

CPIA Detailed Report

Country: Sierra Leone

Exercise Year: CPIA Exercise 2023

Currency: Leonean Leone (SLL)

City: Freetown

Income Group: Low income

Lending Category: IDA

Final CPIA Score: 3.227

(A) Economic Management

Cluster Score: 3.5

01. Fiscal Policy

Criteria Score: 3.5

1. Fiscal Policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The fiscal balance deteriorated to -9.6% of GDP in 2022 from -7.4% of GDP in 2021 due to the increased expenditure to address the impact of multiple external shocks including Russia's invasion of Ukraine, tight

global financial conditions, and depreciation of the Leone. The domestic primary balance deteriorated significantly to -9.2% of GDP in 2022 from -5.0% of GDP in 2021. The Government is targeting an improvement in the domestic primary balance to -2.5 of GDP in 2023, consistent with the objective of reducing the net borrowing from the banking sector. The deficit was financed by both domestic and foreign sources. Fiscal balance is projected to improve to -5.4% of GDP in 2023. Total domestic revenue excluding grants was estimated at 13.9% of GDP in 2022 and expected to marginally improve to 14.1% of GDP in 2023 due to the projected increase in economic activities. The main objective is to increase domestic revenue to 20% of GDP by 2027. Total expenditure is estimated to have declined to 25.7% of GDP in 2022 from 27.6% in 2021 despite increased expenditure pressures to address the impact of the external shocks. Total expenditure is projected to decline to 22.7% of GDP in 2023 while total revenue is estimated to decline from 20.4% in 2022 to 19.7% in 2023 on the back of lower grants. Despite the limited fiscal space caused by the ongoing crises, Government will continue to implement programs and policies to mitigate the impact on the population. The Government will focus on intensifying local food production, sustain critical investments in education and health to improve human capital, expands social safety nets, and pursue climate change adaptation and mitigation measures (Ministry of Finance, 2022).

In line with the Medium-term Revenue Strategy (MTRS), which was approved by Cabinet in April 2023, the Finance Act, 2023 introduced new tax policies including the introduction of a Minimum Alternate Tax (MAT) of 3% on turnover/sales of all companies. This was aimed at tackling the widespread evasion and avoidance of corporate income tax. The Government also introduced a Tourism Levy of 2% among other tax policy measures. These tax policy measures will yield additional tax revenues in 2023 and 2024 estimated at 1.8% of GDP.

The domestic revenue mobilization efforts remain low in Sierra Leone. The domestic revenue-GDP ratio was 13.9% in 2022 and expected to only marginally improve to 14.1% in 2023 significantly lower than the Sub-Saharan average. The Government is pursuing the use of technology to improve the efficiency of domestic revenue collection. Accordingly, Government will embark on digitising all National Revenue Authority (NRA) revenue collections. This will involve (i) linking of all NRA digital platforms including the ASYCUDA World, Integrated Tax Administration System (ITAS), Electronic Cash Register (ECR) and the non-tax revenue Mobile APP to ensure that these systems interface with each other; and (ii) Linking all these platforms to the National Switch.

According to the IMF (2023), last year's large fiscal overruns and the sharp depreciation of the leone have resulted in a deterioration of both solvency and liquidity indicators and that efforts to seek further grant financing and lengthen the maturity structure of debt remain key as debt service ratios and gross financing needs will remain elevated over the medium term.

02. Monetary Policy

Criteria Score: 3.5

2. Monetary Policy

Score Type	Value
Draft Score	3.5

Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Bank of Sierra Leone (BSL) remains committed to its core mandate of price stability and financial stability objectives while supporting the Government's economic recovery programme. The BSL's monetary policy framework is monetary targeting regime that focuses on the growth rate of reserve money as the primary operating target. To deepen the financial market, the BSL will continue to implement a monetary aggregate targeting framework using indirect policy instruments to achieve its target goal of price stability. The Bank of Sierra Leone (BSL) is committed to work towards strengthening its monetary policy framework to improve transmission and policy effectiveness.

The Bank of Sierra Leone (BoSL) adopted a tight monetary policy stance since end of 2021 to combat rising inflation, increasing policy interest rate from 14% in 2020 to 2119.25% in September July 2023 (raising the rate by a cumulative 7525 basis points). Inflation accelerated to 26.9% in 2022 from 11.9% in 2021 due mainly to sharp increases in global food and fuel prices driven by depreciation of the currency, rapid increases in food and fuel prices due mainly to the impact of Russia's invasion of Ukraine, tight global financial conditions, and domestic supply side constraints. The main upward drivers of inflation were food with an inflation rate of 46.7%, transport (44.9%) and housing and utilities (30.9%) in December 2022. Headline consumer inflation reached 44.98% in July 2023 driven by food inflation which soared to 59.9% in the same period exacerbating food security and overall level of poverty (Statistics Sierra Leone, 2023).

Net Credit to the Private Sector expanded by 21.5% in Q1,2023 compared to Q12022. Despite its acceleration, net lending to the private sector remained anaemic, and continued to decrease significantly in real terms due to crowding-out by government financing (Bank of Sierra Leone 2023).

Fiscal financing needs, underdeveloped financial markets and frequent supply shocks undermine the effectiveness of monetary policy in Sierra Leone. Russia's invasion of Ukraine and related sanctions have contributed to exchange rate depreciation (by worsening terms of trade) and rising inflation. Sierra Leone's Leone depreciated by 8.7% in 2020-2021 and 24.3% in 2021-2022 mainly due to an increase in trade deficits and a decline in international reserves precipitated by Russia's invasion of Ukraine which worsened terms of trade. BSL is likely to maintain a tight monetary policy stance and keep policy interest rates higher for longer than previously expected to address sticky inflation. While continuing to maintain a flexible exchange rate regime, the BSL will continue to direct its exchange rate policy towards stabilising the value of the Leone, including intervening in the foreign exchange market to smoothen exchange rate volatility. This would entail providing incentives to export-oriented and import-substituting businesses to generate foreign exchange and stabilise the exchange rate; and lift the ban on mining exploration to attract foreign direct investment inflows and generate foreign exchange, among others. The BSL is committed to maintaining a flexible exchange rate to help mitigate the impact of adverse external shocks and maintain adequate reserves. The exchange rate of the Leone to international currencies will continue to be determined by market forces to allow the economy to adjust to external shocks and improve its competitiveness.

03. Debt Policy

Criteria Score: 3.5

3. Debt Policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The public debt is estimated to increase to 98.9% of GDP in 2022 from 79.8% in 2021 and 76% of GDP in 2020 driven by new borrowing to finance a large fiscal deficit, as well as higher interest payments and rapid depreciation of the exchange rate. The country remains at high risk of debt distress according to the May 2023, IMF Debt Sustainability Analyses. This is due largely to solvency and liquidity challenges caused by shock to growth, exports and revenues following the COVID-19 pandemic and Russia's invasion of Ukraine in 2022. The bulk of Sierra Leone's public debt is external accounting for 68% of the total public debt while domestic debt accounted for 24.8% in 2022. The high fiscal deficit in 2022 led to substantial additional domestic borrowing, largely through 364-day T-bills. Debt sustainability indicators such as the external debt service-to-revenue ratio, the overall debt-service to revenue ratio, the PV of external debt-to-GDP ratio and the PV of the public debt-to-GDP ratio all remained elevated in 2022.

Sustained fiscal adjustment, underpinned by strengthened public financial management, effective expenditure prioritization, and redoubling structural and revenue mobilization reform efforts are needed to maintain debt sustainability. To safeguard debt sustainability, the Government is committed to continue to prioritize concessional loans within a pre-defined borrowing limit, preferably grants, and seek only highly concessional financing. However, a pace of fiscal adjustment should be attuned to the need to anchor economic recovery and allow the country to protect critical social spending and continue addressing its large development needs. Sierra Leone currently has no room left for non-concessional external borrowing.

The high level of debt service payments has been one of the greatest challenges in fiscal management in recent years. Debt service payments, including amortization, accounted for 37% of domestic revenue and 20% of total expenditures as at end June 2022. Therefore, ensuring the sustainability of public debt and improving its transparency remains central to Government's strategy for stabilising the economy. The buildup in public debt in recent years is attributed to the following factors: (i) the wider weakening in the macroeconomic fundamentals, including the contraction in GDP, drop in domestic revenues and fall in exports triggered by the COVID-19 pandemic and the Ukraine crisis; (ii) disbursement of emergency support loans by development partners to complement Government's resources in mitigating the impact of COVID-19 on the population; (iii) loan disbursements by development partners to support the implementation of projects in various sectors, including roads, electricity, agriculture, education and health;

and (iv) the inclusion of the verified stock of domestic contractors' arrears of about US\$360.0 million inherited by the Government in 2018.

The Government has begun the preparation of the Medium-Term (2023-2028) Debt Management Strategy, which aims at reducing the cost and risk of the existing debt portfolio consistent with the national debt strategy in the country. The new Medium-Term Debt Management Strategy will replace the current strategy that covers 2021-2025.

(B) Structural Policy

Cluster Score: 3.333

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 3.5

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Sierra Leone is an active member of the Economic Community of West African States (ECOWAS) and the Mano River Union (MRU). Sierra Leone has become part of the Community of Sahel-Saharan States (CEN-SAD) since 2008. As a member of ECOWAS, Sierra Leone, is committed to the single currency project, and will continue the implementation of the ECOWAS Trade Liberalisation Scheme (ETLS) and the Common External Tariff (CET). In July 2023, ECOWAS adopted a regional strategy to accelerate the implementation of the African Continental Free Trade Area (AfCFTA) agreement in the ECOWAS region and leverage on opportunities for economic growth and development. The Government of Sierra Leone through the Ministry of Trade and Industry and with support from the United Nations Economic Commission for Africa (UNECA) has developed the National Trade Strategy with a specific focus on repositioning Sierra Leone for trade across the AfCFTA. Government has shown commitment to work with the private sector, development partners and AfCFTA member countries to ensure that Sierra Leone benefits from access to the free movement of persons, goods and capital across the entire continental

market.

Sierra Leone has been a member of WTO since 1995 and a member of General Agreement on Tariffs and Trade (GATT) since 1961. The country ratified the WTO Trade Facilitation Agreement in 2017 and is working to implement the necessary measures by 2027, while receiving technical assistance from the World Bank. The effective implementation of the measures will not only simplify, modernize and harmonize the import and export procedures, but will strengthen Sierra Leone's access to the world's markets.

To boost intra-African trade, the continent has embarked on the gradual elimination of tariffs on 90% of goods, and the reduction of barriers to trade in services aimed at increasing Africa's income by US\$450 billion by 2035. It is anticipated that the successful implementation of the AfCFTA will lead to the creation of more decent jobs, improved welfare and better quality of life for Africans, and sustainable development. The theme of the National Trade Strategy for Sierra Leone is "Repositioning Trade for the African Continental Free Trade Area". The National Trade strategy has an Action plan to support smooth implementation of AfCFTA. A detailed Action Plan has been developed to this effect including key activities and resources required for the first 5 years of AfCFTA implementation. The Strategy aims to foster the collaborations needed to support exports in the areas of agriculture, fisheries and other vital sectors through the private sector as the driver of economic diversification while building the foundations both for implementation and improved trade policymaking into the future. By October 2022, 8 countries, Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania and Tunisia commenced trade under the AfCFTA Guided Trade Initiative and Sierra Leone should strive to benefit from such trade arrangements.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In 2021, Sierra Leone's largest export destinations were China with USD 341 million or 39% of total export value, Belgium with USD 161 million or 18.4%, Germany with USD 70.2 million or 8.02%, United Arab Emirates with USD 69.7 million or 7.97% and Romania USD 57.7 million or 6.6%. By continent, Asia was the largest partner with 53 % of all trades with Europe following with 41 %. For imports, China was the largest partner with USD 489 million accounting for 30.9% of all import value, followed by India with USD 191 million or 12%, Turkey with USD 133 million or 8.34%, UAE with USD 89.3 million or 5.58% and Belgium with USD 82.4 million or 5.15%. Therefore, the largest trading partners by continents were Asia with 64% and Europe with 19% of the trade.

On the other hand, for both export and import, intra Africa trade only accounts for 4% and 5%, respectively. The largest African exporting destination is Senegal, accounting for 1.82% of the overall trade, the largest export product being palm oil. Within ECOWAS, Nigeria accounts for 0.56%, and the main exporting product is stearic acid. The largest African importing partner is South Africa, accounting for 2% of the overall trade, the largest product being liquid pumps, stone processing machines and other iron products. Within ECOWAS, Niger account for 0.17%, mainly specialised machinery.

Sierra Leone export amounted to USD 874 million in 2021. The top exported products were titanium ore with USD 212 million or 24.2 % of overall export value, iron ore at USD 163 million or 18.6%, rough wood at USD 129 million or 14.8%, diamonds at USD 107 million or 12.2 % and aluminium ore at USD 57.7 million or 6.6%. While in previous years the fluctuation of raw mineral and metal prices have changed the top export products ranking, Sierra Leone has consistently been heavily reliant on the exportation of raw material. Sierra Leone imports in 2021 were a total of USD 1.6 billion, a much bigger figured compared to exports which amounted up to USD 874 million. This lopsided balance between import and export value has been the general case for Sierra Leone in preceding years.

As can be seen, international trade is critical to Sierra Leone, and the country relies heavily on port transportation. While Freetown's Queen Elizabeth II port is the primary international port, especially for the extractive minerals and metal products, the ports of Sherbro and Pepel also needs to be used to its full potential. Moreover, the improvement of road infrastructure will enhance competition and cooperation between the different ports within the country and neighbouring countries, which will ultimately lead to the improvement of port infrastructure and services.

