



Citizen-Centered Approaches  
to State and Market



# Sierra Leone: From Changing Attitudes to Changing Outcomes

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## I. Introduction

Sierra Leone has made remarkable progress since the end of the civil war in 2002 and can in many ways be viewed as an example for other countries facing difficult post-conflict transitions. A democratic political system has been consolidated, security has improved immeasurably, a solid basis has been laid for decentralized governance, and donor engagement has been sustained. The country also now has a solid basis of assets upon which to build, including improved governance, a robust social and economic fabric, significant natural resources and human capacity and the potential for private sector development and job creation. The country has, however, reached something of a crossroads, as reform efforts slow, donor attention drifts elsewhere and the global economic downturn begins to affect the economy. The opportunity for the government over the remaining years of its term is going to be maintaining the momentum for delivery in such a way as to consolidate foundational institutional reform, generate visible successes and create a sense among the Sierra Leonean people of forward momentum and progress. This is possible, and the 50<sup>th</sup> anniversary of independence in two years time could truly be a moment of celebration of how far the county has come- and it has come an incredible distance- rather than a momentary realization of lost opportunities or stalled progress.

Significant issues remain- from food security and lack of employment opportunities to the continued centrality of patronage and clientalism, identity politics, and corruption in the public and private sectors. The government is now also trying to plan strategy and implement policy at the same time which is difficult even in the most efficient and orderly of contexts, and does not have long to start showing results. Progress is possible and will require leadership and vision based on a state-building, market-building and citizenship approach over the medium and long-term. The government needs to move from a focus on changing attitudes to changing outcomes, and from attention to politics to concerns of policy. Accountabilities and revenue streams need critical re-examination; decentralization requires continued calibration and support from the center downwards; human capacity building planning must become a central focus; and national programs that seek to overcome ethnic and geographical disparities through national frameworks, rules and actions in specific areas may prove useful. In the private sector, there needs to be a clearer agreement on the roles and parameters of business and the conditions that need to be put in place to facilitate growth and job creation; further support for larger-scale agricultural and infrastructural development; and the use of innovative financing and investment instruments that can allow Sierra Leone to move away from a dependency on aid. Donors can assist these objectives and improve their own engagement through themselves ensuring greater clarity on roles and responsibilities; focusing on a systems approach, rather than piecemeal reforms; reforming technical assistance and capacity-building efforts; and working where possible to reassess or phase out the use of parallel delivery systems. Finally, civil society can support the state-building agenda by further generating demand-side accountability and force the agenda for change rather than reacting to political decisions.

These types of changes are not simple, will not be easy and will take leadership in the face of entrenched interests and societal dynamics. Everything is not possible at once, and a state-building process will also require careful consideration of options and prioritization and sequencing of objectives based on long-term planning. Redistributive power must now be transformed into collective will, and independent capabilities translated into joint action to provide a focal point from which Sierra Leone's transition can grow and expand, generate positive momentum and develop cross-cutting ties across and between the various social, ethnic and geographical groups in the country. The Sierra Leonean people are more than capable of generating Sierra Leonean solutions to Sierra Leonean issues- the people of the country share the idea of a common humanity, and are optimistic about the future. Transformation is truly possible based on the will that exists to create the better life that Sierra Leone so clearly deserves.

## II. Background

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In March 2009, a preliminary ISE mission visited Sierra Leone at the invitation of the Ministry of Finance and Economic Planning to conduct an initial process of critical stakeholder inquiry, asset mapping and institutional and organizational analysis. Through discussion with individuals across government, civil society, donors, the private sector and communities, these processes allowed for an understanding of the issues with which the country is dealing; a broad evaluation of developmental progress in the country since 2002 from a state-building perspective; approaches and mental models that might be relevant to the context; and ideas as to how thinking, processes and developmental outcomes might be improved moving forwards, with potential entry points for change (See Annex I for a list of persons met during the mission). This follow-up report is by no means a holistic analysis of all state-building issues in the country, but rather a short summary of key findings and initial ideas on areas for further thought and investigation.

## III. Significant Progress

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It is worth highlighting at the outset that in comparative terms, Sierra Leone has made remarkable progress since the end of the civil war in 2002. According to a number of datasets and indicators of fragility and propensity for conflict, including Paul Collier's research, the statistical probability that Sierra Leone would fall back into conflict before now is extremely high.<sup>1</sup> However, the Sierra Leonean people have worked extremely hard to move past the problems of the past in their efforts to create a more prosperous and secure future. Key elements of this positive transition include the following:

- i) *Successful political transition.* In 2002 a political framework was put in place to end the civil war and move towards peace. This has largely ensured that subsequent conflict has remained within the political system rather than outside it, with the presidential and parliamentary elections of 2007 allowing for the orderly transfer of power (from the SLPP to the APC) for the first time in Sierra Leone's history. Now, no one party dominates parliament, which is in some ways strengthening the institution which previously acted mainly as a rubber stamp for the executive branch. Successful local elections have also taken place across the country (see point iii) below). The 2007 elections were, comparative to other similar post-conflict contexts, extremely successful, and were important in two key ways. Firstly, they demonstrated on a national level the robustness of democratic principles and process in a country that has a long history of centralized and paternalistic power structures. Secondly, the outcome of the process indicated an electorate in Sierra Leone that is now ultimately willing to vote a government in or out of power based more concretely on the performance of key state functions rather than ethnic or regional identities.<sup>2</sup> Identity politics, patronage and the structure, decision-making processes and operations of the political parties remain serious issues, but the progress that has been made in Sierra Leone on a political level over the past seven years should be recognized and applauded.
- ii) *Improved security environment.* While insecurity of various sorts is still a potential and central issue in Sierra Leone (see below for further detail), significant strides have been made in terms of security as it relates directly to the civil war. The Revolutionary United Front (RUF), Civil Defence Forces (CDF) and Armed Forces Revolutionary Council (AFRC) no longer exist; the disarmament and demobilization process was highly successful with over 72,000 ex-combatants demobilized; small-arms and anti-smuggling programs have stemmed the flow of weapons in the

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<sup>1</sup> See, for example, Collier, P. Hoeffler, A. and Sonderbom, M. *Post-Conflict Risks* (Oxford University, 2006) for statistics indicating that 40% of post-conflict countries fall back into conflict within a decade.

<sup>2</sup> The fact that the Sierra Leonean people elected an APC government in 2007 in place of an SLPP government that was not perceived to have delivered, is important. That the APC has managed to transform itself into a viable choice for government, and has pushed through reform despite the historical connections it has with the pre-war oligarchies, is also significant.

region; the armed forces (RSLAF) have been professionalized (with significant and continuing international assistance), and now remain largely in their barracks; and the Special Court for Sierra Leone is in the process of indicting and charging key members of the various factions involved in the war. Governance of the security sector remains weak in many areas (parliamentary oversight for example), but the police forces are developing, an intelligence unit has been created within the Office of National Security, and early warning mechanisms for conflict are in place. Problems remain, and peace-building must be an ongoing process, but overall the security environment in Sierra Leone has improved dramatically since 2002.

