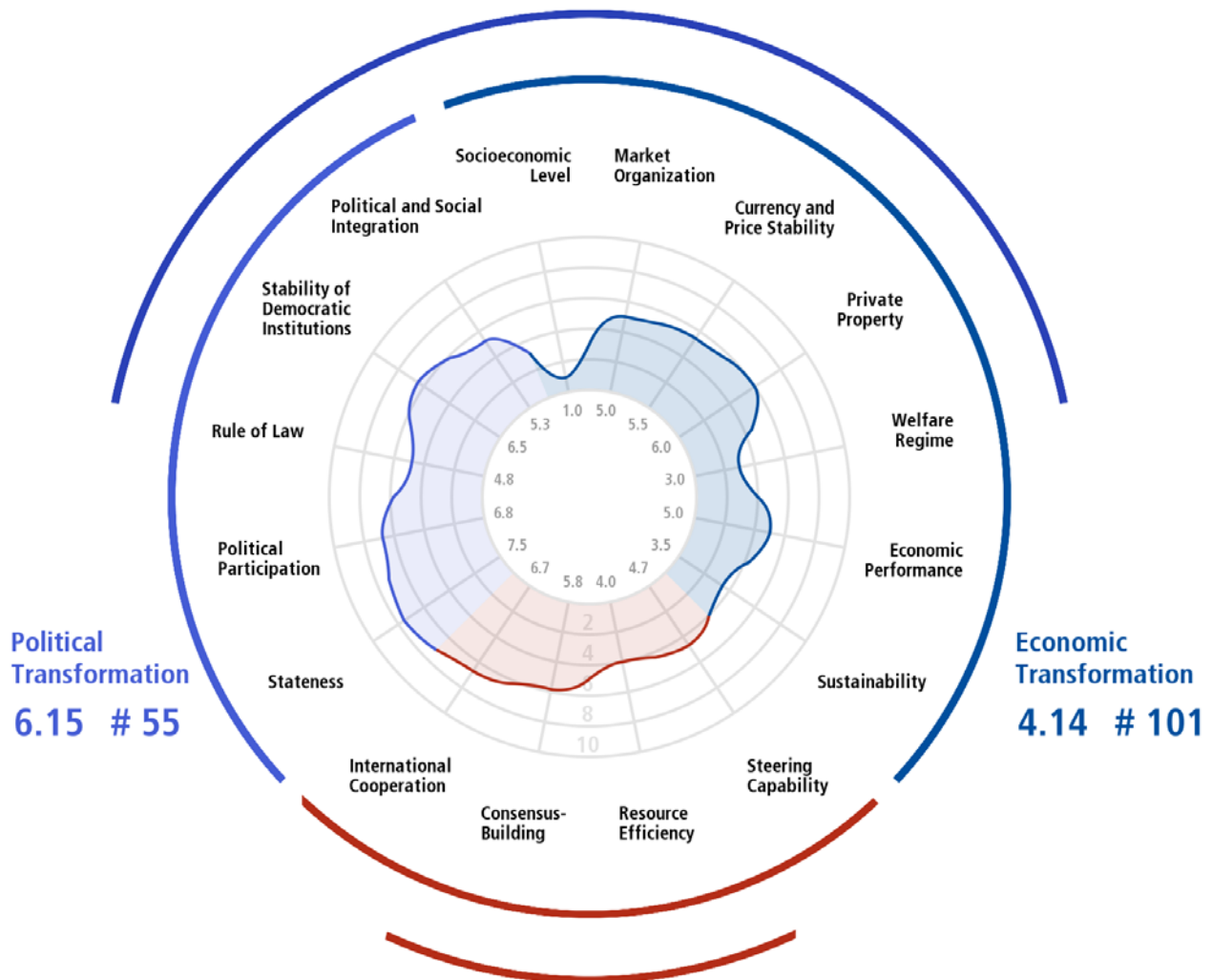


Sierra Leone

Status Index

5.15 # 74

on 1-10 scale out of 129



Political Transformation
6.15 # 55

Economic Transformation
4.14 # 101

Governance Index

4.93 # 67

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. 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	7.4	HDI	0.420	GDP p.c., PPP \$	1473
Pop. growth ¹	% p.a.	2.2	HDI rank of 188	179	Gini Index	34.0
Life expectancy	years	51.4	UN Education Index	0.408	Poverty ³	% 81.3
Urban population	%	40.3	Gender inequality ²	0.650	Aid per capita \$	130.8

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Sierra Leone's political and economic transformation has been massively hampered by two disastrous crises. First, the Ebola epidemic caused about 4,000 deaths from May 2014 to early 2016 and led to severe constraints of the political and socioeconomic system. Second, the low commodity prices in the world market negatively impacted the actual foreign-exchange earners of the country such as iron ore, and the potential foreign-exchange earners such as oil. As a result, the economy shrunk by more than one-fifth of its size in 2015, witnessing only a slight recovery (about 5%) in 2016.

In order to tackle the Ebola epidemic and its repercussions on the economic, social and political situation of the country, the government declared a state of emergency in July 2014. When the epidemic was brought under control, the government lifted some restrictions on freedoms in August 2015 that were imposed the previous year, while the emergency was extended for another year. In this, the deepening of democratic transformation has been at stake as well.

The Koroma presidency and government were based on electoral victories in 2007 and 2012, which also meant that Koroma's party, the All People's Congress (APC), prevailed over the previously ruling Sierra Leone People's Party (SLPP). The APC and the SLPP are the two major competitors in Sierra Leone's multiparty system, persistently reproducing a north-south divide (APC versus SLPP). Their political leverage is challenged to some extent by breakaway parties. Since Koroma is not entitled to stand again in the next presidential elections, the issue of his succession has become a major issue in internal APC power struggles during the review period. Other issues of uncertainty relate to the prospects of the SLPP presidential candidate as well as the political parties in the elections due in 2017 to 2018.

The new government will face serious economic, social and political challenges of a weakened country with a predominantly poor population. Ebola revealed considerable shortcomings of state capacities and reasserted the overall dependency of Sierra Leone on external actors. Low economic

diversification, the crisis of the extractives sector and structural deficiencies leave the country with no alternative to international support in terms of finance, technology and other forms of aid. Thus, the country is compelled to rely on the maintenance of viable relationships with international donors, including the IMF and the World Bank.

Sierra Leone remains largely dependent upon its subsoil assets, including iron ore, diamonds and rutile, and the economy lacks diversification in non-extractive sectors like agriculture, service industry or tourism.

The roots of violent conflict the country suffered from between 1991 and 2002 remain firmly ingrained in the country – including corruption, mass poverty, disaffection among youth and a general vulnerability to globalization. Postwar governments have shown some willingness to address these problems properly, but any attempt to promote attitudinal and behavioral change regarding clientelism, corruption and poverty, and to address youth problems through creating job opportunities, is threatened by vested interests.

Given the country's immense developmental constraints, prospects for political and economic transformation are still fairly poor.

History and Characteristics of Transformation

Low levels of economic, social and political development have limited Sierra Leone's ability to take decisive steps toward transformation.

As a consequence of British colonialism, Sierra Leone's political and economic prospects were burdened from the outset by structural constraints, including the high dependency of state revenue on the export of just a handful of agricultural and mineral products. The country and its mostly poor population also suffered as a result of excessive corruption and authoritarian – periodically military – rule, which itself eventually became a major political and economic crisis factor. The country was brought to its knees by a disastrous war (1991 to 2002), fueled by then-Liberian warlord Charles Taylor.

The war reshaped a process of political transformation which had begun with the end of the Cold War in 1990. The two-decade one-party rule of the All People's Congress (APC) was replaced by a multiparty system in 1991. However, the war destabilized the country, which was subsequently ruled by military regimes from 1992 to 1996 and in 1997-1998. President Ahmad Tejan Kabbah and his Sierra Leone People's Party (SLPP) were elected in 1996, but overthrown in a coup d'état in 1997. They were brought back to power in 1998 by a military intervention led by Nigeria.

In 2000, troops sent by Great Britain effectively crushed the military capacity of the Revolutionary United Front (RUF) rebels allied to Charles Taylor. The United Nations Mission in Sierra Leone (UNAMSIL), in cooperation with British military, restored a modicum of stateness to the country,

which had come close to failure during the war. As self-proclaimed peacemakers, Kabbah and the SLPP won approximately 70% of the vote in 2002 in the first postwar elections.

Since the postwar euphoria weakened, the 2007 national elections brought about a change of government, with the APC and Ernest Bai Koroma, a businessman turned politician, prevailing. As Koroma consolidated his power, he was re-elected with almost 59% of votes in 2012. The APC ascended to an absolute majority of seats in the 124-member parliament, based on a hazy “Agenda of Prosperity” program.

The political rivalry between the APC and SLPP is mostly an ethno-regional issue (which can also be characterized as Temne/Limba north versus Mende south). As the dominant feature of the political system, competition between the two major parties occasionally leads to violent incidents between their respective supporters, despite commitments, mediated by the United Nations, to a non-violent approach to disputes.