On the other hand, crucial to increasing intra-regional trade will be to improve the regional trade corridors. While the main trade corridor will be the Trans-African Highway No7, connecting Sierra Leone to the large capital cities along the Atlantic shore, the inland borders with the MRU countries are also critical. Air transport is also a critical infrastructure, especially for high value air cargo transport and the movement of people such as businessmen and the tourists.

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Sierra Leone is a member of Economic Community of West African States Customs Union launched in January 2015. Sierra Leone's customs and excise tariff is aligned with the Common External Tariff (CET) of ECOWAS and employs the Harmonized Commodity Description and Coding System (HS) for product

classification. This regional tariff consists of five bands, as follows: Zero% for essential social goods, 5% for basic goods, raw materials, and capital goods, 10% for inputs and semi-finished products, 15% for , 20% for finished products, and 35% for specific items intended for economic development. Import duties are typically calculated based on the Cost, Insurance, and Freight (CIF) value, with certain exceptions that are determined by weight, volume, or quantity.

ECOWAS, whose's long term vision is to progress from a free trade area to a full customs union and common market, has made considerable efforts to stimulate integration and trading activities within its member countries. The schemes implemented by ECOWAS includes the ECOWAS Trade Liberalization Scheme (ETLS) and the Common External Tariff (CET). The objective of the ETLS is to liberalise trade by abolishing customs duties levied on imports and exports and the elimination of non-tariff barriers among member states for the establishment of a free trade area. In 1991, Sierra Leone initiated the implementation of the ECOWAS Trade Liberalization Scheme (ETLS), featuring 10 approved businesses and 14 originating products as of 2017. Sierra Leone needs to further utilize this existing framework which will allow advantageous trade conditions to expand its trade within the ECOWAS region. Sierra Leone's National Trade Strategy is anchored around implementing the AfCFTA as a means for repositioning Sierra Leone's trade away from an overdependence on iron and other mining products, towards more diversified goods and services.

On tax and customs revenue administration, in Budget 2023, Ministry of Finance indicated that Government would embark on digitizing all NRA revenue collections. This would involve (i) linking of all NRA digital platforms including the ASYCUDA World, Integrated Tax Administration System (ITAS), Electronic Cash Register (ECR) and the non-tax revenue Mobile APP to ensure that these systems interface with each other; (ii) Linking all these platforms to the National Switch. The Finance Act, 2023 also includes tax administration measures including the introduction of excise tax stamps on the importation and domestic manufacturing of excisable goods.

05. Financial Sector Development

Criteria Score: 3

5.a. Financial stability

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Bank of Sierra Leone continues to safeguard financial stability through strengthening the regulatory and supervisory framework, and appropriately assessing risks within the banking system and other financial institutions. The Bank's annual financial stability reports provide stress tests on various financial stability indicators for the sector. A full round of Risk Based Supervision was carried out on all fourteen banks, and this has led to improvements in risk management practices in banks.

As of end 2022, the domestic financial sector remained was underdeveloped but rather sound and stable, with most indicators above the recommended minimum, except the Non-Performing Loans (NPLs) ratio (at 14.8% in 2021 against a regulatory target of 10%). Indeed, there was a global improvement of key financial indicators (including total assets, investments, gross loans and advances, and deposits) at the sectoral level, even if some banks encountered some difficulties about the weakness of their Returns on Equity (RoE) and Assets (RoA) due to high overheads. Apart from one bank in difficulty, most banks by July 2022 met the statutory capital adequacy ratio requirements. Some concerns persist regarding the rise of NPLs in recent months. Based on an IMF 2022 Country Report, the level of NPLs was recently above the 10% regulatory threshold with high NPLs of the two state-owned banks as a key challenge. The aggregate non-performing loans to gross loans increased to 14.8% by December 2021 from 12.4% in December 2020. This NPLs rate fell to 13.3% at the end of December 2021 when the two-state banks are excluded. Concerning the microfinance sector, most MFIs in the country are performing (especially deposit-taking institutions) with regard to their financial soundness at least, and only one is struggling since 2019 with liquidity issues and deficiencies pertaining to on-site supervision. However, MFIs are more in need of governance reforms, infrastructure investments and financing/technology support mechanisms in partnership with banks, Fintechs and mobile money services providers to significantly increase outreach of their services to low-income populations as well as Micro, Small and Medium Enterprises (MSMEs).

At the macro-financial level, the country is suffering from a significant (but still sustainable) risk of debt distress with public indebtedness representing 982.9% of GDP in end 2022, from 79.8% in 2021. This debt situation represents a substantial risk for achieving a secure level of foreign reserves and consequently for the stability of the exchange rate. Indeed, gross foreign reserves fell to \$599.5 million (3.3 months of import cover) in September 2022 from \$932 million in December 2021 following government measures to increase food and fuel supplies in local markets. The exchange rate also depreciated sharply after mid-2021 due mainly to the widening trade deficit.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone's financial sector is mainly dominated by commercial banks, with cumulative assets representing more than 70% of total domestic financial sector assets in recent years. The sector is small and underdeveloped, and consisted of 14 commercial banks, 17 community banks, 11 insurance companies, 23 Microfinance Institutions (MFIs), a stock exchange, 2 mobile money operators, and 59 associations providing financial services at end 2020. Two (2) state-owned banks hold about 30% of the total financial sector assets while the 5 largest banks hold around 60% of total market assets. The national Central Bank (Bank of Sierra Leone - BSL) is responsible for monetary policy and overall regulation and supervision of Sierra Leone's financial sector, while the National Social Security Insurance Trust (NASSIT) and the Sierra Leone Insurance Commission (SLICOM) oversee the pension and insurance sectors, respectively.

Recently, the country made some progress in advancing financial inclusion, including the adoption of a new 2022-2026 National Financial Inclusion Strategy, but access to finance remains low and still below the Sub-Saharan Africa average, with women and rural populations lagging behind. The percentage of the adult population in Sierra Leone with an account at a financial institution or mobile money provider has increased to 24% in 2019 from 20% in 2017, while the Sub-Saharan Africa averages respectively stood at 42.6% and around 49% in 2017 and 2019 (based on the Global Findex Database). However, the proportion of domestic populations who held mobile money accounts with a network operator (19% in 2021) is more significant important thanat the proportion of populations with an account in a traditional financial institution (13.8% in 2021). This confirms that , thus confirming the mobile money is playing a key 's role and is a as a key and strategic driver to financial inclusion.

5.c. Access to financial services

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Following the first National Financial Inclusion Strategy covering the 2017-2020 period (NSFI-1), the National Strategy for Financial Inclusion 2022-2026 (NSFI-2) was developed by the Bank of Sierra Leone (BSL) and launched in April 2022. The development of the new strategy (NSFI-2) is built on identified challenges and recommendations from the evaluation of NSFI-1. The NSFI-2 aims to take a more focused approach to increase access to finance for enhancing the quality, increasing usage of financial products and services, by prioritizing strategic interventions, targeting women, youth, rural populations, and MSMEs. The NSFI-2 focusesis hinged on three priority intervention areas:, as follows: (a) access to client-centric financial services and products; (b) digital financial services (DFS) and financial literacy; and (c) financial education, and consumer protection. A consumer protection act was passed into law in 2020 while the bill was approved in 2022. A specialized and internal unit was set by the Ministry of Finance to manage concerns about consumer protection, with focus on women and youth while conducting financial education campaigns to enhance literacy and trust about Digital Financial Services (DFS) within the

population. In May 2023, the National Payment Switch was also launched in Sierra Leone. This new financial infrastructure interconnects six (6) commercial banks and enables payments interoperability among banks, microfinance institutions, mobile money operators and financial technology (Fintech) firms. Upgrading and interoperability of payments systems are expected to significantly increase competition between services providers, as well as promote efficiency (reduction of transaction costs) and financial inclusion, especially for rural populations who are geographically away of the dominant banking infrastructure mainly settled in urban areas.

At the regulatory side, the BSL introduced a regulatory sandbox for fintech startups in 2017 to encourage innovation and competition in the digital financial space. Four businesses were selected to enter in 2018 the regulatory sandbox of which two were granted licenses to operate, Mikashboks and InvestEd. As of February 2022, fifteen sets of fintech products were in the sandbox, with five having been granted licenses to test their product in the financial system (Afro Mobile Money, Soft Pay, Pay Online, B 'N' B Cash and Stochastic). Furthermore, a new National Payment Systems Act (NPSA) was also adopted in 2022 to help the BSL facing new regulatory challenges and risks emanating from digital finance innovations and payments systems upgrading/interoperability. The new NPSA has therefore given the BSL the power and appropriate tools to regulate and oversee the National Payment System as a whole, including Mobile Networks Operators (MNOs).

In order to maintain a good pace of digital finance uptake in the country, there is still a need for policymakers to : (a) on one hand, help remove the barriers regarding the financial costs to access internet, electricity, as well telecommunications' infrastructure gaps to properly deliver related services around the country (including in remote areas); (b) on the other hand, develop awareness-raising and digital/financial literacy campaigns in the whole country, even in educational programmes, to reinforce the trust of local populations vis-à-vis the new digital financial services/products emerging from the uptake of digital finance in the country.

Regarding the domestic private sector, more partnerships will be useful between banks, and mobile network operators MNOs on the one hand (with technology and financial capacity) and microfinance institutions on the other hand, (with expertise about low-income populations) to accelerate multiply offers of financial services and products adapted to the needs of low-income populations. Such partnerships are also recommended between private sector companies, public administrations and financial institutions in the context of business marketing frameworks such as order to develop B2B (Business-to-Business), P2B (Person-to-Business), B2P (Business-to-People), B2G (Business-to-Government) payment solutions that increase speed of transactions, lower transaction costs and ultimately improve transparency and traceability in the whole economy.

06. Business Regulatory Environment

Criteria Score: 3.5

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	3.5

Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In 2022, Sierra Leone establish a National Investment Board (NIB) to promote investment opportunities, to act as a facilitating body and assist investors to obtain facilities relating to their business enterprises and generally to improve the investment climate of Sierra Leone. NIB will serve as a One-Stop-Shop for investors to register their businesses within a short time, preferably one day and start businesses. This is expected to eliminate the bureaucracy and delay in business registration.

To promote private sector development Government has committed to improving business regulatory reforms and supporting SME development. In this regard, through Sierra Leone Economic Diversification Project, supported by development partners, Government will: (i) automate the business registration process through an integrated online platform linking the Corporate Affairs Commission and the Office of the Administrator and Registrar General with other business registration agencies such as the National Revenue Authority, National Civil Registration Authority, the National Social Security and Insurance Trust and the Freetown City Council; (ii) promote the expansion of business development services by supporting business development service providers with technical assistance and grants to set up incubation and acceleration centres; (iii) provide training and matching grants to Start-Ups and SMEs through incubator and accelerator programmes for growth, with an additional focus on women and youth-led businesses; (iv) support entrepreneurship training in tertiary institutions through the development of an entrepreneurship curriculum, training of academic staff, and mentoring and coaching of students with innovative business ideas to help transform these ideas into viable businesses; and (v) strengthen the institutional capacity of the newly established Private Sector Unit in the Ministry of Finance.

The project will also facilitate the digitisation of land records, maps and property deeds; improve access to credit by automating the Credit Reference Bureau and operationalising the Collateral Registry. Government will also improve the business environment through the strengthening of the judicial system to enforce contracts; deepening the fight against corruption and promoting public-private dialogue. The Government will also continue to prioritize spending on infrastructure such as clean energy, water, roads and ICT to reduce the cost of doing business and bolster economic competitiveness.

Sierra Leone adopted the Arbitration Act 2022 which provided for the implementation of the Convention on the Settlement of investment disputes between states and nationals of other states; and provide for fair settlement of disputes by domestic and international arbitration thereby boosting confidence by international private business on Sierra Leone.

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	3.0

Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Concerning regulations in goods market, the authorities are in the process of renegotiating a mining contract, which is expected to yield 0.2% of GDP in revenue, and are implementing a safe harbor regulation for iron ore to mitigate possible iron ore mispricing (IMF, 2023). The revenue Government received from mining sector was about 1.6% of GDP in 2021 disproportionately lower than the share of mining in GDP of 6% in the same period.

Sierra Leone does not have competition law but it's a member of West African ECOWAS Regional Competition Authority (ERCA) launched in 2019. The region also adopted competition rules which will enable ERCA to work toward achieving market efficiency, economic growth, and integration in West Africa. The Ministry of Trade and Industry oversees the regulation of anti-competitive practices. Whereas consumer protection has been passed, the cabinet has approved a competition policy but awaits parliamentary ratification. The European Union (EU) and the United Nations Conference on Trade and Development (UNCTAD) have supported the Ministry of Trade and Industry to develop a competition policy.. Mergers are governed by the Companies Regulations 2015 and the Corporate Affairs Commission exercises supervisory authority. Other anti-trust issues such as abuse of dominant/monopoly position, cartel behavior and exclusivity arrangements are regulated by the Ministry of Trade, however there are capacity gaps associated with their exercise of this role as an ancillary duty as opposed to a principal responsibility.

With internet penetration is estimated to have reached 30% (2.4 million users) in 2021. A challenge remains the intermittent electrical supply and a slow connection speed outside the capital of Freetown. Enterprises outside Freetown rely on VSAT satellite services for connection, and this is not always reliable and affordable. The Sierra Leone Telecommunications Company, (which is fully owned by the government and the leading operator in the country) has the responsibility of driving discussions with private investors to galvanize investments in the sector to complement government's infrastructure construction efforts in the sector.