- iii) *A solid basis for decentralized governance.* The centralization of power was a key cause of the civil war, and the decentralization process, which began with the Local Government Act of 2004, and is supported by the World Bank's Institutional Reform and Capacity Building Project (IRCBP), has been a central focus of reform over the past four years. In comparative terms, the speed of decentralization in Sierra Leone has been remarkable. The process has suffered from some important difficulties and the devolution of power has not always matched decentralization of governance, but that does not negate the fact that the process has been truly impressive. Decentralization has now created a solid basis for local government structures and devolved decision-making on core service delivery functions in Sierra Leone through the creation of 19 local government councils (12 district and 7 municipal)<sup>3</sup> with planning and development committees to develop local plans and coordinate implementation with plans developed at the central level. A rapid results approach for local councils previously provided seed money for planning and learning, and resources are now being channeled to the local level (if somewhat slowly) in support of service provision. Allocations are made according to a transparent formula and budgeting and accounting systems are in place. Local councils have now been given autonomy to hire staff, training is being rolled out at the local level and while there is still a lack of clarity as to tax sharing and collection responsibilities vis-à-vis the chiefdoms in rural areas, revenues are improving.
- iv) *Constructive donor engagement.* Sierra Leone has benefited from a small and committed group of large, key donors since 2002 (World Bank; African Development Bank; DfID; and the EC). These donors have maintained a consistent presence in Sierra Leone and have worked towards harmonization of activities through the development of a multi-donor budget support framework, for example, indicating that they are prepared to move beyond traditional modes of thinking and engagement modalities in a post-conflict context. DfID and the EU have now developed a joint strategy and the World Bank and African Development Bank are in the process of doing so (if not joint monitoring, delivery mechanisms, business plans and timeframes). The World Bank, DfID and EC have also developed a Sector Wide Approach (SWAP) on public financial management, which is ensuring greater coordination on governance and accountability issues. The EU has developed a mechanism for channeling funding relatively rapidly through member-state agencies with the minimum of bureaucracy and some of the donors are also trying as far as possible to ensure longer-term planning- DfID has signed a Memorandum of Understanding with the government until 2012, for example. The UN has also transformed its engagement in Sierra Leone from a peacekeeping mission to a Peace-building presence, with authority for UN operations now embodied in the new UN Executive Representative, which should help to improve coordination efforts moving forward.

#### **IV. Mapping Assets**

The achievements outlined above are significant, and the people, leaders and partners of Sierra Leone should be congratulated. The story of success in Sierra Leone is not often appreciated or told by the

<sup>3</sup> In theory the police, army and prison services remain the remit of the central government, with other state functions decentralized to local government structures.

people of the country or the international community, and should be documented and celebrated more readily and more often. As a result of this progress and a combination of other factors, Sierra Leone now has a significant base of assets from which to support state-building and future economic, political and social development. A process to map these assets is critical in order to understand the resources, capabilities and networks that exist and which can be leveraged through a coherent approach to development and governance in the country. A preliminary mapping exercise demonstrates the following key assets:

- i) *Governance reforms.* The present government was elected on a platform of reform, anti-corruption, job creation and improved living standards. Over the past two years or so, the APC administration has made efforts in all of these areas, with some success. There are now some highly capable ministers who seem determined to implement their mandates effectively (with progress now measured against performance contracts), a cadre of capable technocrats within the civil service, and a new, energetic head of the Anti-Corruption Commission (ACC). New legislation is in place on corruption, drug trafficking and reform of the public sector, support is being provided to the Auditor General, and broad governance reforms are underway to streamline and improve the efficiency of government systems- key ministries have now been merged and the Public Sector Reform Unit now coordinates all aspects of public sector reform and reports directly to the President, for example. In terms of budgeting, the government Budgeting and Accountability Act was passed in 2005; a Medium-Term Expenditure Framework (MTEF) is now in place for multi-year budgeting; all government finances now flow through a Single Treasury Account; and budget oversight committees are now in place. Further, an integrated financial management system is now operational in the Ministry of Finance and procurement reform is continuing with decentralization to ministries and the use of annual plans. Overall, donors seem to agree that government systems are now in place and can be used to ensure government efficiency, manage public services and support probity.
- ii) *Robust social and economic fabric.* The capacity of the Sierra Leonean people to move beyond the conflict and integrate war actors and victims is admirable. Close social networks have acted in many ways like a social safety net, and even in urban areas a new sense of volunteerism seems to be replacing older, family and patronage networks, as associations are forming based on livelihoods, shared interests and concerns. The religious tolerance and peaceful coexistence of the various religious groups in Sierra Leone is truly impressive and should serve as an example for most Western societies, many of which can only aspire to this level of peaceful coexistence. In rural communities, schools, and health centers are often run by the communities themselves, with teachers and health workers paid by locals, and community organizations, credit facilities and development projects are proliferating. The possibilities in terms of community development in Sierra Leone are evident in the village of Mapaki, in the northern chiefdom of Paki Masabong. Through enlightened chieftanship, participatory decision-making, commitment to development and partnership with NGOs, Mapaki has now developed a secondary school (which helps to slow youth migration to larger towns); a community center of the highest standard;<sup>4</sup> working groups and training programs for youths in masonry, carpentry and electrical engineering; a road to link the village to local markets; GPS maps of government and community run schools and health clinics in the area and a 24-hour electricity supply. Other chiefdoms in the area are now looking to Paki Masabong to understand how best to bring about development in their territories;
- iii) *Natural resources and human capacity.* Sierra Leone has incredible latent and natural assets, ranging from diamonds, coal, rutile and bauxite, to large untapped livestock, fishery and forestry resources, adequate rainfall, fertile land, and significant water availability- assets that could truly make Sierra Leone a significant food exporter for the region. Market access can be facilitated by the huge deep sea port in Freetown and the 800 km of waterways across the country, of which

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<sup>4</sup> Including solar power lights and computers.

600 km are navigable year-round. The country is strategically positioned as a gateway for shipping from both the north and south Atlantic, and potentially as a key entrepot for West and western-central Africa. The coastline is pristine, with significant potential for tourism. Sierra Leone also has a significant amount of human capacity which is often overlooked, particularly in the construction, engineering, carpentry, and ICT fields. It has the benefit of a young, mobile and urbanized population (over 76% of the population is under the age of 35) with desire for opportunity. The significant diaspora population (particularly in the U.S. and the U.K where there are 400,000 Sierra Leoneans in total) is also a significant resource, both in terms of the skills they could potentially bring to bear in Sierra Leone and in terms of the remittance flows to could be harnessed effectively to support improved development outcomes;

- iv) *Basis for Private Sector Development.* The assets outlined above, combined with the ingenuity and business sense of the Sierra Leonean people, provide a solid basis for private sector development. Certain sectors of the economy indicate already what could be possible- the communications sector, for example, is booming- over 80% of the country is covered by mobile phone operators, with five of these companies competing fiercely for customers, which has ensured relative affordability of services. A series of competitiveness and trade studies has been carried out and progress has been made on administrative barriers to business, and as noted by the World Bank's *Doing Business Report 2009*, Sierra Leone is now the most business friendly environment in West Africa.<sup>5</sup> Efforts are also being made to stimulate private sector activity- the government is in the process of developing a stock-market and a business incubator for small businesses, and the Department of Trade and Industry is setting up regional growth centers to support small-scale industry, for example. Moreover, there is now some international interest in investing in Sierra Leone from firms in Sweden (sugar cane); South Africa (palm oil); various of the Gulf countries (palm oil and cocoa); and China (large-scale rice production). If this interest can be converted in specific projects, the potential for a demonstration effect and secondary business for other related sectors is significant.

## **V. Scenarios**

Despite the impressive progress that has been made in Sierra Leone, positive change and momentum is by no means irreversible, and significant risks to stability persist. While security has been consolidated, stability remains tenuous given the lack of economic opportunity and high rate of unemployment, especially of young men.<sup>6</sup> The variables that are most readily interpreted as indicators of the potential for civil war, namely low per capita income, slow economic growth, and large exports of natural resources, all still exist,<sup>7</sup> and crime and drug smuggling are becoming more serious issues. Economically, Sierra Leone continues to be dependent upon a few key exports (diamonds account for 95% of export earnings) and the global economic downturn will further undermine economic growth through depressed commodity prices, reduced investment, and less significant flows of donor funding, which have been declining over recent years in any case as Sierra Leone has transitioned from the "post-conflict" to "transitional" phase of development. Moreover, the government of President Koroma is in danger of further fueling an expectations risk which is developing among the Sierra Leonean people as a result of promises that have been made at the political level, but which are unrealistic at the level of implementation, given institutional and capacity constraints.<sup>8</sup>

<sup>5</sup> See <http://www.doingbusiness.org/>

<sup>6</sup> Unemployment is estimated by some actors in Sierra Leone to be as high as 70% of the population. A significant number of people are under-employed, although data on this number are less clear.

