

Sierra Leone

Status Index (Democracy: 1.6 / Market economy: 1.4)		3.0	Management Index		2.8
System of government	Presidential republic		Population	4.6 mill.	
Voter turnout	83 % (Parliamentary elections 2002)		GDP p. c. (\$, PPP)	470	
Women in Parliament	8.8 %		Unemployment rate	n. a.	
Population growth^a	1.7 %		HDI	0.275	
Largest ethnic minority	30 % ^b		UN Education Index	0.41	
			Gini Index	62.9 (1989)	
<p>Data for 2001 – if not indicated otherwise. ^{a)} Annual growth between 1975 and 2001. ^{b)} Multiethnic population including roughly 30% Mende, 30% Temne, 10% Limba, 10% native speakers of Krio. Source: UN Human Development Report 2003.</p>					

1. Introduction

Sierra Leone is an example of an attempt to end war through elections. The war lasted from March 1991 until January 2002. Elections were held in February 1996 and May 2002. Ahmed Tejan Kabbah was inaugurated President in March of 1996, but driven from power by a military coup in May 1997. He returned to head the government after a successful military intervention led by the regional power, Nigeria, in March 1998. Since then, external forces have defended Kabbah's government against further Revolutionary United Front (RUF) attacks that would threaten its authority. The first defenders were the Nigerian-led West Africa intervention force, ECOMOG (Economic community of West African States; Ceasefire Monitoring Group), then, from October 1999, the UN peacekeeping force, UNAMSIL (United Nations Mission in Sierra Leone), and finally, from May 2000, bilaterally deployed British troops. The RUF has been active since 1991.

Massive military pressure forced the RUF to recognize a peace treaty that had been signed in July 1999 and to permit general elections. The elections followed the disarmament and demobilization of the RUF and have been officially rated as successful. Kabbah, who was able to announce the official end of the war in January 2002, once again won the elections in May 2002. While the new government he established in June 2002 was able to extend its authority into the hinterland with the help of UNAMSIL forces, gun battles and recent coup rumors (October 2002 and January 2003) attest to the weaknesses of the peace process.

In economic terms, the period of Kabbah's rule since 1998 has been characterized by efforts to organize the country's reconstruction under war and post-war conditions, to implement structural reforms in compliance with the IMF and to translate these into a medium-term program for fighting poverty and promoting growth. A long-term development strategy has also been drawn up. Sierra Leone has registered poorly in UNDP Development Reports for years. In 2002, it took last place among 173 countries. This illustrates the formidable dimensions of the government's task to initiate transformation under war and post-war conditions and to overcome the obstacles and social problems inherent in such an effort.

UNAMSIL troops are to remain in the country at least until 2004 to assist the central government in extending and securing its authority. The planned personnel reduction from 17,500 to 13,000 by the end of May 2003 will likely not be possible as the security situation remains strained—not least due to the wars in Liberia and Ivory Coast.

2. History and characteristics of transformation

Between 1991 and 2002—therefore including the period under review—the process of economic and political transformation in Sierra Leone took place under the extremely unfavorable circumstances of a civil war that claimed at least 70,000 lives, injured or maimed an unknown number of persons, temporarily or permanently displaced millions and left about a quarter of a million women and girls the victims of rape.

Sierra Leone, a country that is dependent on the world market, was open to foreign capital and practiced market economy mechanisms at the sectoral level since gaining independence from Britain in 1961, but never had an economically and socially effective market and competition system. The country's economy and economic policy suffered early on from government intervention, haphazard regulatory efforts, corruption, mismanagement and inefficiency. The country had a weak foundation, and when it collapsed it caused the impoverishment—rather, the destitution—of large portions of the population.

Sierra Leone was constantly plagued by problems in repaying its external creditors. Regardless of the system of government and the type of regime, the country had to reschedule its debts with the Paris Club nine times between 1977 and 2002. It entered into formal credit arrangements with the IMF in 1984, 1986, 1994 and 2001 that involved the usual requirements of budgetary discipline, implementation of a market economy, promotion of the private sector, privatization and/or restructuring of state companies and increasing the country's export power in order to improve its external viability. In 1996 and 1999, Sierra Leone also made programmatic agreements with the IMF that were not connected with formal credit arrangements.

