

BTI 2014 | Sierra Leone Country Report

Status Index	1-10	5.44	# 74 of 129	
Political Transformation	1-10	6.57	# 48 of 129	➔
Economic Transformation	1-10	4.32	# 97 of 129	➔
Management Index	1-10	5.45	# 50 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	6.0	HDI	0.359	GDP p.c.	\$	1359.1
Pop. growth ¹	% p.a.	1.9	HDI rank of 187	177	Gini Index		35.4
Life expectancy	years	45.1	UN Education Index	0.326	Poverty ³	%	79.6
Urban population	%	39.6	Gender inequality ²	0.643	Aid per capita	\$	42.2

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. 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 further consolidation of the national government which rose to power by means of the ballot box in 2007, while bitter rivalry between the two major political parties, the All People's Congress (APC) and the Sierra Leone People's Party (SLPP), remained a major feature of the political system. In the socioeconomic sphere, stabilization, development and poverty reduction remained top priorities after a disastrous 11-year war which 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 viable relationships with international donors, which also requires a functioning relationship with the IMF and the World Bank. In the final phase of the Ahmad Tejan Kabbah presidency, failure to properly address major socioeconomic problems and to maintain good relationships with donors by implementing economic programs in line with IMF conditionality provisions contributed to the loss of voter confidence in the SLPP government, and ultimately to the party's loss of power in 2007. The ensuing 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 and sustained IMF-style policies aimed at stabilizing the economy and consolidated relationships with donors. Although his government encountered economic and political difficulties in implementing IMF conditionality, the Koroma government remained committed to applying IMF-style policies, supplemented by incentives for achieving growth. Subsequently, Koroma based his successful 2012 electoral campaign on an ambitious "Agenda for Prosperity", promising poverty reduction through economic development, with a major emphasis on agriculture, infrastructure and foreign relations (in other words, donor commitment).

However, Sierra Leone remains largely dependent upon its minerals economy which has recently been boosted by the reemergence of iron ore as a major source of foreign exchange, while products like diamonds, bauxite, and rutile also contribute substantially to exports. Diversification remains on the agenda, as sectors in the non-minerals economy, including agriculture and tourism, are addressed as additional sources of economic growth and transformation. Although the government is officially committed to democratic, market-oriented policies, external problems and domestic clientelistic pressure may still threaten the postwar political and economic transformation process.

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. President Koroma has shown both capacity and clout in combatting corruption, but his attempts to promote attitudinal and behavioral change regarding clientelism, corruption and poverty, and to address youth problems by creating job opportunities, are endangered by vested interests. Given the country's immense developmental constraints, prospects are still fairly poor. Despite some progress, the Koroma government's management and steering capabilities in promoting economic as well as political transformation still face serious impediments.

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 war (1991 to 2002), “exported” to Sierra Leone by then-Liberian warlord Charles Taylor.

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 was forced to abolish the two-decade one-party rule of the 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). Kabbah was overthrown in a coup d'état in 1997 but was enabled to return to power in 1998 following a military intervention by his ally Nigeria.

It was only in 2000 that troops sent by the former colonial power, Great Britain, effectively crushed the military capacity of the Revolutionary United Front (RUF) rebels who threatened the Kabbah

government. 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 formally declared the end of the war in January 2002. In the ensuing May 2002 elections, he and his party won approximately 70% of the vote. 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. APC candidate Ernest Bai Koroma, a politician turned businessman, gained almost 55% of the vote in the run-off presidential election. Thanks to his political skills, Koroma has managed to consolidate his power. In November 2012, he was re-elected with almost 59% of votes, while his party, the APC, gained an absolute majority of seats in the 124-member parliament. The electoral programs of the major parties dealt in platitudes: While the APC promised to consolidate the post-conflict system through an "Agenda of Prosperity", developing agriculture, infrastructure and external relations, the SLPP mainly stressed the need to combat corruption and to improve the living conditions of the people.

The antagonism between the APC and SLPP remains far more an ethno-regional issue (which can also be characterized as north versus south or Temne people versus Mende) than a matter of political programs and objectives. As the dominant feature of the political system, the rivalry of the two major parties occasionally leads to violent incidents between supporters of the two parties. Inter-party tension boiled over again prior to the May 2012 polls, although U.N. mediation secured the commitment of all ten registered political parties, including the APC and the SLPP, to free, fair and peaceful elections.