<sup>7</sup> See Fearon, J. and D. Laitin. Ethnicity, Insurgency, and Civil War. *American Political Science Review* 97 (1): 75-90 (2003)

<sup>8</sup> For example, electricity is a critical issue, and President Koroma worked hard to ensure that he fulfilled a campaign promise to improve the provision of electricity in Freetown shortly after taking office. However, it is unclear at exactly what cost this additional electricity was generated, in financial, contractual and environmental

These risks will not disappear but can be prepared for through detailed scenario planning and risk mitigation strategies, with careful feedback loops that ensure at every stage that learning is channeled back into the future thinking and operations. The value of developing scenarios is to heighten attention to trends and understand drivers of change, and to alert decision-makers to developments at an early stage so that the appropriate policy responses can take place. In depth scenario planning should be based on serious political-economy analysis, but a preliminary analysis indicates that three broad scenarios for the future of Sierra Leone present themselves at this point, and could be used to focus the attention of decision-makers on the relevant and necessary choices to be made:

- i) *Stalled development*, where outbreaks of overt violence will be largely controlled but none of the underlying causes of instability are resolved, governance remains problematic and service delivery to citizens does not improve;
- ii) *Collapse*, through which the rule of law becomes questionable, politics gives way to conflict, legitimate economic opportunities diminish, state-provision of services ceases in many areas and international assistance is withdrawn; and
- iii) *Positive transition*, through which the fragmented and divided energies of the people are directed towards the goal of a stable, democratic, inclusive and prosperous Sierra Leone, with a state that provides core state functions, a legitimate private sector that provides economic opportunity and growth, and a vibrant civil society that generates discussion of issues and supports accountability.

To move away from scenarios i) and ii) and towards scenario iii), the APC, as the current governing party, needs to take a leadership role and work to consolidate and expand areas of agreement among themselves and with the other political parties, rather than continually focusing on areas of divergent thinking. Given the risks mentioned above, the government does not have much time to prove both to the Sierra Leonean people and international observers that they are capable of reaching compromises, functioning as a credible governing party and providing a secure environment for effective governance and program implementation. The people of Sierra Leone are frustrated at the lack of developmental progress and this frustration will not be contained indefinitely. The credibility of the government will only come through a movement from rhetoric to action- which requires careful sequencing and prioritization of change and a focus on two (or three maximum) decisions and areas for reform over the next two years that could genuinely lead to positive outcomes.<sup>9</sup> The government has outlined its key priority sectors and issues at the political level, but at the operational level there does not yet appear to be a concomitant shift in thinking and action to truly ensure that these issues are prioritized in practice.

There is also an incentive in the short-term for the other political parties, particularly the SLPP, to do everything possible to undermine the success of the government in order to improve their chances in the elections for government in two years time. Overcoming these constraints and shifting thought patterns away from zero to positive sum is possible, but it will take imagination, vision and leadership. Key decision-makers must understand that short-termism is destabilizing and will undermine not only what they perceive as their own goals, but also the prospect of a stable and prosperous Sierra Leone more broadly. They must also seek to move beyond the closed inter-elite social networks and circles of trust in order to convey and share information more openly to build trust as part of efforts to ensure effective governance. The challenge is to avoid spoiler-type behavior and allow for all the parties to develop common interests and collectively share in successes. A first step towards ensuring governance for citizens, and which might provide the basis for forward movement, is agreement on a set of approaches and priorities that can be agreed upon politically and implemented technically based on the capacity and resources that exist in Sierra Leone, as the basis for positive change.

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terms and how sustainable it is (indeed, electricity levels have already declined since the initial increase after the election).

<sup>9</sup> The Attitudinal and Behavioral Change (ABC) campaign, for example, is supporting the right kind of thinking, but unless this is matched with a sense of process that leads to credible results for citizens, it will prove superfluous.

## **VI. Approaches**

Effective state-building in Sierra Leone will require a change in thinking and approaches which, while appreciating the need for short-term delivery, moves more broadly into the realm of sustainable longer-term goals and capacity-building, matched with the appropriate tools and mechanisms. While many of the activities and reform efforts underway by government and donors support the idea of a functional state, state-building has not yet become the central and overarching objective that guides actions. The recent PRSP process was important in that it allowed the government to develop planning capacity and think collaboratively about development issues, but national planning must be matched by national rules and implementation mechanisms. Moreover, the PRSP does not cohere around the idea of state effectiveness; views governance as a driver rather than priority; is short on links between sectors and foci; and lacks a short- medium- and long-term framework for results. It is by nature a poverty reduction, not a state-building strategy. A state-building framework within which to couch the PRSP requires a broader set of approaches, including a focus on the market, civil society and the community sector, as set out below:

- i) *A State-building approach.* State-building is an endogenous process through which states enhance their ability to function through the creation of an inclusive political, social and economic order, made predictable by the rule of law. A state-building approach requires careful understanding of the functions and levels of governance from national to village, and the relationship of line ministries and local governance structures and mechanisms for fiscal flows and transfers. This is complicated in Sierra Leone as a result of the decentralization process which has created local government structures that did not previously exist, and is therefore generating difficult issues in terms of responsibility for decision rights, revenue collection and expenditure with the traditional chieftancy system. This problem, however, is not insurmountable, and the necessary willingness seems to be emerging on both sides to better define roles and improve efficiency.<sup>10</sup> The more difficult problem is the unwillingness of central ministries to devolve power and resources to the local government bodies, which will require greater oversight and political will from the center, with clear benchmarks for progress, and additional efforts to strengthen capacity at the local levels. State-building is complicated in Sierra Leone by the dependence on external aid, which is ineffective and unsustainable. The ultimate aim of state-building in fragile contexts must also be an exit from international aid, rather than a dependence on this aid, and should involve a clear plan for human capacity-generation and a shift of developmental activities to operation within a more sustainable delivery government-led framework with a focus by donors and NGOs on the handover of responsibilities to the government in a progressive fashion against measurable timelines and benchmarks.
- ii) *A Market-building approach.* The GoSL and donors are thinking about the drivers of economic growth, ways to diversify Sierra Leone's economy and the means by which to overcome the legacy of neglect and conflict. However, despite the critical need for job creation, especially among young men, there is very little discussion of market-building and mechanisms to achieve equitable growth that could genuinely create sustainable economic change and employment in the long-term, especially within the context of the global recession. Most Sierra Leoneans still make economic decisions based on the availability of scarce inputs rather than market-demand or comparative advantage; and current job-creation programs are short-term and supply- driven, often with limited private sector involvement. Disenchanted youth groups, always the resource upon which the spoilers of peace processes draw, must be given an economic stake in the future which will make the critical difference between consolidation of rule of law or fragmentation of authority. This type of growth is only possible through support by the government and donors for a market-building approach based on policies, public investments and strategies that facilitate investment and regional and national economic integration. An approach of this type should

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<sup>10</sup> However, further serious analysis is needed on the political-economy of chieftancy reform to underpin future changes.

target Sierra Leone's significant latent assets, many of which have not yet been realized, capitalize on existing investment interest from abroad,<sup>11</sup> and seek to work backwards from market access to identify and remove the blockages in terms of knowledge and capacity that currently prevent integration into these markets.

- iii) *A Citizenship approach.* The majority of Sierra Leoneans still obtain their primary rights of residence, land use, and political and legal representation as individuals within chiefdoms rather than as citizens of the state.<sup>12</sup> Moreover, the sense that one has responsibilities as a citizen, through the payment of taxes or respect for public property, for example, is still largely absent. As a result, an agenda for citizenship will be critical in Sierra Leone to forge a sense of collective identity and common purpose and give the average person in Sierra Leone a stake in the system rather than outside it. It is essential that the government moves away from framings of the political debate in terms of the mutually exclusive nature of power and resources, and emphasizes the positive language of inclusion with a focus on both the rights and obligations of the Sierra Leonean people as part of an inclusive and accountable state. A certain type of ethnicity, background or geographical location within Sierra Leone does not preclude citizenship as a Sierra Leonean- indeed it is exactly what generates and constitutes it- and it is important that the people, and especially the political leaders in the country, understand this complementarity. A citizenship approach also requires thinking on the broader social contract between the Sierra Leonean people and their government and how best to work with non-state actors and local governance structures (see *National Programs* below) in a way that consolidates the idea of the state as the agent and the people as the principal, rather than vice versa.

