THE COMMITMENT TO REDUCE INEQUALITY: SIERRA LEONE AT THE CROSSROADS

A REPORT BY INSTITUTE FOR GOVERNANCE FOR OXFAM

"In September 2020, students at one of the country's university campuses in Freetown rioted, after being disallowed to sit exams because they had not paid tuition fees. However, a year's school fees for one child in kindergarten at the British International Academy, one of a growing number of private schools in the country, can pay tuition for three students in a public university for the duration of their four-year degree course".

Institute for Governance Reform

Picture of a Sierra Rutile Mining field, with catastrophic effect on land, livelihood, and food security- see a local woman scavenge for survival while their resources are carted away with very little to show as benefits to the locals.

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ABBREVIATIONS AND ACRONYMS

BAN	Budget Advocacy Network
CBOs	Community-Based Organizations
CRI	Commitment to Reduce Inequality
CSOs	Civil Society Organizations
DBOC	District Budget Oversight Committee
DFI	Development Finance International
DfID	Department for International Development
FQSE	Free Quality School Education
GDP	Gross Domestic Product
GII	Gender Inequality Index
GST	Goods and Service Tax
HDI	Human Development Index
IGR	Institute for Governance Reform
ILO	International Labour Organisation's
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
NGO	Non-Governmental Organisation
MDAs	Ministries, Departments and Agencies
MNDP2019-2023	Medium Term National Development Plan 2019-2023
MoHS	Ministry of Health and Sanitation
MDGs	Millennium Development Goals
NaCSA	National Commission for Social Action
NRA	National Revenue Authority
PETS	Public Expenditure Tracking Survey
PRSP	Poverty Reduction Strategy Paper
SDGs	Sustainable Development Goals UN- United Nations

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EXECUTIVE SUMMARY

The second Commitment to Reduce Inequality Index published in 2019 by Development Finance International (DFI) and OXFAM, ranked Sierra Leone 153 out of 157 nations surveyed; as one of the worst performing nations. This report examines inequality in Sierra Leone across a breadth of critical issues; to unravel the circumstances of Sierra Leone's progress, failures and challenges including understanding its socio-economic drivers, identifying progressive trends in government's response to inequality, and proffering the evidence for the key actions that would need to be taken by policy actors and citizens against inequality and poverty.

There was massive rise in revenue losses since 2010 – the result of tax incentives granted to the mining sector in relation to the major investments that took place during 2010-2012.However, the government lost further revenues by providing significant corporate income tax incentives to mining companies. It estimated that the government lost revenues of US$131m in the three years from 2014-16 alone from corporate income tax incentives granted to five mining companies – an average of US$43.7m a year. Nearly all these losses were the result of the agreements with African Minerals and London Mining.

THE SCALE OF POVERTY AND INEQUALITY

Sierra Leone has been at the bottom of the UN's Human Development Index for decades; with some of the worst social indicators in the world. The overall poverty rate estimated at 56.8% is considered one of the highest in the world. 12.9% of the population is said to live in extreme poverty. In 2014-2015 Sierra Leone became one of the epicenters of the Ebola outbreak that hit the West Africa region; and is again affected by the global COVID-19 pandemic. The economic situation has generally worsened in the country under the two pandemics; and badly hit government's capacity to fund public services and development including, inequality activities. As at July 2020, approximately 63% of the population was food insecure; a 15% rise to the situation in January 2020. COVID 19 is set to put negative pressures on macro-economic variables that will extend to 2021 and even beyond; with the economy projected to contract by 2.3% to 4.0% in 2020.

Inequality is sizeable and increasing in Sierra Leone. In 2018, the richest 10% captured almost half of the national income (46.2%) while the poorest 50% only captured around 16%. Unfortunately, this gap between the rich and the rest has only been increasing. The share of national income for the richest 1% grew by more than 40% between 2011-2018, while the poorest 50% saw their share of the national income decline by more than 5%.[1] The report shows that rising inequality and widespread poverty is not a law of nature but something that can turned around.

