

## 43. Country profile: Sierra Leone



### 1. Development profile

Sierra Leone continues to be plagued by problems stemming from its civil war which was waged from 1991 to 2002. The war contributed to the deaths of thousands of people and the displacement of more than a third of the population of the country. The country's infrastructure was also decimated by the conflict.<sup>1</sup> All of this contributes to the country's low ranking in the United Nations Development Programme's Human Development Index. Currently, the country is ranked 158 out of 182 countries.<sup>2</sup>

Economic recovery began in 2000, with real GDP growing by an average of 5 percent annually. Recently, growth has been propelled by the large diaspora who provide a safety net by sending significant remittances back home. There has been economic growth in other sectors, including: agriculture, fishing, mining, and services. The economy is gradually diversifying and is no longer dependent solely on diamond exports. "The trade in illicit gems, known as "blood diamonds" for their role in funding conflicts, perpetuated the civil war. The Government has attempted to crack down on cross-border diamond trafficking".<sup>3</sup> Despite its outstanding mineral wealth, poverty is high, 57 percent live on less than a dollar a day and 74 percent live on less than \$2 USD a day. There is "tremendous inequality in income distribution," as is the case in so many countries that possess sought-after natural resources; in this instance, vast diamond resources.<sup>4</sup>

The civil war not only left the physical resources of the country in disrepair but also the human resources. Before the war, Sierra Leone had high education standards. The war changed this. Today, two-thirds of the population is illiterate. While school attendance began to rise after the war ended, the government still grapples with resuming service to the countryside and other areas that were disrupted by the rebellion.<sup>5</sup>

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<sup>1</sup> *Food Security, Farm Production, Health and Nutrition Survey – 2005. Vulnerability Assessment and Mapping, Sierra Leone* (2008). Retrieved from Government of Sierra Leone, WFP, UNDP, UNICEF, WHO and FAO.

<sup>2</sup> *Human Development Index (HDI)-2010 Rankings*. (2010). Retrieved from United Nations Development Programme: <http://hdr.undp.org/en/statistics/>

<sup>3</sup> *Country Profile: Sierra Leone*. (n.d.). Retrieved from BBC: [http://news.bbc.co.uk/2/hi/africa/country\\_profiles/1061561.stm](http://news.bbc.co.uk/2/hi/africa/country_profiles/1061561.stm)

<sup>4</sup> *Sierra Leone: CIA World Factbook*. (2010, January 15). Retrieved from US Government, Central Intelligence Agency.: <https://www.cia.gov/library/publications/the-world-factbook/geos/sl.html>

<sup>5</sup> *Sierra Leone*. (n.d.). Retrieved from UK Government. Foreign and Commonwealth Office: <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/sub-saharan-africa/sierra-leone/?profile=all>

Government spending on Social Protection is limited to only 0.6 percent of total expenditure, “Total government expenditure on social protection was budgeted at around US\$1.5 million in 2006 and US\$2.8 million in 2007. In per capita terms, this works out as around US\$0.3 per person in 2006 and US\$0.56 in 2007. Social protection expenditure is estimated at around 1.5% to 2.5% of non-salary, non-interest recurrent government expenditure, 0.3–0.6% of total government expenditure and a small fraction of a percentage of GDP.”<sup>6</sup> While the recovery process from the civil war has shifted from emergency aid to reconstruction, there are still significant implementation barriers; for example, the lack of institutional capacity and poor physical infrastructure. While there is a demand for an increase in social assistance strategies, there is a reluctance to support cash transfers, “There are concerns, particularly among donors, that cash transfers could create a public dependency on this money, and that a focus on social protection as welfare would be at the expense of growth, as well as a question over whether cash transfers can address the causes of social instability.”<sup>7</sup> The Government is concerned that people will become dependent on post conflict assistance programmes, especially those that are simply seen as free handouts. However, there are those people who will never be able to support themselves and need so-call handouts in order to develop sustainable livelihoods and survive. There are also concerns that cash transfers do not contribute to long term economic growth and thus, there is a preference for public works programmes.