Despite bitter APC-SLPP rivalries, political transformation has gained momentum in the postwar period, consolidating further in the period under review. By contrast, economic transformation toward a sustainable market economy, including a substantial reduction of poverty, has progressed slowly. However, economic dynamics gained some momentum in the period under review, owing largely to the reemergence of iron ore as a major export product. While Sierra Leone remains heavily dependent upon its minerals economy, including products like iron ore, diamonds, bauxite, rutile, and others, the Koroma government has stepped up efforts to attract foreign direct investment to bolster the current foreign exchange earners and other potential exports such as oil and gas in the mineral sector, as well as cocoa, coffee and other products in agriculture. In addition, the country plans to develop tourism. Despite these efforts, the effective diversification of the country's 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 economic and financial leeway owing to substantial debt relief and renewed donor commitments, based on mid-term loan arrangements 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 Koroma government in 2007 swiftly restored relations with the IMF and the donor community. While his government encountered economic and political problems in trying to implement IMF-style economic policies, the president nonetheless upheld his compliance with IMF conditionality throughout the entire period under review. Consequently, donor commitment has been reinforced and Koroma was able to base his successful 2012 electoral campaign on his “Agenda for Prosperity.”

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

During the civil war, Sierra Leone's stateness, institutional structures, overall security and territorial integrity were seriously undermined. With international (largely UN and British) 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.

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. At birth, citizenship is the privilege of persons of African descent. However, persons of other descent (like Lebanese or Indians) born in the country may apply for citizenship by naturalization.

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

Question
Score

Monopoly on the
use of force
8

State identity
8

(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 (IRCSSL) has been working with dedication toward establishing mutual respect, understanding and good relations between people of different religious affiliations.

No interference of religious dogmas

9

However, owing to the country's large Muslim population, Sierra Leone elected to become a member of the Organization of Islamic Cooperation (OIC). There are also well-established contacts with the theocratic Shiite state of Iran, which President Koroma visited in 2010. Moreover, Sierra Leone maintained a good relationship with Libya in the Gaddafi era, including transfers of money to Sierra Leone as well as religious ideology according to Gaddafi's version of Islam. Yet the influence of external religious ideology on the country's Muslims remained limited. Thus, the leverage gained by any kind of political or militant Islam has been very low in Sierra Leone to date.

Thanks to the rebuilding of state institutions and ongoing attempts at capacity building after 2002, there are basic administrative structures throughout the country today – officially, at least. However, due largely to clientelist structures and corruption at all levels of the state, these institutions do not function adequately. Clientelism and corruption remain major constraints to administrative rationalization; progress in implementing anti-corruption policies by the Koroma government remains debatable.

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. In the postwar period, nationwide presidential and parliamentary elections were held in 2002, 2007 and 2012, whereas

Free and fair elections

8

local elections, designed to stimulate the process of decentralization and to bolster stateness in the hinterland, were conducted in 2004, 2008 and 2012.

Postwar elections were generally considered to be free, fair and transparent, thanks to the work of the National Electoral Commission (NEC), as well as to international (mainly U.N.) support. In 2012, the NEC received praise for managing the electoral process largely independent of direct international support and control for the first time in the postwar period. Moreover, power was transferred peacefully to the opposition by the electorate at the national level in 2007.

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. During the 2012 electoral campaign, for instance, the government received far more preferential media coverage than the other parties participating in the polls. The SLPP accused the NEC of bias towards the incumbent (although this claim is rather poorly substantiated).

Due to its 2007 and 2012 electoral victories, 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 2012.

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 completely be ruled out.

Citizens are able to form parties and civil society organizations freely and without major restrictions. However there are limitations on assembly rights. Police have forcibly dispersed demonstrators on numerous occasions, which has resulted in civilian injuries. Police action against demonstrators and protestors in 2009 and 2011 even led to deaths. In reaction to the violent clashes of September 2011, the police imposed a ban on all political processions, rallies, and public meetings. Following protests by the opposition SLPP, the Koroma government lifted the ban in December 2011.

Association / assembly rights

7

Freedom of expression and freedom of 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 triggered state repression. Although media organizations, particularly some of the country's two dozen or so newspapers are, by and large, able to openly and routinely criticize the government, they occasionally face harassment by the state. In sum, press freedom has increased in recent years. In 2012, Sierra Leone ranked 63rd out of 179 countries in the World Press Freedom Ranking of Reporters Without Borders (RWB), far better than two years previously. In 2013 it climbed further, to rank 61st. In the Freedom House's Global Press Freedom Rankings Sierra Leone ranked 97th out of 197 countries (receiving an assessment of "partly free").

Freedom of
expression
7

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 has been complaining 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

Prosecution of
office abuse
5

Koroma has taken some steps to hold government officials and other state actors accountable for maladministration and office abuse. For instance, ministers have to sign performance contracts, and the specified criteria must be met for them to maintain their positions.

An example: following referral by the Anti-Corruption Commission, in August 2012 the High Court convicted former Freetown mayor and APC member Herbert George-Williams on charges of corruption and breach of procurement regulations. George-Williams was sentenced to three years' imprisonment or a fine of \$35,000.

President Koroma is credited by international observers with trying to tackle corruption, leading Sierra Leone to some improvements as noted by anti-corruption bodies like Transparency International. However, the country has still a long way to go to reduce corruption lastingly.