Subsistence farming and the informal sector in the cities are still the most important means by which Sierra Leoneans earn a livelihood. Their importance for survival increased during the war, which brought production of the country's traditional main sources of foreign currency income, rutile and bauxite, to a standstill. Both the central government and the rebels financed much of their war effort through the sale of diamonds. This became more difficult after international sanctions on "conflict diamonds" were imposed in 2000.

Since the end of the war was officially declared in January 2002, economic policy has focused on reviving traditional exports, strengthening domestic and foreign trade structures, improving the country's own capacity for providing food security and reducing the country's considerable dependence on international humanitarian aid. A poverty-fighting and growth-promoting program based on free market practices and foreign private capital is to form the foundation for achieving these aims with support from the IMF, World Bank and international donors. A long-term development strategy with a free-market approach was drawn up in 2001 and is to provide a programmatic framework for reconstruction and development.

On the political front, Sierra Leone was ruled by a single-party regime until 1991, which emerged in 1968 and was established in the 1978 constitution. The regime was headed by Siaka Stevens until 1985. Under the influence of the international changes symbolized by the fall of the Berlin Wall, which also had an impact in Africa, a democratic transformation began under Stevens' successor, General Joseph Momoh. However, under the circumstances of the RUF's war that began in 1991, Momoh was unable to carry through the transition. In a coup d'état that followed a series of successful and unsuccessful coup attempts dating back as far as 1967, lower-ranking officers under Captain Valentine Strasser took power in April 1992. Strasser's regime had devoted itself to democratization and the development of free-market structures, but, before the backdrop of the continued RUF war, it ended up building a system of authoritarian rule, corruption and economic decline. As a result of the war and the regime's own massive shortcomings, the military regime imploded in 1996.

After a palace coup in which Strasser was ousted by his own deputy, Julius Maada Bio, elections were held in February 1996. The elections, which, with hindsight, could be deemed premature, were won by Kabbah and the Sierra Leone People's Party (SLPP). The SLPP was the country's first governing party from its independence in 1961 until 1967. International election observers who called the elections "free and fair" overlooked the fact that a significant portion of the population could not participate in the elections because they were either refugees in another country or living in war zones where the elections could not be held.

The government's deficit of legitimacy and the increasing domestic instability caused by the war made it easy for a military fraction led by Johnny Paul Koroma to stage a successful coup in May 1997 and set up a tyrannical rule in coalition with the RUF. Koroma's rule was ended nine months later by the military intervention of Nigeria and the reinstatement of Kabbah. Only with the help of powerful foreign military forces—first the Nigerian-led ECOMOG, then UNAMSIL and British soldiers—could formally democratic rule be secured for a part of the country, including the capital, and the next elections be held in May 2002, after the forced implementation of the 1999 peace accord. Once again, Kabbah and the SLPP won the elections.

The constitutional framework for the political system under the Kabbah governments was the constitution that had been introduced under Momoh in 1991 but could not take hold until 1996. The constitution established the separation of powers, a multiparty system and basic civil and human rights. However, as problems in the areas of corruption and human rights demonstrate, Kabbah's government fell far short of fulfilling the normative commitments laid out in the constitution.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

Sierra Leone made progress in the transformation of its political regime, but enormous shortcomings remain in all relevant areas except for the formal election process, which can be rated relatively positively. The stability of the formally democratic political system does not yet appear to be secured.

3.1.1 Political organization

(1) *Stateness*: During the 11-year war, Sierra Leone was in acute danger of its government structures collapsing and of losing its territorial integrity. The reconstruction and safeguarding of the government is a task for the medium term to long term. Key work will include the reintegration of former RUF and pro-government CDF (Civil Defense Force) militiamen into society and the reorganization of the military and police forces. This effort is being supported by British and other experts. An efficient, corruption-resistant administrative system, public safety and order have not yet been established. Technically, all citizens enjoy the same civic rights, but there is hardly a unified concept of belonging to one nation and one people. Religion and state are separate under the constitution, but religious communities are not without influence in Sierra Leonean society.

