



Common Country Analysis

2020 UPDATE | Abridged

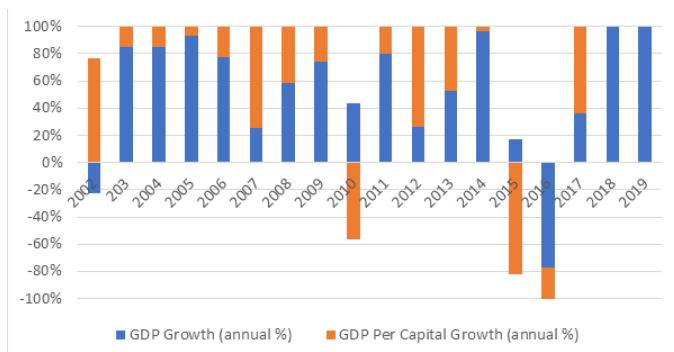
Sierra Leone has demonstrated resilience by achieving significant progress in building state institutions of governance and maintaining stability as part of its post-conflict peacebuilding and reconstruction agenda, since the civil war ended in 2002. Progress has been reflected in a number of policy and legal reforms aimed at enhancing institutional capacity for service delivery in sectors relating to economic growth, justice, security, human rights, peace, and democratic governance.

Macroeconomic Overview

Sierra Leone's per capita gross domestic product (GDP) in 2019 has changed little from its level after independence in 1961. For three decades until the civil war in 1991, per capita GDP grew at a very slow rate of about 0.4 per cent on average per annum. During the civil war (1991-2001), the GDP contracted by 3.5 per cent on average per annum but increased at average rate of 3.4 per cent post-civil war (2002-2019). This is the longest period of sustained growth in Sierra Leone.

The macroeconomic landscape remains challenging despite the implementation of intrepid policy measures since 2018. Recent fiscal consolidation efforts, which have focused on boosting revenue mobilization and prioritization of expenditures have helped narrow the overall deficit from 8.8 per cent of GDP in 2017 to 2.9 per cent of GDP in 2019. Inflationary pressure moderated to 13.9 per cent in 2019 from 18.2 per cent in 2017, reflecting tight monetary policy stance. Public debt has increased sharply with the risk of debt distress increasing from moderate to high in 2018.

GDP and GDP per Capita Annual Growth, 2002- 2019



Source: databank.worldbank.org/source/world-development-indicators



External sector performance was severely weakened by the collapse of iron ore exports in 2016 coupled with weaknesses in mining sector governance. The current account deficits widened to 21.1 per cent of GDP in 2017 and declined gradually to 13.8 per cent of GDP in 2019, driven mainly by the recovery of exports.

The COVID-19 pandemic is dealing a further blow to the economy by disrupting demand and supply, while restricting trade and production. Sierra Leone is again contending with both an economic and health crisis that has jeopardized gains already made since the Ebola Virus Disease (EVD) outbreak. Most macroeconomic indicators are projected to worsen, compared to pre-crisis estimates. The economy is projected to contract by 3.1 per cent in 2020 mainly due to contraction in the service sector (tourism, and trade including supply chain disruptions of impending imports) and dampening of manufacturing and construction due to logistical challenges created by COVID-19 prevention measures.

Despite efforts in maintaining macroeconomic stability in post conflict period, Sierra Leone's economic growth has been slow and has remained factor-driven. The dependency on vulnerable productive sectors and natural resource endowment with very little value addition has made it vulnerable to shocks. Youth structural unemployment rate is amongst the highest in the West African region, posing risks to peace and stability. The added pressure brought about by the pandemic has further compounded the macroeconomic environment, impacting livelihoods and food security.