THE ISSUES DRIVING INEQUALITY IN SIERRA LEONE ARE:

1. **Failure to maximize rents from Mining Companies for more Inequality Reduction spending**
   Government's tax revenue is grossly insufficient to address inequality; a problem to which low tax base, and weaknesses in tax administration. The global economic crisis brought on by Covid-19 is projected to result in an unprecedented drop in tax revenue and risks undoing what little progress has been achieved over the last few years.

[1] World Inequality Database

An opportunity to collect more revenue in a progressive way would be to address the persistent failure to collect more tax revenue from mining, to ensure that public services are funded to reduce inequality. Although mining is a key pillar of the economy, the sector's contribution to government revenue has been poor for years. For instance, although the industry accounted for 60% of exports ($200m) in 2010, only 8% of government revenue came from the sector; and revenue from the sector accounted for only 1.1% of Gross Domestic Product. Among the key challenges that studies have identified are massive tax waivers, and non-consistent application of tax rules in the mining industry.

A report by Oxfam Australia, Tax Justice Network-Australia Uniting Church of Australia, Synod of Victoria and Tasmania (2019), *Buried Treasure – The Wealth Australian Mining Companies Hide Around the World*, examined the tax practices of Australian mining firms that operate around the world – including in Africa. The report estimates that as much as $1.1 billion in profits were shifted out of Africa in 2015 alone by the Australian mining sector[2] alone using tax secrecy jurisdictions. This means some of the poorest countries in the world may be losing an estimated $289 million in government tax revenues from a single country's mining firms, in a single year alone. Overall, the report conservatively estimates that the three mines could have paid $149 million more in corporate income tax than they did over 5-8 years across Sierra Leone ($40 million), Ghana ($57 million), and the Democratic Republic of the Congo (DRC) ($52 million).[3]

Tax incentives resulted in massive revenue losses for Sierra Leone. Using figures obtained from the National Revenue Authority, it was estimated that the government lost revenues from customs duty and Goods and Services Tax exemptions alone worth Le (Sierra Leonean Leone)966.6bn (US$224m) in 2012, amounting to an enormous 8.3 per cent of GDP. In 2011, losses were even higher – 13.7 per cent of GDP. The annual average loss over the three years 2010-12 was Le 840.1bn (US$199m).

The $40 million estimated tax lost to Sierra Leone from 2009-2016 with Sierra Rutile company is enough to cover the health care of over 67,000 Sierra Leonean women and children for one year under the country's Free Health Care Initiative.

These tax revenues could have gone a long way towards improving the lives of its citizens: $40 million in Sierra Leone is enough to cover the health care of over 67,000 Sierra Leonean women and children for one year under the country's Free Health Care Initiative.[4]

In order to realize its revenue potential and to shore up revenue amidst the economic pressure of the Covid-19 pandemic the government needs to redouble efforts to increase progressive taxation, including by scraping unnecessary tax cuts introduced in the Finance Act 2020.

[2] See the full report for details on how this estimate was calculated. In this factsheet, the term 'mining sector' and 'mining industry' is used to refer to both oil and mining companies and used interchangeably with the term 'extractives industry'.

[3] While all care has been taken to ensure data used are accurate and reliable, the tax loss estimates produced are subject to uncertainty due to the limited access to company's full financial data and fluctuations in commodity prices over the period of analysis which would affect the estimates.

[4] The Free Health Care Initiative cost US$420 - US$444 per life year saved. The initiative abolished health user fees for pregnant women, lactating mothers, and children under five years old (Whitter, S., Brikei, N., Harris, T., Williams, R., Keen, S., Mujica, A. Jones, A., Murray-Zmijewski, A., Bale, B., Leigh, B. and Renner, A. (2016), The Sierra Leone Free Health Care Initiative (FHCI): process and effectiveness review, HEART).

2. Inconsistent Spending Patterns are yet to Prioritize Inequality Reduction Sectors

Inconsistencies in levels of budgetary allocations over the years illustrate government's poor performance on health and education spending. Health spending and spending on primary and secondary education have averaged 6% and 5.5% of government budget allocations between 2013-2018. Since 2018 to date, budgetary allocations to the education sector has averaged 5% of total government budget; exception for 2020, when the introduction of free education at all levels of basis schooling; raised allocation to the sector to 21% of the total government budget. Overall, government's spending on social sectors is low. Average social protection expenditure (not including health) on working age people, for instance, is 0.1% of GDP.