The central government lacked control over large parts of the country's territory, particularly during the period beginning in 1998, when Kabbah returned to power. At times, government control was limited almost entirely to the area of Freetown, the country's capital city. Before the disarmament and demobilization of the RUF, which was officially completed in early 2002, the government was able to exercise its authority over less than half of the territory, despite massive assistance from British and UNAMSIL troops. The inadequate security situation, which was made worse by the existence of armed criminals, combined with a war-ravaged infrastructure and the existence of anti-personnel mines to impede or prevent the effective exercise of the government's monopoly on the use of force in the hinterland.

Following the end of the war, there was also a deficit of state integrity on the regional and local levels that had to be resolved through lower-tier elections at the district level. This consolidation process continued into the first months of 2003.

A universally accepted concept of state identity and belonging to a single nation is recognizable to some extent in the capital city, but is less developed in the hinterland. Sierra Leone's population breaks down into about 20 ethno-linguistic groups, the largest of which are the Mende in the center and southeast (30 %), the Temne in the northwest and center (30 %), the Limba in the north (10 %) and native speakers of Krio (as native speakers, not as a uniform ethnic group) primarily in Freetown (10 %). Muslims (primarily in the north) comprise 40 % to 60 % of Sierra Leoneans, Christians make up to 10 % and a large minority—often a majority in the rural areas—follow traditional African beliefs that are also often practiced by many Muslims and Christians in the form of dual beliefs. The resulting national identities with respect to the nation of Sierra Leone are varied and contradictory.

However, ethnic differences are less pronounced than in other African countries. The RUF's war against the central government was less an ethnic conflict than a rebellion of excluded, socially deprived forces against the political and military establishment. Until now, religious differences have not played much of a constitutive role in conflicts. On the contrary, there are many and diverse inter-religious relationships and the Inter-Religious Council (IRC) serves as an anchor for understanding, particularly between Christians and Muslims.

Nevertheless, Sierra Leone's state identity is threatened by massive internal shortcomings and external influences, in particular the interconnection of domestic conflicts with escalating violent conflicts in the neighboring states of Liberia and Ivory Coast. It is not unlikely that the current violent conflicts within the two neighboring countries will have negative repercussions for Sierra Leone's stateness, as former RUF rebels appear to be involved in both conflicts as mercenaries and militiamen.

(2) *Political participation*: Until 1996, the large majority of the population had no experience of political participation. The formally democratic 1991 constitution, which was reinstated in 1996, created the constitutional framework for such participation in political life for the first time. Despite the positive assessment of the 1996 elections, universal suffrage, the right to campaign for office and correct electoral practice were not widely effective until 2002. A large number of refugees were excluded from the elections once again in 2002, but the deficit in voter registration was considerably smaller than it had been in 1996.

With some reservations, the elected government respects the principles of an open and competitive election process. Reservations include the fact that the government has taken and continues to take repressive measures against critical media. The government has effective power to govern, but will remain dependent on the outside help (British military, UNAMSIL) to enforce its monopoly on the use of force for the foreseeable future, particularly in the hinterland. Even after the 2002 elections, the nation was repeatedly shaken by coup rumors and gun battles in Freetown.

Political and civic organizations are relatively free to assemble, but union activities are subject to limitations that violate international conventions on labor rights. Freedom of information, freedom of speech and freedom of association are limited when criticism of the government is implied that the government can deem insulting or derogatory. Ethnic-regional and group-specific cleavages play a role in the creation of civic organizations. Parties often have ethnic-regional or group-specific roots or focus. Group-specific party platforms exist particularly with respect to the military or the interests of the military.

(3) *Rule of law*: There are considerable deficiencies in checks and balances among the executive, legislative and judicial branches. Political processes in the executive branch and parliament and the activities of the governing party, the SLPP, which has a strong absolute majority, are to a great extent focused on the persona of President Kabbah and securing his authority. The judiciary is considered corrupt, inefficient and susceptible to political influence. Some of the greatest shortcomings in Sierra Leone's transformation process are with regard to the independence of the judiciary and the establishment of the rule of law.