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. Sierra Leone's human rights record has improved in recent years, although serious deficiencies remain. For instance, the Koroma administration observes an official moratorium on executions but the death penalty has not been abolished (as required by Amnesty International).

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). Moreover, the Police Complaints Commission and the Complaints, Discipline and Internal Investigations Department (CDIID) have improved efficiency in tackling police misdemeanors. Despite these positive steps, serious shortcomings persist in the area of civil liberties and human rights. 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 capacities, the reluctance to interfere with the influence of religious and traditional culture is also been fuelled by the fear of losing electoral support among its adherents. Campaigns by female activists to abolish FGM has so far produced limited results, as political attempts to ban FGM through legislation have not succeeded. An anti-FGM bill was retracted from the parliamentary process in 2007 and it hasn't yet returned, although President Koroma publicly denounced the practice of FGM as early as 2008. While FGM has not been outlawed at the national level, steps have been taken at district level to improve protection from FGM for children. In 2012, the Freetown area and a slight majority of districts signed a Memorandum of

Civil rights

7

Understanding (MoU) proscribing FGM among children, at least. However, the impact of this initiative is yet to materialize.

4 | Stability of Democratic Institutions

As in previous years, 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 still 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
8

5 | Political and Social Integration

Postwar national and local elections have reinforced and stabilized the multiparty system enshrined in the 1991 constitution. Based on the results of the 2007 and 2012 national elections and the 2008 and 2012 local elections, there is a de facto two-party system dominated by the All People's Congress (APC) and the Sierra Leone People's Party (SLPP). The People's Movement for Democratic Change (PMDC), which split from the SLPP in 2005, tried in vain to establish itself as a third force in the country. At the national level, the PMDC did not move beyond its role of junior partner to the APC during the 2007 – 2012 legislature. In the 2012 polls, its presidential candidate gained fewer votes than expected, while the party lost the 10 seats it garnered in the 2007 parliamentary elections, only retaining strong minority positions in a few constituencies in the south of the country.

Party system
7

The APC and the SLPP reinforced their positions as antagonistic poles in the party system in the 2012 elections. As rivals, these parties represent consolidated clientelist networks with ethno-regional power bases rather than institutionalized organizations with clearly defined political goals. Their programmatic agendas abound with

populist rhetoric and their stated objectives rarely go beyond takeover of the government or the retention of power.

In 2012, the ruling APC and President Koroma reinforced the leading position in the country they had attained in the 2007 elections. While Koroma received almost 59% of the vote, his party, the APC, gained 67 House of Representatives seats as opposed to the SLPP's 42. Twelve more seats were allocated to traditional chiefs as representatives of the districts (while three seats remained temporarily vacant). Out of the ten registered political parties in the country, neither the PMDC nor any of the remaining seven – the Citizens Democratic Party, the National Democratic Alliance, the People's Democratic Party, the Peace and Liberation Party, the Revolutionary United Front Party (successor party to wartime RUF rebels), the United Democratic Movement and the United National Peoples Party (which achieved temporary prominence in the 1990s) – seems to be able to challenge the APC and the SLPP effectively in the mid- or even long-term.

There are clear distinctions 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 Freetown agglomeration has been a swing region, with the SLPP prevailing in 2002, while the APC took a small majority in 2007 and a much bigger majority in 2012.

The major parties are not deeply distinct from each other in terms of political programs. They present themselves primarily as forces which promote the well-being of the people. President Koroma, a former businessman, has 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 and in the prelude to the 2012 electoral campaign. Although the political parties, following successful U.N. mediation, agreed in March 2009 to compete against each other peacefully, this did not prevent occasional violence in the years that followed. However, in May 2012, again owing to U.N. mediation, all ten registered political parties, including the APC and SLPP, concluded an agreement, committing themselves to free, fair and peaceful elections. While no major violent incidents were witnessed in the November 2012 polls, the political relationship between APC and SLPP remained tense. Given that there is

currently no major third party at the national level, the APC-SLPP rivalry is shaping Sierra Leone's political landscape even more than in the preceding years.

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. There are numerous NGOs concerned with urgent issues of politics and society in the country, which observe and sometimes criticize the performance of the government and the administration, on issues of corruption and insufficient availability of public services, for example. NGOs also try to influence legislation, often in cooperation with foreign donors.

Interest groups
5

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. Despite some improvement, the interests of the rural population, women and the poor remain 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 has been consistently high in postwar national elections (e.g. 87% in 2012). Although voter participation as such is not very meaningful when assessing citizens' consent to democracy, we may conclude from the national elections in 2002 and 2007, and even more so from the 2012, that a large majority of Sierra Leoneans are enthusiastic about participating in electoral democracy. Thus there may be justification for concluding that approval of democratic norms and procedures is fairly high.

Approval of
democracy
n/a

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.