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Employment Act 2022 consolidated and improved the law relating to labour and employment and provided for the promotion of equal opportunity and elimination of discrimination in employment and occupation. The Act regulates employment contract and terms and conditions, guarantees rights to join or form trade unions, equal remuneration, non-discrimination, employee benefits, obligation to pay a minimum wage for those who qualify for a national minimum wage among others.

In Sierra Leone, economic growth is driven by agriculture and mineral production, both of which are highly dependent on access to land. The country developed a National Land Policy in 2015 to address the land tenure challenges. For the first time in 60 years, in August 2022, Sierra Leone passed into law "The Customary Land Rights Act 2022". This is a major achievement to address the deep inequalities and discrimination in the ownership and control of land in Sierra Leone particularly in the provinces. The new law will give rights to all Sierra Leoneans to own land anywhere, irrespective of their tribe or gender boosting gender equality and the women's right to own land in Sierra Leone.

In addition to the Customary Land Rights Act, Sierra Leone also enacted the Land Commission Act 2022, both enacted on the same day, that empowered local landowners to negotiate the value of their land with investors and prevent it from being leased out without their prior informed consent. These laws will empower women, local communities, and Sierra Leonian business owners as well. The Customary Land Rights Act 2022 will also end a provision that bars the descendants of freed slaves locally known as Creoles from owning land outside of Freetown. This is by far the most impactful legislation in Sierra Leone in recent years.

(C) Policies for Social Inclusion/Equity

Cluster Score: 3.06

07. Gender Equality

Criteria Score: 2.833

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0

Final Score	3.0
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Country Notes:

Despite significant efforts from the government, development partners, and civil society to address the challenges, significant gender inequality and discrimination remains deeply entrenched in Sierra Leone. Sierra Leone ranked 112th out of 146 countries in World Economic Forum's Global Gender Gap Index 2023 and 124th in educational attainment and 104th in health and survival in the same report. Sierra Leone ranked almost at the bottom 134th in women literacy rate in the same report.

Gender discrimination is largely a result of long-standing social and cultural norms and gender stereotyping that dictate relationships, roles, and responsibilities between men and women, as well as access to power, resources, and privileges. Despite legal reforms, increased activism and awareness creation, entrenched cultural beliefs and practices still block women's empowerment. Girls access to education has improved but the levels of enrolment and completion rates remain low. Girls are still subjected to discrimination, violence, sexual harassment. Female Genital Mutilation (FGM), early and forced marriages, are still common. Currently, 83% of women aged 15-49 have undergone FGM. FGM occurs mostly within the age of 10 and 14.

Gender parity in primary school enrollment has been achieved with gross enrollment by both male and female students above 100% in 2019. Nevertheless, only 41% of females and 43% of males attended secondary school in Sierra Leone in 2017 and 2018 respectively and the dropout rate is high for both groups. In 2019, 43% of women and 62% of men were literate implying that significant inequality exist in women participation in economic and political decision-making processes. About 19.9% of adult women have reached at least a secondary level of education compared to 32.9% of their male counterparts. This trend is expected to continue, especially with the introduction of the Free Quality School Education (FQSE) Program, and could result in more girls than boys being in senior secondary school in the next five years. FQSE Programme remains the Government's flagship and central pathway for guaranteeing the future productivity of children in Sierra Leone. The provision of basic education to over 2 million children is guided by the core principles of universal access, radical inclusion, comprehensive safety and quality learning and teaching. There has been a sharp increase in the enrolment in basic and senior secondary education; a 40% increase in pre-primary learners; a 29% increase in primary learners; a 43% increase in Junior Secondary School (JSS) learners and a 48% increase in Senior Secondary School (SSS) learners contributing towards attainment of SDG Goal 4, inclusive education.

The primary completion rate is 68.34% for girls, and 64.66% for boys. Although much progress has been made on girls' access to education, drop-out levels remain high and teenage pregnancy is common. Among the tertiary education students 38.72% are women while 61.29% are men. Concerning enrolment in tertiary graduation in science, technology, engineering and mathematics (STEM), 29.48% are girls while boys account for 70.53%. The Government stipulates that actions to strengthen gender equality must be integrated into the development plans of all line ministries, departments, and agencies, as well as those of local governments.

Sierra Leone has one of the highest rates of maternal mortality with 443717 per 100,000 live births in 2020 2019. According to UNFPA, Sierra Leone as one of the three countries with the highest maternal mortality rates out of 186 countries reported globally. Teenage births/ pregnancy of girls 15 – 19 years are also high at 36.4%. According to the Sierra Leone Demographic Health Survey, 2019, 60.7% of women

and adolescent girls aged 15-49, have experienced physical violence and 7.4% sexual violence since aged 15. In education, 33% of men have at least some secondary education compared to 20.1% of women. Literacy is a major development issue and contributes to gender gaps – females and males had a literacy level of 59% and 76% respectively in 2015. Sierra Leone ranked 162nd in Gender Inequality Index in UNDP Human Development Report 2021/2022.

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone was ranked 78th out of 146 countries in World Economic Forums Global Gender Gap Index 2023 in economic participation and opportunity. Some progress has been made on key indicators for gender, such as on the share of women employed for cash in total number employed in non-agricultural activities, which currently stands at 45%. Women's economic life is characterized by non-productive employment. However, the Customary Land Rights Bill and Land Commission bill adopted by Parliament in August 2022 guaranteed equality of women and men in land ownership significantly boosting the economic empowerment of women in the country. Women now have equal rights to the most productive asset, land, which will undoubtedly boost their productivity and income.

While a small number of women own medium- and large-scale enterprises, the majority are engaged in micro-production largely in informal sector, with no access to formal sector skills and capital. The proportion of enterprises with female participation in the ownership is (7.9%) and the proportion of women in paid employment (4.5%) explain the gender gap observed at the economic level and in staffing of the civil service. More than half of women (65.1%) contribute to the country's economy. In terms of employment, very few Sierra Leoneans, 9.9%, have paid work, 4.5% of whom are women. Over 70% of women are self-employed and are more likely to be in the informal economy as their ability to participate in the formal sector is hindered by unpaid caring responsibilities, low level of education and literacy as well as limited access to productive assets and skills.

Girls account for 4.48% of the paid employment as a proportion of total employment compared to boys at 15.5%. Access to credit is limited for both men and women. Only 5.38% of women and 3.05% of men have access to credit with female having marginally more access to credit than men. About 7.9% of firms reported female participation in ownership against 92.1% with male participation.

The Sierra Leone Gender Equality and Women's Empowerment Policy, launched by the government in 2020, notes that, although women account for over 53% of labor in the crop farming subsector, rural women have little or nothing to show economically, mainly due to illiteracy and a lack of the skills, knowledge and resources needed to engage in mechanized farming that would bring in more yields, coupled by limited access to training and agricultural extension services and financial services, especially in remote areas.

In the 2023 Budget the Government highlighted that it supported Micro, Small and Medium Enterprises (MSMEs) through the revolving MUNAFA Fund, which has benefitted 6,075 people, of which 77% were women. Government has also allocated budget for Women's Empowerment Fund in its 2023 budget.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

In the political dimension, women lawmakers now account for 30.4% of the elected seats in the Sierra Leone Parliament following recent elections, up from 14.5% in the previous elections. This was a result of the Gender Empowerment Act that was signed into law in January 2023. This Act provides for the promotion of gender equality, makes provision for a minimum of 30% gender quota for elective and appointive public officer positions, equal opportunity for the training of employees and for financial institutions to prescribe procedures for the improvement of women's access to finance. It also provides for equal employment opportunities, equal pay and maternity leave. Sierra Leone was ranked 128th out of 146 countries in the 2023 World Economic Forums Global Gender Gap Index in political empowerment, 125th in women in parliament and 101st in women in ministerial positions.

Sierra Leone has a robust policy and legal framework for gender equality that includes the National Gender Equality and Women's Empowerment Policy (2020). To ensure women are supported with a safe space during investigations of cases of sexual violence, the Ministry of Gender and Children's Affairs will scale up the development of the National Community Safe Home Project. Following intense advocacy in local communities, women now hold positions in traditional village/section/chiefdom administrations. The Ministry of Gender and Children's Affairs (MoGCA) is mandated to undertake tasks to promote well-being of children as well as the need for gender parity in Sierra Leone. IN particular the Ministry of mandated to: (i) Lead the development, implementation and monitoring of the policy and legal framework for issues relating to Women and to children below 18; (ii) Lead on development and monitoring of policies related to Gender and Children issues; (iii) Take necessary actions to achieve full participation of women in development; (iv) Address issues of violence against Women and Children; (v) Liaise with development agencies and NGOs addressing the needs of Women and Children; (vi) Collaborate with the relevant

Ministries, Departments and Agencies working on Gender and Children's Issues; (vii) Mobilization of resources in support of Gender and Children related projects; and (viii) Ensure a Gender and Child responsive national development framework is in place.

08. Equity of Public Resource Use

Criteria Score: 3.333

8.a. Poverty Measurement

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sustainable Development Goal 1 aims to end poverty in all its forms everywhere. The global Multidimensional Poverty Index (MPI) measures acute multidimensional poverty across more than 100 developing countries. It does so by measuring each person's overlapping deprivations across 10 indicators in three equally weighted dimensions: health, education and standard of living. The health and education dimensions are based on two indicators each, while standard of living is based on six indicators. In 2021, 59.2% of the population in Sierra Leone (4.9 million people) were multidimensionally poor while an additional 21.3% (1.8 million people) were classified as vulnerable to multidimensional poverty. The major contributor to overall multidimensional poverty in Sierra Leone is low standard of living (53%) compared to poor education and health outcomes at 24% and 23%, respectively in 2019.

Sierra Leone is characterized by a high level of poverty. Sierra Leone estimates poverty using nationally representative household surveys. The national poverty line consists of three poverty categories: (i) extreme poverty line; (ii) food poverty line; and (ii) overall poverty line. The latest national survey available to date, the 2018 Sierra Leone Integrated Household Survey (SLIHS) highlights that there has been a decline in overall poverty headcount ratio in the country to 56.8% in 2018 from 62.4% in 2011. However, food poverty has risen significantly to 54.5% while extreme poverty rate was 12.9% in 2018. Poverty also remains disproportionately rural with 73.9% of the poor living in rural areas, with 15% living in extreme poverty, more than double the rate of 34.8% in urban areas.

The youth under 35 years make up 74.5% of the population but the youth structural unemployment and underemployment rate of 70% is amongst the highest in the West African sub-region. Excluding the population below the age of 15 (48%), about 65% of the youth population within the employment age do not have access to secure and sustainable jobs. This poses significant security and social risks. Youth

unemployment and economic marginalization of young people is noted to have been a major cause of the outbreak of the civil war three decades ago. The high youth unemployment reflects a mismatch between required and acquired skills. Sierra Leone has shown a minor improvement in the Human Development Index (HDI) with an increase of 0.025 in 2021. Sierra Leone's HDI value for 2021 is 0.477, which puts the country in the low human development category and keeps it 181 out of 195 countries and territories.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Government priorities for the medium term are articulated in the Medium-Term National Development Plan (2019-2023). The Government is currently preparing a new successor Medium Term National Development Plan (MTNDP 2024-2028). Focusing more or less on similar development priorities to foster sustainable and inclusive economic development.

These priorities remain relevant for the recovery of the economy from the devastation caused by multiple shocks including the COVID-19 pandemic, Russian invasion of Ukraine and tightening of global financial conditions. The composition and allocation of Government expenditures, both recurrent and capital reflect these priorities while continuing to respond to the health and economic effects of multiple shocks. Total E Expenditure and Net Lending for 2022 declined to 25.8% of GDP from 28.4% in 2021. Of this, total Recurrent Expenditure declined to 18% of GDP in 2022 from 19.6% in 2021. On the other hand, capital expenditure declined from 8% of GDP in 2021 to 7.7% in 2022.

Despite the limited fiscal space due to the ongoing multiple shocks, Government will continue to implement programmes and policies to mitigate the impact on the population, especially the vulnerable groups. Therefore, the 2023 Budget seeks to provide support to: (i) intensify local food production and facilitate food importation to address food insecurity, especially for the most vulnerable groups; (ii) sustain critical investments in education and health to improve human capital; (iii) expand social safety nets to enable vulnerable people to cope with the challenging economic situation; (iv) pursue adaptation and mitigation measures in response to climate change risks; (v) promote private sector development for job creation; (vi) contain inflation and stabilise the exchange rate to lower the cost of living; (vii) strengthen public finances and maintain sustainable debt levels; and (viii) improve governance and accountability.

8.c. Regressive Tax

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

At about estimated 14.1% of GDP in 2022, the domestic revenue GDP ratio remains one of the lowest in sub-Saharan Africa. In the 2023 Budget, Government outlined the following tax policy measures: (i) escalate the Duty Waiver Policy approved by Cabinet in March 2022 to a law; (ii) maintain the implementation of a full pass-through of the petroleum pricing formula; (iii) review the Excise Tax Act of 1982 to enable the conversion of ad valorem excise taxes on alcohol, tobacco, vehicles, sugar-sweetened beverages, plastics and others to a specific rate to internalise external costs, reduce harmful behaviour, and provide a stable source of revenues; (iv) broaden the base of the Goods and Services Tax (GST) as about 60% of its base is exempt and areas such as digital services and insurance are not subject to GST; (v) implement the provisions defined in the amended Extractive Industry Revenue Act to maximise revenues from the extractive sector and ensure that Government does not get into the legacy of individual contracts containing special and overgenerous fiscal terms outside of the general tax law; and (vi) strengthen the legislative framework around forest protection and related environmental issues to enable the possibility of leveraging climate finance from our forests, including carbon credits, REDD+ payments, and grants for forest conservation or reforestation.