## **VII. Opportunities**

### *Government:*

The government is coming up to the two year mark of its term in power and now needs to consolidate gains and ensure that current difficulties do not undermine the reform agenda over the remaining period of its term. The administration must now delineate a sequence of achievable actions that would result in significant and positive changes by the end of the presidential term, with a focus on one or two key areas, as described above. This is both possible in a developmental sense and desirable for the government in a political sense. The key is the delineation of options to present to policymakers to allow for deliberative but deliberate decision-making, rather than only allowing for binary choices on central issues. Options and ideas for the government could include the following:

- i) *A movement from politics to progress.* As mentioned above, progress in Sierra Leone will require leadership and real signals from the government that it is willing to put longer-term reform ahead of shorter-term political imperatives. This requires ensuring a technical space of governance in which institutional reforms can take shape and evolve- not a continuation of the recent politicization of state business.<sup>13</sup> Moving forward, there are actions the President can take to signal his commitment to governing effectively, which will be difficult politically, but are necessary to avoid undermining gains already made. These might include, for example, appointing capable Ministers from the south of the country, and more concrete efforts to consolidate institutional reforms to date. It will also require prioritized, short- medium and long-term planning. Time is short in Sierra Leone and must now be harnessed and divided in specific

<sup>11</sup> Large-scale investors such as Pierre Omidyar and George Soros are rumored to be interested in business opportunities in Sierra Leone, but businessmen of this sort have to be provided with the necessary conditions and pathways for profit, underpinned by the rule of law, if they are to channel funds into the country.

<sup>12</sup> Fanthorpe, R. "On the Limits of Liberal Peace: Chiefs and Democratic Decentralization in Post-War Sierra Leone" *African Affairs*, 105, (2005) p.4

<sup>13</sup> For example, the dismissal of several key and high-ranking civil servants from the south of the country by the government.

annual targets around which energies can be mobilized with careful sequencing of decision-making and clear communication strategies to convey the benefits of this approach to the public. While it is understandable that donors want programming flexibility in the event that conditions on the ground change, the government can and should work to provide a medium and longer-term state-building framework to gain the confidence of donors and underpin longer-term state-building objectives.<sup>14</sup> Finally, it will involve clearly delineating mandates, rules and authorities across ministries. In terms of economic planning, for example, it still remains unclear where responsibilities lie between the Ministry of Finance and Economic Planning and the Strategic Planning Unit (SPU) within the President's Office on specific issues, which is preventing implementation and generating bureaucratic friction.

- ii) *A focus on accountabilities.* Getting both revenue and expenditure right is critical to the peace agenda and requires agreement both on consolidation of the reforms in key policy institutions, and a focus on those sectors that could generate the revenue to enable the state to perform its key functions. The idea of a responsibility to pay taxes as part of responsible citizenship is relatively new in Sierra Leone- local taxes were only instigated in Freetown in 2008, for example. In terms of revenue, therefore, the government needs to conduct a systematic analysis of the revenue potential in each district to understand exactly where returns could be improved, and take advantage of existing opportunities to increase revenues.<sup>15</sup> Tightening rules for exemptions from import duties at ports, for example, would be a quick win, as would putting in place and enforcing simple but robust regulatory and licensing mechanisms on fisheries.<sup>16</sup> Natural resource revenues are a larger issue, but there is clearly scope for huge improvements in tax collection and concession management.<sup>17</sup> The 80-20/20-80 rule is important- 80% of revenue will be raised by 20% of government ministries, while 20% of government bodies will spend 80% of the budget- and this requires a system perspective to align processes and outcomes. On the expenditure side, Sierra Leone continues to suffer from weak systems and processes.<sup>18</sup> The government must clarify the constraints to effective expenditure of both donor funds and domestic resources, and highlight the need for mechanisms of program and project design, contracting, management and supervision that would create maximum synergy between the public and private sector and the communities as mechanisms of delivery. The ongoing Public Expenditure Review (PER) may provide a useful analytical basis upon which key goals for implementation can be developed, expenditure tracking strengthened, delivery mechanisms put in place (see *National Programmatic Approach* below) and budget execution improved. The ongoing African Peer Review will also be helpful as a further indicator of how well governance reform is progressing in comparative terms.
- iii) *Continued decentralization.* Decentralization must now continue through devolution of further decision-making, staff and resources to the local level on a timely basis, combined with capacity-building and training to ensure that the skills exist to carry out state functions. This will also require a strengthening of planning processes at the local level to ensure that plans reflect policy at the national level and support for monitoring of NGO activities to ensure that they are reflected

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<sup>14</sup> Sierra Leone has a history of development planning with insufficient follow-up and implementation. A strategic National Development Plan is now under development and this could be used as a useful basis for longer-term planning if focused appropriately. A 2025 Vision exists, but it is unclear how this has been linked to ongoing planning processes.

<sup>15</sup> Government revenue is only 14% of GDP at present, or about \$40 per annum, per capita. Donor support represents upwards of 40% of the government budget. The Nigerian government recently conducted a process of revenue mapping in Lagos, an example which could be drawn upon by the GoSL.

<sup>16</sup> The President has estimated that Sierra Leone loses up to \$29 million a year in illegal fishing.

<sup>17</sup> *Breaking the Curse: How Transparent Taxation and Fair Taxes can Turn Africa's Mineral Wealth into Development* (OSI South Africa et al. March 2009).

<sup>18</sup> Ghost workers and record-keeping are a significant problem, for example- in 2007 there were no records for almost 60% of civil servants. Affordable and deployable biometric systems now exist to ensure that these problems do not occur and the government might like to investigate how best to bring in such systems.

adequately in local government planning.<sup>19</sup> The World Bank is supporting these developments through a new basic services project, which is important, although this project will have to be carefully calibrated and coordinated with central ministries and other donors to ensure harmonization with budget and planning processes. One idea would be for the donors to create a Multi-Donor Trust Fund for decentralization through which financing could be pooled and common objectives, rules and procedures developed. A system could also be put in place for strengthening and monitoring of local councils by citizens, through the use of citizen scorecards, for example, or a series of village “town-hall meetings” to discuss issues of political and social accountability (including the relationship between local councils and chieftancies) and how best to move forward on these issues. Decentralization also requires a strong center, and it is also imperative that the government quickly ensure that lines of responsibility and mandates become clear, roles and reporting requirements between and among the various ministries are defined, and laws and regulations are harmonized, especially as they relate to decentralization and the relationship between line ministries and the local government structures. The responsibilities of the Decentralization Secretariat vis-à-vis the Ministry of Local Government and Rural Development (MLGRD) has been unclear which has led to confusion. As the Decentralization Secretariat is phased out over the next two years it is important that the responsibilities and authorities for decentralization are housed squarely within the MLGRD, with the necessary reporting channels clearly explained to the relevant stakeholders, and with the support of donors.