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 been one of the weakest performers in the annually published UNDP Human Development Report. In the latest report (2011), Sierra Leone ranked 180th out of 187 countries. While still poor, this is at least an improvement on some earlier reports, when it came dead last. The Human

Socioeconomic
barriers
1

Development Index (HDI) has slightly improved since the war, albeit starting from a low base. While in 2000 the (revised) HDI rating was just 0.252, it rose to 0.329 in 2009 and 0.336 in 2011. The income equality-derived Gini coefficient was 42.5 (2003), and the gender inequality index 0.662 (2011). The ratio of female to male population with at least secondary education was 0.466 (2010).

Sierra Leoneans suffer from mass poverty (more than half of the population lives under conditions of “severe” poverty), 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. While the majority of the population is poor, there is a high level of gender inequality, with women affected far 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 a hand-to-mouth existence.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	2454.5	2575.5	2938.7	3796.0
GDP growth	%	3.2	5.4	6.0	15.2
Inflation (CPI)	%	9.3	16.6	16.2	12.9
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	4.5	9.3	24.3	-
Export growth	%	10.7	16.9	-2.0	-
Import growth	%	26.6	30.6	63.8	-
Current account balance	\$ M	-327.0	-493.1	-1127.4	-
Public debt	% of GDP	47.8	49.3	53.7	44.5
External debt	\$ M	857.0	931.2	1048.8	-
Total debt service	\$ M	8.0	11.6	20.6	-

Economic indicators		2009	2010	2011	2012
Cash surplus or deficit	% of GDP	-2.4	-5.1	-4.5	-
Tax revenue	% of GDP	8.4	9.3	10.9	-
Government consumption	% of GDP	10.5	10.4	10.1	-
Public expnd. on edu.	% of GDP	2.8	2.6	2.7	-
Public expnd. on health	% of GDP	2.9	3.2	3.4	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.1	1.0	0.8	0.7

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

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, which is due to be completed in 2013. Given the government’s economic policy philosophy, more IMF-style economic therapy is expected to follow.

Market-based
competition
3

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 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. However, despite development incentives, market-

oriented policies have not refrained from elements of what could be termed predatory capitalism, including the unscrupulous exploitation of employees, land, water and the environment.

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. 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. Export licenses are not required for locally produced goods except gold, diamonds, and a few other items. According to the government, import duties average about 20 percent, while luxury goods are excised at 30 percent. Items like textbooks, medical equipment, agricultural inputs and machinery are exempt from duties. In addition to the customs tariff, all imports are liable to a 15% sales tax. Cross-border trade has been supported by the Automated System for Customs Data (ASYCUDA) since 2012.

Liberalization of
foreign trade
7

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.

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 primarily in Freetown. In addition, the country is developing a microfinance sector that is promoting small-scale business, especially in rural areas. Notwithstanding, banks still perform poorly and have been temporarily affected by the global financial and economic crisis, which was felt with particular keenness in 2009. According to the IMF, the return on equity of commercial banks decreased from 17.0% in 2006 to 4.0% in 2009 but rebounded to 12.1% and 15.6% in 2010 and 2011 respectively. The return on assets dropped from 5.8% to 1.6% in the 2006 – 2009 period, while it recovered to 3.4% and 3.8% in 2010 and 2011 respectively. The rate of non-performing loans stood at 15.6% in 2010 and 15.1% in 2011. The number of banks grew from 10 in 2007 to 14 in 2009, but fell to 12 in 2012 owing to the collapse of institutions, which was partly due to local mismanagement and partly due to the 2009 global downturn. In general, the lack of capital seriously limits prospects for

Banking system
5

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 2009 have exacerbated the overall situation. Inflation has generally remained problematic in the postwar period, and was also high in the period under review. In 2010 and 2011, consumer prices went up by 17.8% and 18.5% respectively, while inflation has been projected at 13.7% in 2012.

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 limited instruments and capacities to achieve this goal, while they remain largely dependent upon external factors, including performance of the export sector in world markets.

In 2012, in particular, Sierra Leone benefited from the revival of the iron ore economy, which had been on its knees since the war. Export income, state revenue and the GDP consequently grew by formerly unknown margins, thereby reducing inflationary pressure.

During the review period, the government reaffirmed its commitment to sound, tight fiscal and debt policies, but despite some progress in boosting the export economy 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 still high, a major factor in the acceleration of inflation. Sierra Leone is marked by structural deficits within the country's trade, and current exchange reserves also remains weak. Government consumption levels are high. The investment rate, which had been poor until 2009, reached high levels in 2010 and 2011 (largely reflecting the revival of the iron ore economy) but showed a downward

Anti-inflation /
forex policy

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Macrostability

6

trend again in 2012. The government lacks the financial resources and administrative capacity to promote stabilization-oriented fiscal and debt policies without significant external support, although the revenue situation improved to some extent owing to the performance of the minerals sector.