Politics and Institutions

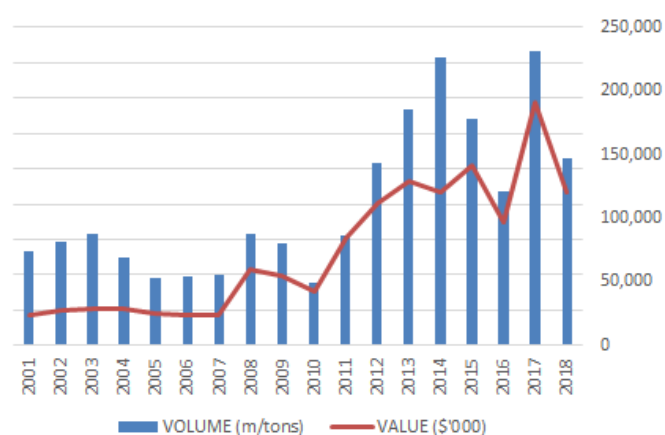
Sierra Leone had made significant strides towards peace, security and sustainable development. The country has seen a peaceful transition of power through democratic elections, while the economy has recovered from the twin shocks of 2014 and 2015—the Ebola epidemic and fall of iron ore prices. However, the health and economic crises brought about by COVID-19 pandemic could threaten this progress and intensify political tensions. Structural weaknesses continue to threaten progress towards the achievement of the Sustainable Development Goals (SDGs).

Sierra Leone has demonstrated resilience by achieving significant progress in building state institutions of governance and maintaining stability as part of its post-conflict peacebuilding and reconstruction agenda. Progress has been reflected in policy and legal reforms aimed at enhancing institutional capacity for service delivery. However, these have been undermined by significant systemic and structural challenges. Public service delivery institutions are challenged by weak accountability mechanisms, while effective administration of justice is hampered by limitations in institutional capacity and application of the rule of law. Pervasive corruption and allegations of mismanagement of public funds continue to permeate. Despite the acclamation of the elections being peaceful, they are still characterised by heightened political tension and violence, resulting to perceptions of diminishing social cohesion. Mistrust between political parties and the ruling government has incumbered COVID-19 measures and may continue to challenge consensus on response measures to the pandemic.

The Environment and Climate Change

Climate change is one of the key factors that stand in the way of Sierra Leone's environmental sustainability. Sierra Leone's coastal areas are projected to be adversely affected by future incidences of inundation, waterlogging, increased flooding, erosion, and salinization due to sea-level rise. Increasing climate-related crises and environmental degradation affected food production, which is in a five-year low. Moreover, COVID-19 measures have significantly increased food prices while decreasing food stocks, impacting food availability and access, particularly for poor households.

Rice Imports for Sierra Leone, 2001- 2018



Source: Bank of Sierra Leone: http://www.bsl.gov.sl/Statistics_Archive.html

Increasing temperatures leading to seawater rise and submergence of islands and coastal areas are the main climate change trends in Sierra Leone. These extreme weather events are becoming stronger and more frequent. In the last 15 years, intense and frequent storms, and flash floods have affected more than 220,000 people along the coast of Freetown. Floods account for 85 per cent of disaster-related mortality in the country, followed by landslides, storms and fire accidents. However, it should be noted that during the 2020 rainy season, there were minimal flooding events nationally and in the capital Freetown vis-à-vis 2019. This reflects lower than average rainfall levels.

The ripple effects of these conditions would be felt by the dependent sectors of the economy. The Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) shows that Sierra Leone is already experiencing the impacts of climate change, with increased levels being expected in the future. The situation is set to be compounded by the deterioration of forests and wetlands that are pivotal in cushioning the country's exposure to climate change-related disasters.

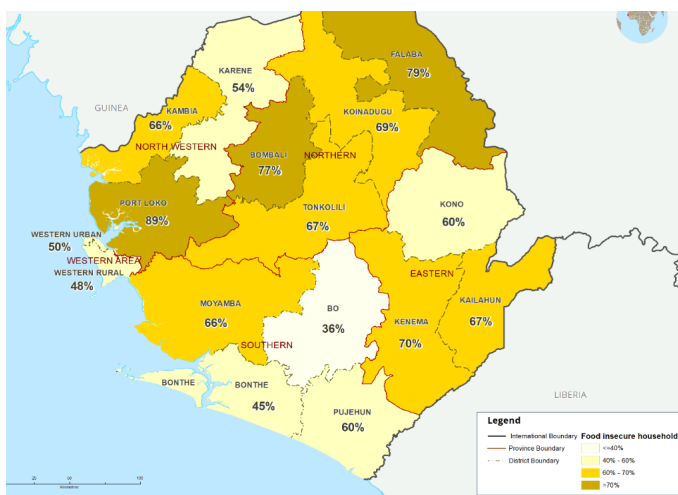
Policies implemented by the Government to contain the spread of COVID-19 seem to have inadvertently had a negative effect on the protection of the environment, biodiversity conservation, and, possibly, on conservation gains. Many environmental protection and conservation agencies in their effort to comply with the Government of Sierra Leone COVID-19 restriction measures scaled down their operations to protect and conserve the environment. The aquatic environment has also been exploited by poor coastal communities in a bid to stock up on protein sources during