Socioeconomic indicators <sup>8</sup>	
Population (millions)	5.6
GNI per capita, PPP (current USD)	\$750
GDP (current USD) (billions)	\$2.0
GDP composition by sector (%)	Agriculture - 43 Industry- 24 Services- 33
GDP growth rate (%)	2.5
Percentage below poverty line (%)	70.2
Inflation (%)	11.7
GINI index	42.5
Adult literacy rate (%)	38.1
Life expectancy (years)	47
Child dependency ratio	79.5
Elderly dependency ratio	3.4
HIV prevalence (%)	1.7
Overseas development aid per capita (current USD)	\$91
Net official development assistance 2005 (USD Millions)	\$343
Remittances as % of GDP	9.4
2009 Human Development Index (HDI) ranking	180/182

<sup>6</sup> Holmes, R. and Jackson, A.. *Cash Transfers in Sierra Leone: Are they appropriate, affordable, or feasible?* (2008, January).

<sup>7</sup> Holmes, R. and Jackson, A..

<sup>8</sup> *Indicators*. (2010) Retrieved from World Bank: <http://data.worldbank.org/indicator>

## 2. Vulnerability analysis

### 2.1 External shocks

Sierra Leone is very susceptible to external shocks to its economy because of its reliance on raw materials such as diamonds and cocoa for trade. The economic downturn meant that such goods were demanded less throughout the world. The exports of manufactured goods were also adversely affected.<sup>9</sup> In total, the global financial crisis is expected to reduce Sierra Leone's exports by 15 percent in 2009. This will greatly hurt the country as such a decrease is also believed to be capable of increasing the poverty rate by 12 percent.<sup>10</sup>

### 2.2 HIV/AIDS

With an HIV prevalence rate of 1.5 percent, the country does not yet have an epidemic similar in size to other African nations. The government is taking an active approach on the subject to prevent such an epidemic in the country none-the-less. The country has implemented strategic plans including prevention programmes, treatment and care and support. The government also set up a monitoring and evaluation framework to continue to carefully watch the disease. Because of all of this, Sierra Leone is in a good position to combat the devastating disease.<sup>11</sup>

### 2.3 Foreign aid and remittances

With the average remittance per person standing at USD 25, Sierra Leone can be said to rely on remittances to help improve the quality of life of those still in the country. In fact, in 2007, Sierra Leone received USD 148 million in remittances.<sup>12</sup> This is a significant amount which is heavily reliant on the state of the global economy. The citizens of Sierra Leone are not the only ones that rely on external sources of income. The government funds 60 percent of its budget with foreign aid.<sup>13</sup> Because of this, the country's social programmes and other necessary programmes the government must undertake may be in jeopardy if the donors reduce the amount of aid because of problems at home.

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<sup>9</sup>*The Impact of the Financial Crisis on the Sierra Leone Economy.* (2009, April 22). Retrieved from *Standard Press Times Sierra Leone*.  
[http://www.standardtimespress.net/cgi-bin/artman/publish/article\\_3925.shtml](http://www.standardtimespress.net/cgi-bin/artman/publish/article_3925.shtml)

<sup>10</sup> Weeks, J. *The impact of the global financial crisis on the economy of Sierra Leone - A report for UNDP Freetown and the Ministry of Finance and Economic Development, Republic of Sierra Leone.* (2009).

<sup>11</sup> Sierra Leone Country Report on Declaration of Commitment to HIV and AIDS (2006 – 2007). (n.d.). Prepared for the UN General Assembly on HIV and AIDS(UNGASS) Retrieved from United Nations:  
[data.unaids.org/.../Report/.../sierra\\_leone\\_2008\\_country\\_progress\\_report\\_en.pdf](http://data.unaids.org/.../Report/.../sierra_leone_2008_country_progress_report_en.pdf)

<sup>12</sup> *Human Development Report 2009: Sierra Leone.* (n.d.). Retrieved from UNDP.  
[http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_SLE.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_SLE.html)