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 debt decreased from 145.9% of GDP in 2005 to 32.1% of GDP in 2007, according to IMF figures. In the 2010 to 2012 period, the rates were 30.7%, 29.7% and a projected 28.3% of GDP respectively. If the government delivers on its objectives of boosting exports, improving fiscal performance, containing inflation and attracting investment, a higher level of macrostability could be achieved in the foreseeable future.

9 | Private Property

Property rights and the transfer of capital and investment income are formally guaranteed. The risk of expropriation for private foreign capital is very low. Registering property has been made easier since the recent computerization of the ministry responsible. However, the country's inefficient judicial system poses a potential risk to the effective protection of private property. The unreliable land titling system is a problem, too.

There is a program to privatize state-owned companies as well as a range of incentives to attract private, particularly foreign, capital. Among incentives to foreign investors, Sierra Leone offers generous depreciation rates, loss carry-overs and tax exemptions. Investors in the mining sector get even more generous special conditions for prospecting and exploration.

Domestic and foreign companies are liable to corporate tax of 35% in the mining sector and 30% in most other sectors while investors in the tourism sector get a reduction for the first five years of a new investment (15%).

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. As a

Property rights
5

Private enterprise
7

result, some key sectors of the economy remain under state control or under heavy state influence. For instance, partially 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. However, the country's private-sector performance has improved under the Ernest Bai Koroma government. In the World Bank's Doing Business 2013 report, Sierra Leone ranked 140th out of 185 assessed countries, eight positions higher than in 2012. (Doing Business creates a comparable ranking for the previous year – not to be confused with the published ranking for that country – so as to reflect data corrections and newly added countries.)

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 SLPP 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.

In 2009, a free of charge health care scheme has been introduced for pregnant and nursing women as well as for children under five. However, owing to insufficient communication by the government, many women and their families lack information about the scheme with the effect that women who are theoretically entitled to make use of it are left out in the cold. Public expenditure on health usually totals just 1.5% or so of GDP. Life expectancy at birth is currently about 48 years.

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, as demonstrated, for example, by the literacy rate of 53.6% males to 31.4% females. There are also strong biases in terms of ethnicity when it comes to economic opportunities, social equity and political influence.

Social safety nets

3

Equal opportunity

2

11 | Economic Performance

After the war, GDP grew by 57% (in real terms) in the 2002 – 2010 period, owing mainly to post-conflict reconstruction, rehabilitation of basic agriculture, revival of some minerals (especially bauxite, rutile) in the export sector as well as a boom in the informal sector, while diamonds produced a large part of foreign exchange earnings. In the 2010 – 2012 period, growth amounted to almost 29%, with annual rates of 5.2% in 2010, 6.0% in 2011 and a projected 21.3% in 2012, the latter owing largely to the re-emergence of iron ore as a major export product, superseding diamonds as the most important foreign exchange earner in 2012. In the 2013 – 2015 period, GDP is projected to rise by another 27%. According to revised IMF data, per capita GDP increased from \$272 in 2002 to \$436 in 2010, climbing further to a projected \$621 in 2012. In purchasing power parity (PPP) terms, per capita GDP went up from \$732 in 2002 to \$1073 in 2010 and a projected \$1361 in 2012. Over time, annual GDP growth performed erratically, producing the lowest rate in 2009, when the effects of the global financial and economic crisis were felt in Sierra Leone, bringing growth down to 3.2%.

In the period under review, GDP growth was mainly driven by developments in the mining, manufacturing and construction sectors, while agriculture, which still forms the backbone of employment for the majority of the population, under-performed in terms of growth in the same period.

For many years, the increase in GDP had far more to do with foreign-assisted reconstruction- and rehabilitation-related growth than transformation-related growth. From 2010 onwards, however, foreign and domestic investment brought some dynamism to economic development, broadening the basis of foreign exchange and strengthening economic structures, albeit to a still limited extent. While the rate of investment averaged 10% in the 2002 – 2009 period, it jumped to 24% in 2010 and 40% in 2011, mainly reflecting developments in the minerals sector. In 2012, however, the rate was projected at just 15%, and in the 2013 – 2015 period it is expected to average 16%.

In 2011, the minerals sector produced 69% of export earnings, while agriculture generated just 13%, with re-exports (10%) and light industries (8%) contributing the remainder. Diamonds remained the most important product, earning 37% of foreign exchange, with cocoa (13%), bauxite (11%), rutile (10%) and iron ore (4%) following. In 2012, iron ore was scheduled to lead the export economy, generating 49% of foreign exchange alone, while diamonds were projected at 15%. Subsequently, export earnings were expected to skyrocket from \$363m and \$371m in 2010 and 2011 respectively to \$1.2bn in 2012.

Owing to structural weaknesses and international dependency of the country, the external current account deficit remains a critical issue. The gap amounted to 19.3%

Output strength
6

of GDP in 2010, 52.3% of GDP in 2011 and a projected 13.1% of GDP in 2012. 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 the country remains heavily dependent upon financial inflows from international donors and investors.