Political and bureaucratic corruption is widespread. The government's efforts to fight corruption are perceived as inadequate, despite public announcements of objectives and the creation of government institutions to fight corruption. In response to the government's shortcomings in this area, a privately organized National Accountability Group (NAG) began efforts in mid-2002 to exert civil pressure on the authorities to create transparency in the government sector and to intensify the fight against corruption.

International donors also demanded a harder crackdown on corruption and the establishment and consolidation of good governance practices as a precondition for their financial engagement. External actors are helping to establish the rule of law and a judiciary that adheres to the principles of the rule of law. In order to deal with war crimes and crimes against humanity perpetrated during the 11-year war, a Truth and Reconciliation Commission—after the South African model—and a special UN war crimes tribunal for Sierra Leone were established in 2002. These institutions are still too new to allow an accurate assessment. However, it is worth noting that the Interior Minister, Sam Hinga Norman, and the former RUF leader, Issa Sesay, and others were arrested on March 10, 2003, to be tried before the special UN tribunal.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: In view of the shortcomings of the peace process and the country's susceptibility to coup attempts that has apparently not yet been overcome, but also as a result of the government's inadequacies with regard to good governance, Sierra Leone's democratic institutions are anything but stable. Without the continued presence of external forces (UNAMSIL, British military, British trainers and advisors for the military, police, judiciary, etc.), the institutions would probably quickly fall to ruin.

(2) *Political and social integration*: Problems of institutional efficiency can be linked to the lack of stable organizational patterns of political representation. The party system is marked by ethnic-regional and group-specific emphases (the latter, particularly with respect to the military), a low degree of organizational stability, insufficient ability to form party platforms and strong tendencies to focus on personalities and patronage. Most of the political parties pursue primarily conflict-oriented strategies and are geared primarily toward their regional constituencies.

The high voter turnout (83 %) and the strong majority held by Kabbah and the SLPP (about 70 % of votes) in the 2002 parliamentary and presidential elections were primarily an expression of the people's war-weariness and longing for peace rather than a reaction to a promising campaign platform. Kabbah's acceptance among the foreign powers (UN, US, UK) made him seem the most likely candidate to bring about the longed-for peace.

He and his party won particularly strong support (well over 90 % of votes) in the areas settled by the Mende, the classical base of the SLPP. Of all places, they had a relatively poor showing (just 55 %) in the hot spot of Freetown. The strongest opposition parties between 1996 and 2002 and after 2002 were first the United National People's Party (UNPP), then the All People's Congress (APC), formerly the country's sole party, both of which were or are strongest in the Northern

Province. The relative success of former military ruler J. P. Koroma's Peace and Liberation Party (PLP) in 2002 in Freetown is striking.

In addition to parties, Sierra Leone has a rather broad, constantly changing landscape of civic organizations for such a small country. However, civic organization is largely limited to the capital. The agenda of such organizations is often focused on democracy, human rights and fighting corruption and often concerned with revealing shortcomings in the government's actions and achieving improvements to match their objectives. Under the circumstances of a peace process that is still unstable and dependent on outside help, the prospects for the success of these activities are unclear. There are, however, indications that the activities of the civic organizations are also aimed at bridging ethnic-regional and social cleavages.

3.2 Market economy

In principle, Sierra Leone is open to the free market. However, it does not have a competitive private sector based on domestic stakeholders in the formal economy. The formal private sector is characterized by a weak, almost non-existent base of local businesspeople and extremely low capital resources. In the informal sector, market mechanisms work in a distorted manner and at a low level. As a result of the country's economic collapse, private foreign stakeholders have restrained their investment activities for years.

However, with the prospect of Sierra Leone's reconstruction, some interest in taking (or renewing) a stake in economically lucrative areas involving products that are marketable on the world market is emerging. Such areas include the renewed utilization of the mineral commodities rutile, bauxite and iron ore, the increased exploitation of diamond deposits, and exploration for oil and natural gas. This could improve the future prospects of Sierra Leone's foreign trade balance and the viability of its market-economy development if a sufficient level of political stability and security can be achieved within the country. The latter has not yet been done.