<sup>13</sup> Mackenzie, J. *Sierra Leone's Failing Health.* (2007, January 4). Retrieved from *BBC*:  
<http://news.bbc.co.uk/2/hi/programmes/newsnight/6231905.stm>

### 3. Monitoring and evaluation

In 2002, the Development Partnership Committee (DEPAC) was established to undertake monitoring and evaluation in Sierra Leone. Most specifically, the committee was tasked with monitoring the Poverty Relief Strategy Programme. Because of the committee's actions, significant quality improvements have been made to the government's social protection and development programmes. Moving forward, it is expected that DEPAC will be responsible for continued monitoring and evaluation within Sierra Leone.

### 4. Social assistance programmes overview

\*All currency conversions are based on 17<sup>th</sup> February 2010 Rates:

- 1 SLL = 0.0025 USD
- 1 EUR = 1.369 USD
- 1 GBP = 1.57161 USD.<sup>14</sup>

Programme # 1: social insurance	Programme name	Old Age, Disability and Survivor social insurance <sup>15, 16</sup>
	Programme components	<ul style="list-style-type: none"> <li>▪ <b>Old-age pension:</b> <ul style="list-style-type: none"> <li>○ The pension is equal to 30% of the insured's average monthly earnings for the first 15 years of coverage plus 2% of average monthly earnings for each additional 12-month coverage period.</li> <li>○ Average earnings for benefit calculation purposes are average earnings in the best 5 years of contributions.</li> <li>○ Public and private-sector employees employed as of January 1, 2002, are credited for benefit calculation purposes for employment periods before the introduction of the programme in 2001.</li> </ul> </li> <li>▪ <b>Early pension:</b> The pension is reduced by 4% for each year that the pension is taken before age 60.</li> <li>▪ <b>Old-age gratuity:</b> A lump sum equal to 12 months of pension is paid to each old-age pensioner on retirement.</li> <li>▪ <b>Old-age grant:</b> The grant is equal to 1.5 times the insured's average monthly earnings for each 12-month period of contributions.</li> <li>▪ <b>Benefit adjustment:</b> Benefits are adjusted periodically according to changes in wages, depending on the financial resources of the National Social Security and Insurance Trust.</li> <li>▪ <b>Disability pension:</b></li> </ul>

<sup>14</sup>Currency Converter. (n.d.). Retrieved from OANDA: <http://www.oanda.com/currency/converter/>

<sup>15</sup> Table text from *Social Security Programs Throughout the World: Africa*, (2009). Retrieved from United States Government, Social Security Administration. <http://www.ssa.gov/policy/docs/progdesc/ssptw/2008-2009/africa/index.html>

<sup>16</sup> National Social Security and Insurance Trust.(n.d.). <http://www.nassitsl.org/>