The situation remained fragile. When Sierra Leone was afflicted by the Ebola Virus Disease (EVD or Ebola) from May 2014, the Koroma government declared a state of emergency in July 2014 to tackle the crisis by restricting free movement and assembly, and implementing local lockdowns and curfews. Ebola killed almost 4,000 of the more than 14,100 officially registered EVD patients in Sierra Leone. In November 2015, the government was able to declare the end of the epidemic (with some isolated cases occurring in early 2016).

The government lifted some of the restrictions imposed a year before in August 2015. However, the state of emergency remained in force, and the local elections due in 2016 were postponed. The government used the emergency regulations not only to combat EVD but also to thwart criticism and opposition protest. The political leverage of the APC was challenged by a breakaway party, the Alliance Democratic Party (ADP), which was officially registered in July 2015, gaining some support in by-elections at the local level (although no majority).

During 2016, the political climate was increasingly influenced by the forthcoming elections, as the current presidential term of Koroma is set to expire in November 2017.

While political transformation underwent its ups and downs, economic transformation toward a sustainable, socially and ecologically balanced market economy and toward poverty reduction has mostly progressed slowly. Due largely to the reemergence of iron ore as the main export product, the economy gained a resource-driven momentum in 2012 to 2014. However, economic dynamics weakened when the consequences of the Ebola epidemic became felt from mid-2014. Ebola disrupted the economy, threatened substantial parts of the population with hunger and brought to light severe deficiencies in the management capacities of the state. The economy, which had experienced high growth rates before Ebola, contracted by 21% in 2015, owing to the epidemic but also to the downturn of the national and international iron ore markets, which meant a slump in iron ore production, exports and revenue to Sierra Leone. The epidemic and the iron ore crisis hit a country with low diversification, dependent upon just a few foreign exchange earners (iron ore, diamonds, rutile), while the majority of the people lived in extreme poverty, relying mainly on subsistence agriculture and the urban informal sector.

With substantial international support, bolstering a post-Ebola recovery plan, Sierra Leone has revived its economy to a certain extent. To secure its creditworthiness, the Koroma government reasserted its good working relationship with the IMF. Koroma has, from the start, subordinated his economic policies to IMF demands, despite technical and political problems resulting from weaknesses of the Sierra Leonean economy as well as opposing vested interests within the state apparatus. Sierra Leone benefited from substantial debt relief and renewed donor commitments based on mid-term loan arrangements with the IMF. In reaction to the economic problems caused by Ebola and the iron ore crisis, the IMF extended a 2013 agreement with Sierra Leone, scheduled to end in December 2016, for six months into 2017 on condition of fiscal discipline.

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

Sierra Leone's stateness, institutional structures, overall security and territorial integrity have been restored with massive international (largely U.N. and British) support after the end of the civil war in 2002. This includes the monopoly on the use of force. 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. In 2014-2015, the Ebola crisis increased fragility, as the epidemic produced panic reactions and illustrated the state's challenges concerning the control of its entire territory in cases of emergency.

Moreover, non-state criminal actors challenge the state authorities at the local level. In particular, the country witnesses an increasing crime rate among youth. Generally, the state's monopoly on the use of force and its fundamental administrative and security infrastructure extend throughout the entire territory of the country, but they remain deficient and dependent on external assistance.

Despite the country's violent history, the nation state's legitimacy is currently not questioned in principle by any relevant group in Sierra Leone. Most people enjoy the same rights of citizenship; 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 elevate 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. If naturalized, people obtain the right to vote. However, they are not allowed to compete for public office.

Ethnic, communal and regional loyalty remains an important factor in the government, armed forces and business. Despite postwar reconciliation efforts, ethnic discrimination and rivalry remain sources of conflict and distrust.

There are divisions between north and south, between Muslims (up to 78% of the population) and Christians (up to 21%), and between the Temne (north) and Mende

Question
Score

Monopoly on the
use of force

8

'06 '18 10

7 8

1

State identity

8

'06 '18 10

-9 8

1

(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 less than 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 state is secular, and the constitution provides for the separation of state and religion. Religion is normally not part of legitimizing state and political power. Sierra Leone is regarded as one of the most religiously tolerant countries in the world. The overwhelming majority of Muslims and Christians view religion as a private sphere separate from politics.

There is little or no interreligious violence. Organizations like the non-governmental Inter-Religious Council of Sierra Leone (IRCSL) work toward establishing mutual respect and understanding between people of different religious affiliations. The IRCSL helps maintain good relations between Christians and Muslims through dialogue and sharing of information on religious and related social issues. Usually churches and mosques register with umbrella organizations like the Council of Churches in Sierra Leone (CCSL), the Evangelical Fellowship of Sierra Leone (EFSL) or the United Council of Imams in Sierra Leone (UCISL), which are all engaged in the IRCSL.

Good relations between Muslims and Christians are also fostered by frequent intermarriage between men and women of different religious affiliation. In many families, Christians and Muslims are living in the same household. It is fairly common for individuals to be both Christian and Muslim; quite a few Sierra Leoneans have become known as “ChrisMus.”

Generally, religion as a theological concept or the religious identity of individuals are not relevant to either ethnic identity or political affiliation. However, regarding political checks and balances at government level, decision-makers tend to take into account at least a minimum of a balance regarding the religious affiliation of government members. For instance, it is an unwritten rule of politics that Sierra Leonean presidents choose vice presidents of a different religion from their own confession as a means to reinforce mutual respect and downplay religious differences.

Notwithstanding this religious freedom, and owing to the country’s large Muslim population, Sierra Leone chose to become a member of the Organization of Islamic Cooperation (OIC). Yet the influence of external religious ideology on the country’s Muslims remains limited; the leverage gained by any kind of political, radical or militant Islam has thus far been very low in Sierra Leone.

No interference of religious dogmas

9

'06 '18 10

1

There are basic administrative structures throughout the country. However, due largely to the insufficient qualification of state employees as well as inadequate financial means and organizational know-how, along with clientelistic structures and corruption at all levels of the state, these institutions do not function adequately. Mismanagement, clientelism and corruption remain major constraints to administrative rationalization.

The 2014 to 2015 Ebola crisis exposed deficiencies in leadership, state capacity and the local programs of international partners like the U.N. The state struggled to cope with the challenges caused by the epidemic but proved unable to tackle the crisis effectively for a considerably long period of time.

According to WHO sources, only 13% of the population has access to sanitation and 63% to a water source.

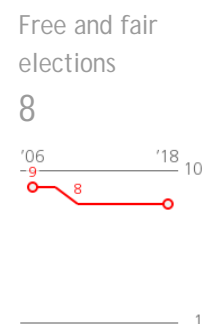
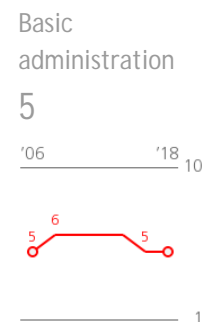
The provision of public goods by the state remains deficient.

2 | Political Participation

The constitution entails 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 regularly from 2002, whereas local elections, designed to stimulate the process of decentralization and to bolster stateness in the hinterland, were conducted regularly in 2004, 2008 and 2012, based on the 2004 Local Government Act. Ensuing by-elections have been held on several occasions, for instance in 2016. However, organizational problems and political tensions prompted the government to postpone the 2016 local elections via the 2016 Local Government (Amendment) Act.

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 support (mainly U.N.). However, 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. Effectively, there were constraints on the fairness of the elections with regard to campaigning or media access. Subsequently, the SLPP accused the NEC of bias toward the incumbent.

Some commentators criticized the postponement of the 2016 local elections as a challenge to democracy. There is suspicion that this step may be used as a precedent to a possible postponement of other elections, including the presidential polls, as the second and constitutionally last presidential term of office-holder Koroma is due to expire in November 2017.



The government of President Ernest Bai Koroma was elected in 2007 and 2012. Thanks to its electoral success, as well as very significant external economic, political and security support, it has the political legitimacy to govern the country.

However, the legitimacy of the Koroma government continued to be contested in some opposition SLPP-dominated southeastern parts of the country, where the ruling APC remains a fairly weak party. Moreover, the Alliance Democratic Party (ADP) emerged as a potential competitor in the APC northern strongholds in the review period.

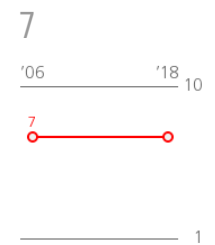
During President Koroma's second term the APC-dominated government increasingly felt the need to take into account the political leverage of political rivals as well as the vested interests of potential veto powers, particularly the police and the military, who, as the armed institutions of the state, dispose of the potential to challenge the government through the use of force.

Historically, the military and rebel militias have served as major veto powers. While the militias were defeated and disarmed, the military and the police were restructured, trained and ideologically "de-politicized" with external assistance. However, as in previous periods, the possibility of the military reemerging as a veto power in case of serious economic, political or other crisis cannot be ruled out. The Ebola crisis revealed problems regarding the government's effectiveness, particularly in the hinterlands.