The Government also plans to take specific tax administrative actions including (i) extending the Block Registration System to the regional cities to capture more businesses in the national tax register; (ii) fully rolling out the Integrated Tax Administration System (ITAS) to include management modules such as data management, audit, tax exemption and taxpayer management; (iii) integrating NRA systems, especially the ITAS, with other information management systems at the Bank of Sierra Leone (BSL), Accountant General's Department (AGD), National Civil Registration Authority (NCRA) and NASSIT; (iv) developing and rolling out a mobile payment app for paying non-tax revenues such as fines, fees and levies and integrating the app with ITAS and ASYCUDA for collecting revenue from small and medium taxpayers; (v) implementing a strategy for the operationalisation of a High Net Worth Individual Taxation regime; (vi) acquiring and deploying compliance risk management software for Customs; and (vii) building NRA's capacity in data analytics and risk analysis through the use of Artificial Intelligence (AI) technology and training in data analytics and econometrics.

09. Building Human Resources

Criteria Score: 2.833

9.a. Health and nutrition services

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone ranked 181st out of the 191 countries in UNDP's 2021/22 Human Development Index in the category of low human development. Life expectancy at birth (Sustainable Development Goals 3) was 60.1 years in 2021, a significant improvement from 54.7 years in 2019 according to the same report. Expected years of schooling was 9.6 for Sierra Leone compared to 10.4 for Liberia in 2021. Sierra Leone's health indicators are amongst the worst in the world, reflecting an inadequate and constrained health care system. However, some progress has been recorded in the past few years. Over the period 2013-2019/20 the country decreased under-five mortality rate from 156 deaths in 2013 to 122 deaths in 2019/20 per 1,000 births; infant mortality dropping from 92 to 75 deaths per 1,000 births during the same period; as well as neonatal mortality rate, from 39 to 31 deaths per 1000 live births. Maternal mortality rate also dropped 717 deaths per 100,000 live births in 2019 to 443 in 2020 (WHO, 2022). This can be associated with a reduction in stunting children from 38 to 30%; wasted children from 9 to 5%; and underweight from 16 to 9.9%, during 2013-2019/20. Nonetheless, approximately 41% of the population suffers from malnutrition. Prevalence of malnutrition among children under 5 years of age was 9.9%. The doctor/patient ratio is among the lowest globally and in the region. The number of physicians per 100,000 people is 2.2 as against 47.9 for Africa and 123.8 for developing countries on average. There are 16.6 nurses and midwives per 100,000 compared to 135.4 for Africa and 220 for developing countries. The dearth of skilled personnel is the major constraint in the health system and is exacerbated by inadequate health infrastructure. There is need to increase expenditure on health as Sierra Leone spends 1.9% of GDP on health compared to 2.6% for Africa.

According to the 2023 Budget (Ministry of Finance, 2023), the recent pandemic underscores the need for continued investments in the health sector. Government has been working to reduce maternal and infant mortality, improve adolescent health care, health infrastructure and the governance and welfare of the health workforce. In this regard, the Government will (i) expand and strengthen the delivery of maternal, child and adolescent health services, including the reproductive health and rights of women; (ii) sustain disease surveillance and pandemic preparedness and response; (iii) support the ongoing construction and rehabilitation of secondary and tertiary hospitals and Peripheral Health Units (PHUs); (iv) launch the construction of the Cancer Diagnostic and Treatment Centre; (v) strengthen the National Emergency Ambulance Services; (vi) launch the health financing strategy and continue work for the establishment of the Sierra Leone Health Insurance Scheme (SLeSHI); (vii) approve and implement the School Health Policy; and (viii) improve the governance and welfare of the health workforce. The Government also committed to scaling-up Nutrition Programme under the Office of the Vice President and the Food and Nutrition Mother Support Group Initiative of the Ministry of Health and Sanitation; and improving primary health care and expanding social safety nets to mitigate the impact of the crises on the vulnerable population.

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

According to Ministry of Basic and Senior Secondary Education (2022) Early Childhood Development (ECD) is a critical component in the development of human capital. The government has therefore paid great attention to strengthening and expanding access to early childhood centres to prepare children for their educational journey. This is critical for a child's cognitive, social, emotional, psychosocial, and physical development, and these need to be monitored. There were 1984 pre-primary schools in Sierra Leone in 2021.

In 2021, there were 3.1 million pupils enrolled in basic and senior secondary schools in Sierra Leone. Of these 49% were male pupils and 51% were female pupils while 389,283 pupils benefited from school feeding programme. The Gender Parity Index of 1:02 is a sign of good progress, as disaggregation to the different levels of schooling by Ministry of Basic and Senior Secondary Education (2022) shows that gender parity has been achieved at all levels of schooling, except at the senior secondary level where parity is anticipated in the next year or two. In 2021, there were 169,133 children enrolled in pre-primary, 1.9 million in primary, 588,813 in junior secondary and 409,148 in senior secondary.

The total number of teachers in classrooms decreased by 8% between 2018 and 2021, from 87,625 teachers in 2018 to 80,744 teachers in 2021. At the same time, the number of qualified teachers in schools increased by 11% between 2018 and 2021. The average pupil-teacher-ratio (PTR) was recorded at 39:1 for all levels while average pupil to qualified teacher ratio (PQTR) was recorded at 58:1 highlighting the need for more qualified teachers in basic and senior secondary schools.

According to a UNESCO's International Centre for Technical and Vocational Educational and Training Report TVET in Sierra Leone is comprised of formal and non-formal programmes, delivered by different providers at various qualification levels, in a fragmented and uncoordinated manner. In non-formal TVET programmes, public institutions, NGOs and private schools offer employment-oriented TVET programmes to various target groups: school leavers, people in employment, school drop outs and marginalized groups in the labour market. Unlike formal TVET, these programmes are not yet systematically delivered. Informal (on-the-job) training is widespread, but due to the absence of a systematic assessment and certification system there are currently no mechanisms to recognize informal occupational learning. According to the same report, youth literacy rate for those aged 15-24 years was 66.6% for both sexes..

In the 2023 Budget, Government has allocated a total of NLe2.1 billion to the education sector, accounting for 22% of the total discretionary budget to support basic, secondary, higher and TVET education. This amount includes NLe887.7 million (US\$ 40.3 million) as salaries for teachers and NLe347.3 million (US\$415.7 million) as salaries for employees of tertiary education institutions. From Tthe Government also allocated additional budget for recurrent budget to the Ministry of Technical and Higher Education, to the Ministry of Basic and Senior Secondary Education, the Teaching Service Commission, and Tertiary Education Commission. Transfers are also made to local councils for devolved education services.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

According to the UNAIDS statistics, in 2022, 77000 adults and children were living with HIV while 70,000 adults aged 15 and over were living with HIV. Women aged 15 and over living with HIV were 44, 000 while men aged 15 and over living with HIV were 26,000 and children aged 0-14 living with HIV were 6700 in the same period. HIV prevalence rate among adults 15 to 49 years old in Sierra Leone was 1.4%, among women aged 15 to 49 years old (1.8%) and among men aged 15 to 49 years old (1%). Sierra Leone still has a very high mother-to-child transmission (MTCT) rate of HIV at 21.3%. Also, the percentage of children born to women living with HIV that are receiving Antiretroviral drugs (ARVs) was reported at a low of 13% in 2021. WHO continues to support the Government of Sierra Leone in the annual Global AIDS Monitoring report. The report for 2021 showed that Sierra Leone is still lagging in the UNAIDS 95-95-95 global targets.

According to WHO, Sierra Leone accounts for contributes 2% of the malaria cases in Africa, 1.4% of to the global malaria cases, and 1.4% of to the global malaria deaths. The disease is endemic throughout the country with a stable and year-round transmission affecting every age group. Women, and children under-five are the most vulnerable and it is currently the leading cause of morbidity and mortality among under-five children. According to the National Malaria Control Programme, malaria accounts for nearly 40% of the disease burden among all outpatient visits and an estimated 1,000 deaths annually among children under 5 years. Mass distribution of long-lasting insecticide treated bed nets was made in 2020 in Sierra Leone's capital city, Freetown and its suburbs to complete a nationwide household distribution of 4.6 million mosquito nets. WHO is supporting the country's efforts towards attaining targets of the Global Technical Strategy (GTS) which aims to reduce malaria case incidence and mortality rate by at least 75% by 2025 and 90% by 2030 from a 2015 baseline. The key malaria prevention and control interventions in Sierra Leone, according to the national treatment guidelines include the household ownership and use of Insecticide-Treated Nets (ITNs), Intermittent Preventive Treatment in pregnancy (IPTp) and in infants (IPTi), and timely case management. Sierra also receives support for HIV and Tuberculosis (TB) from the US Centres for Disease Control and Prevention (CDC). CDC supports Sierra Leone's HIV response

through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). It also receives support for the National Malaria Control Program (NMCP) from CDC through the U.S. President's Malaria Initiative (PMI),

According to WHO, ensuring full recovery from the vaccine hesitancy and decline in vaccination coverage due to the pandemic yielded a dividend in 2022 with a major improvement in immunization coverages for the major antigens. In Sierra Leone universal immunization of children against six common vaccine-preventable diseases includes vaccine on tuberculosis. A child is considered to have received all basic vaccinations if he or she has received a bacille Calmette-Guérin (BCG) vaccination against tuberculosis. WHO supporting Vaccine Preventable Disease (VPD) surveillance activities at national, districts, and service delivery levels in Sierra Leone. In September 2022, Sierra Leone introduced the Human Papilloma Virus (HPV) vaccine into the routine immunization schedule and launched the start of a campaign that reached 173,458 girls with the first dose of the vaccine as a strategy toward cervical cancer elimination in the country (WHO, 2022).

10. Social Protection and Labor

Criteria Score: 2.8

10.a. Social safety net programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone has launched the National Social Protection Strategy 2022-2026 consistent with the country's National Social Protection Policy adopted by the Government in 2011 and revised in 2020. The specific objectives of the policy are: (i) Stronger state-citizen relationships; (ii) Enhanced human capital development; (iii) Effective management of risk and vulnerability; (iv) Empowerment and livelihood development; (v) Sustained social cohesion and nation building; and (vi) Inclusive macro-economic policy. The policy explicitly adopts a lifecycle approach providing age-appropriate social protection interventions which recognise the need to hinder the build-up of risks and vulnerabilities throughout the lifecycle. It covers three main categories of social protection – social insurance, social assistance and traditional social protection. Within these three categories, the policy outlines the priority groups as children, people with disabilities and ill health, older people, women and youth.

In Sierra Leone, more than half (59%) of inhabitants lived in multidimensional poverty in 2021. Food insecurity plagues almost half (49.8%) of households across the country. The reported number of food-

insecure people rose from 3.9 million (47.7%) in January 2020 to 5.1 million (63%) in June 2020 partly due to the COVID-19 pandemic. Poverty has also increased since the Russia's invasion of Ukraine in 2022 which led to higher food and fuel prices triggering an unprecedented increased in inflation in Sierra Leone by 50% in August 2023.

Current social protection programs include school feeding schemes, among others. The number of children benefiting from school feeding has quadrupled since the launch of Free Quality School Education in 2018. In the 2021/22 school year, school meals are being provided to over 640,655 children in 14 districts that cover 128 food-insecure chiefdoms.

The Government also provided payments to 35,000 extremely poor households from end of November 2020 to early 2021. An additional 35,000 households were enrolled for payments in early 2021. In addition, Government provided safety net support to 2,368 workers in the tourism and hospitality industry affected by COVID-19 pandemic where each worker received Le1,800,000 (about USD 180). Through the National Commission for Social Action (NaCSA), the Government will collaborate with partners to provide cash transfers to 73,000 extremely poor and vulnerable households including Persons Living with Disabilities (PWDs). In 2021, WFP provided unconditional cash and food transfers to 26,000 severely food-insecure households. The next phase of support through Social Safety Net was effective from late 2022.

Sierra Leone's National Social Protection Strategy 2022-2026 also aims to (i) roll-out of child grant for under 2s birth registration bonus; (ii) Establishment of mothers' support groups, (iii) Early childhood development programmes; (iv) Educational incentives and waivers for marginalised/vulnerable children and Progressively expand the coverage of home-grown school feeding, (v) Educational incentives and waivers, develop youth skills training and links to employment opportunities in medium term until 2026 and (vi) integrate Active Labour Market Policies (ALMPs) for youth (15-14 years old) into social safety net in the long term by 2040.

Government continued to roll out social protection support to the extremely poor in line with the AU Agenda 2063, Goal 1, A High Standard of Living, Quality of Life and Well Being for All Citizens with priority areas on (a) Incomes, jobs and decent work, (b) Poverty, inequality and hunger, (c) Social security and protection including persons with disabilities, (d) Modern and livable habitats and basic quality services and in line with SDG Goals 1 (No poverty) , 2 (Zero hunger) and 10 (Reduced inequalities).

The main challenge of the Sierra Leone social security system is the heavy dependence on external financing with 85% of the funding coming from the development partners. In addition, targeting of the beneficiaries could also be improved. Furthermore, duplication of the programs and poor coordination among the state and non-state actors undermines the efficient use of resources and the impact of social protection interventions on the lives of the poor and vulnerable.

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	3.0

Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Currently around 41% of Sierra Leone's population is 0-14 years old. The country has endorsed most international treaties and conventions on children and child labour, including ILO's Conventions on Minimum Age of Employment and the Worst Forms of Child Labour. The child labour rate was about 25% in Sierra Leone in 2017 practiced widely in rural areas and urban informal economy.