		<ul style="list-style-type: none"> <li>○ The pension is equal to 30% of the insured's average monthly earnings for the first 15 years of coverage plus 2% of average monthly earnings for each additional 12-month period of coverage.</li> <li>○ A 6-month coverage period is credited for each year that a claim is made before the normal retirement age.</li> <li>○ Disability grant:</li> <li>○ The grant is equal to 1.5 times the insured's average monthly earnings for each 12-month period of contributions.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>Benefit adjustment:</b> Benefits are adjusted periodically according to changes in the cost of living, depending on the financial resources of the National Social Security and Insurance Trust.</li> <li>▪ <b>Survivor pension:</b> <ul style="list-style-type: none"> <li>○ 40% of the deceased's pension is paid to a widow(er).</li> <li>○ If there is more than one widow, the pension is split equally.</li> </ul> </li> <li>▪ <b>Orphan's pension:</b> <ul style="list-style-type: none"> <li>○ A maximum of 60% of the deceased's pension is paid for orphans.</li> </ul> </li> <li>▪ <b>Parent's pension</b> (in the absence of other eligible survivors): <ul style="list-style-type: none"> <li>○ A lump sum equal to 12 months of survivor pension is paid to a parent who is employed or receiving a pension; 24 months of survivor pension is paid to a parent who is not employed or receiving a pension.</li> <li>○ All survivor benefits combined must not exceed 100% of the old-age or disability pension the deceased received or would have been entitled to receive at the time of death.</li> </ul> </li> <li>▪ <b>Survivor grant:</b> <ul style="list-style-type: none"> <li>○ The grant is equal to 1.5 times the insured's average monthly earnings for each 12-month period of contributions.</li> <li>○ Benefit adjustment: Benefits are adjusted periodically according to changes in the cost of living, depending on the financial resources of the National Social Security and Insurance Trust.</li> </ul> </li> </ul>
	<b>Programme coverage</b>	<ul style="list-style-type: none"> <li>▪ Employees in the public and private sectors.</li> <li>▪ Voluntary coverage for the self-employed and for persons who leave insured employment.</li> <li>▪ 114,234 were covered as at end December 2005.<sup>17</sup></li> </ul>
	<b>Beneficiary determination process</b>	<ul style="list-style-type: none"> <li>▪ Age 60 (men and women) or age 55 (military and police force personnel) with at least 180 months of contributions.</li> <li>▪ Employment must cease.</li> <li>▪ <b>Early pension:</b> Paid from age 55 with at least 180 months of contributions.</li> <li>▪ <b>Old-age gratuity:</b> Paid to each person who is entitled to an old-age</li> </ul>

<sup>17</sup>Gbawuru-Mansaray, S. *Information and communication technology and administrative efficiency The experience of Sierra Leone*. (2006). Retrieved from International Social Security Association: <http://www-ssw.issa.int/sswsp/lpext.dll/issdocsp/moam/2006/3i55303.xml?fn=document-frame.htm&f=templates&2.0>

		<p>pension on retirement.</p> <ul style="list-style-type: none"> <li>▪ <b>Old-age grant:</b> Paid from age 55 if the insured does not meet the qualifying conditions for an old-age pension.</li> <li>▪ <b>Disability pension:</b> <ul style="list-style-type: none"> <li>○ The insured is assessed with a permanent and total incapacity for employment and is younger than age 60 with at least 5 years of contributions, including at least 12 months of paid contributions in the 3 years before the disability began, or with at least 180 months of contributions in total.</li> <li>○ The disability pension ceases at the normal retirement age and is replaced by the old-age pension.</li> <li>○ The disability must be assessed by a medical officer certified by the medical board.</li> </ul> </li> <li>▪ <b>Disability grant:</b> <ul style="list-style-type: none"> <li>○ The insured is assessed as permanently and totally incapable of further employment and does not meet the qualifying conditions for a disability pension.</li> <li>○ Disability benefits are not payable abroad.</li> </ul> </li> <li>▪ <b>Survivor pension:</b> <ul style="list-style-type: none"> <li>○ The deceased met the qualifying conditions, was receiving an old-age or disability pension, or had at least 5 years of contributions, including at least 12 months of paid contributions in the 3 years before the date of death.</li> <li>○ Eligible survivors are the widow(er), dependent children younger than age 18 (age 23 if a full-time student, no limit if disabled), and parents.</li> <li>○ The widow(er)'s pension ceases on remarriage.</li> </ul> </li> <li>▪ <b>Survivor grant:</b> <ul style="list-style-type: none"> <li>○ The deceased did not meet the qualifying conditions for a pension.</li> <li>○ Survivor benefits are not payable abroad.</li> </ul> </li> </ul>
	<b>Finance</b>	<ul style="list-style-type: none"> <li>▪ <b>Insured person:</b> <ul style="list-style-type: none"> <li>○ 5% of monthly salary;</li> <li>○ voluntary contributors pay 15% of monthly income.</li> <li>○ Self-employed person: 15% of monthly income.</li> </ul> </li> <li>▪ <b>Employer:</b> 10% of monthly payroll. <ul style="list-style-type: none"> <li>○ Government: 2.5% of monthly income for all employees; 10% of monthly income for all civil servants, teachers, and military and police force personnel (plus 2% of monthly income to finance retirement at age 55 for military and police force personnel).</li> </ul> </li> </ul>
	<b>Legal framework</b>	<ul style="list-style-type: none"> <li>▪ National Social Security and Insurance Trust Act No. 5 2001.</li> </ul>
	<b>Administrative framework</b>	<ul style="list-style-type: none"> <li>▪ National Social Security and Insurance Trust administers the programme.</li> </ul>