lockdowns. Aquatic species were harvested uncontrollably, regardless of the type and size of fish to be captured, resulting in numerous by-catch issues. Coastal communities situated along the Sherbro River Estuary of the Bargura Creek and Moyamba District in southern Sierra Leone were mostly affected. Fishing has always been the main source of livelihood for these communities, but due to the COVID-19 pandemic, many more people are fishing in these waters, putting aquatic species at higher risk of exploitation.

Food Security

Food insecurity is expected to deteriorate further in 2021 due to the yearly lean season with an estimated 1.4 million Sierra Leoneans facing a food crisis. Sierra Leone is already among the 15 worst performing countries in the world in terms of food security. The linkages of the climate-related vulnerabilities, low food production and increasing food costs continue to risk food insecurity in Sierra Leone and may plunge the country in a humanitarian situation.

Prevalence of Food Insecurity in Sierra Leone



Source: Food Security Monitoring System, June 2020

Sierra Leone was already experiencing a deteriorating food security situation before the COVID-19 outbreak. According to the January 2020 Food Security Monitoring System (FSMS), national food insecurity was 47.7 per cent. The June 2020 Emergency Food Security Monitoring System (E-FSMS) showed a 15 per cent increase in food insecurity, now standing at 63 per cent. A Cadre Harmonise (CH) analysis conducted in October 2020 confirmed that the food security situation remains alarming in all districts due to COVID-19 restrictions, including inter-district lockdowns, curfews and the closure of periodic markets. About 852,383 Sierra Leoneans are in crisis and beyond (phases CH 3, 4 and 5).

Low production, price inflation and depreciation of local currency and below average rainfall are some of the contributing factors of food insecurity in Sierra Leone, impacting both food availability and access. These have had a negative impact on affordability vis-à-vis food access among poor households as well. Food consumption patterns of vulnerable households also changed during the national and inter district COVID-19 containment lock downs, as households preferred food with longer shelf life driven by a lack of household food storage facilities, consequently

reducing the consumption of more nutritious but perishable fruits and vegetables.

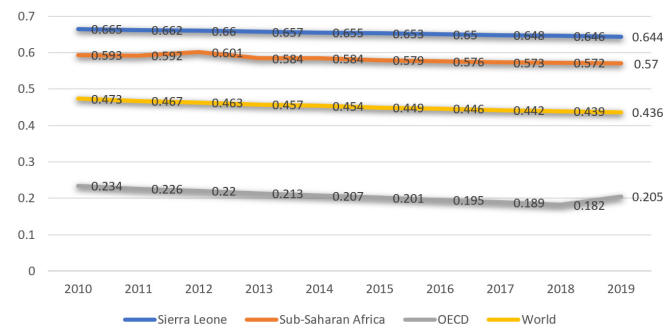
The interconnected nature of these elements necessitates a multi-dimensional approach to accelerate progress towards the SDGs. As such, progress or regress in one area may have significant impact in other areas. The structural challenges and underlying causes of poverty and food insecurity in Sierra Leone need to be addressed sustainably, while ensuring inclusion of the most vulnerable populations.

Social Exclusion

Although vulnerability in Sierra Leone is almost universal, certain segments of the society face additional challenges that impede their participation in the country's sustainable development and are most at risk of being left behind. Despite strides towards social inclusion, the most vulnerable groups continue to face barriers in accessing social services, including education, health services, legal rights and public participation and representation. COVID-19 pandemic exacerbated the challenges of the following most marginalized groups: women and girls; persons with disabilities (PWDs); youth; sexual minorities; people living with HIV/AIDS (PLWA), and; older persons.