In April 2022, the Sierra Leone Parliament passed the Anti-Human Trafficking and Migrant Smuggling Act, which raised the prison term for trafficking from a maximum of 10 years to a minimum of 25 and established a Trafficking Victims Fund to provide shelter, medical services, and legal aid to trafficking survivors. The Act also established an independent Trafficking in Persons Secretariat within the Ministry of Social Welfare. However, even though the Child Rights Act sets the minimum age for light work at age 13, it does not limit the number of hours per week for light work, determine the activities in which light work may be permitted, or specify the conditions in which light work may be undertaken, which is not in compliance with international standards (see US Department of Labour, International Labour Affairs Bureau, Sierra Leone).

Sierra Leone ratified all 8 fundamental international labour conventions including (i) Forced labour convention; (ii) Freedom of association and protection of the rights to organize convention; (iii) Rights to organize and collective bargaining convention; (iv) Equal remuneration convention; (v) Abolition of forced labour convention; (vi) Discrimination (employment occupation) convention and (vii) Minimum wage convention and (viii) Worst forms of child labour convention. In addition Child Rights Act (Act No. 7) of 2007; Employers and Employed Act of 2016; Mines and Minerals Act of 1994; Anti-Human Trafficking Act of 2005; National Drugs Control Act of 2008 and Education Act of 2004 aim to address child labour and all forms of violence against children (see Labour Market Profile Sierra Leone - 2023/2024).

National Steering Committee on child labour coordinates efforts to address child labor. Led by Ministry of Labour and Social Security and the Ministry of Gender and Children's Affairs (MGCA) and includes representatives from 10 other government agencies, international organizations, and NGOs. As part of the National Technical Steering Committee on Child Labor, the National Commission for Children advises the government on ways to improve child welfare. In 2022, the steering committee facilitated the operations of the Child Welfare Committees alongside MGCA and NGOs, mainly at the district level (US Department of Labour, International Labour Affairs Bureau, Sierra Leone).

10.c. Labour market regulations

Score Type	Value
Draft Score	3.0

Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone enacted into law three labour Acts in March 2023. These are: (a) the Employment Act 2023, (b) the Work Permit Act 2023, and (c) the Overseas Employment and Migrant Workers' Act 2023. The Employment Act 2023 aims to consolidate and improve the law relating to labour and employment, to provide for the promotion of equal opportunity and elimination of discrimination in employment and occupation. The law guarantees freedom of association (forming trade unions); prohibits violence and harassment at work; prohibits forced labour; guarantees equal remuneration; ensures fair terms and conditions of employment and basic employment obligations; protect employment benefits, allowances and severance packages; and regulates basic recruitment processes, among others.

The Sierra Leone Work Permit Act 2023 is part of the Non-Citizens (Registration, Immigration and Expulsion) Act No. 14 of 1965 and provides for the regulation of the employment of non-citizens in Sierra Leone. The Overseas Employment and Migrant Workers' Act 2023 provides for the regulation of overseas employment, protection of the rights and welfare of migrant workers and members of their family.

The Ministry of Labour and Social Security is mandated with labour market regulation, Occupational Health and Safety in workplaces, and providing Social Security. As of 2022, Sierra Leone had 34 trade unions with total members of 354,747 of which 79.6% were workers from the informal sector and 20.4% were workers from the formal sector. Overall, labour market distortions remain high in Sierra Leone. Government reports indicate that most employment in Sierra Leone is informal and unregulated. The recent new laws and other laws currently being drafted will go a long way in addressing labour market distortions in Sierra Leone. On the non-regulatory side, human capital development particularly education and health remain key in building skilled and capable work force that meets the current and future demand by the economy.

10.d. Community driven initiatives

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

Community committees and similar mechanisms in Sierra Leone have social accountability as either a main or subsidiary objective, and their focus is often on raising citizen awareness and/ or creating opportunities for engagement between the state and citizens. They may have an important outreach role for the most vulnerable citizens. The Government, with support from development partners, has made considerable advances in setting up the basis that will form a national grievance redress mechanism that supports social accountability, citizen engagement, anti-corruption and community monitoring mechanisms/processes within the social safety net framework for development of the building blocks of national social protection. Community Engagement process are additional/ complimentary tool to M&E, and harnessing community engagement as means of verification. Moreover, the existing grievance redress mechanism and social accountability mechanisms include different reporting channels for programme beneficiaries and community members to file complaints and/or corruption issues.

In Sierra Leone, to strengthen district ownership of the national development plan, the Public Investment Programme (PIP) is decentralized to Local Councils and communities. This is expected to ensure that development grants and allocations to Local Councils are tied to specific projects and programmes which are driven by community needs. The communities will therefore become public monitors of the implementation of projects, programmes and use of public facilities. Government provides counterpart funds to the Community Driven Development Projects.

Regarding access to finance by communities, In Sierra Leone there are 17 community banks (CBs), 59 financial service associations and an Apex Bank to provide rural communities with access to financial services. The primary target groups for CBs are smallholder farming groups, and micro and small-scale entrepreneurs, including women and youths. The aim of CBs is to tackle the high interest rates charged by unscrupulous middlemen, and a lack of secure saving facilities, affordable loan schemes and remittances. This plays a significant role in improving financial inclusion and poverty alleviation in rural communities.

The Sierra Leone Association of Non-Governmental Organizations (SLANGO) is the country's recognised NGO umbrella body. Its primary objective is to integrate NGO efforts more effectively and to develop a framework within which NGOs can collaborate, and support mutually beneficial activities more effectively. Other NGOs that are operational include the Campaign for Good Governance and the Community Action Support Organization for Poverty Alleviation. Special attention has been given by many non-governmental organizations (NGOs) to the needs of women and children. Community driven initiatives also include informal savings schemes such as 'osusu' and other community savings and insurance schemes with welfare provision elements.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5

Final Score	2.5
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Country Notes:

In its National Social Protection Strategy 2022-2026, the Government committed to gradual expansion of pension for those over 70 years of age and policy and legislation on age retirement in the medium term and expansion of pension down to age 60 by 2040. The strategy also highlights that providing individual benefits, such as an old-age pension or disability benefit, may be a more practical approach to avoiding exclusion for those who live in households designated as non-poor. Whilst there is a comprehensive pension scheme for the public sector through National Social Security and Insurance Trust (NaSSIT), there is no mandatory pension for informal workers under the social security system. Consequently, the majority of the workforce in Sierra Leone is not covered by a contributory pension scheme providing adequate income protection during retirement. This means that many non-government workers, even some of those in the formal sector, are reliant on the non-contributory old age pension schemes. Sierra Leone's social security programme covers both public and private sector employees. Insured persons as well as self-employed persons contribute to the fund on monthly basis. The employer contributes 10% monthly payroll while Government contributes as an employer and additional contributions for public sector employees on monthly basis. The government contributes to Social Security Fund for Government Workers during every annual budget. According to the 2023 Budget, pension payments amounted to SLL 52 million in 2022 and was projected to decline to SLL50 million in 2023. All Government Pensioners will be required to submit to the Accountant General's Department a Proof of Life certificate by the 31st of March each year; otherwise their pension payments will be suspended.

The NASSIT is a Statutory Public Trust responsible for the administration of Sierra Leone's National Pension Scheme. NASSIT was established to provide retirement and other benefits to meet the contingency needs of workers and their dependents and to provide other related services. However, since the commencement of the NASSIT in 2002, the Scheme was only able to register 259,505 members (as of June 2021), of which 5,379 are voluntary contributions, representing 2.07x% of the insured population. In the long run (by 2040) the Government aims to expand pensions and old age savings a three-tier pension system for all older persons in Sierra Leone over 60 years. This would comprise the following: (a) Tier 0 (foundation tier) – a universal noncontributory citizens' pension; (b) Tier 1 – a mandated contributory old age benefit funded through NaSSIT, compulsory for all those in Government and in the formal sector (as envisaged in the NaSSIT Act), and with adapted mechanisms to encourage voluntary (or even mandatory) contributions for workers in the informal sector; and (c) Tier 2 – a voluntary top-up pension for those who wish to make additional savings for their old age.

11. Environmental Policies and Regulations

Criteria Score: 3.5

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5

Second Draft Score	3.5
Final Score	3.5

Country Notes:

In 2022, Sierra Leone enacted the Environment Protection Agency Act, 2022 to provide for the continuation of the Sierra Leone Environment Protection Agency and provide for more effective and efficient protection and management of the environment. Protecting the environment remains a challenge. According to the Global Organized Crime Index 2022, illegal logging is an enduring challenge to Sierra Leone's forests. The Gola Rainforest National Park on the southern border with Liberia in particular is under threat, the main target being rosewood. Despite government efforts to combat the issue, allegations of political connections and support for illegal logging persist. Additionally, widespread deforestation for commercial charcoal production is a serious concern, and the Western Area Peninsula National Park forest reserve, located immediately south of Freetown, has been heavily impacted. International trade restrictions have been imposed, but Sierra Leone remains a major exporter of rosewood. Fauna crimes are also a persistent issue in Sierra Leone, enabled by weak legislation and inadequate enforcement. The illicit wildlife market targets illegal harvesting and trafficking of rare animal parts, and endangered species. Illicit non-renewable resource trade in Sierra Leone is significant, particularly in the case of artisanal and small-scale gold mining and gold smuggling. Most of the country's gold is mined, bought, sold, and exported through informal networks that bypass formal supply chains, with limited amounts entering local communities and some being smuggled to neighboring countries. Efforts to regulate the industry have been hindered by weak legislation, slow registration processes, and a lack of effective legal implementation.

Sierra Leone ranked 86th out of 180 countries in the 2021 Global Climate Risk Index that measures performance for 2019. Sierra Leone ranked 67th for fatalities in 2019, 54th for fatalities per 100,000 inhabitants, and 130th in losses per unit GDP in percent. Key sectors most affected by climate change are agriculture, water and health with increasing climate-related disasters witnessed causing damage to coastal infrastructure and production zones, loss of life and productive assets. Furthermore, future climate projections indicate expected increases in temperature, more extreme weather, including more intense precipitation, and raising sea levels. This underscores the importance of climate-proofing development interventions to avoid reversal of gains made thus far. High dependence on agriculture and natural resources, coupled with high levels of poverty, unemployment and environmental degradation, leave Sierra Leone highly vulnerable to climate change impacts.

Sierra Leone has adopted its National Climate Change Policy (NCCP) and National Climate Change Strategy and Action Plan (NCCS&AP) around which the country's NDC revolves, detailed in separate components for mitigation, one related to adaptation and other for loss and damage. Meanwhile with the Support of US-AID and other development partners, Sierra Leone developed Climate Change Communications Strategy Under the National Adaptation Plan (NAP). The Sierra Leone NAP developed in 2020, builds on the foundation laid by the NCCP, and NCCS & AP and the National Adaptation Programs of Action. Additionally, the NAP is borne out of the adaptation component of the Nationally Determined Contributions (NDC) 2021 that Sierra Leone submitted to the United Nations Framework Convention on Climate Change. The NDC guides Sierra Leone's efforts to reduce greenhouse gas emissions, and is the cornerstone of Sierra Leone's climate change response to the United Nations framework Convention on Climate Change (UNFCCC). Sierra Leone is also a party to the Paris Agreement for climate resilience and adaptation.

(D) Public Sector Management and Institutions

Cluster Score: 3.358

12. Property Rights and Rule-based Governance

Criteria Score: 3

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

In August 2022, Sierra Leone enacted two landmark laws, the Customary Land Rights Act and the Land Commission Act. These laws are some of the most impactful legislations with regard to Governance of land in the continent in recent years. They represent the most significant land reform measures in Sierra Leone in almost six decades. These laws empower local landowners to negotiate the value of their lands with the companies operating in the country. The private companies will now have to obtain the consent of local communities before investing in mining or commercial farming activities. These laws will ensure property rights of both local landowners and investors, domestic or foreign.

These laws also resolved the gender-based discrimination against the ownership of land by women in Sierra Leone. The law empowers women in Sierra Leone to own and use land on an equal basis with men. This is a milestone in economic empowerment of women and goes a long way in ensuring equality in property rights for both men and women in the country. Women and men can now jointly register and own land in Sierra Leone if they wish so.

The Land Commission established under the 2022 National Land Commission Act will function as an operational arm of the Ministry of Lands, Housing and Country Planning. Accordingly, the Commission will ensure that lands will be titled and registered state run and improved cadastral system. These laws will also enable stricter regulation of the exploitation of natural resources and protection of the environment, save vulnerable rural livelihoods, and foster rural economic resilience. These laws have also scrapped the ban on the descendants of the freed slaves locally known as Creoles to own land outside of Freetown. This will ensure equal rights to property ownership for all citizens and foster harmony among the various community members.

The intellectual property (IP) issues are the domain of the Sierra Leone Intellectual Property Organization but there are plans to establish a specialized IP division within the High Court. Sierra Leone is a member of the World Intellectual Property Organization (WIPO) and the common IP organization for the English-speaking parts of Africa. As a member of WIPO, Sierra Leone must implement the World Trade Organization's (WTO's) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Sierra Leone is also a member of the African Regional Intellectual Property Organization (ARIPO), the common intellectual property body for English-speaking African countries, since 1980. As a member of the WTO, Sierra Leone is bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Sierra Leone has not ratified the WIPO Copyright Treaty or the Berne Convention for the Protection of Literary and Artistic Rights. Despite its recognition of international standards, Sierra Leone's protection of intellectual property is limited.