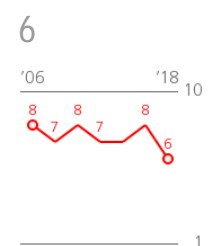
Freedom of assembly and association are guaranteed by the 1991 constitution. Citizens are allowed to form parties and civil society organizations (CSO) freely and without major restrictions. However, de facto there are limitations on assembly rights, as police have forcibly dispersed demonstrators on numerous occasions, causing injuries and sometimes deaths.

The state of emergency during the Ebola crisis even hardened the situation. Public gatherings were banned and a countrywide curfew imposed, even in regions that were virtually free of Ebola. In August 2015, President Koroma lifted some restrictions on freedoms but extended the emergency for another year. While initially the emergency regulations have been widely accepted as a means to tackle Ebola, suspicions have developed that President Koroma and his ruling APC party were misusing those regulations as a device to reinforce their political power by silencing and intimidating their critics. Political opponents and human rights activists criticized what they perceived as overextension of the laws of the country, with many people being arrested because of offenses against emergency regulations. Moreover, they also hinted at what they rated as double standards regarding freedoms and the restriction of freedoms. While supporters of the president and the ruling party were able to hold public meetings unhampered, state security forces made use of their repressive powers to harass, intimidate and arrest people who risked coming together to demonstrate and speak out against the president and his government. Some opponents

Effective power to govern



Association / assembly rights



even went as far as to compare the current state of emergency regime to the APC one-party state of the 1970s and 1980s, since the state security forces could act largely with impunity.

Sierra Leone has a diverse media landscape, a variety of independent newspapers, private radio and television stations, private web portals and the non-partisan public Sierra Leone Broadcasting Corporation (SLBC).

The constitution codifies freedoms of speech and the press. However, restrictions of these freedoms were legally defined by the 1965 Public Order Act, handing a tool to any government of the country to define and prosecute inconvenient expressed opinions as threats to state authority. In the review period, the Sierra Leone Association of Journalists (SLAJ) complained that criminal libel laws constantly endanger media freedom, highlighting that over 25 journalists have been questioned by the police during the Koroma presidency, while some of them have been sentenced for criminal libel. The situation turned worse under the state of emergency designed to react to the escalating Ebola crisis. Under circumstances of crisis dimensions not previously known, the state tended to react more sensitively to any criticism. In some cases, journalists were arrested for charges of publishing “false information.”

In sum, press freedom has tended to deteriorate in recent years. In 2016, Sierra Leone ranked 83 out of 180 countries (72 in 2014) in the World Press Freedom Ranking of Reporters Without Borders (RWB), while it received an assessment of “partly free” in the Freedom House’s Global Press Freedom Rankings.

3 | Rule of Law

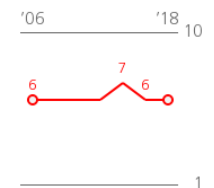
The constitution provides for separation between the state powers as well as for checks and balances to prevent the misuse of power. However, the executive occasionally attempts to pressure the legislative and judicial powers as well as the “fourth” power, the media. There have been recurring complaints of government interference in judicial affairs by media outlets, civil society organizations and the opposition. The combined positions of the Attorney General and Minister of Justice in a single individual is seen by some analysts as a structural factor impeding the effective separation of powers.

The state of emergency declared in the aftermath of the Ebola outbreak was used by the executive to weaken checks and balances.

In January 2017, the UNDP-supported Constitutional Review Committee (CRC) handed over its report on potential reforms of the 1991 constitution to President Koroma for further debate.

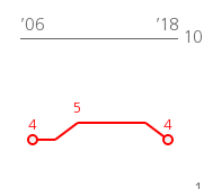
Freedom of expression

6



Separation of powers

4



The senior judicial system consists of three 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.

Sierra Leone established a legal framework directed at ensuring the rule of law. 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, poor payment of judges and scarce resources, among other factors, continue to impede the judiciary from enforcing a credible and enduring rule of law. Unprofessionalism in the police force and prison overcrowding are also constraints to judicial effectiveness.

A high level of impunity for officeholders and other state actors still seems to hold when it comes to arbitrariness, maladministration and corruption. While Sierra Leone's anti-corruption record improved remarkably between the beginning of the Koroma presidency and the end of his first term in 2012, virtually no improvement occurred during his second (2012-2017) term.

Currently, Sierra Leone remains far from impartially and systematically prosecuting abuses of office.

In the first years of his presidency, Koroma has undertaken some steps to hold government officials and other state actors accountable for maladministration and office abuse.

For instance, ministers had to sign performance contracts. In some cases, corrupt officeholders were brought to justice and subsequently sentenced. However, the overall impression prevails that petty rather than high-level corruption has been prosecuted and punished. For instance, in December 2016 the Concord Times newspaper reported that a non-prominent officer was sentenced to three-years imprisonment for office abuse. In more prominent cases, President Koroma was ostensibly reluctant to transfer to judicial prosecution delinquents who were even convicted of offenses by inquiry commissions. Both the U.S. State Department and the World Bank's most recent Worldwide Governance Indicators reflected that impunity as well as corruption were severe problems.

The constitution guarantees civil liberties and human rights. The Human Rights Commission of Sierra Leone (HRCSL) is tasked with promoting human rights and reporting on violations.

War crimes and crimes against humanity had been on the agenda of the Truth and Reconciliation Commission (TRC) and the U.N.-mandated Special Court for Sierra Leone (SCSL). The Police Complaints Commission and the Complaints, Discipline and Internal Investigations Department (CDIID) face the challenge of improving the efficiency in tackling police delinquencies. In order to strengthen police

Independent
judiciary

5

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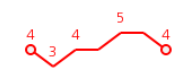


_____ 1

Prosecution of
office abuse

4

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_____ 1

Civil rights

6

'06 _____ '18 10



_____ 1

accountability, the Independent Police Complaints Board (IPCB) was launched in October 2015.

Sierra Leone's human rights record, which improved remarkably since the end of the civil war, deteriorated since the beginning of the Ebola crisis under the emergency regulations and ensuing violations of civil and human rights. The most serious human rights problems include the legal infliction of the death penalty, although the Koroma government observed a moratorium on executions, according to Amnesty International. Other human rights problems include ill-treatment in police custody, a lack of equal and unhindered access to justice, trafficking in persons (despite the 2005 Anti-Trafficking in Persons Act), and discrimination and violence against women and girls, including early and forced marriage as well as female genital mutilation (FGM). Moreover, women's activists complained about an increase of violence against women and girls during the Ebola crisis, while the government did not properly administer the Sexual Offenses Act (2012) to protect potential victims.

Generally, women's rights including the protection of life and limb as well as anti-discrimination issues are not well respected in Sierra Leone, despite some improvements following the ratification in July 2015 of the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa. In the socio-political sphere, for instance, the Gender Equality Bill, which requires a 30% quota of women in parliament, local councils, ministries, departments and agencies fails to meet the specified targets.

As regards FGM, the government decided to tackle this practice more seriously in order to combat the Ebola epidemic, as it imposed a moratorium on FGM activities of traditional women's circles and so-called secret societies. However, the state has refrained from taking decisive action to legally ban FGM. The entrenchment of FGM in traditional society still fuels a fear of political decision-makers of losing electoral support among FGM adherents in case they were ready to put a real stop to FGM. Anti-FGM campaigners raised their voices to legally ban the practice after a teenage girl died in August 2016 during a FGM procedure conducted by a women's secret society.

4 | Stability of Democratic Institutions

The institutions of the executive and legislative branches, the government and parliament were constitutionally democratic and relatively stable based on the electoral outcomes. 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 low qualifications, mismanagement, clientelism and corruption in the political parties and the state apparatus, which still

Performance of
democratic
institutions

6

threaten to erode the democratic legitimacy of institutions in general. This situation did not improve during the Ebola crisis.

The key political actors accept the democratic institutional framework. The vast majority of the population does not call the legitimacy of the democratic institutions into question as such, although almost any Sierra Leonean is experiencing politico-administrative weaknesses and deficiencies. Thus, institutional legitimacy cannot be taken for granted, and increasing disaffection among the population could bring about a major negative shift in this respect. For instance, discontent grew over the government's response to the Ebola crisis, which exposed major deficiencies in public administration. Moreover, political ambitions within the reconstructed military could become a matter of concern in the event of serious political crisis.

5 | Political and Social Integration

National and local elections since 2002 have reinforced the multiparty system enshrined in the 1991 constitution. This system is dominated by the All People's Congress (APC) and the Sierra Leone People's Party (SLPP). However, both the SLPP and the APC suffer from factionalism and internal power struggles for the respective party leadership. Most other parties, including the SLPP-breakaway People's Movement for Democratic Change (PMDC), the APC-offshoot Alliance Democratic Party (ADP, officially registered in July 2015) as well as the National Democratic Alliance (NDA), the People's Democratic Party (PDP), the Peace and Liberation Party (PLP) or the United National People's Party (UNPP), are weakly organized, having only small constituencies, if at all. Some of these parties do not go far beyond the scope of one-man shows. This may also be true for the ADP, whose founder, Mohamed Kamarainba Mansaray, left the APC to form his own political party in 2015 since he had fallen out with APC leadership.