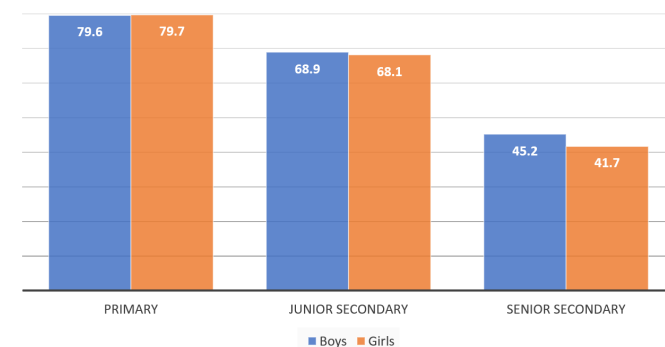
Gender Inequality Index (GII)

A composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market, 2010-2019.



Source: Human Development Index, 2019

Completion Rates Between Boys and Girls

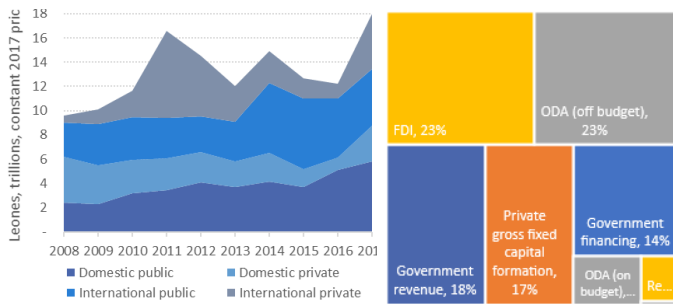


Source: 2015 Census Report

Financial Landscape

The 2030 Agenda for Sustainable Development requires a significant increase in investment and diverse sources of financing for achieving the SDGs. The Development Finance Assessment (DFA) reveals that the financing landscape in Sierra Leone is dominated by public external finance – both government finance and development cooperation with very small private sector.

Domestic and International Public Finance



Source: Sierra Leone Development Finance Assessment, 2017.

Public revenues were growing rapidly before the COVID-19 pandemic. However, due to the COVID-19 outbreak, total domestic revenue is projected to decrease to 13.0 percent of GDP in 2020 from 14.6 percent in 2019 owing to the contraction of economic activities as well as weak tax compliance. Moreover, Official Development Assistance (ODA), a significant part of the financing landscape, and private financing remain small with low levels of domestic commercial and foreign investments. Remittances continue to be an important part of the financing landscape, providing a vital source of financing for many communities as well as a key source of foreign exchange for the country.

Gaps and Challenges

Significant hurdles remain in accelerating the progress towards the 2030 Agenda in this Decade of Action. The COVID-19 pandemic has worsened the underlying challenges of sustainable development in Sierra Leone, as meagre resources are reallocated to mitigate the health and macroeconomic impact of the epidemic.

- Sierra Leone’s macroeconomic situation remains challenging. The pandemic has hit the country at a time when the economy is growing slower than expected. The current shortage of bank notes in the country has been partly attributed to the extra fiscal pressure on the Government due to COVID-19.
- Despite the progress in consolidating political stability and peace in the country, social and political cohesion have been negatively impacted by the pandemic.
- There is serious mismatch between economic growth and environmental preservation which has triggered enormous climate change issues in Sierra Leone.
- Social exclusion is an attribute of poverty in Sierra Leone, with the majority of the socially excluded sub-populations being poor. They include women, children (especially the girl child), people with disabilities, people living with HIV/AIDS etc. The issue of inequality, low degree of participation, lack of freedom of choice, lack of human dignity, self-esteem and prestige continue to affect these vulnerable groups.
- The Government’s vision for national transformation and development has been articulated in the country’s Medium-Term National Development Plan (MTNDP 2019-2023) entitled “Education for Development”. However, the implementation of the MTNDP is challenged by the wide financing gap due to weak domestic revenue mobilization and relatively small donor community presence in Sierra Leone.
- ODA, a significant part of the financing landscape and private financing, remains small. The need to deepen domestic revenue mobilization, therefore, remains high.

To affect real progress and build back better from the pandemic require acknowledging and understanding Sierra Leone’s structural weaknesses while ensuring social cohesion and inclusion. The Government of Sierra Leone at all levels, civil society, development partners and stakeholders need to continue working together to ensure that peace and development are sustainable and leave no one behind.