3.2.1 Level of socioeconomic development

All of the key indicators reveal an extremely low level of development. Mass poverty, inadequate food security, widespread exclusion from education and medical care, gender-based discrimination and a stark contrast between rich and poor are all characteristic of the situation in Sierra Leone. There is a gap between Freetown and the rest of the country in this regard. On the whole, the domestic market does not permit self-supporting development. The years of war, in

particular the mass flight and displacement of huge numbers of people intensified the problems already inherent to the poor conditions at the outset of the war.

Sierra Leone has held the lowest ranking or at least one of the lowest rankings in UNDP Development Reports for years. With respect to all data on infant, child and childbirth mortality and life expectancy, the war-torn country is one of the world's biggest problem cases. During the war, the HIV/AIDS problem intensified, but special programs and changes in healthcare policy have since taken up the fight.

3.2.2 Market structures and competition

Since 1996-1998, the Kabbah government has been working with the IMF in an effort to organize the country's reconstruction, a policy of structural adjustment and a program for fighting poverty and promoting growth. Key elements of this course include the implementation of free-market principles, the promotion of the private sector, the privatization or restructuring of state companies and, not least, the complete liberalization of foreign trade and the exchange rate regime.

Sierra Leone still lacks the local pool of businesspeople, efficient banking sector and capital market and appeal to foreign investors that are necessary for the implementation of a developed system of market economy and competition. However, the IMF credit arrangement that has been in effect since 2001 is aimed at creating and consolidating structures to improve the investment climate and provide a basis for a market economy and competition. This focus is also part of the long-term development strategy drawn up in 2001.

3.2.3 Stability of currency and prices

In the period under study, monetary and exchange rate policies have been geared toward curbing inflation and stabilizing the external value of the leone, the local currency. Both of these aims were achieved in 2002 despite the unfavorable baseline conditions. With the help of weekly exchange rate auctions, the exchange rate to the dollar was stabilized to such an extent that the margin between the official and black market rates could be reduced. The Central Bank is under government control.

Compared with the country's level of development and reconstruction, external debt is unsustainably high and the generation of foreign currency is far too low to ensure the country's long-term external viability. Sierra Leone's dependence on the inflow of foreign capital will remain existential far into the future. With the support of the 2001 credit arrangement with the IMF, Sierra Leone attained "decision point" status under the IMF and World Bank's debt reduction initiative

for Heavily Indebted Poor Countries (HIPC) in 2002. This should permit the debt service-to-exports ratio to be reduced from 74 % in 2001 to 5 % in 2005. Relief in the areas of debt and debt service are likely to contribute to improved currency and price stability.

3.2.4 Private property

In principal, private property rights are safeguarded, also for foreign investors. The privatization and restructuring of state and para-state companies is one of the objectives under the economic policy arranged with the IMF. Even before 1998, 44 state companies were included in a privatization and restructuring program. However, the program could be implemented only partially due to the war and economic collapse. In 2001, a Strategic Plan for the Divestiture of State Enterprises was adopted and a National Commission for Privatization was created. This program affected 24 state and para-state companies and institutions including banks, electricity and water companies, and the management of ports and airports. However, as the privatization policy affects the interests of powerful groups, it is not without obstacles.

3.2.5 Welfare regime

In Sierra Leone, state or company-sponsored social insurance or welfare systems are more or less non-existent. Persons living in Sierra Leone are largely dependent on their own improvisational abilities and assertiveness, family networks and international humanitarian aid. The basis of survival lies outside the realm of companies and the state and within subsistence farming, the informal sector and criminal activity. The latter, largely a result of the war and easy access to weapons, is a problem the government is trying to combat with outside help. True unemployment and underemployment rates are obscured by the mechanisms of the informal economy.

3.2.6 Strength of the economy

As a result of the protracted war, the existing structures permit only minimal economic performance. Nevertheless, the increased presence of foreign military made it possible to stop the economic decline and set the stage for growth from 2000 onward—but at the cost of higher import spending and dramatic increases in the budget and current account deficits. Considering the country's wealth of raw

materials and land resources, a far higher level of development could be achieved under peaceful conditions.