From the end of the civil war (2002), the APC and the SLPP have acted as antagonistic poles in the party system. As rivals, these parties represent consolidated clientelistic networks with ethno-regional power bases rather than institutionalized organizations with clearly defined political goals. While the APC is deeply rooted in the northern regions and in the Temne and Limba ethnic groups, the SLPP remains more or less a Mende party based in the southeastern parts of the country. The Freetown agglomeration has been a swing region, with the SLPP prevailing in 2002, while the APC took a small majority in 2007 and a much bigger majority in 2012. The programmatic agendas of the parties abound with populist rhetoric (like fostering democracy, the "well-being" of the people, or combating corruption), while their real political motives rarely go beyond takeover of the government or retention of power.

'06 '18 10



Commitment to democratic institutions

7

'06 '18 10



Party system

6

'06 '18 10



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.

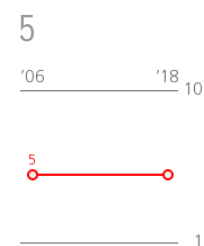
The APC, the SLPP and most other parties are committed to constitutionalism and peaceful activity, but inter- and intraparty rivalries remain significant, occasionally turning violent. Not least because the political relationship between APC regime and SLPP opposition continued to be tense despite agreements mediated by the U.N. and other international actors to compete for power peacefully. Assaults and clashes repeatedly violated these understandings, with perpetrators and victims, and sometimes casualties, on each side. For example, while SLPP activists were harassed in Kenema (April 2015) and Kailahun (September 2015), APC supporters suffered violent attacks in Kono (December 2015) and Kailahun (June 2016).

Sierra Leone has a growing number of civil society organizations (CSO) and pressure groups in the areas of business, trade unions, women's rights, human rights and governance. There are numerous organizations 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. CSOs try to influence legislation, often in cooperation with foreign donors. Some CSOs gained substantial merit during the Ebola crisis.

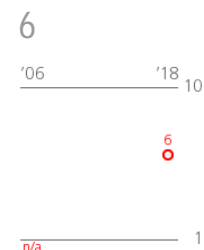
However, the organization of interests, as well as the leverage to intervene effectively in the political process, remains a limited and lopsided affair, confined largely to urban, educated middle- and upper-class environments. Despite improvement, the interests of the rural population, women and the poor are still underrepresented at the national level.

The level of consent to democratic norms and procedures is moderate to high. According to Afrobarometer survey data from 2015, 59% of respondents prefer democracy to any other kind of government. Very few respondents reject democracy but 39% do not understand the term "democracy." However, asked about whether there should be several and not just one political party, 64% of respondents opt for a multiparty system, indicating quite high support for democracy in the liberal sense. Still, 36% of respondents could not answer this question. Regarding the actual situation in the country, 18% see a democracy with major problems, 23% with minor ones and 15% a "full democracy" (again 36% "don't know/don't understand the term").

Interest groups

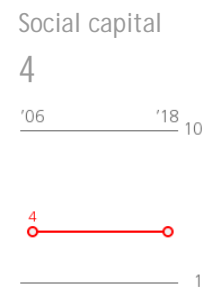


Approval of democracy



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. There is also a variety of organizations working in the youth, women, human rights and environmental fields providing social organizations and services for people in need. Within these forms of self-organization, interpersonal trust appears to be high.

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

Integrated into the global markets primarily by the export of raw materials (iron ore, rutile, diamonds) and imports of capital goods, refined oil products, food and funds, Sierra Leone is one of the poorest nations in the world. Most people live from low economic opportunities in (subsistence) agriculture, the informal sector, international humanitarian aid or even criminal activities. As a former war-torn country, Sierra Leone, belonging to the Least Developed Countries (LDC) and the Heavily Indebted Poor Countries (HIPC), has for long been one of the weakest performers in the UNDP Human Development Reports (HDR), despite some progress in recent years. In the latest HDR (2015), Sierra Leone ranked 181 out of 188 assessed countries. While in 2000 the HDI rating was 0.299, it rose to 0.388 in 2010 and 0.413 in 2014.

Sierra Leoneans suffer from massive poverty, as half of the population lives in conditions of severe multidimensional poverty, which means 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, HIV/AIDS and, more recently, Ebola. In 2016, 3.5 million Sierra Leoneans, more than half of the population, were assessed as food-insecure by the U.N., while 600,000 of the food-insecure were deemed to be at risk of starvation. Women and children are affected far more by the consequences of burdensome living conditions and epidemics like Ebola than men.

A trickle-down effect from the mining sector is limited mostly to direct employment and a few cases of local businesses that provide goods and services to the industry. A large proportion of the population depends on economic, social and medical services provided by international agencies and NGOs. Social exclusion is a reality for a large part of the population, and many families barely manage a hand-to-mouth existence.



Economic indicators		2013	2014	2015	2016
GDP	\$ M	4920.3	5015.2	4251.8	3668.9
GDP growth	%	20.7	4.6	-20.5	6.1
Inflation (CPI)	%	10.3	7.3	8.0	-
Unemployment	%	3.0	2.8	3.0	3.0
Foreign direct investment	% of GDP	8.7	8.1	6.2	14.1
Export growth	%	37.3	60.5	-51.2	31.6
Import growth	%	19.9	-1.3	-17.8	25.2
Current account balance	\$ M	-737.1	-910.4	-	-
Public debt	% of GDP	30.5	35.0	45.3	55.9
External debt	\$ M	1395.5	1237.7	1378.4	1472.4
Total debt service	\$ M	27.4	35.1	52.4	35.9
Net lending/borrowing	% of GDP	-2.5	-3.0	-	-
Tax revenue	% of GDP	9.1	8.6	-	-
Government consumption	% of GDP	8.7	7.1	10.2	10.4
Public education spending	% of GDP	2.4	2.7	-	-
Public health spending	% of GDP	1.7	1.9	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.6	1.0	0.9	0.8

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

In the Global Competitiveness Index (GCI), Sierra Leone ranks only 132 out of 138 assessed countries (2016).

President Koroma's pledge early in his administration in 2007 to run the country "like a business concern" was to take steps toward a free-market economy to improve the investment climate and to refrain from dispensable state intervention. His government revitalized a 2006 mid-term IMF loan arrangement and concluded two

Market-based
competition
3

follow-up three-year arrangements in 2010 and 2013, with the latter extended by six months into 2017.

One of the major pillars supporting market-based competition is the 2004 Investment Promotion Act, which establishes incentives aimed at attracting more private, preferably foreign capital, especially to the extractive sector, but also to agriculture, tourism or banking.

In the review period, the institutional framework and the administrative capacities enabling the pursuit of market-economy policy remained weak, while the informal sector and criminal economic activities – such as drug trafficking through Sierra Leone (e.g., cocaine) – prospered, owing partly to the chaotic environment created by the Ebola crisis and attempts to tackle it.

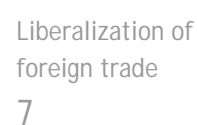
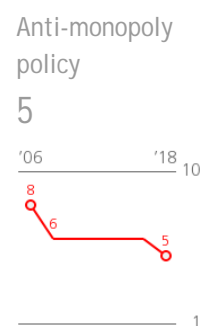
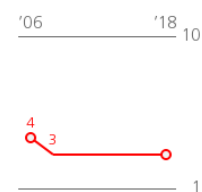
In order to stimulate agricultural production, especially in growing food crops, the Koroma government has opened the sector for liberalization and commercialization. The aim is to give incentives to smallholders to raise their production levels beyond those of mere subsistence agriculture.

In line with IMF conditionality, the Koroma government has committed itself from 2007 to liberalization and privatization policies in sectors such as utilities, transport and agriculture. However, liberalization did not go hand in hand with privatization, as the state kept a pivotal role in many of the sectors concerned. For instance, the defunct public Sierra Leone Produce Marketing Board (SLPMB) has been replaced by the more competition-prone, but also state-owned Sierra Leone Produce Marketing Company (SLPMC). The government also set up the Sierra Leone Commodity Marketing Agency (SLCMA), which is charged, inter alia, with promoting food production and export. In the energy sector, the government formed the Electricity Generation and Transmission Company (EGCT) and the Electricity Distribution and Supply Company (EDSA) in 2015. As well, the privatization of the Sierra Leone Road Transport Corporation (SLRTC) and the Sierra Leone National Shipping Company (SLNSC) did not progress as suggested by the World Bank.