3. Labor reforms are not bringing significant inequality reduction returns because of very high informal economy

Among the more than half of the countries that increased their minimum wages more rapidly than per capita GDP was Sierra Leone. In the context of Sierra Leone however, a focus on wages would yield limited contribution to inequality reduction in a situation where only about 9.5% of the population is in wage employment. The situation in Sierra Leone is made more difficult by the fact that there are no employment guarantee schemes, or any scheme to provide some form of income security for those seeking or out of work.

4. Budget Credibility is affecting on social sector spending most.

In Sierra Leone, deviations from planned expenditures in the budget has been repetitive over the years; with implications for inequality reduction outcomes intended. A 2019 report by a consortium of non-governmental organisations concluded for instance, that primary health, basic and secondary education, and agriculture as sectors that have critical roles in inequality reduction, have had budget execution rates of less than 70% over the past decade. Low budget execution rates simply mean that MDAs are not undertaking all the interventions they plan in respect of service delivery in the critical sectors that would help reduce inequality reduction.

Government has relevant, and robust policy preparedness to ensure consistency, predictability, and comprehensiveness of actions towards reducing extreme poverty and inequality. Since 2002, the number of policies adopted as fundamental frameworks for addressing inequality include, the 2007 Education Master Plan which commits government to achieve universal primary education, the National Water and Sanitation Policy, and the National Social Protection Policy, and the National Social Security Policy adopted in March 2011 seeks specific outcomes and interventions including increasing access to health and education, expanding pilot social assistance programmes.

5. **The debt burden is taking up resources from inequality programmes**

According to ActionAid, Sierra Leone spends about 45% of its annual budget on debt servicing; far above the recommended threshold of 12%. Sierra Leone spends the equivalent of over half of the total budget for health and education just on repaying debt; according a report by Actionaid. Invariably, higher spending on debt servicing means lower availability of funds in Government's hands to spend of public services.

6. Corruption is reducing the quantity and quality of services in sectors critical to reducing inequality

Sierra Leone remains one of the most corrupt countries in the world; with evidence in the recent past that illustrates how inequality reduction sectors are particularly the susceptible to it. For instance, Public Expenditure Tracking Surveys conducted between 2001 and 2010 focused on the distribution of goods and materials in the health, and education sectors; including drugs, textbooks, hospital consumables, and teaching and learning materials uncovered quantified discrepancies between the goods and materials that were meant to be delivered to various beneficiary locations, and what was actually discovered. Corruption at the service delivery level generally means that poor people are being short-changed in the quantity and quality of services earmarked for them.

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7. The Fragmentation of Government Institutions is negatively impacting the outcomes of Inequality Reduction Work

The delivery of inequality reduction programmes is still rudimentary and evolving; spread among government institutions. Government acknowledges this as fragmentation and duplication of roles; leading to poor coordination, higher administrative costs, and gaps in terms of sectors, coverage, and beneficiaries covered.

8. **The policy and political pillars for reducing inequality are promising**

Sierra Leone can reduce inequality through the right mix of policies and political choices. In these regards, while many challenges remain to be addressed, overall, government policy orientation towards reducing inequality and extreme poverty is on the progressive path. As a fundamental pillar and foundation, Government has relevant, and robust policy preparedness to ensure consistency, predictability, and comprehensiveness of actions towards reducing extreme poverty and inequality. Since 2002, the number of policies adopted as fundamental frameworks for addressing inequality include, the 2007 Education Master Plan which commits government to achieve universal primary education, the National Water and Sanitation Policy, and the National Social Protection Policy, and the National Social Security Policy adopted in March 2011 seeks specific outcomes and interventions including increasing access to health and education, expanding pilot social assistance programmes. Additionally, Government's has indicated a comprehensive programme in the current national development plan, for improving tax administration. Among the many issues indicated to be redressed, are establishing a comprehensive, and reliable taxpayer database, utilize automation to improve collection of various taxes; curtail abuse of tax incentives, enforcing tax compliance, strengthening tax investigation and prosecutorial processes, enforcing transfer pricing provisions, and rationalize tax and duty waivers.