- iv) *Emphasis on human development.* Sierra Leone has a rich tradition as a hub of educational excellence in West Africa and technical skills are critical to effective state-building- but the GoSL has less than 10% of the necessary staff with the requisite skills in many ministries. Despite this fact, there is a distinct lack of focus on higher and vocational education in the PRSP or elsewhere in government or donor strategy documents, to create the type of capacity Sierra Leoneans need to lead and manage an effective state, a dynamic economy and a vibrant civil society. This starts with the development of a long-term human development plan (20 years +) supported by large-scale vocational training on issues that are critical for the future of Sierra Leone, such as forestry management, natural resource management, engineering, and book-keeping, with careful certification and monitoring of standards.<sup>20</sup> Managerial talent across the public and private sectors could be identified and systematically nurtured for specific goals and mid-range administrative positions, while donors could concomitantly carry out an in-depth stocktaking of the diaspora population and invest significant thought and funding into mechanisms necessary to draw these people back to Sierra Leone, in collaboration with the new Directorate of the Diaspora in the President’s Office. In this way, human development will not just be a technical domain, but also an inherent component of a political vision of hope and trust-building among the Sierra Leonean people. Further thinking is also required not on education simply as service delivery, but on the broader educational constituency and knowledge industry that could be created in Sierra Leone to support human capacity building.<sup>21</sup> The focus on relevant skills building through donor and government programs has been important, but these could be supplemented by more concerted efforts to create a pipeline of the capabilities needed to leverage Sierra Leone’s resources and compete in a globalized economy.<sup>22</sup> Further thought on official collaboration with

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<sup>19</sup> Lack of NGO coordination with local councils is a huge issue. For example, Bombali district council estimated that almost all wells dug by NGOs in the district have been constructed at the wrong time of year in the wrong places to be of any real use.

<sup>20</sup> Efforts are underway in this regard, through the National Enterprise and Skills Development Training Fund and the potential regeneration of the civil service training college, for example. The University of Sierra Leone is also in the process of creating a degree in mining and engineering.

<sup>21</sup> This could also be part of, and feed into, a larger debate on the role of civil society in Sierra Leone. Historically, Sierra Leone exported trained professionals to other parts of West Africa (eg. nurses to Guinea) and there is no reason why educational standards could not support this type of knowledge generation again in the future.

<sup>22</sup> The government has developed a Senior Executive Service Programme, but has not agreed with donors as to how to take this forward.

organizations such as the British Council in Sierra Leone and universities and businesses in the UK on alliances, training and exchanges, distance learning and networking may also be worth considering given the historical ties between the two countries.<sup>23</sup> Finally, the creation of certification schemes for skills in carpentry, masonry, brick-laying, forestry management, are key, and the development of courses on a wide scale to provide these skills would underpin implementation capacity.

- v) *National programs.* National programming provides a central vehicle for supporting government functionality across state territory in an effective and transparent manner. National programs would be particularly valuable in Sierra Leone because they could begin to overcome the networked system of access to power and resources through which the state is seen as an instrument for directing funds towards localities, and given the fact that donor and government interventions, projects and initiatives are disparate and uncoordinated. National programs provide a national framework within which rules are set and parameters for action defined, which helps to provide a productive division of labor by mobilizing government, the private sector, civil society, and relevant developmental actors to perform critical tasks in a coherent fashion, avoiding duplication of efforts and unnecessary parallel mechanisms, building the state apparatus and supporting democratic governance. These programs also allow donors who are not yet able to provide full budget support, or who need to earmark their support to particular sectors, to support government run programs. In Sierra Leone, national programs could be designed initially in one or two sectors where the impact will be significant, improved coordination will have greatest effect and expenditure will be possible, (eg. health; education; transportation).<sup>24</sup> SWAPs could provide a step towards national programming, with a view to expanding these approaches nationally when possible.
- vi) *National community development programs.* A framework for a national community level program would be incredibly valuable in Sierra Leone as a means by which to provide an avenue for active participation of the citizenry across ethnic and geographic areas and develop the immense social capital that has evolved as a result of years of war, instability and lack of state provision of services, and as a governance, peace-building and state-building mechanism. Moreover, a program of this sort would improve expenditure on rural infrastructure, development, health and education. The parameters of such a program would have to be carefully thought through- it does not mean replicating or subordinating community work through the National Committee for Social Action (NACSA) or other such programs such as Gobifo project, but rather generating a framework and set of rules within which these projects could operate and coordinate more effectively on a national level through the use of government ministries and systems.<sup>25</sup> Nor would such a program need to replace the chiefdom system, but rather, could be designed in a way that allowed for mutual benefit to both traditional governance mechanisms and more participatory development. The Kecamatan Development Program (KDP) in Indonesia and the National Solidarity Program (NSP) in Afghanistan provide examples of the types of national programming at the community level that could potentially be adapted to the Sierra Leonean context.<sup>26</sup> Such a process could begin with piloting in certain districts where the demonstration

<sup>23</sup> This could take place across a variety of disciplines including law, for example, given the desperate need for skills in the justice sector (there are only around 200 lawyers in the country); the use of English common law in Sierra Leone, and the expertise concentrated in British law schools and leading law firms. Agriculture, drawing on the significant knowledge within British agricultural colleges, may be another area for further thought.

<sup>24</sup> These programs, if designed carefully, could also be used as a tool to capture the public imagination in Sierra Leone. Technical planning processes like the PRSP are important but are either not known or have not generated excitement for development. The Vision 2025 process

<sup>25</sup> Organizational arrangements will require careful thought, but it would make sense as part of such a program to bring NACSA directly within the Ministry of Local Government to ensure clear lines of accountability and strengthen government systems.

<sup>26</sup> <http://www.worldbank.org/id/kdp> and [www.nspafghanistan.org](http://www.nspafghanistan.org)

effect could be greatest and the gains in terms of political reconciliation most marked- key southern strongholds of the SLPP, for example. The population of Freetown has doubled in the past four years, and there may also be scope for a national urban development program that addresses property rights and development in Freetown slums through transferring decision-rights to the neighborhood level and filling the critical housing shortage in the capital. Alignment between property rights and housing stock could be created through public-private partnerships that use Sierra Leone's significant construction capacity to build homes based on a spatial planning model which creates synergies with surrounding provinces and other urban and municipal hubs.<sup>27</sup> This type of program could underpin the development of a land register, would begin to relieve the chronic living conditions in urban areas, and would develop clear property rights as the basis for a market economy.<sup>28</sup>

*Private Sector:*

Aid levels will decline as attention has moved away from Sierra Leone and the global financial crisis is restricting lending, so the emphasis must be, taking this as given, on a movement by the government away from aid and towards sustainable private sector activity and revenue-generating activities and the rules, instruments, skills and interventions that would support this. Unemployment is the critical issue facing Sierra Leone, and sustainable job-creation is essential to maintain stability and prosperity. The government and donors understand this fact but are not yet thinking about innovative ways to support a market-building approach which will generate the level and type of employment Sierra Leone requires in the long-term. The President has indicated that he wants to improve the efficiency of government by running it like a business, but he must also ensure that the conditions are in place to allow businesses themselves to be run as businesses. This must be an over-arching concern, and could be based on the following:

- i) *Agreement on the role and parameters of business.* The role of the private sector in Sierra Leone has to be the subject of joint public-private discussions on sectors, parameters, capacities and infrastructures within the context of a sharply contracting global economy. A starting point for this could be a open and honest discussion between the government and the ten largest private sector entities and potential investors in Sierra Leone on exactly what conditions need to be in place to generate private enterprise, what concrete steps can be taken, and what the possibilities are in terms of job creation and economic development.<sup>29</sup> A better understanding of pathways for the development of critical sectors will be important to ensure diversification away from natural resource extraction.<sup>30</sup> While a series of diagnostics and trade studies have been carried out by the government, further work will also be needed to develop concrete plans for meeting export standards (eg. fisheries) through the development of a sufficient pipeline of feasibility and competitiveness studies, assessments and prepared projects to ensure that they have the knowledge base and capacity to support efficient expenditure of these funds. And discuss honestly what can and cannot be achieved in terms of electricity generation over the coming months and years.<sup>31</sup> Understand where best practice lies and how this can be mobilized (eg. in

<sup>27</sup> The examples of Singapore and Spain are worth examination in this regard, given the conscious decision made in those countries to develop public-private partnerships in construction to build housing, generate jobs, develop management and implementation skills and build government legitimacy.

<sup>28</sup> See de Soto, H. *The Mystery of Capital* for further understanding of how property rights underpin economic development and wealth generation.