Despite a slight upward trend in the period under review, foreign direct investment is still too poor to foster sustainable economic dynamism. Structurally, tax revenue does not meet fiscal requirements. Inflation remains erratic, often soaring up to double-digit figures. Although there is no data on this issue, unemployment and underemployment – especially among youth – remain urgent issues.

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).

More than ten years after the war, the state of education in Sierra Leone is still poor but there are some improvements, owing to reconstruction and international support. On the one hand, only 42% of adults or 31% of women were able to read and write in 2010, according to UNESCO estimates. On the other hand, the gross enrolment rate at primary schools rose to 125% for all and 120% for girls in 2011. The respective rates at lower secondary schools were 58% for all and 52% for girls. There is only a tiny pre-school system, and tertiary education remains the privilege of a small minority. The Koroma government perceives education as a top priority but the resources to cope with problems in the education sector remain limited. Public expenditures on education amounted to 3.5% of GDP in 2010, according to UNESCO estimates. Notwithstanding, all levels of institutions for education, training, research and development remain below par. Educational standards, including the quality of staff, curricula, material and school buildings, remain very low. 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.

Environmental
policy
4

Education policy /
R&D
4

Transformation Management

I. Level of Difficulty

The level of difficulty in achieving transformation in Sierra Leone remains very high. Despite improvement in recent years, the structural political and socioeconomic constraints on governance are severe, with ongoing, large-scale corruption and mismanagement stemming from problems associated with structural limitations. The country remains highly vulnerable to external economic and political developments. The most serious domestic constraints include mass poverty, youth unemployment, infrastructure deficiencies, a lack of economic diversification (including the generation of foreign exchange) and very low vocational skill levels among the economically active population. In the economic sphere, external shocks and unforeseeable crises may impose severe limitations on governance. Such external developments include fluctuation in world market prices for major exports (mainly minerals) and imports (mainly food, energy, capital goods), volatility in international demand for major exports as well as the cost of external debt (mainly interest). There are unforeseeable external factors associated with neighboring countries Liberia, Guinea, and Côte d'Ivoire, which have all been affected by longtime violent conflicts and fragile post-conflict conditions with the potential to spill over into Sierra Leone once more. Since 2012, political and military developments in Mali (more precisely, the occupation of northern Mali by Islamist militants) has become an additional risk factor for Sierra Leone.

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 many of them are plagued by scarce resources and a lack of political leverage. 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. In the period under review, civil society organizations, including women's organizations, tried harder than ever before to develop leverage as pressure groups in the political system, and managed to wield some influence in public discussion and decision-making. The leverage remained, however, limited. Women's organizations, for instance, have worked hard to introduce legislation outlawing FGM. Yet the power of traditional culture and the

Civil society
traditions
6

failure of modern state institutions (parliament, government) to develop and promote an anti-FGM law has thwarted progressive (female) forces in this very important area, even though they have received political and other support from abroad.

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. However, several by-elections in the 2007 – 2012 legislature have been marred by occasional violent clashes between adherents of the APC and the SLPP. In order to prevent violence in the November 2012 presidential, parliamentary and local elections, all ten registered political parties, including the APC and the SLPP, signed an agreement in May 2012 committing themselves to free, fair and peaceful elections. The agreement has been mediated by the UN political mission in Sierra Leone.

Underlying the APC-SLPP political bias is a deep north-south divide in the country, with the APC based primarily in the predominantly Muslim ethnic groups of the Temne and Limba in the north, while the SLPP has backing among the largely Christian and Animist Mende ethnic group in the southeast of the country. While religion does not play an important role in the scenario, region and ethnicity give rise to occasional conflict with potential for violence.

A potential for (renewed) violence is also inherent in the disaffection of the poor, especially young people, which was a major cause of war in the 1990s, luring combatants into the RUF rebel movement. The plight of the young and unemployed poses a persistent threat to the country's stability and security. 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 and have recognized an urgent need to act. However, there is still a substantial gap between stated political objectives and the government's policy implementation in tackling poverty, unemployment, disillusionment and frustration among the younger generation particularly males.

Conflict intensity
4

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 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

Question
Score

Prioritization
6

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.

Given the constraints of Sierra Leone's developmental problems in general, the capabilities of Sierra Leonean governments and their administrations to set and maintain strategic priorities beyond promising headlines are limited. Consequently the capacity to prioritize and organize policy measures also remains limited. For instance, President Koroma starts his second term, beginning after the 2012 elections, under the motto "Agenda for Prosperity," meaning job creation and poverty reduction through economic growth and development. His "Agenda for Prosperity" has identified some priority areas such as agriculture, infrastructure and foreign relations (donor commitment, in particular). However, the capability of the government to pursue policies in line with its prioritization is challenged by a set of major factors, including vested interests in the state apparatus as well as external shocks caused by the global economy which are not open to the influence of the government.