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9. **Where and how civil society is going to help reduce inequality**

Among some of the good outcomes of social accountability works in Sierra Leone, Civil Society Organisations have been able get government to commit to several fiscal reforms, including minimizing duty waivers, and tax concessions; and promoting transparency in the management of rents from the mining sector. Going forward, and being strategic, Civil Society agenda for addressing inequality in Sierra Leone must include all the areas of systemic challenges; including working to get government to maximise revenue inflows from mining as a critical source of government revenue, influencing resource allocation and actual levels of spending in inequality reducing sectors, and addressing corruption; as a good opportunity for maximizing the outcomes of government spending.

RECOMMENDATIONS

1. Work to maximize tax returns from corporate mining activities

Government has many issues to address to increase tax revenue. The Covid-19 pandemic is expected to result in unprecedented drops in tax revenue and urgent action is needed. A key issue to tackle as a matter of priority is how to maximize tax revenue from mining as crucial to the state's revenue generation capacity for the foreseeable future. Government should take concrete policy, legal and regulatory decisions on transfer pricing, beneficiary ownership of companies, and inconsistent application of tax rules.

Invest in improving the governance of extractive revenues. A key weakness in many developing countries' extractive resource governance is poor public accountability over government revenues raised and spent.[5] African Governments like Sierra Leone generally perform poorly in terms of budget transparency,[6] and these governments should invest in building capacity to manage and spend extractives revenues in a way that ensures economic growth benefits both current and future generations.

In particular:

The Sierra Leone government should:

i. follow through on its commitment to create a specialised, well-funded transfer pricing unit to counter harmful tax avoidance tactics
ii. follow through on its commitment to formalisation of the artisanal (small-scale) mining sector by fully implementing the Artisanal Mining Policy for Sierra Leone[7] released in late 2018.
iii. Urgently reintroduce the 30% corporate income tax rate to mitigate the expected fall in revenue brought on by the Covid-19 pandemic.

Civil Society has raised the key issues causing loss of revenue from the mining sector in Sierra Leone. Civil Society should continue to press government to bring legal and regulatory solutions to such issues and where possible provide shadow reports

[5] Areszki, R., Hamilton, K. and Kazimov, K. (2011), Resource windfalls, macroeconomic stability and growth: the role of political institutions, IMF Working Paper, IMF

[6] African countries dominate the bottom half of the Open Budget Survey list which ranks governments in terms of their budget transparency. *(International Budget Partnership (2018), Open Budget Survey 2017)*

[7] Government of Sierra Leone (2018), Artisanal Mining Policy for Sierra Leone (http://www.nma.gov.sl/home/wp-content/uploads/2019/05/Artisanal-Mining-Policy-for-Sierra-Leone.pdf)

2. Demonstrate that both budgetary allocation and spending in the health, education, and Social Protection sectors are priorities

   Government participates in key international frameworks that benchmark progressive spending in public education, health and Social Protection. Government should ensure that it meets all the spending benchmarks in the international frameworks in which Sierra Leone participates in order to deliver access to public, quality education, and health and social protection.

   Civil Society's should now include in such work of monitoring and reporting the extent to which government is making progress towards meeting international framework benchmarks for public spending on health, education, and social protection; as the critical areas for addressing inequality. Civil Society must also undertake work to ensure budget credibility in the sectors critical to inequality reduction.

3. Monitor and track spending around targeted inequality reduction public service to check corruption

   Government should establish a mechanism for monitoring last-mile delivery of services in social protection schemes, including free quality education, free healthcare Initiative, cash transfers to vulnerable people; in an environment of high levels of corruption in the country.

   Civil Society should institute their own programmes to periodically monitor and track post-expenditure, last mile delivery of public services so that intended beneficiaries are not short-changed; particularly in such inequality redressing sectors as education, health, and social protection.