<sup>29</sup> This discussion does not seem to have taken place to date, and it seems that private sector involvement in strategy formulation is still limited.

<sup>30</sup> Diamond, rutile, gold and other minerals will remain an important part of the economy, however. To understand this better, Sierra Leone needs an up-to-date resource inventory using geological studies that map the entirety of the country's terrain, and which can be used for strategic and environmental planning going forward.

<sup>31</sup> It is understood that the Bumbuna dam may provide up to 50 megawatts of power when fully online. However, it is unclear at present whether Sierra Leone has the capacity or expertise to maintain the generation, transmission and distribution arrangements in the long-term. Greater energy sustainability in the region will come through a larger

other transitional environments- Botswana on the management of natural resources and safeguards for the investment of resource proceeds; or Mozambique and Costa Rica on tourism). The donors could also support, within public sector reform work, the process for decision-making and project review within government, and the development of a project design facility for project preparation and tendering across the private sector.

- ii) *Support for agricultural development.* Agriculture has vast potential as described above, and the market for Sierra Leonean agricultural goods in Europe, the Gulf and China is significant.<sup>32</sup> A visioning process is important here, through which the GoSL could discuss with potential partners what is possible in terms of agriculture over the next 10-15 years and how agricultural change could best be brought about. The key issue is land tenure and property rights reform, given the leasehold system that exists in rural areas- a land registration process is underway, but may be lengthy and difficult. An interim arrangement could involve a process through which the government enters into an agreement with paramount chiefs in relatively under-populated and fertile agricultural areas to pool landholdings, and then enters into an agreement on this basis with investors who could be provided with carefully designed incentives to develop large-scale agriculture in these special commercial zones. With these conditions in place, significant knowledge and development could be generated using soil maps and crop and water management systems, with a view that begins from market access and works backwards through the value-chains, supply-chains, knowledge organizations and the infrastructure, both human and physical, that needs to be in place to ensure agricultural development and movement up the value chain through agriprocessing. This will then allow lessons from elsewhere to be drawn and applied to the Sierra Leonean context. The transformation of agriculture in East Asia between the 1950's and 1970's and in the U.S. from the 1950 to the 1980's may provide a range of models which the government could use to help create a comprehensive strategy for a dynamic and competitive agricultural sector, for example. The use of water resources will also be important. Irrigation will be a part of this, and the government could work with donors and partners in the Mano River region to identify best practice- the Nile Basin Initiative might be an interesting case study to draw upon. The use of rivers as supply and trade routes also requires further thinking, especially given the poor state of Sierra Leone's roads in rural areas, and best practice from elsewhere may be instructive.<sup>33</sup>
- iii) *Infrastructural development.* Road and infrastructure access are critical issues in Sierra Leone. While donor support for inclusive economic growth through rural infrastructure and employment generation programs has made a contribution in this area, these could now be connected directly with the well-developed Sierra Leonean construction industry through expansive public-private partnerships, banking, supply-chain and insurance arrangements. There are over 300 construction companies in Sierra Leone, of which 13 are classed as "premier" and are able to carry out large-scale infrastructure projects to international standards. These companies can source key inputs (concrete, high-quality timber and aggregate) locally, lease heavy machinery from Sierra Leonean companies, compete favorably with international firms (which are reluctant to bid for contracts in Sierra Leone) and could generate significant additional numbers of jobs if linked creatively to a youth labor corps or existing or potential public works programs, for example. Work to rehabilitate Lungi airport and the road that connects it to Freetown would be a logical place to

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regional approach. The West African Power Pool (WAPP) is a movement in the right direction, but will require greater commitment and resources, and will need to draw on experience of other regional power integration processes. Other types of alternative energies including micro-hydroelectricity may also be worth further analysis.

<sup>32</sup> The potential and importance of agriculture is so vast, and the room for engagement based on comparative experience so clear, that it could form the foundation of a market-building approach that could transform the Sierra Leonean economy. Large-scale rice and palm-oil production are areas in which there may be significant interest from international investors. The PRSP outlines an agricultural sector database for policy, planning, monitoring and reporting, which is an important first step in terms of coordination and results measurement.

<sup>33</sup> The Dutch have developed a significant stock of knowledge on these issues.

start in this regard.<sup>34</sup> The government could also support a focus on programming and project management skills-building (book-keeping, accounting, time-management and cost estimation), and preparation and compliance with procurement and bidding regulations. The Sierra Leonean government could also work with the governments and companies in Dubai and Singapore who have developed the leading knowledge and skills in port infrastructure and management, to rehabilitate Freetown's port, related infrastructure and market links.<sup>35</sup>

- iv) *Demand and use innovative financing and investment instruments.* The government has not yet harnessed the range of financial instruments that are available to support financial and private sector development. Aid delivery to date has used a mix of instruments that has been supply rather than demand driven and the GoSL may now like to catalyze the use of leasing operations, investment guarantees, political risk insurance, domestic venture capital funds, trade concessions and suchlike as catalysts for the creation of an enabling environment for a competitive state and economy.<sup>36</sup> Organizations such as Agricultural Ministries in OECD countries and risk guarantee agencies (eg. Overseas Private Investment Corporation), export promotion agencies (eg. Export-Import Bank) and enterprise funds are key in this regard.<sup>37</sup> Micro and mezz-finance could provide the necessary resources for entrepreneurs inside and outside Sierra Leone to begin to invest, and the IFC could be brought in to provide additional investment loans.<sup>38</sup> Significant funding related to climate change initiatives is also available to developing countries, and through the Bumbuna hydro-electric and other potential alternative energy sources, Sierra Leone has the potential to tap into these financing flows and lead West Africa in terms of renewable power.<sup>39</sup> These types of tools should be at the front and center of any resource mobilization strategy to stimulate entrepreneurial activity and as means to support the state and market until domestic revenue collection can increase.

#### *Donors:*

While some progress has been made in terms of improving the efficiency of donor activities in Sierra Leone as outlined above, significant difficulties remain. A recent review of donor behavior in relation to the Paris Declaration indicated that progress on ownership, alignment and harmonization was judged only moderate, and managing for results and mutual accountability judged weak.<sup>40</sup> Part of this problem stems from the fact that donor programs do not always seem to be aligned with Sierra Leonean processes and mindsets, which itself stems from a distinct lack of in-depth socio-political analysis and understanding. Moreover, the donor community must be honest and candid with the GoSL as to what they are willing to support and what is beyond their scope or capacity, and seek as far as possible to develop long-term planning and engagement modalities.<sup>41</sup> Donors must lay down red lines and explain clearly what they are

<sup>34</sup> The road from Kenema to Koidu is also a logical place to upgrade road infrastructure, given that the road from Bo to Kenema is already of a passable quality.

<sup>35</sup> MIGA is also supporting port security efforts in Nitti and Kissy and discussions could be broadened on how the agency could further support port development in Freetown.

<sup>36</sup> Efforts to secure an Economic Partnership Agreement (EPA) with the EU is one area in which Sierra Leone could make progress by leveraging a regional approach through ECOWAS, if the necessary capacity is built and coordination developed.

<sup>37</sup> The U.S. Government runs an Enterprise Fund Program, and there are examples of properly run funds which successfully injected capital into carefully selected industrial ventures (eg. Baltic/Bulgarian Funds), made a profit and returned seed funding to the US Treasury.

<sup>38</sup> The GoSL is also in the process of setting up a venture capital fund, which donors may like to investigate further to understand parameters, synergies and potential.

<sup>39</sup> The Dutch, for example, are interested in buying Certified Emission Reductions from Sierra Leone as part of international carbon trading. The Sierra Leonean Environmental Protection Agency seems to be relatively well organized but lacks capacity and is woefully under resourced.