Programme # 2: social insurance	Programme name	Work Injury <sup>18</sup>
	Programme components	<ul style="list-style-type: none"> <li>▪ <b>Temporary Disability Benefits:</b> <ul style="list-style-type: none"> <li>○ The benefit is equal to 66.7% of the insured's earnings and is paid after a 3-day waiting period for up to 96 months.</li> <li>○ The benefit may be paid as a lump sum, calculated according to the expected duration of entitlement.</li> </ul> </li> <li>▪ <b>Permanent disability benefit:</b> <ul style="list-style-type: none"> <li>○ Permanent disability benefit: If the insured is assessed with a total disability, a lump sum is paid equal to 48 months of earnings.</li> <li>○ Constant-attendance allowance: If the insured requires the constant attendance of others to perform daily functions, up to 25% of the permanent disability benefit is paid.</li> </ul> </li> <li>▪ <b>Partial disability:</b> A percentage of 56 months of earnings is paid, up to a maximum, according to the assessed degree of disability.</li> <li>▪ <b>Workers' Medical Benefits:</b> <ul style="list-style-type: none"> <li>○ Medical benefits include medical, dental, and surgical care; hospitalization; medicines; appliances; and the cost of transportation, up to a maximum.</li> </ul> </li> <li>▪ <b>Survivor benefit:</b> <ul style="list-style-type: none"> <li>○ A lump sum equal to 42 months of the deceased's earnings (minus any disability benefits paid) is paid to the deceased's dependents; partial dependents may receive a reduced benefit.</li> </ul> </li> <li>▪ <b>Funeral Grant</b> (in the absence of eligible survivors) <ul style="list-style-type: none"> <li>○ A lump sum is paid to cover the cost of the burial, up to a maximum.</li> </ul> </li> </ul>
	Programme coverage	<ul style="list-style-type: none"> <li>▪ Employed persons.</li> <li>▪ Exclusions: Agricultural employees working on plantations with fewer than 25 workers, household workers, self-employed persons, casual workers, family labour, and home-based workers.</li> </ul>
	Finance	<ul style="list-style-type: none"> <li>▪ <b>Employer:</b> The total cost is met through the direct provision of benefits or the payment of insurance premiums.</li> <li>▪ <b>Government:</b> An approved annual contribution.</li> </ul>
	Legal framework	<ul style="list-style-type: none"> <li>▪ First law: 1939.</li> <li>▪ Current law: 1960 (workmen's compensation), with 1962, 1969, and 1971 amendments.</li> </ul>
	Administrative framework	<ul style="list-style-type: none"> <li>▪ Ministry of Employment and Social Security is responsible for the programme.</li> <li>▪ Employers may insure against liability with private insurance companies.</li> </ul>

<sup>18</sup> Table text from *Social Security Programs Throughout the World: Afric*. US Government, Social Security Administration.

Programme # 3: unconditional cash transfer	Programme name	<b>Direct cash transfer (pilot)<sup>19</sup></b>
	Programme objective	<ul style="list-style-type: none"> <li>The programme targets the elderly and most vulnerable who have no other means of support</li> </ul>
	Programme components	<ul style="list-style-type: none"> <li>Combination of cash and in-kind transfer.</li> <li>Beneficiaries receive Le 200 000 (USD 62) every six months – some receive it every 3 months and some every six months.</li> </ul>
	Programme duration	<ul style="list-style-type: none"> <li>The programme started in January 2007 as a six month pilot.</li> </ul>
	Programme coverage	<ul style="list-style-type: none"> <li>The programme targeted 7,000 beneficiaries</li> </ul>
	Administrative framework	<ul style="list-style-type: none"> <li>Implementing agency Ministry of Labour, Social Security and Industrial Relations.</li> <li>Community targeting through Social Safety Net Committees.</li> </ul>
	Programme barriers	<ul style="list-style-type: none"> <li>The programme is being implemented by the Ministry of Labour, Social Security and Industrial Relations without any assistance from other government agencies. Because of this, there are concerns about inadequate resources for implementation.</li> </ul>