3.2.7 Sustainability

Social risks are offset only by private solidarity networks, if at all, and health risks are often offset only through international humanitarian aid, but neither is guaranteed across the board. Equality of opportunity and access to public services are not available to the majority of the populace. Mechanisms to assist with the advancement of women, handicapped persons or weaker members of society are practically non-existent. Women are significantly disadvantaged with respect to access to tertiary education, income, public office and legal status, although the constitution formally grants them equal rights. In general, school attendance and the level of education declined during the war. The available capacities for training and continuing education are insufficient for development and transformation.

Environmental awareness is underdeveloped. Environmentally unfriendly mining activity and war-related overexploitation of resources have taken a heavy toll on the country's ecology. In rural areas, energy needs are traditionally met by burning wood and sometimes uncontrolled harvesting of timber. Deforestation and soil erosion are also obstacles to sustainable development.

4. Trend

(1) *Democracy*: With respect to the state's monopoly on the use of force, an effective administrative system, functional courts, and public safety and order, Sierra Leone made some low-level progress. However, this progress was not made under the government's own steam, but only with the assistance and protection of outside forces. Under this qualifier, there are progressive tendencies with regard to elections, effective power to govern, citizens' options for organizing, unrestrained activity of civic organizations and freedom of speech and freedom of the press, although the state still uses repressive measures against any unfavorable presentation of facts or opinions.

Considerable deficits persist with regard to the government's own capacity to enforce its monopoly on the use of force under the rule of law, the effective separation of powers, and checks and balances among the executive branch, the parliament and the judiciary. Corruption is still widespread, and the government's anti-corruption policy has not yet been adequately effective. The stability of the basic constitutional institutions improved, but was still compromised by military ambitions for power, even after the 2002 elections.

The parties' capacity for political and social integration fails when it comes to overcoming ethnic-regional and group-specific emphases. Only the governing SLPP was able to achieve some degree of integration. As it was primarily fed by the war-weariness of the population, it is unlikely to last long once that integrative factor gives way to a reasonably viable state of peace.

The development of civic interest groups and organizations is progressing, primarily in the areas of democracy, human rights and fighting corruption, but the extent of citizen participation remains weak. The majority of the population is more concerned with managing their own survival than with organizing political interests or participating in civic organizations.

(2) *Market economy*: The fundamental development indicators for the period under study show very slight improvements.

Table: Development of socioeconomic indicators of modernization

	HDI	GDP index	UN education index	Political representation of women^a	GDP per capita (\$, PPP)
1998	0.252	0.25	0.29	8.8	458
2000	0.275	0.27	0.33	8.8	490

^a Percentage of female members of Parliament following the 1996 parliamentary elections.

Sources: UNDP, Human Development Report, 2000, 2002,
<hdr.undp.org/reports/global/2000/en/pdf/hdr_2000_back1.pdf>,
<hdr.undp.org/reports/global/2002/en/pdf/backone.pdf>.

Deficiencies in the market and competition system remained considerable, but Sierra Leone is trying, in cooperation with the IMF, to set the course for a viable market economy. The end of the war in 2002 lent momentum to such reforms.

Table: Development of macroeconomic fundamentals (1998-2002)

	1998	1999	2000	2001	2002
GDP growth, in %	-0.8	-8.1	3.8	5.4	6.6
Export growth in %	-26.2	-5.7	22.3	9.4	4.1
Import growth in %	4.9	-19.9	100.3	57.6	37.6
Inflation in % (CPI)	35.5	34.1	-0.9	3.0	4.7
Budget deficit in % of GDP ^a	-10.4	-9.5	-9.3	-10.7	-18.1

- excluding relief	-12.8	-14.9	-17.3	-17.1	-27.9
Current account balance in millions of \$ ^b	-60.8	-53.0	-115.0	-213.8	-311.8

^a commitment basis, ^b excluding official transfers; 2002 IMF forecasts or program targets

Sources: International Monetary Fund, *Sierra Leone Selected Economic and Financial Indicators 1997-2004/ 2000-07*.

IMF Country Information, Sierra Leone, Web sites: <www.imf.org/external/np/sec/pr/2001/pr0139.htm>,

<www.imf.org/external/np/hipc/2002/sle/sledp.pdf>.

