning in 2009, made it even more difficult for the current government to reinforce its credibility. While most major international actors have confidence in the government's commitment to IMF and World Bank policies, they realize that it faces serious economic, developmental and political constraints. The perception, especially in the United States and the United Kingdom, that failed states offer an open door to international terrorism can prove to be an asset for the Sierra Leonean government, which may try to exploit such fears in order to receive preferential treatment from donors.

Credibility

7

Sierra Leone is officially committed to working in international, regional and sub-regional organizations, including the African Union (AU), the Economic Community of West African States (ECOWAS) and the Mano River Union (MRU), of which Sierra Leone is one of four member states along with neighbors Liberia, Guinea and Côte d'Ivoire. However, Sierra Leone's ongoing consolidation process remains threatened by the many mutually interwoven transnational conflict scenarios in the western part of West Africa, including the MRU countries. Each of these countries has struggled to cope with persistent conflicts within their borders. Although the ousting of Liberia's Charles Taylor in 2003 constituted an immediate boon to Sierra Leone's international environment, serious problems remain in the sub-region. Unresolved conflicts in Liberia, Guinea and particularly in Côte d'Ivoire may also challenge development in Sierra Leone. In theory, Sierra Leone has a strong interest in improving its international sub-regional environment and in contributing to conflict resolution in the neighboring countries. However, given its own massive domestic challenges, the international influence of the Sierra Leonean government is too meager to enable it to serve as an active cooperation partner in sub-regional, continental or international affairs.

Regional  
cooperation

7

## Strategic Outlook

Half a century after independence, Sierra Leone is burdened with developmental problems, including crushing poverty, the degradation of social and economic infrastructure, international dependency and high inflation. While those problems may be attributed partly to internal structural weaknesses and partly to external factors, it is no exaggeration to state that the 11-year war from 1991 to 2002 had disastrous consequences for the country. Given the combination of problems faced prior to and as a consequence of the war, decision-makers, whatever their party affiliation, face an immense challenge in managing the country's problems effectively and improving the lot of its citizens.

The Koroma government, which came to power as the result of an electoral victory in 2007, has had to tackle major political and economic problems in order to assure domestic and external support. Democratic institutions and procedures are neither self-sustaining nor irreversible. The security and stability of the country, including the risk of renewed violence, remains a major political concern. Moreover, developments in the potentially unstable neighboring states of Liberia, Côte d'Ivoire and Guinea are unpredictable factors that could affect transformation processes in Sierra Leone. War or violent conflict in these countries could spill over into Sierra Leone, where the root causes of the country's civil war, such as youth disaffection, mass unemployment, social inequality and poverty, have yet to be thoroughly addressed.

Given Sierra Leone's weak economic framework as a result of war and international dependency, as well as of the effects of globalization, endemic corruption and mismanagement, there will be no transformation toward a socially integrated market economy in the near or medium-term future. However, GDP growth, economic diversification, the revitalization of mining products and development of alternative foreign exchange sources may be achieved. Nevertheless, success in battling mass poverty beyond a simple stabilization of living conditions at low levels may prove elusive.

The viability and sustainability of transformation will depend heavily upon the continuous commitment of international actors. Should the Koroma government comply with IMF and World Bank recommendations and maintain its image as a reliable political partner, the country will receive sizeable amounts of international assistance in the foreseeable future.

Lasting efforts to cope with the country's problems are indispensable if the viability of postwar peace is to be ensured. Key elements of a renewed transformation strategy might include the following priorities:

- **Anti-corruption campaign:** Since endemic corruption is one of the main impediments to development, the fight against the corruption plaguing the country's economy, society and politics should be intensified. This fight should extend beyond economic incentives, specific legislation and demonstrable administrative measures, and should also be addressed as an issue

in primary, secondary, tertiary and post-tertiary education. Education and information about the disastrous consequences of corruption on the country's development have thus far been underemphasized in scholarly studies, political analyses and decision-making processes.

- **Children and youth empowerment:** Since impoverishment, disaffection and frustration among youth have been identified as major reasons for the spillover of the Liberian war into Sierra Leone in 1991, the empowerment of children and youth must be a key imperative of the country's development strategy.
- **Education and training:** Given the importance of education and training in the areas stressed above, improvements in this crosscutting issue are crucial to the country's future development. Although the importance of education has been alluded to in various reports and in political action, emphasis on this issue should be further strengthened in the directions indicated.
- **Women's empowerment:** Discrimination against women should be acknowledged as a serious impediment to development, which must be eradicated by educating and training women and girls at primary, secondary, tertiary and post-tertiary institutions. Discrimination and violence against women and girls should be redressed through education that supplements anti-violence and anti-discrimination legislation.