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Companies Act amended in 2014 removes administrative barriers in the process of incorporating companies in Sierra Leone, reduce the number of offences created by the Companies Act and bolster provisions on the extent of directors' liability and duties of disclosure. Several Acts provide various incentives to encourage private sector investment and promote the inflow of foreign capital and technology into Sierra Leone including income tax exemptions, deductions for income tax purposes, import duty exemptions and goods and services tax exemptions, sector specific incentives as well as incentives for Special Economic Zones. In the 2023 Budget, To avoid the shortage of essential commodities and stabilise prices, Government has: (i) maintained zero import duty and GST on imported rice; (ii) reduced taxes on certain essential commodities. For example, import duty on cement was reduced from 20% to 10% and iron rods from 10% to 5%; (iii) established several facilities through the Bank of Sierra Leone (BSL), including (i) a Special Credit Facility with two tranches of US\$50.0 million each during COVID-19 to support the importation of essential commodities; (ii) another Food Facility of US\$50.0 million during the ongoing Ukraine crisis to support the importation of rice, flour and sugar; (iii) a US\$10.0 million Agricultural Credit Facility to facilitate the importation of agricultural inputs; and (iv) a US\$36.0 million Reserve Fuel Facility (RFF) for the importation of fuel. From January to October 2022, the BSL has provided US\$115.0 million to Oil Marketing Companies through commercial banks for the importation of fuel. Cumulatively, a total amount of \$261.0 million has been provided out of the Bank of Sierra Leone reserves to support the importation of essential items and (iv) provided agricultural inputs (seed rice, fertilisers and other inputs) and mechanisation services to farmers through the e-voucher system for the domestic production of food, especially our staple food, rice. The Sierra Leone Investment and Export Promotion Agency (SLIEPA) is

tasked with promoting exports and investments as well as improving the business environment.

Sierra Leone has demonstrated a substantial effort to reform its legislative and regulatory framework to enhance the predictability, transparency, and impartiality of its laws affecting economic activity. Key reforms and enactments such as the Arbitration Act 2022, Environmental Protection Agency Act 2022, Anti-Money Laundering Act, and others suggest a proactive approach to aligning its legal framework with international norms. Moreover, the efforts toward transparency and openness, exemplified by initiatives like joining the Open Government Partnership and establishing the Right to Access Information Commission, depict a commitment to transparency.

However, some challenges and inconsistencies persist. The legal system, while derived from the English common law system and accommodating to foreign investors, can be slow and is sometimes subject to financial and political influences. Additionally, the absence of a consolidated written commercial or contractual law and the occasional uneven treatment of commercial disputes indicate areas that require further strengthening and standardization to fully ensure predictability and impartiality.

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Corporate Affairs Commission (CAS) is responsible for general registration and incorporation of companies in Sierra Leone. The registration of businesses can be carried out online or physically in CAS offices. The CAS manages the registration of limited liability companies and provides a “one-stop-shop”. The entire process involves five steps and takes, on average, ten days. The National Investment Board, a Government Institution established to coordinate, facilitate and promote investment in Sierra Leone also provides one-stop-shop services for company and investment registration in the country. Moreover, Sierra Leone Investment and Export Promotion Agency (SLIEPA) (i) promotes investment opportunities in Sierra Leone and provide information to potential investors on matters relating to investments; (ii) acts as a one stop shop and facilitates registration of business enterprises and assist investors in obtaining permits, licenses, certificates or clearances needed for the commencement of business; (iii) assists potential investors in identifying joint venture partners in Sierra Leone; and (iv) develop relationship between public and private sector for the growth of investment.

In its current MTNDP 2019-2023, the Government noted that the country's performance over the years in the other indicators such as Paying Taxes, Getting Electricity, Registering Property, Dealing with Construction Permits and Protecting Minority Investors has been relatively weak. Therefore, it aims to implement selected Doing Business reforms. Towards this end, the Government in collaboration with the World Bank, has developed a Doing Business Roadmap. The recommendations contained in this Roadmap and the mapping process done by the Directorate of Science and Technology will inform the preparation of a comprehensive 'Doing Business Action Plan'.

Sierra Leone made trading across borders faster by upgrading its customs electronic data interchange system, thereby reducing the time for import documentary compliance. However, the slow implementation of business regulatory reforms is contributing to low productivity of businesses, especially in the manufacturing and service sectors. The Government believes that it is critical to improve the competitiveness of businesses, the regulatory environment and governance to diversify the economy and promote private sector-led investment and inclusive and sustainable economic growth.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone was ranked 23rd out of 54 countries in Africa and 8th out of 15 countries in West Africa Region in the Africa Organized Crime Index in 2021 while the country was ranked 30th out of 54 countries in resilience to organized crime in the same period. Sierra Leone also ranked 26th out of 54 countries in Africa criminal markets which include non-renewable resource crimes, flora crimes and fauna crimes, among various other criminal markets.

According to the African Organized Crime Index 2021, illegal logging constitutes a serious challenge to Sierra Leonean forests and wildlife. The widespread felling of trees for commercial charcoal production in places such as the Western Area Forest Reserve, is a serious concern. Additionally, illicit fauna market exists in Sierra Leone where large shipments of animals occur particularly to East Asia. Most prominently, illegal fishing has increased in recent years, particularly by foreign fishing vessels.

According to the same report, in terms of non-renewable resource crimes, Sierra Leone experiences high levels of artisanal and small-scale gold mining and gold smuggling. Many actors are involved, and large parts of the country are affected. Additionally, domestic criminal groups and criminal entrepreneurs rather than international syndicates dominate the small-scale diamond mining in Sierra Leone.

The report also highlights that a number of factors, including corruption, weak regulatory capacity and poor oversight has put Sierra Leone at risk of money laundering, with dirty money flowing primarily from various illegal activities as well as illicit mineral transactions.

Sierra Leone has ratified and is participating in international protocols and regional initiatives to combat transnational organized crime. The country is also a recipient of international funding to combat organized crime, including money to improve intelligence-led policing and the prosecution of organized crime cases. On the domestic level, Sierra Leone has a number of laws related to organized crime. However, the overall framework is poorly financed and understaffed, and in need of significant improvement.

13. Quality of Budgetary and Financial Management

Criteria Score: 3.625

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The 2023 budget was indeed comprehensive, credible, transparent, and attempts to address the socioeconomic impacts of the multiple shocks while strengthening fiscal sustainability. Despite the limited fiscal space engendered by the ongoing multiple crises, the Government will continue to implement programmes and policies to mitigate the impact on the population. Accordingly, the 2023 Budget seeks to provide support to (i) intensify local food production and facilitate food importation to address food insecurity, especially for the most vulnerable group; (ii) sustain critical investments in education and health to improve human capital; (iii) expand social safety nets to enable vulnerable people to cope with the challenging economic situation; (iv) pursue adaptation and mitigation measures in response to climate change risks; (v) promote private sector development for job creation; (vi) contain inflation and stabilise the exchange rate to lower the cost of living; (vii) strengthen public finances and maintain sustainable debt levels; and (viii) improve governance and accountability. These priorities are in line with the objectives of the Medium Term National Development Plan (MTNDP) 2019-2023 and The Big Five Agenda of the next National Development Plan 2024-2028 under preparation.

Total domestic revenue is projected to increase by NLe1.22 billion to NLe10.56 billion (14.1% of GDP) for the financial year 2023 from 12.7% in 2022. This is due to measures to intensify the collection of domestic revenue through a comprehensive reform of the tax system including the use of technology to tackle

widespread tax evasion and tax avoidance. Accordingly, total revenue and grants are estimated to increase to 19.7% of GDP in 2023 from 19.3% in 2022 compared to total expenditure of 29.2% of GDP in 2022 leading to a large budget deficit of 9.6% of GDP in 2022. Higher expenditure was due to an increase in expenditure to address the impacts of multiple external shocks. Total expenditure and net lending are revised upwards by NLe3.5 billion to NLe18.6 billion (24.8% of GDP) for Fiscal Year 2023. This reflects the increase in recurrent expenditures by NLe2.6 billion to NLe13.5 billion and capital expenditures by NLe861.6 million to NLe5.1 billion. The increase in recurrent expenditure covers additional budgetary allocation to Wages and Salaries; Goods and Services; Subsidies and Transfers and Interest payments.

The Government approved Medium-term Revenue Strategy (MTRS) in April 2023. The tax policy measures contained in the Finance Act, 2023 derive from this strategy. The measures include the introduction of a Minimum Alternate Tax (MAT) at 3% of turnover/sales for all companies to tackle the widespread evasion and avoidance of corporate income tax. The measures also seek to broaden the base of the Goods and Services Tax (GST) by rationalizing the numerous GST exemptions. In addition, the Act also introduced a Vehicle Circulation tax at NLe200 and a Tourism Levy of 2%. These tax policy measures will yield additional tax revenues in 2023 and 2024 estimated at 1.8 percent of GDP.

In its 2023 Supplementary Budget delivered on 31st July 2023, the government introduced various expenditure management measures including efforts to improve the sustainability of the Government wage bill, improve budget execution, and strengthen cash management. These will reduce the reliance on bank financing of the deficit and associated macro-economic challenges.

Sierra Leone scored 45 out of 100 in budget transparency was ranked 45th out of 12017 countries in budget transparency in International Budget Partner's Open Budget Survey 2021, compared to 39 out of 100 71st out of 117 countries in the 2019 survey. Accordingly, Sierra Leone was down upgraded from minimal budget transparency in 2019 to sufficient limited budget transparency to insufficient transparency with limited information available in 2021. However, Sierra Leone's Ministry of Finance is taking measures to improve budget transparency and has officially launched the 2023 Financial Year Citizens' Budget in collaboration with the National Council for Civic Education and Democracy (NACCED), Foreign Commonwealth and Development Office (FCDO), and Non-State-actors. This is likely to improve budget transparency going forward.

According to Ministry of Finance (2023) budget credibility remains a challenge requiring further budget planning and execution reforms. To improve budget preparation Government will: (i) adopt the strategic top-down budgeting approach to ensure that the total level of expenditure is determined before detailed items in the budget are negotiated so that it properly reflects aggregate fiscal policy priorities; (ii) strengthen the capacity of the Macro Fiscal Working Group, comprising the Ministry of Finance, National Revenue Authority, Bank of Sierra Leone and Statistics Sierra Leone, to produce realistic projections of domestic revenue to avoid the appropriation of higher expenditures that could not be funded; and (iii) embark on gender-responsive budgeting.

13.b. Effective financial management systems

Score Type	Value
Draft Score	3.5

Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The latest three-year Fiscal Strategy Statement 2023-2025 highlights that the key objective of fiscal policy over the medium-term is to achieve fiscal and debt sustainability. Accordingly, the Government aims to (i) Reduce total Public Debt to 70% of GDP by the 2025 fiscal year; and (ii) Reduce the overall fiscal deficit, including grants, to a level not exceeding 3% of GDP by the 2025 fiscal year through a sustained fiscal consolidation. The fiscal objectives of Government for the medium-term (2022-2025) are consistent with the principles of Responsible Fiscal Management enshrined in the Public Financial Management (PFM) Act 2016 as follows: (i) Achieve and maintain prudent levels of public debt so as not to impose an inequitable burden on future generations; (ii) Achieve and maintain an appropriate balance between revenue and expenditures of the general Government; (iii) Formulate and implement fiscal policies to maintain macroeconomic stability; (iv) Provide timely, reliable and adequate information to the public on fiscal objectives, data, and risks to ensure transparency in budgetary and financial management of the general Government; and (v) Manage prudently, the fiscal risks faced by Government. The Finance Act 2023 provides for the imposition and alteration of taxes, and give effect to the financial proposals of the Government and provide for other related matters for the financial year 2023, among others. Regarding budget execution, there was a 26% increase in total budget and a 32% increase in actual expenditure in 2022 compared to 2021.

Recent AfDB Country Fiduciary Risk Assessment conducted in May 2022 concluded that the overall fiduciary risk of Sierra Leone remains substantial, although there have been PFM improvements on trajectory. According to the IMF Country Report (June 2023) while governance and corruption vulnerabilities remain significant, the authorities have taken steps to reinforce safeguards over the use of public resources. The assessment noted that the adoption of the PFM Reform Strategy 2018-2022 and the Finance Acts 2020, 2021, 2022 and 2023 propelled the PFM reforms agenda. The Public Financial Management Act (PFMA)- 2016 and related regulations gave impetus to the establishment of the Treasury Single Account -TSA, wider roll out of IFMIS and Electronic Public Expenditure Tracking System (ePETS) and introduction of Electronic Cash Register (ECR).

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0

Final Score	4.0
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Country Notes:

The Financial Management Unit based in the Auditor-General provides comprehensive and reliable financial statements and accounting information for management, the government and other development partners. The office of the Accountant-General provide timely accounting and reporting of Government financial transactions, which informs the execution of the budget on a daily basis. All revenue paid into the consolidated fund and all expenditure made from the consolidated fund is captured, into the Integrated Financial Management Information (IFMIS) which has been adopted by most Ministries, Directorates and Agencies (MDAs). The transition to the web-based IFMIS and the strengthening of cash management have improved budget execution and help ensure comprehensive recording, accounting and reporting of government financial transactions.

According to the 2023 Supplementary Budget, the Accountant-General will make it mandatory for MDAs to process all expenditures through the IFMIS. The Accountant-General will also fully implement the Electronic Funds Transfer system (EFT) to cover all expenditure categories including wages and salaries.