As a significant exception and what may be a major step towards improvement of management performance of the Sierra Leonean state, the National Electoral Commission, under the leadership of Christiana Thorpe, has been working largely independently throughout 2012, its performance praised by international observers. The staging of free, fair and peaceful elections has been a stated priority of the government and major political parties.

The Koroma government, is committed to set strategic priorities, especially after its 2012 reelection, but it has encountered difficulties in implementing corresponding policy measures. Political leaders attempt to pursue long-term goals, but quite often act contrary to their stated objectives to appease domestic vested interests.

The Koroma government has shown and continues 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 remains 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, blaming the lack of success on constraints caused by 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.

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. While the top level of the state seems to be ready for improvement in the area of policy learning, the lower levels of the state apparatus appear less inclined or able to support this line, owing to a lack of qualified personnel as well as the effects of petty corruption and endemic clientelism. Vested domestic interests, structural economic weaknesses and corruption are generally impediments to policy learning. Once again, external pressures and actors, rather than domestic insights, force learning processes upon the administration.

Policy learning
6

15 | Resource Efficiency

Vested interests have prevented the Koroma government from using all available resources efficiently, although international donor pressure to improve resource efficiency remains very high. Some macroeconomic data including export revenue exhibited an upward trend, but unknown amounts of resources have been allocated to groups and individuals in order to satisfy private needs and to pacify potentially conflicting interests. President Koroma promised to run the country like a business, which would mean fostering the productivity and profitability of the economy, but the implementation of policies to attain this objective has been difficult. While the president has taken significant steps since 2007 to streamline the ministerial system and revitalize the civil service reform process, vested domestic interests, structural economic weaknesses and corruption continue to thwart efforts to use scarce resources efficiently.

Efficient use of
assets
4

The Koroma government tries, but often fails, to balance conflicting objectives and interests in the allocation of resources, as the strongest interests and pressure groups have a better chance of prevailing over the weaker elements. There is also the problem of cooperation and coordination between ministries of the government, the bureaucracy being affected by competing interests, low qualifications, and corruption.

Policy
coordination
4

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 sector, and to an even greater extent the food sector. Vested interests also tend to inhibit reform of land tenure schemes and land administration practices that are effective constraints to increased dynamism of development within the agricultural sector.

In the period under review, the Koroma government has achieved some progress in curbing corruption, although the general impression that corruption remains endemic in the country did not change dramatically. The Koroma government has committed itself to combating corruption and implementing good-governance mechanisms.

Anti-corruption
policy
4

Sierra Leone is a participant in the African Peer Review Mechanism (APRM), and it has applied for participation in the Extractive Industries Transparency Initiative (EITI).

Due to pressure from those with vested interests within the state apparatus, post-conflict governments were unable for many years to successfully fight corruption despite the passage of legislation such as the Anti-Corruption Act (2000) and the Anti-Money Laundering Act (2005). The Anti-Corruption Commission (ACC), established by the Anti-Corruption Act to facilitate improved governance, came under both domestic and international criticism for underperformance. Although the Koroma government has committed itself to improve governance, including a strengthening of the ACC, progress has been achieved only gradually, very often against resistance of vested interests. Top-level officials in public institutions have been replaced by technocrats of good standing. 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 a critical lack of financial resources and skilled personnel within the country.

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 – and there has been no change since the previous BTI round. Officially, the postwar leaders of the major political parties have been and continue to be committed to democratic and economic transformation, including poverty reduction and the consolidation of peace; this points to the establishment of a broad consensus with an inclusive approach. 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.

Veto actors such as the military (and former rebels) have been brought largely under control thanks to external support from Britain and the U.N. 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 still 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, disillusionment and frustration could sooner or later encourage the rise of criminal gangs or even a renewed armed uprising. Developments in other conflict-prone West African

Consensus on goals
6

Anti-democratic
actors
7

countries like Guinea, Liberia, Côte d'Ivoire, Guinea-Bissau and, more recently, Mali vividly demonstrate the risks of instability (as well as possible conflict spillovers).

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 armed groups.

As Sierra Leone's recent history demonstrates, conflicting political forces in the country have been unable to manage political cleavages smoothly enough to foster stable development. Rather, the two major parties, the APC and the SLPP, tend to reproduce their ethnic rivalries with the potential for violent clashes, based on the north-south political divide and the social polarization of the country. It was only through U.N. mediation that the political parties were able to sign an agreement in May 2012, in which they committed themselves to free, fair and peaceful elections.

While the Koroma government has promised to overcome the cleavages mentioned, the reality tells a different story. Political rhetoric between the two major parties has been acrid and sometimes violent in the 2007 – 2012 legislature, with both parties bearing responsibility for friction. Moreover, Koroma's personnel policies (allocation of ministerial posts, etc.) have largely tended to reproduce and even exacerbate ethnic and regional rivalries. This tendency continued even after the 2012 elections: As in the preceding administration, the new Koroma government is dominated by those from the north of the country, including Freetown, while the south remains heavily underrepresented. In preparation for the 2012 elections, the APC and SLPP primarily reorganized and consolidated themselves in their respective traditional northern and southern strongholds with little effort to make inroads beyond their traditional powerbases. However, Koroma's party, the APC, has managed to some extent to broaden its political backing in the country beyond its regional strongholds.