Institutional incapacities, the economy's structural weaknesses, rampant corruption, low levels of interest on the part of potential investors and, last but not least, the economic repercussions of the Ebola crisis have all adversely affected the implementation of liberalization policies and the abolition of state monopolies. In the current socioeconomic context, it is extremely difficult to pursue coherent and effective anti-monopoly policies.

Sierra Leone has been integrated into the global economy through its export of minerals – most notably iron ore, rutile and diamonds – and the import of capital goods (technology), petroleum products (energy) and food.

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. The Sierra Leone Investment and Export Promotion Agency (SLIEPA) is tasked with facilitating foreign trade and the inflow of foreign direct investment.

According to the government, import duties average about 20%, while luxury goods are excised at 30%. 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 is supported by the Automated System for Customs Data (ASYCUDA).

According to the WTO, only a few import 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, inter alia, about nontransparent regulations, non-tariff barriers, inefficient customs implementation and corruption. In the WEF Enabling Trade Index (ETI), Sierra Leone in 2016 ranked only 128 out of 136 assessed countries (124 out of 134 in 2014).

The banking system and capital market are poorly developed, and regulation and supervision by the central bank remain inadequate. The lack of capital seriously limits the prospects for socioeconomic development.

The below-average development of the banking sector is reflected in the low level of its assets, which amounted to 25% of GDP in 2015. The Bank of Sierra Leone (BSL), the central bank, is fairly underdeveloped in its capacity to oversee and regulate the financial sector of the country. The BSL lacks the autonomy and decision-making capacity necessary to be an effective player in supervising monetary, exchange rate and credit policies.

Notwithstanding, the banking sector has grown substantially since 2002, 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.

The number of commercial banks remained stable at 13 since 2010, with two banks owned by the state and the others by private shareholders. According to the IMF, the return on equity of commercial banks, which had slumped to 4.0% at end 2009 during the global financial crisis, recovered substantially in the following years. At end 2014 and 2015, the rates were 14.9% and 18.3% of GDP, respectively, while in mid-2016 the IMF reported a rate of 10.7%. The return on assets, 1.6% at end 2009, oscillated from 2.7% at end 2014 to 3.2% at end 2015 and to 1.85% in mid-2016. The rate of non-performing loans jumped from levels of about 15% in the 2010-2012 period to 33.4% at end 2014, 31.7% at end 2015, and 27.7% in mid-2016. The bank capital to assets ratio stood at 12.3% in 2015.



Banking system

5



8 | Currency and Price Stability

Sierra Leone has a long tradition of monetary instability and overall economic vulnerability. Recently, the Ebola crisis reinforced inflationary pressures in the country, as the trade balance and the budget, inter alia, came under stress. While inflation averaged 12.5% per annum in the 2004 to 2008 period, it rose to 18.5% in 2011. Inflation then went down to 8.3% in 2014 and 9.0% in 2015, accelerating again to a projected 11.5% in 2016.

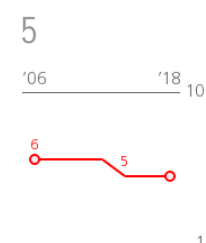
Recent governments generally committed themselves to containing inflation and stabilizing the national currency. In order to support the stabilization of the currency, the central bank, at the direction of the Koroma government, resolved to work toward a market-determined foreign exchange rate and subsequently introduced weekly currency auctions in 2011. The currency and foreign exchange policies were bolstered by the resurgence of iron ore exports, which led to an unprecedented increase in foreign exchange. The currency exchange rate could subsequently be stabilized at rates between 4,300 and 4,400 leones per U.S. dollar in the 2011 to 2014 period, which was reflected in a decrease in inflationary pressure in the same period. However, the Ebola and iron ore sector crises led to a resurgence of that pressure in the review period. Subsequently, the exchange rate depreciated substantially, to 4,953 leones per U.S. dollar in 2015 and 5,639 leones per U.S. dollar in 2016, according to IMF estimates. Sierra Leone's real effective exchange rate index (2000 = 100) was estimated at 99.5 in 2014 and 108.2 in 2015.

The Sierra Leonean government (regardless of party) and the central bank have limited instruments and capacities to contain inflation, as inflation is influenced by many factors beyond their control, including exogenous factors like the performance of the export (especially iron ore) sector in world markets and the adverse economic impact of the Ebola epidemic.

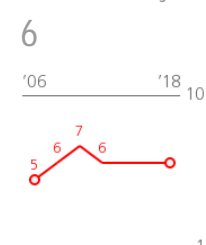
Owing to structural weaknesses, low economic diversification and international dependency, Sierra Leone remains highly vulnerable to exogenous shocks like unfavorable developments of global commodity markets or unforeseen afflictions like the Ebola epidemic. In such cases, the structural constraints and the general political helplessness of the Sierra Leonean governments are gravely felt, even though the Koroma government repeatedly highlighted its commitment to sound, tight fiscal and debt policies.

Given the developmental constraints, 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 cause of inflationary pressure. Sierra Leone is marked by structural deficits within the country's trade, and current exchange reserves also remain weak.

Anti-inflation /
forex policy



Macrostability



Owing to debt relief, external debt decreased from an average 71.4% of GDP in the 2004 to 2008 period to 28.2% of GDP in 2009, according to IMF data. In the review period, external debt increased from 24.9% of GDP in 2014 to 27.5% in 2015 and a projected 33.7% in 2016, resulting from economic repercussions of the Ebola epidemic and the iron ore sector crisis. The increase of the debt share, was also reflected in still high current account deficits, which amounted to between 16% and 18% of GDP in the review period. External debt service ratio was zero in both 2014 and 2015 (owing to creditor concessions during Ebola and iron ore crises); in 2016, the IMF projected debt service at 4.5% of exports. International reserves remained almost stable over the review period, with foreign exchange reserves covering 3.6 to 3.8 months of imports of goods and services.

Generally, Sierra Leone lacks the financial resources and administrative capacity to sustain stabilization-oriented fiscal and debt policies without significant external support. While the influx of external financial resources – including development aid, debt relief and foreign direct investment – and the upturn in export revenue (owing to the revival of the iron ore sector) have helped stabilize the national currency, the leone, the combination of the Ebola and iron ore sector crises from 2014 led to an erosion of the external value of the Sierra Leonean currency.

9 | Private Property

Property rights and the transfer of capital and investment income are legally guaranteed. The risk of expropriation for private foreign capital is low. The investment climate under the Koroma government has been commended by international and national business circles, although foreign investors may not own land. However, the investment climate has been impaired by the combined negative economic effects of the iron ore and Ebola epidemic crises.

The legal framework of business is defined in a set of laws and regulations like the Investment Promotion Act (2004), the Mines and Minerals Act (2009), the Petroleum (Exploration and Production) Act (2011), the Finance Act (2015) and several tax acts.

Enforcement of property rights is limited by a deficient judiciary. However, registering property has been facilitated by the computerization of the respective ministry. According to the World Bank's 2017 Doing Business report (published in 2016), starting a business takes ten days and six procedures, while registering property consumes 56 days and seven procedures. For companies, it is not easy to obtain credit, and it is not easy to resolve problems of insolvency. The total tax rate on profits of business companies can be up to 31%, which ranks Sierra Leone at 87, while the overall rank of the country is 148, according to the 2017 World Bank Doing Business report.

Property rights

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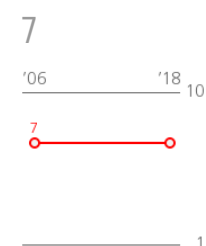
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There is a program to privatize state-owned companies as well as a range of incentives to attract private, particularly foreign, capital. Among incentives to foreign investors, Sierra Leone offers generous depreciation rates, loss carry-overs and tax exemptions.

Private companies are viewed by the key political stakeholders as the backbone of the economy. However, there are still several state companies and strong market concentrations such as oligopolies in Sierra Leone. The business climate for private investors remains burdened with obstacles and risks that are above average in the region, including corruption and inefficiency in the judicial and administrative systems, a dilapidated infrastructure and a fragile political environment. Moreover, privatization policies, propagated by the Koroma government and demanded by the IMF, have progressed slowly due to vested interests and the structural limitations of the economy. As a 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 public companies continue to dominate the utilities sector. The country's private-sector performance improved during President Koroma's first term (2007-2012), while the performance tended toward stagnation during his second term (2012-2017). Sierra Leone ranked 148 out of 190 countries in the World Bank's 2017 Doing Business report.

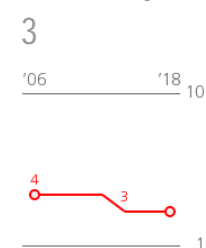
Private enterprise



10 | Welfare Regime

Most Sierra Leoneans have to rely on family and community structures as the social basis of survival, because employment rates and associated benefits are low. 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 or orphans. In 2016, the government slightly amended the NASSIT scheme. Moreover, the National Commission for Social Action (NaCSA) conducts projects in the social, health and education sectors.

Social safety nets



In 2009, a cost-free health care scheme was 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.

The Ebola crisis heavily contributed to a further weakening of the country's fragile health care system. More than 300 health workers were infected, many of them died.