<sup>40</sup> Sierra Leone Chapter in the report for OECD HLF Meeting in Accra, March 2008

<sup>41</sup> The habit of donors to begin projects and not finish them, or to withdraw funding half-way through is a common complaint from government.

able to support and what conditions are acceptable, and which are not; and equally, the government must understand these constraints and work within the boundaries that exist to maximize use of the aid available. Budget support is critical for government functionality, for example, but if it is withdrawn at short notice it has a hugely detrimental effect on the ability of the budget team to plan expenditures and ministries to implement programs. The donor community has to match rhetoric on coordination, ownership and accountability with action, and seek as far as possible to ensure that aid is delivered in ways that support rather than undermine the state-building objective, and to provide information on a timely and transparent basis.<sup>42</sup> The new national aid and NGO policies that are presently being drafted by the GoSL provide an excellent opportunity for the government to lead a process through which to determine rules that govern aid delivery and improve effectiveness. Key areas that might require thinking as part of these drafting processes include:

- i) *Clarity on roles and responsibilities.* Aid effectiveness in Sierra Leone will be extremely difficult to understand and achieve without a coherent sense of what is needed, what interventions are currently underway, and what form this engagement is taking. For maximum efficiency, donors should divide labor based on rules, procedures, mandates and areas of comparative advantage and technical competence.<sup>43</sup> In this regard, further efforts to share information with the government in a timely fashion, through the DACO development assistance database for example, will be useful. The use of formal discussion and consultation mechanisms between bilateral, multilateral institutions and non-traditional donors such as India, China and the Gulf countries would also help to ensure clarity on roles more broadly.<sup>44</sup> Coordination does occur, but donors continue to operate in sectors in which they are not best suited, which are not within their core areas of operation, and through the use of parallel projectized approaches, which undermine coherence and increases transaction costs for the government. A joint analytical exercise that allows for a process of backward mapping from the conception of a functional state to the blockages and impediments that will prevent achievement of this eventuality over the coming years would be useful. This shared analysis could then form the basis of discussions on way in which blockages can be removed and sequential progress in terms of state-building catalyzed.
- ii) *A focus on systems.* It is essential that donor engagement now takes a system perspective to assure alignment of procedures and outcomes by the government which will allow aid to be more effectively channeled through government processes. Review of donor strategies indicates that although donors largely try to support government planning, different organizations analyze their own distinctive domains and approach problems with their specialized knowledge and projects in a way that undermines a system view.<sup>45</sup> Donor strategies are not necessarily strategic- operations subsume objectives which prevents strategic thinking, and Sierra Leone has been the test case for international approaches, which have maintained international focus on the country, but have also led to overlapping ideas and engagement frameworks.<sup>46</sup> At present donor interventions are addressing aspects of governance and development in isolation, but for various reasons do not yet focus on a systemic understanding of government systems across all functions -from treasury,

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<sup>42</sup> The government might like to push the donors to treat Sierra Leone as a test case for the International Aid Transparency Initiative, launched at the HLF in Accra in September 2008

<sup>43</sup> While it is valuable to have the presence of the UN-PBC office in Freetown, for example, it is important that the UN thinks through exactly where it can add value, which tends to be through a security, political and convening role rather than through development.

<sup>44</sup> Equally, the government itself needs to define exactly who donor should interact with and how best this should happen going forwards. It is difficult for donors to coordinate when they are unsure, for example, whether the Ministry of Foreign Affairs or Ministry of Finance has responsibility for development, and where the lines of reporting lie between DACO and the newly formed Ministry of Finance and Economic Planning.

<sup>45</sup> NGO actors also have their own project centered view, which raises another series of issues with regard to policy alignment between the micro and macro levels of engagement.

<sup>46</sup> For example, it is a focus country for the OECD-DAC International Principles for Good International Engagement in Fragile States and Situations and the UN Peace-Building Commission.

budget, procurement, payroll, and auditing and accounting, to project and program preparation, and oversight and accountability. Nor do these interventions include sequenced plans for first establishing control and preventing leakage, then moving to better programming, and finally to a third phase based on flexible systems. Such an approach is critical in Sierra Leone where natural resource revenues plays an important role and are clearly open to corruption and rent-seeking, and this will allow identification of the sequence and complimentary of reform and the intermediate measures necessary to enable the GoSL to make decisions and disburse funds efficiently, accountably and transparently.

- iii) *Reform of technical assistance and capacity-building efforts.* Only 22% of technical assistance is coordinated with country programs in Sierra Leone and according to some ministries, up to 40% of donor funding goes to staff salaries.<sup>47</sup> The Project Implementation Unit (PIU) system supported by donors has underpinned the performance of key functions within government by ensuring well-paid national staff in central roles, but has also led to critical gaps as projects have ended, and is now generating resentment with ministries and undermining sustainability.<sup>48</sup> Donors have agreed to work towards a harmonized approach and develop capacity within the civil service, although a long-term human capacity development plan is not in place (see human capacity above). This will require the development of a coherent civil service hiring process to be put in place across government, with uniform and transparent standards in terms of recruitment, performance-based pay and promotion, targets and results, through which Local Technical Assistance (LTA) will be re-staffed through the government payroll. This will regenerate a sense of upward professional mobility and motivation. It also ties in again with efforts to increase government revenues, as described above, and needs a sequenced and phased approach within a long-term plan of five to ten years. It is understood that this is a difficult and political process, and donors must apply pressure where necessary to ensure that the requisite changes are instigated by the various decision-makers. Progress has already been made with various senior civil servants moving over to the government payroll, which indicates that difficult reform is possible in this regard.
- iv) *Use of Parallel Systems.* Donors faces the real dilemma in Sierra Leone, as in many fragile contexts, between delivery on one hand and the need to strengthen government capacity on the other, but the two are not mutually exclusive and should be sequenced appropriately. The need for delivery does necessitate some provision of aid through alternative channels where there is clear rationale (such as during the conflict period in Sierra Leone), but from a long-term institution building perspective, there needs to be a sequencing that supports a shift towards delivery through government. While the five largest donors in Sierra Leone provide about 20% of funding as budget support, if state-building truly is the overarching approach, continued support for parallel delivery mechanisms (both NGOs and multilateral organizations) in areas where local government capacity exists or where further targeted capacity building could support national systems, should also be carefully reconsidered. Measured risks in Sierra Leone have been declining, and there is a strong justification for supporting government systems that will allow for sustainable engagement even during varied country conditions. Indeed, many NGOs themselves face capacity constraints, and it is unclear that direct provision of support to these organizations results in greater aid effectiveness. Thus it is important that deliberative and honest assessment of the value of delivery through parallel systems is carried out for each program. Where bilateral project provision is essential as a result of donor rules, these projects should be coordinated based on knowledge of other donor activities, and seek as far as possible to reduce the reporting and transactional requirements on the GoSL through the consolidation of delivery mechanisms.

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<sup>47</sup> Sierra Leone Chapter in the report for OECD HLF Meeting in Accra, March 2008

<sup>48</sup> In some central ministries over half of the staff is Local Technical Assistance.