The Auditor General of the Audit Service Sierra Leone (ASSL) is mandated to carry out audits on the economy, efficiency and effectiveness with which the audited government entities use their resources in carrying out their responsibilities. The Auditor General is the independent auditor reporting to Parliament. The 2021 Auditor General report found overall irregularities with financial impact amounting to US\$1.4 million by Ministries and Departments and US\$132,000 by State Owned Enterprises (SOEs). The weak financial performance and contingent liabilities of SOEs, still today pose a significant risk to Sierra Leone's budget. According to the Ministry of Finance Budget 2023, Government remains committed to improving the governance of SOEs, including the two State-Owned Banks, to reduce fiscal risks, improve service delivery and increase profitability. To this end, the Government has developed the State Ownership and Governance Policy to modernize the governance of SOEs in line with international best practices. The policy seeks to streamline, clarify and harmonise the roles and responsibilities of the primary SOE ownership and oversight agencies such as the National Commission for Privatization (NCP), Ministry of Finance and line Ministries.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Sierra Leone consists of three spheres of government: national government, local councils and chiefdom councils. The Local Government Act 2004 provides the main legal framework for local councils. The allocation of total non-salary non-interest recurrent budget between the national government and the local government is clear and transparent. In 2023 Budget, local government received 5.7% of total subsidies and transfers compared to 5.6% in 2022.

In addition, in the 2023 Budget, local council received 3.1% of non-salary non-interest recurrent expenditure and 3% of domestic capital expenditure for public investment programmes. Low allocation for investment programmes to the local councils may reflect the lack of implementation capacity at a lower sphere of government. In the 2023 Budget the Government committed to continue to support the implementation of enhanced revenue mobilisation and accountability reforms in local councils to minimise their over-reliance on central government grants to deliver devolved services. The Government will (i) develop and roll out revenue mobilisation strategies for district councils; (ii) develop and implement a new fiscal decentralisation policy and strategy that will provide additional revenue streams to local councils and boost local revenue collection; and (iii) develop a modernised property tax system to reflect current valuation and property roll to increase the tax base for the city and municipal councils.

14. Efficiency of Revenue Mobilization

Criteria Score: 3.5

14.a. Tax policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In accordance with the Medium-term Revenue Strategy (MTRS), which was approved by Cabinet in April 2023, the Finance Act, 2023 introduced new tax policies including the introduction of a Minimum Alternate Tax (MAT) of 3% on turnover/sales of all companies. This was aimed at tackling the widespread evasion and avoidance of corporate income tax. The Government also introduced a Tourism Levy of 2% among other tax policy measures.

Other key tax policy measures in 2023 include (i) escalate the Duty Waiver Policy approved by Cabinet in March 2022 to a law; (ii) maintain the implementation of a full pass-through of the petroleum pricing formula (petroleum price has been increased to SLL30 (US\$1.33) per litre in August 2023 ; (iii) review the Excise Tax Act of 1982 to enable the conversion of ad valorem excise taxes on alcohol, tobacco, vehicles,

sugar-sweetened beverages, plastics and others to a specific rate to internalise external costs, reduce harmful behaviour, and provide a stable source of revenues; (iv) broaden the base of the Goods and Services Tax (GST) as about 60% of its base is exempt and areas such as digital services and insurance are not subject to GST; (v) implement the provisions defined in the amended Extractive Industry Revenue Act to maximise revenues from the extractive sector and ensure that Government does not get into the legacy of individual contracts containing special and overgenerous fiscal terms outside of the general tax law; and (vi) strengthen the legislative framework around forest protection and related environmental issues to enable the possibility of leveraging climate finance from forests, including carbon credits, REDD+ payments, and grants for forest conservation or reforestation (Ministry of Finance, 2022).

14.b. Tax administration

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Government is developing a MediumTerm Revenue Strategy (MTRS) with support from the IMF and World Bank that will set the pace for policy, legislative and administrative actions to enhance domestic revenue mobilisation in the medium-term and put the country's budget on a sustainable path. The main objective is to increase domestic revenue to 20% of GDP by 2027.

In Budget 2023, the government outlined the following specific tax administrative actions: (i) extending the Block Registration System to the regional cities to capture more businesses in the national tax register; (ii) fully rolling out the Integrated Tax Administration System (ITAS) to include management modules such as data management, audit, tax exemption and taxpayer management; (iii) integrating NRA systems, especially the ITAS, with other information management systems at the BSL, AGD, NCRA and NASSIT; (iv) developing and rolling out a mobile payment app for paying non-tax revenues such as fines, fees and levies and integrating the app with ITAS and ASYCUDA for collecting revenue from small and medium taxpayers; (v) implementing a strategy for the operationalisation of a High Net Worth Individual Taxation regime; (vi) acquiring and deploying compliance risk management software for Customs; and (vii) building NRA's capacity in data analytics and risk analysis through the use of Artificial Intelligence (AI) technology

and training in data analytics and econometrics.

15. Quality of Public Administration

Criteria Score: 3.167

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Sierra Leone is a country in transition facing intricate fragility challenges due to which state and non-state institutions are weak in personnel technical capacity, staffing, financing, coordination and policy coherence. The elected president and Parliament generally determine the government policy, but most power lies within the executive. Nevertheless, Sierra Leone is experiencing increased popular participation in its development process through active political competition and peaceful transfer of power through democratic elections, functioning media and thriving civil society organizations. Sierra Leone has maintained strong political party representation, and political participation remains high despite opposition APC contention that the 2023 elections were fraudulent. This positive representation reflects that electoral laws in Sierra Leone are generally deemed fair, facilitating the representation of all major political parties in parliament. These complement improvements observed in local governments and other accountability institutions such as Auditor General's Office, Anti-Corruption Commission, Ombudsman's Office, and Human Rights Commission. If the independence of these institutions as well as separation of power between the three branches of Government, the Executive, Judiciary, and the Legislative is strengthened, efficiency in public service delivery and poverty reduction can be sustainably enhanced. The increased strength of the domestic coordination of elections and the culture of peaceful transfer of power despite fragility constraints is an opportunity for sustainable development. Little is known about public service in Sierra Leone as no comprehensive civil service reform survey has been conducted as yet.

The 2022 Bertelsmann Transformation Index ranks Sierra Leone 56th out of 137 countries in democracy status and 100th out of 137 countries in economy status. The subcategory scores were political participation (6.8), rule of law (4.3); stability of democratic institutions (6.0) and political and social integration (6.0).

Ministry of Finance and Ministry of Planning and Economic Development, and the Bank of Sierra Leone coordinate the executive branch of government between including other Ministries, Departments and

Agencies (MDAs). Sierra Leone is dependent on aid. The responsibility of aid coordination is vested on the Development Assistance Coordination Office (DACO) in the Ministry of Planning and Economic Development. Under this framework, the Ministry of Planning and Economic Development (MOPED) has initiated the Development Partnership Committee (DEPAC) meetings between the government and development partners and a wide range of stakeholders to review and discuss development progress and challenges on a quarterly basis.

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Limited access to and low efficiency in delivery of basic economic and social services are some of the key manifestations of fragility in Sierra Leone. Access to basic social and economic services such as education, health, electricity, water and sanitation and ICT are limited. Only about 26% of the population has access to electricity in 2021. The proportion of people with access to at least basic drinking water was 65.34% and basic sanitation was 22.9% in 2022. The doctor/patient ratio is among the lowest globally and in the region. The number of physicians per 100,000 people is 2.2 as against 47.9 for Africa and 123.8 for developing countries on average. The spatial distribution of services is uneven with the lion's share going to the urban center which accounts for 40% of the population.

On the education front, progress has been made since the introduction of free basic education and Human capital development was declared the key priority of the Medium Term National Development Plan 2019-2023. The Free Quality School Education Programme is the government's flagship programme to provide a solid base not only to enhance human capital development, but to facilitate the transformation of other sectors.

Budget 2023 highlights that since 2018, Government has spent US\$ 186 million on basic education and mobilised more than US\$140.0 million for the sector. The outcomes at pre-primary, primary and secondary levels are increased enrolment, transition and completion rates.; Furthermore, Government mobilized more funds from development partners to scale up interventions under the Free Quality School Education (FQSE) Programme, including the school feeding programme and hygiene pads for girls. The government has sustained critical investments in education and health to improve human capital despite limited fiscal space.

15.c. Merit and ethics

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Public trust in state institutions has dwindled significantly over the past decade, and this in part is due to the perceived pervasive corruption within these institutions. In addition to this, professionalism in the public sector was being rapidly replaced with political patronage and nepotism. The merit-based approach to public service delivery has taken a back seat to corruption and nepotism. However, the current Government has put in place measures to uphold merit and ethics in public institutions. Measures were taken to clean up the payroll and remove ghost workers from the civil service. To address this, Sierra Leone is currently undertaking payroll reforms. The transparency and reliability of the payroll has improved, as evidenced in the country's performance on the wage bill-related indicators in the Public Expenditure and Financial Accountability (PEFA) Assessment.

Sierra Leone ranked 22nd out of 54 countries in 2022 Mo Ibrahim Index of African Governance compared to 31st 2020, an improvement of 9 points. Sierra Leone ranked 110th out of 180 countries in 2022 Transparency International Corruption Perception Index (CPI) compared to 117th out in the 2020 an improvement due to measures taken by the current Government. The anti-corruption measures taken by the current Government have resulted in improvement in CPI ranking by 7 points between 2020 and 2022.

Despite political affiliation and reward to party membership even in some relatively independent public institutions, appointment to senior public service positions is generally based on merit. However, such practices are not unique to Sierra Leone. They are common in other African countries as well. The Public Service Commission has made good progress on internal reforms, with a new organizational and administrative structure, institutionalized merit and competence based recruitment, among others.

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 3.5

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The parliament is the main body that provides oversight to the executive. There are 31 Departmental oversight select committee in Sierra Leone covering virtually all Ministries, Departments and Agencies (MDAs). The main function of these committees is to review/scrutinise the laws governing the administration and general operations of the MDAs that are assigned to them. They also review /scrutinize programs, plans, policy objectives and operations of the MDAs and the effectiveness of their implementation. In addition, they review the immediate, medium- and long-term expenditure plans of the MDAs and the effectiveness of the budget execution thereof; analyse the relative success of the MDAs in meeting their objectives and scrutinise policy programmes, legislation and provide general oversight of the executive.

Other institutions that provide oversight to the executive include the Press, Civil Society Organizations (CSOs), Community Based Organizations (CBOs), some advocacy groups such as Institute for Governance Reforms (IGR); many professional associations such as the National Association of Procurement Professionals (NAPPs). Unlike parliamentary oversight committees, these institutions conduct oversight through dialogue or press by making available information to the general public on the issues of public interest.

The executive itself has its own oversight committee known as Ministerial Oversight Committee that will oversee the implementation of the national development plans. This committee comprises all ministers of government and is chaired by the Minister of Planning and Economic Development. This committee ensures that the coordination of activities, policies, and programs are consistent with the priorities of the Medium-Term National Development Plan. The Government is currently developing a new Medium Term National Development Plan (MTNDP 2024-2028).

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5

Second Draft Score	3.5
Final Score	3.5

Country Notes:

According to Media Foundation for West Africa, the right to seek, access and receive information is a fundamental human right enshrined in several international and national normative frameworks. Globally, this right can be found under Article 19 of the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights (ICCPR). In Africa, access to information is guaranteed in the African Charter on Human and Peoples' Rights (ACHPR), the African Charter on Democracy, Elections and Governance, among others. Several states have also adopted specific laws that promote access to information or incorporated provisions that grant such access in their national constitutions. Sierra Leon's the Right to Access Information Act (RAI), 2013, provides for the disclosure of information held by public authorities or by persons providing services for them. The Government adopted the RAI law in in order to join the Open Government Partnership of the Extractive Industries Transparency Initiative (EITI) which it joined in 2004 and reached compliance in 2014. Subsequently, the Government established the Right to Access Information Commission (RAIC) in 2014 with a clear mandate to make information available to the masses by increasing the supply of open data to the extent possible.

In Sierra Leone, civil society organizations are well informed about the intended changes to government priorities and policies. The Government consults civil societies widely during the preparation of the national development plans and formulation of national sector policies. Civil societies have increasingly become involved in policy dialogue and advocacy on government policies and preparation of annual government budgets. Sierra Leone also has a number of advocacy groups and Think Tanks which monitor public affair such as the Institute of Governance Reform (IGR). The Government is currently widely consulting the public to identify the priorities for the new Medium Term National Development Plan 2024-2028 currently being prepared.

However, state owned media TV and radio stations are lagging in delivering timely information on public affairs. It is hard to find any regularly updated comprehensive semiannual or annual sector reports on the economic and social issues affecting the country in some websites of Ministries, Directorates and Agencies (MDAs). The MDAs may consider updating their website platforms to update their sector activities annually on regular basis and make the reports available to the public.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In 2022, the Transparency International Corruption Perceptions Index ranked Sierra Leone 110th out of 180 countries an improvement from 117th position in 2020. This is attributable to mainly the anticorruption measures taken by the current government.

However, according to the Global Organized Crime Index Report 2022, corruption is still ongoing problem in Sierra Leone, at various government levels. Sierra Leone continues to face persistent challenges with regards to corruption, poverty, and youth unemployment /underemployment. Efforts to combat these issues and bring about meaningful change are hindered by the vested interests of some government officials and limited resources. Power is mainly concentrated within the executive branch, with the president and Parliament determining government policy. Additionally, Sierra Leone's various state institutions struggle to impose adequate checks and balances on the executive, hampering their effectiveness. Despite government efforts to tackle corruption, this remains a significant challenge. Over half of Sierra Leoneans report having paid a bribe for government services. High-profile corruption cases often do not result in convictions, with the focus frequently shifting to asset recovery rather than prosecution. While the government has pledged to combat corruption, concerns exist about selective prosecution and political interference. The report notes further that private sector actors also rely heavily on political connections to establish successful businesses, underscoring the intertwined nature of business and governance in the country. According to the report, for instance, private sector actors with opaque ownership structures connected to government officials are often awarded contracts from ministries. Private actors are also involved in more significant and lucrative organized criminal enterprises, specifically illegal artisanal mining. The Government has a huge task to address all these corrupt practices within public and private sectors.