The cost of the crisis and its legacy in terms of health problems and economic hardships is very high. The epidemic exposed many financial, technical and organizational shortcomings of the health system.

Regarding the first year of the epidemic, 2014, the WHO estimated overall expenditure on health in Sierra Leone at 11% of GDP. While the state assumed a mere 17% share of the grand total, the share of private spending on health remained exceptionally high at 83%. External (foreign) resources covered 17% of overall health expenditures.

Life expectancy at birth has been about 50 years in the review period, according to U.N. data. Child mortality has been reduced, owing to international support, but still remains high, compared to global standards, at 13.4%.

While Sierra Leone is struggling to improve the overall situation, its welfare sector remains heavily dependent upon all kinds of international assistance (financial means, material, instruments, personnel etc.).

Equal opportunities do not exist for the country's inhabitants; severe social disparities, gender inequalities and ethnic divides play roles in the allocation (or unattainability) of economic opportunity all over the country.

Ethnic discrimination at the business and state levels was common under the former SLPP government, most notably against northerners, and is common again under the current APC government, yet southerners are now the objects of bias. Although President Koroma tried to present himself as a promoter of national cohesion and non-discrimination, the general impression of ethnic inequality did not disappear under his rule.

Even more important than the issue of ethnicity is the rich-poor divide, given the fact that about three-quarters of Sierra Leoneans live in poverty. The massive disparity in income distribution has been and remains a major source of conflict and crime in the country. Poor people, people with disabilities (often as a consequence of war) and women are heavily discriminated against. The Gender Development Index was 0.814 in 2015. While the Gender Parity Index (GPI) was 1.00 at primary schools in 2015, the same index was 0.86 at secondary schools. Regarding literacy, the GPI was 0.78 for the 15-24 age group and 0.65 for the country's general adult population.

Current enrollment rates are almost equal for boys and girls at primary schools; and the situation for girls is improving (compared to boys) at the level of secondary education. Literacy rates are expected to converge in the long-term future, while overall gender equity will be a very difficult issue to resolve, given socio-cultural, religious and other constraints.

Equal opportunity

3

'06 '18 10



11 | Economic Performance

GDP grew by 143% (in real terms) in the postwar 2002 to 2014 period. This growth was based on reconstruction, the rehabilitation of basic agriculture as well as the production of subsoil assets such as diamonds, rutile and (from 2011) iron ore. This has been complemented by a boom in the informal sector. While diamonds (which had become the main foreign exchange earner of the country during the 1991-2002 civil war) produced a large proportion of foreign exchange earnings until 2011, iron ore took over as the main export product from 2012, contributing 69% of export earnings in 2013 and 57% in 2014.

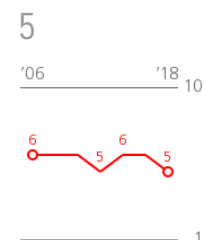
The boom years were brought to a hard stop in 2014 by the combined effects of the disastrous one-and-a-half-year Ebola epidemic as well as a sharp and sustained decline of international commodity prices. The Ebola crisis disrupted the economy, including agriculture and the extractives sector. Iron ore production dropped from 19.4 million metric tons in 2014 to 0.8 million metric tons in 2015, while it was projected at 6.0 million metric tons in 2016 by the IMF.

The GDP, which increased by almost 21% in 2013 and 4.6% in 2014, contracted by 20.6% in 2015, the year of the most disastrous economic effects of Ebola. In the following year, Sierra Leone swung back to slight economic recovery. GDP grew by a projected 4.9% in 2016, according to IMF data, with 5.4% growth prognosticated for 2017. Per capita GDP (PPP), which rose to \$2,025 in 2014, dwindled to an estimated \$1,593 in 2015, followed by a projected \$1,652 in 2016.

As a consequence of the Ebola outbreak and ailing global raw material markets, export earnings shrunk massively in the review period, from \$1,304 million in 2014 to \$581 million in 2015 and a projected \$690 million in 2016, according to IMF data. Subsequently, iron ore contributed a mere 13% and a projected 23% of export earnings respectively in 2015 and 2016, while diamonds temporarily advanced to the number one position again. According to IMF figures, the current account produced deficits of between 16% and 18% of GDP in the review period, while the budget deficit increased from levels below 2% of GDP to levels above 4%. Government gross debt widened to 35% of GDP in 2014, 44% in 2015 and a projected 48% in 2016. Foreign direct investment was 7.7% of GDP in 2014, but then fell to 6.0% in 2015; owing to recovery, the IMF projected a rate of 12.1% in 2016.

Contrastingly, the government witnessed an increase in official development assistance (ODA) inflows during the Ebola epidemic. While ODA amounted to \$906 million in 2012 and 2013 combined, it grew to \$914 million in 2014 alone and further to \$1.035 billion in 2015. While funds have been spent mainly to finance mining, infrastructure and other development projects in the previous period, the money was now used primarily to tackle the Ebola epidemic.

Output strength



The overall development of Sierra Leone's economy has been fairly impressive after the civil war; however, the Ebola epidemic and the crisis of the iron ore sector underscored the complexity of structural weaknesses, low economic diversification and international dependency of the country, which is highly vulnerable to exogenous shocks.

Lack of employment and income opportunities are a social reality for many people, especially the youth – who continue to experience a high-level of disaffection.

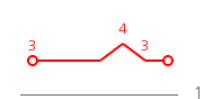
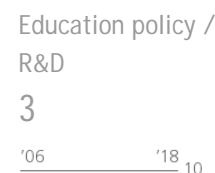
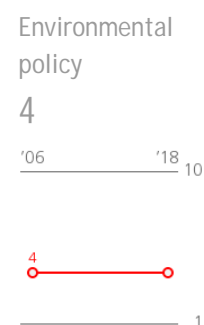
12 | Sustainability

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 exchange revenue as well as the urgency of providing for the basic needs of the mostly poor population. The Koroma government also started to promote biofuel to the disadvantage of food-producing agriculture and also at the cost of ecological degradation. Although there is awareness of environmental problems, legislation, decision-making and action are still geared toward short-term survival of the economy, the people and the political class rather than long-term sustainability. Laws such as the 2000 National Environmental Protection Act (NEPA) have not halted environmental degradation. According to U.N. data, for instance, 158 species in Sierra Leone were threatened with extinction in 2015. In 2016, Sierra Leone ranked 162 out of 180 states measured by the Environmental Performance Index (EPI score: 45.98).

Yet, awareness of ecological problems and respective political needs is growing in the country, as the government decided to foster (and privilege) regenerative sources in the production of electricity. They also chose to participate in the UNEP Convention on Biodiversity and in the 2015 Paris Agreement on the global climate (ratified by Sierra Leone in November 2016).

Despite postwar reconstruction, the state of education in Sierra Leone remains poor. Moreover, during the Ebola crisis, school life was temporarily brought to a standstill in order to decelerate and eventually stop the spread of the disease. When schools reopened in 2015 after almost a year, it was far from clear what long-term consequences the closure would have on youth literacy.

Notwithstanding these challenges, there were improvements to school life, owing to postwar reconstruction and international support. According to UNESCO data, the gross enrollment ratio at primary schools was both 128% for all and for girls in 2015. The respective ratios at lower secondary schools were 61% for all and 59% for girls. At upper secondary schools the figures were 28% and 24% respectively. Only 48% of adults or 38% of women were able to read and write in 2015, according to



UNESCO estimates. In the 15 to 24 age group, the literacy figures were 67% for all and 59% for females. The Gender Parity Index (GPI) of primary and secondary schools combined went up between 2011 and 2015 from 0.89 to 0.97.

There is only a tiny preschool system, and tertiary education remains the privilege of a small minority. The Koroma government has made education a top priority in its rhetoric, but the reality is bleak, as resources to cope with problems in the education sector remain limited and the repercussions of the Ebola crisis are burdensome. At the grassroots level, education, including vocational training, is offered to the population and is supported by external assistance.

The political will seems to be too weak to change the situation, as public expenditures on education amounted to just 2.7% of GDP in 2014, according to UNESCO. 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.

Governance

I. Level of Difficulty

The level of difficulty in achieving and sustaining political and economic transformation toward a firmly established democracy and a socially and ecologically balanced market economy 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 Ebola crisis gave new evidence of Sierra Leone's difficulties in coping with transformation.

The country remains highly vulnerable to external economic and political developments as well as to unforeseen developments like Ebola. 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 skills 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 or Guinea, which have been affected by longtime violent conflicts and fragile post-conflict conditions with the potential to spill over into Sierra Leone once more. As the Ebola crisis demonstrated, the countries of the Mano River Union (MRU) are closely connected and share a very high spillover potential. Violence-prone instability in countries like Mali, Côte d'Ivoire or Guinea-Bissau exacerbates the subregional risks faced by Sierra Leone.