Programme # 4: public works	Programme name	<b>Cash for Work (Youth Employment Scheme)<sup>20</sup></b>
	Programme objective	<ul style="list-style-type: none"> <li>The programme aims to provide employment for youth to consolidate the peace process.</li> </ul>
	Programme components	<ul style="list-style-type: none"> <li>Work includes cleaning streets, data clerks and work in agriculture.</li> <li>Payment of Le 150,000 per month (approx USD 46 a month, USD 2 a day).</li> </ul>
	Programme coverage	<ul style="list-style-type: none"> <li>5000 beneficiaries.</li> </ul>
	Beneficiary determination process	<ul style="list-style-type: none"> <li>It targets ex-combatants, unemployed youth, returnees and refugees.</li> </ul>
	Administrative framework	<ul style="list-style-type: none"> <li>Implemented by the Ministry of Children and Youth.</li> <li>Targeted through Youth Group Structures.</li> </ul>
	Programme barriers	<ul style="list-style-type: none"> <li>Lacks a vision for long-term sustainability because it has limited or no linkages so longer-term skills, employment structures, or private enterprise.</li> </ul>

<sup>19</sup>Holmes, R. and Jackson, A..

<sup>20</sup>Ibid.



Programme# 5: cash transfer and in-kind transfer	<b>Programme name</b>	<b>Social Safety Net Programme<sup>21</sup></b>
	<b>Programme objective</b>	<ul style="list-style-type: none"> <li>To provide support to the poorest among the vulnerable groups, where they are not being reached by existing interventions.</li> </ul>
	<b>Programme components</b>	<ul style="list-style-type: none"> <li>Cash distributions in areas where food can be bought worth USD 10 per person, monthly.</li> <li>Food distributions in areas where food is not available through markets worth USD 10 per person, monthly.</li> </ul>
	<b>Programme duration</b>	<ul style="list-style-type: none"> <li>Reviewed annually.</li> </ul>
	<b>Programme coverage</b>	<ul style="list-style-type: none"> <li>Disabled, widows, aged 60 and over, orphans/separated children.</li> <li>About 40,000 beneficiaries per year.</li> </ul>
	<b>Beneficiary determination process</b>	<ul style="list-style-type: none"> <li>No regular means of support.</li> <li>Unable to work.</li> <li>60 years and above.</li> <li>No regular income.</li> </ul>
	<b>Finance</b>	<ul style="list-style-type: none"> <li>Government in coordination with donors, NGOs.</li> <li>Administration cost is USD 250,000.</li> <li>Programme costs are USD 5 million.</li> </ul>
	<b>Programme barriers</b>	<ul style="list-style-type: none"> <li>Concern that it does not directly support economic activity.</li> <li>The process of identifying the most vulnerable people is very costly.</li> </ul>
	<b>Socioeconomic impacts</b>	<ul style="list-style-type: none"> <li>Increase enrolment in schools.</li> <li>Increase access to medical facilities.</li> <li>Reduce depth of poverty.</li> <li>Ensure food security.</li> <li>Encourage economic growth.</li> </ul>

<sup>21</sup> Table drawn from *A Case for Social Safety Net Programs in Sierra Leone*. (n.d.). Retrieved from World Bank: [info.worldbank.org/etools/library/latestversion\\_p.asp?objectID=111355...](http://info.worldbank.org/etools/library/latestversion_p.asp?objectID=111355...)