4. Increase Social Protection Coverage

   Government should scale-up of the various existing social protection mechanisms particularly the pension scheme, Social Safety Net programme; as a major work towards reducing inequality.

   Civil Society should take up advocacy to get government to commit to scaling-up the size of the beneficiaries in all the existing schemes.

5. Establish some form of employment guarantee or unemployment benefit scheme

   Government should establish some form of employment guarantee or unemployment benefit scheme; while addressing other labor challenges over the long run.

   Civil should take up advocacy to get government to commit to establish some form of employment guarantee or unemployment benefit scheme in Sierra Leone.

1.0 INTRODUCTION

In 2016, leaders of 193 countries agreed to a new global framework to address global development, end extreme poverty, and secure a more sustainable world for humankind. The Sustainable Development Goals (SDGs) as the framework became to be known, has 17 commitments including; a commitment to end inequality. Although all the SDGs convey the same issues that are the focus of Sierra Leone's poverty eradication and economic development drive; the commitment to end inequality or Commitment 10, particularly resonate with Sierra Leone; as one of the poorest countries in the world for more than three decades.

At the core of the circumstances in which any country degenerates into extreme poverty and inequality, is limited political will and economic purpose to lay emphasis on deploying national wealth with a focus

on ending inequality. In the case of Sierra Leone, political and economic purpose that emphasize the deployment of national wealth with a focus on ending inequality has been repeatedly laid out in periodic national development plans since 2003.[8] However, in any country, the deployment of national wealth with a focus on ending inequality that yield maximum good outcomes would depend on a mix of other factors including; both policy choices and governance processes. It is in these regards that Sierra Leone's inequality reduction work must be continuously interrogated with a clear purpose to gauge the extent to which the country is on the right policy track.

In 2017, Development Finance International (DFI) and OXFAM produced the first index to measure the commitments of governments around the world to reduce poverty and the gap between rich and poor. A second report produced in 2018, covered 157 countries including Sierra Leone. Sierra Leone has an overall Commitment to Reduce Inequality (CRI) rank of 153 out of 157 nations surveyed.[9] Sierra Leone ranked 143 on health, education, and social spending, 132 on progressivity of tax policy; and 150 on labor rights and minimum wages.

It is the circumstances of Sierra Leone's progress, failures and challenges regarding inequality reduction that this report seeks to unravel, narrate how well the country is faring; and ultimately proffer recommendations as to where and how more progress can be made; serving as the first evaluation of the country's efforts to meet the CRI.

2.0 OBJECTIVE, METHODOLOGY AND ANALYSIS APPROACH

2.1 Objective

The objective of this report is to explain inequality in Sierra Leone across a breadth of critical issues; including understanding its socio-economic drivers, identifying progressive trends in government's response to inequality, and proffering the evidence for the key actions that would need to be taken by policy actors and citizens against inequality and extreme poverty.

2.2 Methodology

This report is entirely based on both quantitative and qualitative data drawn from secondary sources. The key sources of data are government generated reports and reports by international development organisations including the United Nations (UN), the World Bank, and international non-profit development organisations. Government generated documents provided statistical data and qualitative descriptions on poverty and inequality prevalence and reduction trends; and information on planned and ongoing policy and institutional responses. The key government documents reviewed included the Medium-Term National Development Plan 2019-2023 (MNDP 2019-2023); the Sierra Leone Multi-Cluster Indicator Survey 2017, the Sierra Leone Integrated Household Survey Report 2018, the Sierra Leone

[8] Sierra Leone's first national development, known as the Poverty Reduction Strategy Paper was written in 2003. Since then, three more five-year plans have been produced.
[9] Commitment to Reduce Inequality Index 2018.

Multidimensional Poverty Index 2019, the National Population and Housing Census 2015, and government Budget Statements of the last five years.

In addition to providing quantitative data, literature from international development organisations provided comparative insights on various aspects of poverty reduction, inequality and human development; including measurements of variables, definition of terms, analytical approaches to the discourses, and global frameworks for inequality reduction actions, among other issues.