Civil society traditions are still fairly weak. A variety of civil society organizations (CSO) exist, but many of them face scarce resources and a lack of political leverage. Most CSOs work as implementing arms for international partners, hugely dependent on foreign sourced funds. In that respect, religious groups, women's movements and other grassroots organizations have played a key role in recent years in reconciling

Structural
constraints

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Civil society
traditions

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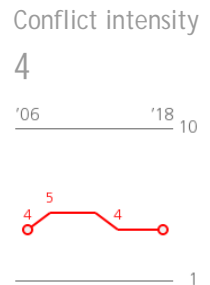
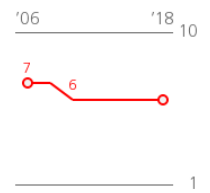
those who were adversaries during the civil war. They also played a role in tackling Ebola by information, education and practical (e.g., nursing) assistance.

In sum, the connection to local constituencies and political leverage of CSOs remained limited. Social trust is generally low, due in large part to the long civil war in the country. Despite its official end in 2002, a legacy in this regard remains.

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. In order to prevent violence, political parties, including the APC and the SLPP, signed U.N.-mediated agreements committing themselves to nonviolence as well as free, fair and peaceful elections. Notwithstanding, several by-elections in the Koroma era, including during the review period, were marred by severe tensions and occasional violent clashes between supporters of the APC and the SLPP. Nonpolitical crime and temporary Ebola-related chaos have also brought some violence to the country. However, this did not pressingly endanger the existence of the current political system.

The APC-SLPP political bias, which features as the major political rivalry in the country, is closely related to 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 has not played an important role in any conflict 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. While the Koroma regime recognized an urgent need to act on its political statements, there are still substantial shortcomings in tackling poverty, unemployment, disillusionment and frustration among the younger generation, particularly males. This became even more evident with the hardships of the Ebola epidemic, which severely disrupted economic and social lifelines in the country.



II. Governance Performance

14 | Steering Capability

The government claims to be setting strategic priorities, but replaces them regularly with short-term interests, or priorities do not exactly relate to democratic transformation or market economy. In 2014, the high-level emergency presented by the Ebola crisis unveiled severe shortcomings in the steering capability of the Sierra Leonean state, including that of the president, ministries, bureaucracy and individual actors in decision-making positions. When Ebola started to threaten not only individual lives but also the economic, social and political conditions of the country, the government lost valuable time to react adequately, exhibiting severe deficits in reprioritizing and reorganizing its policies. Admittedly, the severity of the disease could have seriously challenged a better-prepared administration. However, for weeks the government seemed to act like a rabbit caught in the headlights, failing to prevent the spread of the disease. In the end, the epidemic could be contained only with massive international (governmental and non-governmental) support.

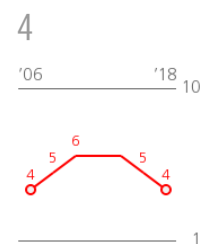
In the absence of a well-structured, well-qualified and well-functioning administration, steering capability is to a large extent dependent upon the personal capabilities of the president and other high-ranking government technocrats. Organizational and institutional structures designed to promote and 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. For instance, the stated objective to lift electricity supply from 13% of the population in 2015 to 100% in 2025 will most likely prove unattainable. In a political surrounding of overoptimistic assumptions, the capacity to prioritize and organize policy measures is prone to wishful thinking as well.

The 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. Serious deficiencies remain, leaving a crisis-prone gap between stated objectives and policy implementation. The Ebola epidemic created additional problems for the government in implementing defined policies as planned,

Question
Score

Prioritization



Implementation
5

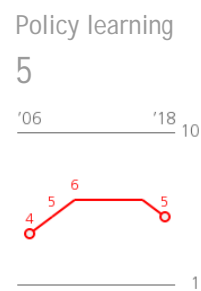
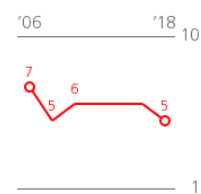
as the deadly illness forced the government to prioritize goals that proved difficult to realize.

A political 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.

Some progress was claimed with the implementation of the decentralization in recent years. Local media report investments in capacity building of local councils to enable them to provide public goods. However, outside observers such as Economist Intelligence Unit assesses that the functioning of basis administration is one of the worst in the region and “action has fallen far short of pledges made to revamp education and health facilities after the damage done by the Ebola outbreak, causing people to become dispirited with the current system as shown by violent protests over these issues.” The lack of implementation may well affect the upcoming elections in early 2018.

The President and senior officials have shown awareness that policy learning is important not only for the country, but also for the reelection prospects of the ruling APC in 2017. However, the Ebola crisis demonstrated powerfully that the government lacks the ability and organizational capacity to react promptly to unforeseen challenges requiring a quick response. Indeed, the long time taken to adjust to the crisis management needs played a role in the duration of the epidemic.

While the top level of the state seems to be ready for improvement in the area of policy learning, although it lacks the capability to carry it out, 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.



15 | Resource Efficiency

Vested interests – and more recently, strains caused by the Ebola crisis – have prevented the Koroma government from using all available resources efficiently, although international donor pressure to improve is continuously very high. Some macroeconomic data including export revenue exhibited an upward trend (with the exception of the Ebola years), but unknown amounts of resources have been allocated to groups and individuals in order to satisfy private needs and to pacify potentially conflicting interests.

When he started his first term, President Koroma promised to run the country like a business, which would mean fostering the productivity and profitability of the



economy. However, the implementation of policies to attain this objective has been sluggish and burdened with many obstacles, including administrative incapacity and corruption. When the president initiated steps, in line with IMF conditionality, to direct resources toward economic growth, to combat corruption and money laundering, to streamline the ministerial system, to revitalize the civil service reform process and to foster good governance, vested domestic interests, structural economic weaknesses, bureaucratic harassment and functional as well moral failure of public officeholders continued to thwart efforts to use scarce resources efficiently.

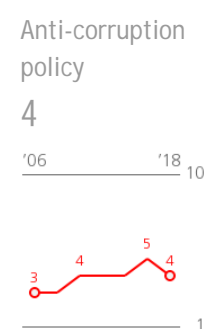
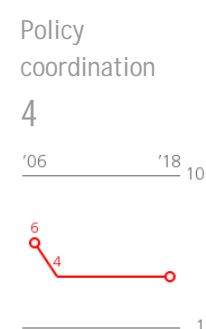
Sierra Leone has also been subjected to a process of decentralization which is supported and mainly driven by donors. The Koroma administration claims some progress during the period from 2013 to 2017. According to local media sources, the government invested in building the capacity of local councils to enable them to execute their statutory functions, including primary and secondary health, primary and junior-secondary education, water supply and waste management.

The government tried, but often failed, 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. Cooperation and coordination between ministries, the bureaucracy being affected by competing interests, low qualifications and corruption remain top challenges. For example, interests in the extractive sector tend to assert themselves against developmental goals in the agricultural sector.

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.

The administration that is constitutionally scheduled to succeed the Koroma presidency in 2018 will have to face the challenge to coordinate its policies in a country which lacks experience in this spectrum of tasks.

Just after the inauguration in 2007, the Koroma government expanded the Anti-Corruption Commission (ACC), created by the Anti-Corruption Act (2000), and introduced the National Anti-Corruption Strategy (NACS), supplemented by relevant legislation, including, for instance, the Anti-Money Laundering and Combating of Financing of Terrorism Act (2012). The ACC supervises the National Revenue Authority (NRA) and the National Commission for Social Action (NaCSA) in order to prevent the misappropriation of public funds. The Audit Service Sierra Leone (ASSL), according to the Audit Service Act (2014), is charged with promoting accountability and good governance, as well. The ASSL is working with international



partners (e.g., Norwegian). Reacting to the outgrowing problem of electricity theft, the government launched the Electricity Offence Committee in 2016.

Admittedly, the government has achieved some progress in curbing corruption during its first (2007-2012) term. However, its second term from 2012 did not bring about resounding improvements in facilitating more transparency, despite some steps and even more rhetoric in that direction. For instance, in October 2016 an Audit Service report complained that compliance with the Procurement Act (amended in 2013) deteriorated in recent years. In the case of Ebola, critical voices complained that millions of dollars that were meant to tackle the disease “vanished” without a trace, while health workers were waiting for months to be paid. In sum, Ebola-related corruption tended to lengthen the epidemic, according to the Audit Service report.

With regard to the government’s anti-corruption policies, the overall impression is that the regime focused on petty rather than large-scale corruption. The ACC has been criticized domestically and by international institutions for its poor records, especially in investigations concerning President Koroma’s personal entourage, though in some cases, top-level officials in public institutions have been replaced by technocrats of good standing. The Campaign for Human Rights and Development International (CHRDI), a civil society organization, even accused the ACC itself of corruption.

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

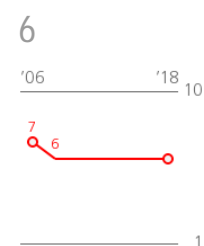
16 | Consensus-Building

The principal objective of democratic consolidation is not disputed by any major party or its leadership. The major party leaders have been and continue to be committed to democratic norms, including the separation of powers, the organization of credible elections and the stabilization of peace.