5. Transformation management

5.1 Level of difficulty

The baseline conditions for a successful transformation were extremely unfavorable in 1998 as a result of the war, the deficit of state integrity and the economic decline that had begun before the war. The end of the war and the willingness of external actors to provide assistance in the key areas of economic and political transformation led to gradual improvements from 2000 onward and significant improvements in 2002 after the official end of the war and successful elections.

Enormous problems arise as a result of the relative instability of government institutions, the breakdown of the economy, mass poverty and the extreme lack of social security for the population. In addition, war, mismanagement and neglect of the educational system have led to a situation in which there are far too few local, experienced, skilled persons who can develop the management capacities needed for the country's successful transformation. Workers are too poorly trained to provide a solid basis for development and transformation.

The stability of formal democratic conditions still appears to be threatened by ethnic-regional and social cleavages, lingering potential for violence and the possibility of military coup attempts. Sierra Leone is among those African countries with a deeply rooted "coup culture" and a weak grounding of political processes, democracy and the rule of law in civil society.

Regional instability—in particular, the wars in neighboring Liberia und Ivory Coast and their possible impact on Sierra Leone—has also placed significant limits on the country's capacity to overcome the challenges it faces. It is not unlikely that the neighboring conflicts will have repercussions for Sierra Leone, as Sierra Leoneans are involved in the fighting in both countries. In addition, Sierra Leone has experienced an influx of refugees from Liberia since 2002, which increased in the first quarter of 2003. It was thanks only to the determined engagement of UNAMSIL forces that a spilling over of military activity from Liberia into border regions of Sierra Leone could be averted. Whether this can be successful in the long term if the war in Liberia continues is very doubtful.

5.2 Reliable pursuit of goals

The Kabbah government's economic policy follows IMF guidelines that are committed to the principles of a market economy and promoting the private sector. This course became increasingly effective from 2001 onward. The government is striving to establish reliability in achieving its goals in the eyes of domestic and foreign economic stakeholders and to coordinate its individual macroeconomic goals. Democratic conditions were regarded as fundamental elements of the peace process and as a precondition for market-based reconstruction. In this regard, government actions have been very goal-oriented and stirred no doubts about its intention to stay the course. However, the viability of this approach is threatened by the extremely unfavorable baseline conditions and the risk factors discussed above.

5.3 Effective use of resources

The government is making efforts to provide public services and to make development progress, but its capacity to do so is very limited. Nevertheless, it is trying to make effective use of its limited personnel and organizational resources in order to implement its policy of transformation. By reviving the mining and agricultural sectors and rebuilding domestic and foreign trade structures, the government seeks to strengthen its resource base and improve public finances. Peasant farming, the business and banking sectors and public services are all in need of far-reaching consolidation to permit development.

The fight against corruption—for which the legal framework is in place—must be made more effective. The improvisational ability of large portions of the population, which has been refined by crises and war, could be used as a resource in both the government and the formal economy. The future of resource use also seems to be threatened by the risk factors discussed with respect to the viability of the peace process.

5.4 Governance capability

The Kabbah government was not able to take its steps toward a market economy and democracy alone. Instead, it was dependent upon massive support from outside in all relevant areas. Thanks to the wherewithal and steadfastness of the external stakeholders, the government was able to take important steps, reallocate resources toward transformation and stay its course in spite of political obstacles

on the domestic front. Without the engagement of the external stakeholders, the prospects would be bleak. The government would be confronted with competing social forces that could block the implementation of important elements of a market-based democracy. The likelihood that the formally democratic rule could shift to an authoritarian regime or be entirely replaced by such a regime should not be underestimated.

5.5 Consensus-building

There is no general consensus among the relevant social forces with respect to implementing a market-based democracy. Potential vetoing actors, e.g., from the ranks of the (old) military, might stand in the way of achieving such a goal. The SLPP's (and Kabbah's) major adversaries are the APC and the PLP. Civic organizations are also articulating opposition to the government. Whether for real or opportunistic reasons, they decry the social hardships connected with the implementation of the IMF doctrine. In none of the parties, not even the government party, can one assume that the rules of democratic process and constitutional procedures are being adhered to. It can be assumed that the opposition parties accept democratic procedure only as long as they are prevented from taking power by other means (whether election victory or coup). Even among the SLPP and Kabbah himself, there are unmistakable tendencies toward an authoritarian style of government, which raises the question of whether they would passively accept being voted out of office by democratic means.