Thanks to donor influence, the Koroma government 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 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 the integration of civil society stakeholders with differing views into the political process. Despite improvements, it remains 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 enduring influence of traditional culture. Although President Koroma has demonstrated his openness toward women's issues, even issuing a condemnation of FGM, it still

Cleavage /
conflict
management
5

Civil society
participation
5

requires great courage for women to form civil society organizations in the face of traditional, male counter-pressure.

Post-conflict governments have 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 since the formal end of the 11-year civil war in 2002. However, at the grassroots level, considerable suspicion, distrust and latent tensions remain, most obviously in the antagonism between the APC and SLPP political parties.

Although the parties signed agreements in 2009 and again in 2012 to end often violent interparty quarrels, committing themselves instead to a nonviolent political rivalry, major political and societal conflicts mean the consolidation of the country's postwar peace is still at risk.

To address the legacies of the war, a Truth and Reconciliation Commission (TRC) was established to examine war crimes, human rights violations and the suffering of victims. Based on the TRC's findings, published in 2005, the Koroma government decided to introduce financial reparations for war victims in 2008. At a more visible level, the legacies of the war were processed 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 charged with prosecuting those who bore the greatest responsibility for war crimes and crimes against humanity. The SCSL only undertook legal proceedings against 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 and in April 2012 convicted of crimes against humanity and violations of international humanitarian law committed in Sierra Leone between 1996 and 2002. Taylor was sentenced to 50 years' imprisonment, and the ruling on his appeal is expected to be delivered in September 2013. In all, nine men received long-term prison sentences. Aside from Taylor, six convictions 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 reasonably good relations with such countries as China,

Reconciliation

6

Effective use of support

7

Cuba and Iran. The previous and current governments have pursued similar goals 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 which abides by democratic norms and stabilization-oriented macroeconomic policies. Kabbah was even known as 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 vital external liaisons, working closely with international donors to foster the impression that it was ready to use external support to improve its policies. This approach, which was rewarded with another 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 fulfilling this role due to economic problems, the influence of clientelism and an inability to overcome major domestic political conflicts, including the persistent north-south divide. Koroma’s difficulties in gaining and preserving credibility are aggravated by external economic and political developments beyond his control, including erratic fluctuations in prices and demand for Sierra Leone’s major exports. Such developments often put his capabilities of policy adjustment to the test, which in turn may influence his image of credibility.

Credibility
8

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, may prove an asset for the Sierra Leonean government, which may try to exploit such fears in order to receive preferential treatment from donors.

Sierra Leone is officially committed to working in international, regional and sub-regional organizations, including the African Union, the Economic Community of West African States and the Mano River Union (MRU), consisting of Sierra Leone and its neighbors Liberia, Guinea and Côte d’Ivoire. Sierra Leone also actively participates in some international peacekeeping missions, mainly in Africa, most notably in Somalia (AMISOM) and Darfur/Sudan (UNAMID). As of January 2013, there were some 1,200 Sierra Leoneans serving as peacekeeping personnel abroad.

Regional
cooperation
7

However, Sierra Leone’s capabilities for successfully building and expanding cooperative relationships, both regional and international, remain limited due to scarce resources and the persistence of major domestic problems. Given these domestic challenges, the international influence of the Sierra Leonean government is

too meager to enable it to serve as a strong, self-confident or assertive cooperation partner in international, continental or even sub-regional affairs.

Moreover, the ongoing postwar consolidation process remains threatened by the many mutually interwoven transnational conflict scenarios in the western part of West Africa, including the MRU countries and, more recently, Mali. 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 regional environment, serious problems remain in the sub-region. Political developments in conflict-ridden neighboring countries like Liberia, Guinea, Côte d'Ivoire and Mali are far from stable and spillover effects may also challenge development in Sierra Leone. In theory, Sierra Leone has a strong interest in improving its sub-regional environment and contributing to conflict resolution in neighboring countries. However, it lacks the means and capabilities to act successfully in this area.

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 partly attributable 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 both preceding 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 was elected to power in 2007, continues to face the same challenges they did in the previous round of BTI. Government has had to tackle major political and economic problems in order to ensure domestic and external support. Democratic institutions and procedures are neither self-sustaining nor irreversible. The security and stability of the country, and 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 resulting from 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. In turn, the commitment of international actors is inextricably tied to the Koroma government's on-going compliance with IMF and World Bank recommendations. Further external financial and technical support is a *conditio sine qua non* for the continuing process of postwar consolidation and development.

Lasting efforts to address the country's problems are essential 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 multidimensional 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 addressed through education which complements anti-violence and anti-discrimination legislation.