Senior political figures of both the APC and the SLPP are occasionally found to resort to conflict and dissent, which turns violent, as a means to rally their supporters. For the time being, external (donor) pressure and international mediation (mainly U.N.) have been central to keeping those actors at bay.

While the constitution stipulates checks and balances between executive, legislative and judicial powers as well as the freedom of expression and the media, the political reality reveals a strong concentration of power and influence in the hands of the president. The position of the parliament is weak, and the judiciary is prone to political interference and corruption. The media exhibit some independence, though there is also political pressure and state-imposed incentives for self-censorship.

Consensus on goals



The objective of economic reform toward a socially and ecologically balanced market economy is not challenged in principle by any major party or its leadership. The political elite recognizes the country’s external dependency and the political leverage of international actors such as the IMF, the World Bank and other international partners and donors. Subsequently, all major political actors in the country have included the implementation of market mechanisms as long-term goals of their political agendas. However, consensus concerning the goal of a market economy remains both shallow and fragile.

Well before the reporting period, veto actors such as the non-democratic military figures and former rebels have been brought largely under control thanks to domestic reforms and external support from the U.K. 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 they are unable to improve their standard of living by legal and nonviolent means, disillusionment and frustration could eventually encourage the further rise of criminal gangs or even a renewed local armed uprising. Developments in other conflict-prone West African countries could spill over.

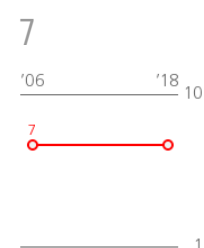
Sierra Leone’s most conflict- and violence-prone cleavages are the social and regional (north-south) divides. Both can be additionally fueled by the disaffection of youth.

Until the end of the civil war, conflicting political forces in the country were unable to manage conflicts and political cleavages smoothly enough to foster stable development. Still, the APC and SLPP primarily reorganized and consolidated themselves in their respective traditional northern and southern strongholds with limited success in making inroads beyond their traditional powerbases. The emergence of other parties, such as the PMDC or the ADP, did not alter the picture decisively. U.N. and international support remains key to safeguard domestic politics in conducting affairs in the spirit of coexistence, which includes fair and peaceful elections.

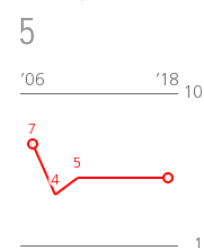
The government has shown in principle a willingness to facilitate the participation of civil society in political processes and to make use of its developmental know-how. This attitude was reinforced over the course of the Ebola crisis, when the government urgently sought support from any source to cope with the epidemic.

The leadership had previously tended to favor civil society actors that shared its own political and economic interests over actors that opposed or challenged its interests. Sierra Leone lacks a balanced approach in terms of integrating into the political process civil society stakeholders of differing views. Despite improvements, it

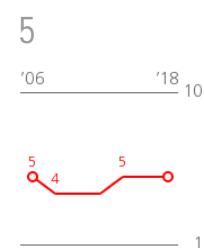
Anti-democratic actors



Cleavage / conflict management



Civil society participation



remains particularly difficult for women's organizations to pursue their goals in the traditional patriarchic setting of Sierra Leonean politics.

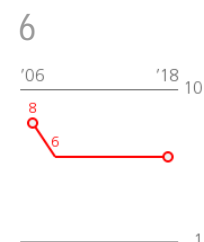
Each post-conflict government has made concerted efforts toward national reconciliation. With international assistance, Sierra Leone has carried out formal and informal reconciliation activities at the national, district, chiefdom and local levels. At the surface, reconciliation appears to have worked to the extent that no major violent conflict has escalated in the country since the 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. New problems may arise with the emergence of third or fourth parties like the PMDC or the ADP.

Although the officially registered parties signed U.N.-mediated agreements in 2009 and again in 2012 to end commonly violent inter-party quarrels and committed themselves instead to non-violent political rivalry, major political and societal conflicts, including the spread of crime, show that the consolidation of the country's postwar peace is still at risk. The Ebola epidemic aggravated the problem. In particular, the APC-SLPP relationship remained tense, as the APC government tended to use the repression apparatus to stifle the SLPP. For instance, Freetown police raided the SLPP headquarters on Independence Day in April 2016, firing shots and arresting party supporters.

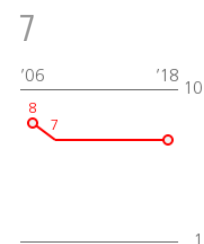
17 | International Cooperation

As the Ebola epidemic underscored, Sierra Leone remains heavily dependent upon foreign assistance from multilateral and bilateral donors. While the IMF, the World Bank and the EU are the most important multilateral actors, top bilateral donors include the United Kingdom, the United States, Japan and Germany. 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 good relations with China, Cuba and Iran. Since China's medical assistance during the Ebola crisis was deemed crucial by the Koroma government to overcome the epidemic, it started to intensify the bilateral relationship and cooperation in 2016. Chinese assistance is willingly requested for industrialization projects and a perspective of sustainable development. During its two terms in office, the Koroma government strived to woo international donors and investors, trying to foster the impression that it was ready to use external support to improve its policies. However, government policies lacked an autonomous consistent long-term strategy capable of integrating external financial support effectively.

Reconciliation



Effective use of support



Over the years, the government has been committed to presenting itself as a credible and reliable partner to the international community, but faced serious difficulties in fulfilling this role due to economic problems, the influence of clientelism and, more recently, the devastating impact of the Ebola crisis. Regarding creditworthiness, Sierra Leone has Index 15 in the “Trading Economics” score, which is qualified as “extremely speculative” and deemed equivalent to CCC rating with Standard & Poor’s or Caa2 rating with Moody’s.

The difficulties in gaining and preserving credibility and creditworthiness are aggravated by external economic and political developments beyond control, including fluctuations in prices for the major export goods.

The perception, especially in the United States and the United Kingdom, that failed states offer an open door to international terrorism, has been used as an asset by the Sierra Leonean government to receive preferential treatment from donors. The government is eager to present itself as a loyal ally in the fight against terrorism. According to the Economist Intelligence Unit, the United Kingdom has deployed 90 troops to Sierra Leone border regions to train local troops in counterterrorism in one of the largest deployments since the end of the civil war.

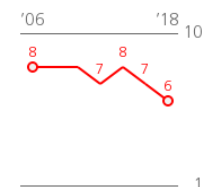
Sierra Leone maintains close bilateral relations with its two neighbors Liberia and Guinea, and it is officially committed to working in international, regional and subregional organizations, including the AU, ECOWAS and the Mano River Union (MRU), which comprises Sierra Leone, Liberia, Guinea and Côte d’Ivoire. Sierra Leone also actively participates in international peacekeeping missions, mainly in Africa. At end of 2016, there were only a few dozen Sierra Leoneans serving abroad (most prominently in Somalia and Darfur/Sudan).

Generally, Sierra Leone’s capabilities for successfully building and expanding cooperative relationships, both regional and international, remain limited due to the persistence of major domestic problems.

The ongoing postwar consolidation process remains threatened by the many mutually interwoven transnational conflict scenarios in West Africa. Political developments in conflict-ridden neighboring countries like Liberia, Guinea, Guinea-Bissau or Mali are far from stable, and possible spillover effects may also challenge developments in Sierra Leone. In principle, 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 powerfully in this area.

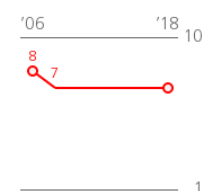
Credibility

6



Regional cooperation

7



Strategic Outlook

More than half a century after independence, Sierra Leone is burdened with developmental problems, including severe poverty, the degradation of social and economic infrastructure, international dependency and corruption. 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 long-lasting disastrous consequences for the country. Moreover, the 2014 to 2015 Ebola epidemic has had a devastating impact not only on individual lives, but also on the economic, social and political conditions in the country. The renewed crisis of the iron ore sector from 2014 to 2015 also contributed to depressed socioeconomic conditions. Given the combination of all these problems, decision-makers, whatever their party affiliation, face an immense challenge in managing the country's problems effectively and improving the lot of its citizens.

Apart from overcoming the legacy of the Ebola and iron ore crises, severe economic, social and political challenges need to be addressed in order to ensure domestic and external support.

Despite the progress Sierra Leone has achieved in terms of the political and economic stabilization in the post-Millennium period, the likelihood of destabilization remains a major political concern. Moreover, developments in potentially unstable neighboring states are unpredictable factors that could affect transformation processes in 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 sustainable transformation toward a socially integrated market economy in the 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 Sierra Leone's ongoing compliance with IMF and World Bank recommendations.

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 under-emphasized 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 should be a key imperative of the country's development strategy. The National Youth Service (NYC) launched in December 2016 may bring some alleviation by providing young people with opportunities to work. However, it will certainly not be strong enough to counteract youth alienation.
- 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.