2.3 Analysis Approach

The report first, lays out the background and country context against which Sierra Leone's poverty and inequality reduction obligations, challenges, and prospects should be understood and appreciated. In unravelling how Sierra Leone has been faring towards meeting the commitment to reduce inequality, the report's approach is largely consistent in critical regards with that of the CRI Index, produced by DFI and OXFAM. In this regard, the report takes the approach that a critical aspect of a state's progressive response to addressing inequality is the amount of money it can raise; and whether spending decisions prioritize those sectors that hold the biggest opportunities to reduce poverty and inequality. Regarding raising money, the report looks at the critical questions of taxation, the efficiency of the tax system to collect more revenues, and the sufficiency of taxes raised to meet public services and social protection programmes; among other areas.

On spending decisions, the report takes off from the proposition that while progressive taxation is a good thing in itself, its impact is greatly increased when used for progressive social spending.[10] Social spending is almost always progressive because it helps reduce existing levels of inequality.[11] Consistent with the analytical approaches of the CRI Index produced by DFI and OXFAM, the focus of analysis is on education, health, and social protection. As it has been shown, these are considered the progressive social spending areas with strong impact on reducing inequality, particularly for the most vulnerable population segments.[12]

The report's approach secondly, recognizes that addressing wage differences between categories of workers has strong potentials for reducing inequality and poverty.[13] Essentially, higher wages for ordinary workers, including women, are critical for addressing inequality.[14] It is in this regard, that the report looks at government's efforts towards wage issues; including raising the minimum floor.

Aligned with the country context however, the report recognizes that even where the state's revenue mobilization is maximized, spending decisions prioritized inequality reduction, and there is progressive minimum wage limit, there are country-specific issues that may affect the progressive their outcomes. It is in this regard that the report looks at systemic governance challenges that bear on the outcomes of inequality reduction investments and actions. Here, the report firstly, looks at corruption and the nature of it in Sierra Leone that negatively impacts inequality reduction. Secondly, the report looks at the institutional and policy preparedness of the state for managing inequality reduction investment. Thirdly,

[10] The CRI Index 2018 Report reflects this in the scoring of countries' efforts.
[11] Development Finance International and OXFAM. October 2018.
[12] Ibid.
[13] Development Finance International and OXFAM. October 2018.
[14] Ibid.

the report looks at the size of the government debts, and the burden it places on the capacity of government for progressive social spending. Lastly, as a systemic issue, the report reflects on the impact of recurring discrepancies between resources allocated and actual resources spent (known as budget credibility) on progressive social pending in Sierra Leone.

Finally, aligned with the country context again, the report looks at Sierra Leone's experience with pandemics in the last decade. Sierra Leone was one of the epicenters of the Ebola epidemic that hit the West African region between 2014 -2015. Again, in early 2020 the global COVID-19 pandemic reached the country. Epidemics always come with serious socio-economic consequences; particularly in the poorest countries in the world where resilience and social protection resources are either meager or absent. It is in this regard that the report narrates, the country's COVID-19 experience and its impact.

3.0 INEQUALITY IN SIERRA LEONE

3.1 The Scale of Poverty

Sierra Leone has been at the bottom of the UN's Human Development Index (HDI) for decades; with some of the worst social indicators in the world.[15] The overall poverty rate estimated at 56.8% is considered one of the highest in the world.[16] 12.9% of the population is said to live in extreme poverty.[17] Live expectancy is put at 54.3 years. Food insecurity affects 49% households across the country. 38.7% of the country's population have never attended school.[18] Only 10% of households in Sierra Leone use an improved toilet facility that is not shared.[19] Only the Capital City Freetown, and the country's third largest city Makeni, enjoy significant supply of electricity in Sierra Leone. Much of the population have been without electricity for decades. Sierra Leone has 0.25 doctors for every 10, 000 people; far below the World Health Organization recommended number of 15.[20]

Poverty reduced in the country significantly from 2003. The poverty headcount in 2003 for instance, was 66%; which reduced to an estimated 53% in 2011.[21] Sierra Leone's poverty reduction progress was however, adversely affected by two tragedies that followed 2011. In 2014-2015 Sierra Leone became one of the epicenters of the Ebola outbreak that hit the West Africa region. The epidemic which killed an estimated 3,500 people, particularly hit the poor and the most vulnerable population segments. According one study, almost 3 of every 10 Ebola disease survivors were peasant farmers; and 4 of every 10 are petty traders.[22]