The Natural Resource Governance Institute (NRGI) defines "state capture" as the efforts of individuals or firms to shape the formation of laws, policies, and regulations of the state to their own advantage by providing illicit private gains to public officials with the aim to distort the intended implementation of laws or to shape the formation of the laws themselves. In Sierra Leone as is the case in many resource rich countries in Africa, the mining wealth sharing systems that involves traditional authorities and district assemblies in managing a share of the mine royalties earmarked for local economic development could be undermined by a tendency for elite capture, and may contribute to political corruption at the community level.

(E) Infrastructure and Regional Integration

Cluster Score: 2.75

17. Infrastructure Development

Criteria Score: 2

17.a. Sector strategy/policy

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Sierra Leone's current Medium Term National Development Plan (MTNDP 2019-2023) prioritizes infrastructure investment to improve business climate and foster economic competitiveness. Investment in energy, transportation systems, water and sanitation, and information and communication remain top priorities for Government. However, Sierra Leone is yet to develop a national infrastructure investment strategy/policy. Nevertheless, it has developed strategies and policies for infrastructure investment in key sectors including energy, transport, water and sanitation, and ICT. According to the African Development Bank, Sierra Leone ranked 46th in Africa in 2022 in the Africa Infrastructure Development Index (AIDI) one rank up from 47th in 2018. The AIDI consists of Transport composite Index; Electricity composite Index; ICT composite Index; and Water and Sanitation composite Index.

The infrastructure gaps remain high. Electricity access and consumption in Sierra Leone are among the lowest in Africa at below 26% percent of the overall population and the access is concentrated in urban areas, dropping to between 2.5% and 5% percent in rural communities. The demand for electricity in Sierra Leone greatly outstrips the supply. Currently, the operational generation capacity is approximately 105 MW, merely 35% of estimated demand. As Sierra Leone's economic and social development continues, demand for electricity will continue to rise. Peak demand for electricity in 2022 was estimated at 283 MW, and was as well expected to increase significantly to 386 MW in 2023.

Deficiencies exist in transport infrastructure and transport services in all four subsectors: roads, railway, air transport, and ports. Sierra Leone has a public road network of about 11,700 km of which 8,700 km are functionally classified in the National Road System. The other 3,000 km consists of local roads and unclassified roads and tracks. However, the core road network remains unpaved, isolating people from basic education, health services, transport corridors, trade hubs and economic opportunities. Road safety continues to be poor. The country boasts of one of the deepest natural harbors in the world, but the port infrastructure has suffered from lack of maintenance. Nationally, the proportion of people with access to at least basic drinking water was 65.34% while access to basic sanitation services was 22.92% of the total population in 2022. Sierra Leone is a long way to go to meet Sustainable Development Goals (SDGs) 6 (Clean water and sanitation) and 7 (Affordable and clean energy). Despite the abundant water resources that have potential to meet the water demand requirements, Sierra Leone faces multiple water service provision challenges.

Information and communication technology (ICT) has improved notably over recent years. Sierra Leone has developed a 10-year National Innovation and Digital Strategy (NIDS) (2019-2029) aimed at guiding Sierra Leone's investments, policies, and governance frameworks for the country's present and future development. The improvements in the sector reflect telecom/ICT market liberalisation, the landing of the Africa Coast to Europe (ACE) submarine cable, the penetration of the 3G mobile data across the country

and investment in the terrestrial fiber networks. In light of high risk of debt distress the Government will continue to prioritize grants and concessional loans within a pre-defined borrowing limit to help finance priority infrastructure projects.

In the 2023 Budget, the government indicated its commitment to investing in infrastructure including energy, roads, water supply and information and communication technology (ICT) which remain priorities to Government. The Government aims to scaling up and accelerating investment in digital technologies through expanding internet penetration and investing in 5G and Artificial Intelligence (AI) technologies has the propensity to increase productivity in agriculture, increase government revenues, deepen financial inclusion, create new businesses and expand overall economic activities. This is critical in removing major bottlenecks to private investments and supporting the economic recovery. Government will continue to prioritise resources to address the infrastructure deficit in the country and further explore alternative ways to fund infrastructural development.

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Sierra Leone has adopted a number of policies to close the infrastructure gap and support growth and reduce poverty. These include a number of incentives for infrastructure projects with development costs exceeding US\$20 million such as: income tax exemptions for 15 years from start-up; duty free imports on plants, equipment and other inputs required to execute the project. The Government also established a public private partnership (PPP) unit to provide support to various Ministries, Department and Agencies across a range of potential PPP projects. Sierra Leone developed various sector policies and regulatory frameworks in the key sectors of the economy in recent years. In the energy sector, the Renewable Energy Policy, as well as the 2016 Sierra Leone Energy Efficiency Policy not only aligns with the ECOWAS Energy Efficiency Policies but also aims to enhance energy access while transforming the energy sector towards greater sustainability, calls for the need to expand its energy supply and to increase the current rate of access to electricity, which is at about 15% in urban and less than 10% in rural areas, and power system operations efficiency rated at 55%. The Electricity Sector Reform Roadmap (2017-2030) aims to create an enabling environment for the provision of electricity supply for increased productivity, wealth creation and improved quality of life of all Sierra Leone's citizens. Sierra Leone is also implementing rural mini-grid electricity projects funded by development partners.

The Guma Valley Water Company Act 2021 debated in parliament in 2022 was intended to repeal and replace the Guma Valley Water Company Act 2017 and transfer the authority and control over the Guma

valley Company from national Commission for privatization not Ministry of Water Resources to enable sustainable supply of water to the public.

The National Innovation and Digital Strategy (NIDS) 2019-2029 policy aims to position Sierra Leone among regional and global leaders in the field of digital agile governance by focusing on effective service delivery, citizen engagement, and the digital economy driven by innovation and entrepreneurship. The Government believes that such a transformation will reduce the cost of governance and reduce corruption while increasing national productivity.

However, the existing legal and regulatory framework should be strengthened to facilitate efficient delivery of infrastructure and public services.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	2.0
Reviewed Score	2.0
Second Draft Score	2.0
Final Score	2.0

Country Notes:

Sierra Leone has conducted five external Public Expenditure and Financial Accountability (PEFA) assessments in the past decade the most recent ones being the 2017 and the 2021 PEFA assessments. Outcome of PEFA assessments helps Government design reform programs to achieve sustainable PFM improvements and better service delivery. The fifth PEFA assessment on the Central Government PFM systems and the first assessment covering gender PFM was completed in 2022. The fiscal years for the Assessment are FYs 2018,2019, and 2020, and there are improvements recorded from the previous assessment in 2017. Procurement in various infrastructure sectors are carried out in accordance with the National Competitive Bidding (NCB).

In the 2023 Budget, in addition to collecting more revenues, the Government committed to strengthen public expenditure management to create the fiscal space for spending on priority areas for economic development. This involves improving budget planning and execution for non-salary recurrent expenditures, rationalising the payroll and improving the management of domestic capital expenditures. Moreover, adopting the Medium-term Expenditure Framework (MTEF) has improved budget preparation. The transition to the web-based Integrated Financial Management Information System (IFMIS) and the strengthening of cash management have also improved budget execution to some extent. However, budget credibility remains a challenge requiring further budget planning and execution reforms. To improve budget preparation Government will: (i) adopt the strategic top-down budgeting approach to ensure that the total level of expenditure is determined before detailed items in the budget are negotiated so that it properly reflects aggregate fiscal policy priorities; and (ii) strengthen the capacity of the Macro

Fiscal Working Group, comprising the Ministry of Finance, National Revenue Authority, Bank of Sierra Leone and Statistics Sierra Leone, to produce realistic projections of domestic revenue to avoid the appropriation of higher expenditures that could not be funded, among others.

The National Public Procurement Authority (NPPA) has made significant progress in strengthening public procurement by regularly producing quarterly price norms to guide procuring entities, develop and roll out National Capacity Building Strategy, develop a National Procurement curriculum to ensure that procurement officers have the relevant tools to undertake procurement activities. This has contributed to ensure value for money and promote transparency and accountability in public procurement.

Audit Service Sierra Leone (ASSL) conducts regular audits of financial statements of all public entities in accordance with the provision of the Public Financial Management Act 2016. Ministry of Works, Housing and Infrastructure is one of such entities that have been regularly audited by ASSL.

18. Regional Integration

Criteria Score: 3.5

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

FDI flow to Sierra Leone has been increasing. According to the UNCTAD FDI 2023 Report, FDI inflow to Sierra Leone increased from US\$212 million in 2021 to US\$250 million in 2022. The ECOWAS Protocol on the Free Movement of Persons, Residence and establishment stipulated the right of ECOWAS citizens to enter, reside and establish economic activities in the territory of other member states and offers a three-step roadmap of five years each to achieve freedom of movement of persons after fifteen years. The first phase regards the right of visa-free entry, phase two dealt with the right of residency, and phase three concerns the right of establishment in another member State. The first phase has been fully implemented. The second phase, the right of residency, has also been implemented, given that citizens had obtained an ECOWAS residence card or permit in fellow member State. The third phase, the right of establishment, is still under implementation in most member States. Despite four supplementary protocols ratified between

1985-1990 full implementation of the ECOWAS protocol remains slow. Sierra Leone has made a modest progress in the implementation of the Phase 1 (Right of Entry) of the protocol. Apart from abolishing visa and entry requirements for 90 days, Sierra Leone adopted the standardized ECOWAS Travel Certificate. Sierra Leone also uses ECOWAS common passport. The country has also commenced issuing the ECOWAS biometric identity card since February 2023. Sierra Leone is one of the six countries that have adopted ECOWAS National Biometric Identity Card the other five being Senegal, Guinea-Bissau, Ghana, Benin, and The Gambia.

Sierra Leone scored 0.502 ranking 22nd in Africa in the 2022 Visa Openness Index thus reflecting improvements made in easing visa requirements. Sierra offers residence and work permits to foreigners to engage in skilled labour. Foreigners are not allowed to engage in low skill labour such as petty trading which are exclusively reserved for nationals of Sierra Leone. In Sierra Leone, there are local laws intended to restrict migration for certain categories of low-skilled labour such as petty trading, hair dressing, which are usually undertaken by low-skilled, self-employed migrants. National migration policies also seek to limit the entry of migrants who may be incapable of providing for themselves and will be dependent on the resources of the state as a public charge. One of such acts is Non-Citizens Registration, Immigration and Expulsion Act. Act.

FDI flow to Sierra Leone has been increasing. According to the UNCTAD FDI 2023 Report, FDI inflow to Sierra Leone increased from US\$212 million in 2021 to US\$250 million in 2022.

18.b. Regional financial integration

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Regional financial integration is one of the ten subprograms of the revised ECOWAS Single Currency Program. However, the implementation of the Single Currency, Eco, has been delayed due mainly to divergences in monetary policy frameworks between the English speaking WAMZ states and French speaking WAEMU states that use CFA franc as common currency under strong French influence. The new date for the launch of the common currency is now postponed to 2027. However, it may be delayed further if monetary policy orientations of the various ECOWAS states are not reconciled in the interim. West African Central Banks and WAMA are working to implement rapid interconnections of the ECOWAS

payment and settlement system. Reliable and efficient payment systems are vital to a well-functioning financial system. The regional payments systems landscape is very much diverse and in different stages of evolution/development. The ECOWAS Payments and Settlement Systems (EPSS) project was launched in 2013 with the objective of creating a multilateral mechanism that will facilitate the use of national currencies for the payment and settlement of intra-Community transactions.

In January 2022, Africa launched the Pan African Payment and Settlement System (PAPSS) to centralize payment and settlement system for intra-African trade in goods and services under the AfCFTA. The PAPSS allows companies in Africa to pay for intra-African trade transactions in their local currency. PAPSS is expected to reduce the transaction costs, and accelerate the settlement and payment of trade transactions and deepen regional financial integration in the continent. The African Export-Import Bank (AFREXIMBANK) in collaboration with the African Continental Free Trade Area (AfCFTA) Secretariat developed the PAPSS.

The Sierra Leone banking sector is liquid, profitable and growing. The total assets of the banking sector increased by almost 21% in 2021. However, the asset quality of the banking sector remains weak with non-performing loans (NPLs) increasing to 15.2% in 2021 from 12.7% in 2020. However, the banking sector capital adequacy ratio was 41% in 2021 well above the regulatory threshold of 15%. Only two banks were unable to meet the 15% capital adequacy threshold.

African Export-Import Bank (AFREXIMBANK) in collaboration with central banks in the WAMZ region, is working on a payment and settlement platform to resolve the challenges of cross border payments in the sub-region. PAPSS has introduced an instant payment solution that will interconnect the national payment systems within WAMZ and subsequently ECOWAS to promote regional trade. The Bank of Sierra Leone is working with PAPSS on this project and are now at the stage of doing controlled transactions in the live environment.

The Bank of Sierra Leone (BSL) launched its National Financial Inclusion Strategy (NFIS) 2022-2026. The five-year NFIS aims to specially target women, youth, rural population and medium, small and micro enterprises (MSMEs).