*Civil Society:*

State-building and citizenship require a robust civil society sector that can both push for positive reform and generate demand-side accountability from the government. The government is now beginning to agree to dialogue with civil society on accountability issues, which is an important starting point, but there is still no broad strategy for state-society engagement. Modern civil society was almost non-existent in Sierra Leone before 1991 and has developed significantly since the end of the war- there is now an awareness which did not exist ten or even five years ago, of critical issues such as corruption and transparency. However, civil society remains relatively weak and given the politicization of reform processes in Sierra Leone must now work further to form, lead and force the agenda for change, rather than reacting to political developments. Donors might also seek to develop and support genuine research and think-tank type institutions in Sierra Leone to allow for policy ideas to be generated outside government and to foster discussion on critical issues.<sup>49</sup> Further, it is important that international NGOs make an effort to truly understand the fault lines, contours, dynamics and evolution of Sierra Leonean society in a way that allows from highly contextualized programming. This could begin with:

- i) *Discussion on the role of non-state actors.* An initial approach to citizenship and state-building could also be based on a deep discussion among stakeholders, which does not yet seem to have taken place, on NGOs, associations, user-groups and other entities, to truly understand what the best role for these organizations might be in the country. ISE discussions in Sierra Leone indicated that while there are the beginnings of genuine civil society, a number of the civil society groups and NGOs that have emerged in recent years have grown in response to the availability of donor funding rather than a genuine voluntarism based on common cause. A constructive discussion on what role civil society can play and which gaps non-state actors can fill would also provide the basis for understanding how service delivery and development can best be supported over the longer-term, which may be with NGOs in an advocacy/oversight role rather than as direct service-providers.<sup>50</sup> The creation of parallel systems can undermine the legitimacy of the government and lead to further coordination problems that prevent peace dividends in the long-run. The need for delivery does necessitate some provision of aid through alternative channels where there is clear rationale, but as argued above, from a long-term institution building perspective there needs to be a sequencing that supports a shift towards delivery through government-led policy frameworks.<sup>51</sup> NGOs should play a role in service provision, but must also operate with clear accountabilities and time-bound mechanisms for the handover of functions to the state. State-building is not an either/ or proposition (either government or civil society) but a question of ensuring the right balance between state, market and civil society.
- ii) *A focus on youth issues.* The importance of youth is understood in Sierra Leone, and a myriad of organizations, including a government ministry, work on youth issues. However, there is still a sense of frustration among young people, a lack of channels through which youth voices can feed into decision-making and few mediums through which to connect discussions on youth issues within formal and informal authority structures and processes. These problems are compounded by a Sierra Leonean culture which for various reasons does not easily facilitate the transfer of knowledge and in which dependency has created a distinct disinclination among young people to take responsibility for change. There may be room to begin a discussion with critical stakeholders on the idea of a compact through which youth become the standard bearers of change but also seek to learn from the experiences of the older generation and forge a new path forward based on

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<sup>49</sup> The Center for Development and Security Analysis (CEDSA) seems to be the only Sierra Leonean research institution in the country with the capacity to carry out rigorous analytical work.

<sup>50</sup> One issue which NGOs could take up immediately is efforts to streamline and improve the process by which residents of Sierra Leone can prove their citizenship, a problem that can be highly problematic (as it has been in Cote d'Ivoire).

<sup>51</sup> Much humanitarian funding is supporting actions that are not strictly humanitarian, bypassing government systems and undermining a state-building objective.

mutual respect, understanding and determination for a better future. This could have a narrow focus initially- on the issue of job creation, for example- but then be broadened to form the basis of a larger ‘generational compact’ to support agreement between the older and younger groups within society to manage change in constructive ways.

## **VIII. Conclusions**

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Progress is very real in Sierra Leone, but the positive transition that is underway has not been consolidated. Continued effort is needed across the spectrum of state-building activities over the coming years to ensure the country does not become trapped in a situation of stalled development or slide backwards towards collapse. The global economic downturn is placing increasing pressure on a government that is still working, imperfectly, to put in place the necessary reforms to catalyze good governance. A host of difficult issues related to state-building remain and have not been detailed here- including the need for further prioritization of health and sanitation; the critical role of women’s issues; the importance of improved parliamentary oversight and political party strengthening; financial sector reform; environmental issues; and consolidation of the rule of law. These are also opportunities however, and the government must now move towards prioritization in practice, not just theory. If it ensures the goals it sets itself are achievable politically and operationally, it will then under-promise and over-deliver to the people. This will create a sense of forward momentum and trust that will be self-reinforcing.

State-building in Sierra Leone must be based on a clear understanding of all of these issues, a commitment to reform and an inclusive developmental process which will allow all members of society to look forward towards a new shared vision for the future rather than backwards towards an old, elite-dominated image of the past. Implementation will involve the government, private sector and civil society capitalizing on the progress to date, marshalling the significant assets that exist in Sierra Leone, and taking advantage of opportunities to sequence and prioritize positive change, and working through a process of co-production with the international community to create opportunity for Sierra Leonean stakeholders. The government must now move from changing attitudes to changing outcomes and generate individual responsibility for a collective future. This will provide the people of the country with the positive change that they so desperately want, and ensure the prosperity and stability that they so richly deserve.

## **Annex I- Persons Met, ISE Mission to Sierra Leone, March 22<sup>nd</sup>-30<sup>th</sup>, 2009**

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Helen Appleton, Social Development Advisor, Department for International Development  
 Dr. Roger Atindehou, Program Officer, The African Capacity Building Foundation  
 Amadu Bah, Advocacy Officer, Christian Aid  
 Momodu A Bah, Senior Environmental Officer, Sierra Leone Environmental Protection Agency  
 Sheka Bangura, Monitoring and Evaluation Specialist, Development Assistance Coordination Office, Ministry of Finance and Economic Development, GoSL  
 Aiah Brime, Development Officer, Freetown City Council  
 Ellie Cockburn, ODI Fellow, Development Assistance Coordination Office, Ministry of Finance and Economic Development, GoSL  
 Matthew Dingie, Director of Budget, Ministry of Finance and Economic Development, GoSL  
 Dr. Ahmed Ramadan Dumbuya, Advisor, Strategy and Policy Unit, Office of the President, GoSL  
 Dr. Osman Gbla, Dean, Faculty of Social Sciences and Law, University of Sierra Leone; Founder, Center for Development and Security Analysis (CEDSA)  
 Sabine Hader, Country Officer, World Bank (met in Washington, DC)  
 David Easton, Head, Africa Governance Initiative  
 Patrick Gbondo, Capacity Building Officer, Decentralization Secretariat, GoSL  
 Engilbert Gudmundsson, Country Manager, World Bank  
 Markus Handke, Head, Social Services and Governance, European Union  
 Syril Jusu Chief Environmental Officer, Sierra Leone Environmental Protection Agency  
 Ambassador Dauda Kamara, Minister of Internal Affairs, Local Government and Rural Development, GoSL  
 Susan Kayonde, Trade Policy Analyst, Ministry of Trade and Industry, GoSL  
 Abdul Kamara, Coordinator for National Implementation Unit for Enhanced Integrated Framework, Ministry of Trade and Industry, GoSL  
 Victor K. Kamara, Project Officer, Decentralization Secretariat, GoSL  
 Kawusu Kebbey, Director, Development Assistance Coordination Office, Ministry of Finance and Economic Development, GoSL  
 Lahai S Keita, Environmental Officer, Sierra Leone Environmental Protection Agency  
 Richard Konte, Deputy Minister, Ministry of Finance and Economic Development, GoSL  
 Andrew Lavali, Director of Policy and Programme, ENCISS  
 Abdulai Mansaray, Senior Assistant Secretary, Ministry of Trade and Industry, GoSL  
 Hannah Max-Kyne, Coordinator, Peace Building Fund, Ministry of Finance and Economic Development, GoSL  
 Dr. Robert Moikowa, Senior Development Advisor, German Technical Cooperation  
 Ahmed Foday Musa, Labour Commissioner, Ministry of Employment and Social Security  
 Matthew Muspratt, Legal Officer, ProCredit Bank  
 Elias Nassar, Director, Sierra Construction Systems Ltd  
 Alfred J M Navo, Permanent Secretary, Ministry of Employment and Social Security, GoSL  
 Bernard N'Javombo, Development Secretary, Ministry of Finance and Economic Development, GoSL  
 Mohamed Sidie Sheriff, Communications and Civil Society Specialist, World Bank  
 Vivek Srivastava, Public Sector Specialist, World Bank (met in Washington, DC)  
 Jeremy Waiser, Special Assistant to the Prosecutor, Special Court for Sierra Leone  
 Rita Weidinger, Country Representative, German Technical Cooperation  
 Llewellyn Olawale Williams, Senior Management Analyst, Public Sector Reform Unit, Office of the President, GoSL  
 Mustgha Zayad, Managing Director, ModCon Construction Co, Ltd  
 Group meetings with the Bombali district council; Makeni city council; and the Chief of Paxi Masabong and villagers of Mapaki village.