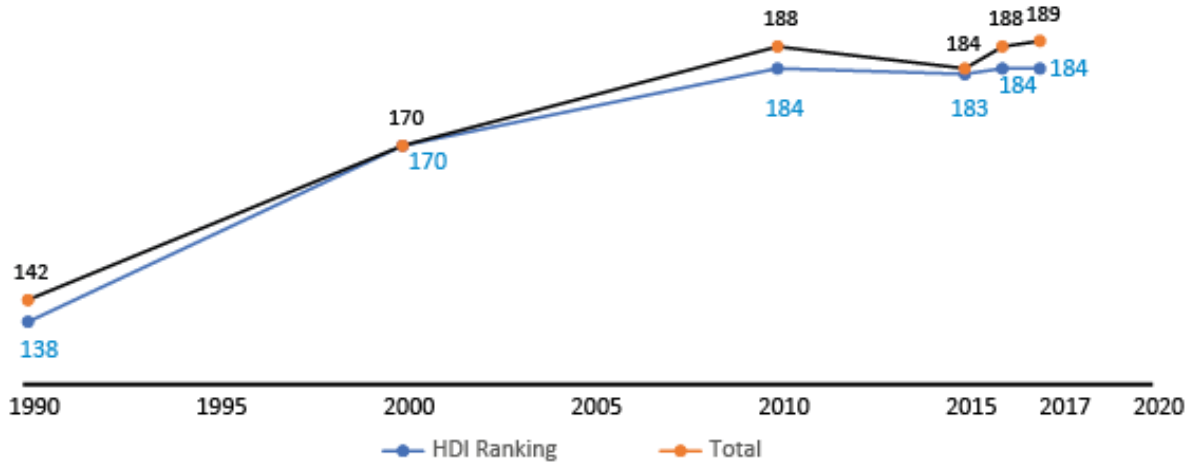
[15] For more statistical details of the country's poverty profile, and related data, see the Medium-Term National Development Plan 2013-2023, Sierra Leone Demographic and Health Survey 2018, UN Human Development Reports, and the World Bank's Sierra Leone Social Protection Assessment report, 2013.
[16] Sierra Leone Demographic and Health Survey 2018
[17] Ibid.
[18] Ibid.
[19] Ibid.
[20] Actionaid. Sierra Leone Country Fact Sheet. Building Back Better: A New Social Compact Post COVID- 19
[21] The World Bank's Sierra Leone Social Protection Assessment report. 2013.
[22] The Economic and Social Impact of Ebola on Households. UNDP. December 2014. A report put together by the Institute for Governance Reforms

The economic situation in the country generally worsened; and badly hit government's capacity to fund public services and development including, inequality activities. In the course of the pandemic critical government revenue sources, including export activities largely ceased. The contraction in export activities including the closure of the country's two iron ore mining companies reduced foreign exchange inflows, resulting in a depreciation of the national currency by 13.8% and 13% in 2014 and 2015 respectively.[23] By the end of 2015, inflation had risen to 8.4%.[24] From a growth of 4.6% in 2014, GDP fell to minus 20.5% in 2015.[25]

Adding to a bad situation that Government resources had dwindled, there were no social protection mechanisms in place that could minimize the immediate impact of crisis on the most vulnerable groups. In 2014, government with external support managed to institute some form of cash-for-work and feeding assistance programs. Beyond that, the main coping strategies adopted by households were borrowing, or reducing their food intake or reducing the quality of the foods that they purchased.

A second tragedy struck the country when on 14 August 2017, torrential rain in the Capital city caused a massive landslide; killing approximately 1,000 people; and leaving 3, 000 more homeless. The communities affected by the landslide were all poor settlements that had sprung up on the city's hill-sides fringes.

Figure 1: HDI Trends for selected years



[23] Government Budget and Statement of Economic and Financial Policies for the Financial Year 2016.
[24] Ibid.
[25] UNDP and Government of Sierra Leone. Sierra Leone 4th National Human Development Index 2019.