The government is trying to develop a policy of national reconciliation and victim-offender mediation to deal with the historical burdens left by the war. The Truth and Reconciliation Commission created for this purpose in 2002 based on the South African model has not been in effect long enough for one to assess its normative effectiveness. Considering the staggering dimensions of the social conflicts at the root of the war, it is doubtful whether the Commission will be able to bridge the gaping divides and heal the deep wounds of war.

5.6 International cooperation

The Kabbah government's economic policy was based on close cooperation with the IMF, the World Bank and international donors as well as the willingness of creditors to reschedule the country's debts. The restoration of stateness and the reconstruction of the country are dependent on massive military, political and economic support from the international community, namely the UN, the US, the UK, the EU, the African Development Bank, the World Bank and the IMF. On the regional level, Nigeria played an important role as the leading power within ECOWAS.

The reinstatement of the Kabbah government in 1998 was primarily the achievement of a Nigerian military intervention, and the defense of this government well into 1999 was thanks to the deployment of primarily Nigerian troops under the West African intervention force, ECOMOG. International stakeholders see a close interconnection between socioeconomic development, the implementation of democratic conditions and the consolidation of the peace process in their activities. They not only provide financial and technical assistance for the economy and development, they are also helping to build government structures, to create the rule of law and to re-establish and train the national armed forces.

British trainers are trying to cement the primacy of the political process within the military and police forces. In the judicial system, British experts are trying to establish the rule of law. As it is dependent on so much outside help, the government is endeavoring to utilize bilateral and multilateral cooperation structures and, therefore, willing to cooperate on all levels.

There are, however, considerable problems in the country's bilateral relationship with neighboring Liberia and its government led by Charles Taylor. Taylor was allied with the RUF and hired former RUF fighters as mercenaries, but it would be too simplistic to say that the Taylor government is practicing a unilateral policy of destabilization against Sierra Leone and the Kabbah government. Some individuals from the political and military milieu of the Kabbah government, namely former CDF militiamen, are involved in the war against the Taylor government in Liberia.

6. Overall evaluation

This report comes to the following conclusions with respect to the baseline conditions, current status and evolution, and management of affairs by the actors:

(1) Baseline conditions: The baseline conditions for transformation were adverse overall. Immediately prior to the period under review, Sierra Leone was in a process of economic decline that was being accelerated by war. The collapse of the government was also incipient. The formal democracy that was forced upon the country in the 1996 elections was undermined by war and the competing ambition for power on the part of the military and the RUF rebel army. Massive outside help was able to put the country in a state that could be characterized as the embryonic stage of a workable market-based democracy.

(2) Current status and evolution: Democratic transformation has not yet gained much ground in Sierra Leone. Political decision-makers have not yet been able to establish democratic transformation in all of the social forces. Internal threats to democracy exist, for example, in the ambitions of (former) members of the

military. The ambient structures for a market economy have been revived or introduced under cooperation with the IMF, but at a very low level.

(3) *Management.* The domestic actors' management of affairs has only been possible with the help and protection of external actors. Sierra Leone's own management capacity is very small. For the foreseeable future, both economic and political transformation will be highly dependent on the willingness of external forces to continue their engagement.

7. Outlook

The positive picture of transformation that has been achieved, if only to a very small extent and under many qualifiers, must be attributed primarily to the intervention of external actors. The key strategic tasks for the country's democratic and market-economy reforms for the medium term will lie in establishing the rule of law, creating an effective separation of powers, fighting corruption, developing and cementing substantial patterns of democratic representation and democratic attitudes, creating a stable market and competition system, improving the investment climate and making progress on the long path toward sustainable economic development.

To build a strong foundation on which to achieve these tasks, Sierra Leone will need a far-improved system of education and training that would benefit the creation of a democratic political culture, which is not present yet. Before there can be any hope for a market-based economy in Sierra Leone, the fulfillment of fundamental needs such as food, water and healthcare must be secured. This is currently not the case for large portions of the population.