Table 1: Trends in HDI Dimensions for selected Years

Period	HDI DIMENSIONS					
	Life expectancy at birth	Mean years of schooling	Expected years of schooling	GNI per capita (2011 PPP $)	Overall HDI	HDI Ranking
1990	37.3	1.6	4.9	1,516	0.275	138/142
2000	38.7	2.3	7.0	707	0.284	170/170
2010	48.2	3.1	8.9	1,214	0.385	184/188
2015	51.4	3.4	9.1	1,297	0.413	183/184
2016	51.8	3.4	9.3	1,216	0.413	184/188
2017	52.2	3.5	9.5	1,240	0.419	184/189
2018	54.3	10.2	3.6	1,381	0.438	181/189

Source: UNDP and Government of Sierra Leone. Sierra Leone 4th National Human Development Report 2019.

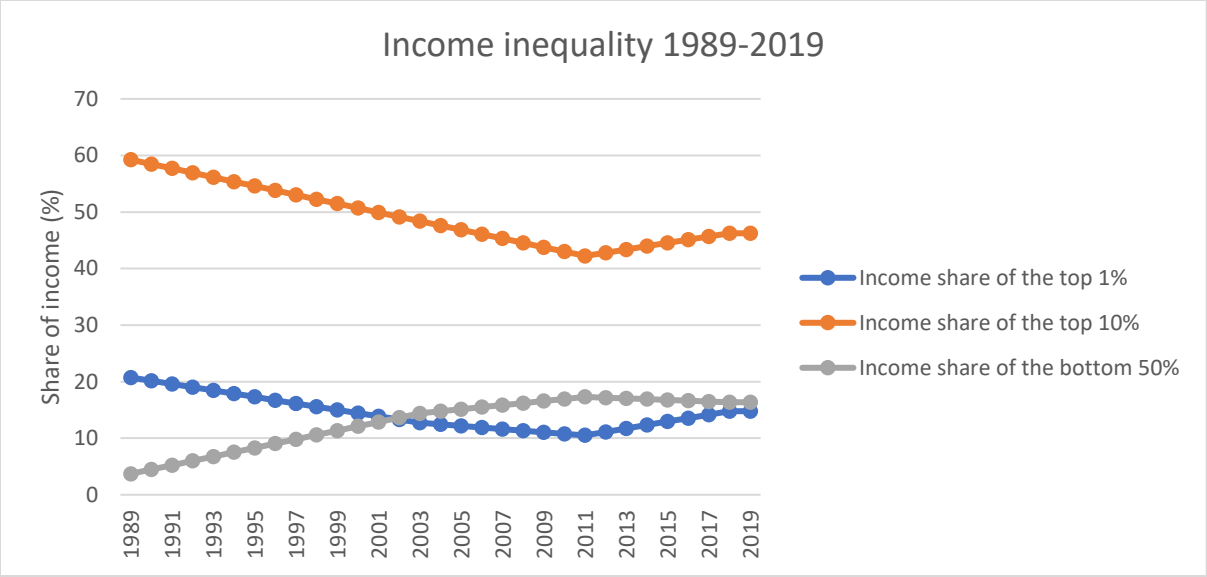
3.2 The scale of inequality

In 1989 at the onset of the civil war that engulfed Sierra Leone throughout the 1990s Sierra Leone had one of the highest income inequalities ever recorded in the world. The Gini-coefficient which is a widespread measure of income inequality stood at 62.9 in 1989, a higher score than highly unequal South Africa at the time.[26] Inequality was so severe in 1989 that it was estimated that the bottom 50% of the population only captured 3.7% of national income while the top 1% amassed more than 20% of all national income.[27] Inequality as extreme as what Sierra Leone experienced at that point in time was highly detrimental to social cohesion and left the bulk of the population unaffected by economic growth.

As figure 2 illustrates, income inequality has since reduced up until around 2011, after which inequality again has been steadily climbing. Sierra Leone is today marked by sizeable and rising inequality.

Figure 2: Income inequality in Sierra Leone, 1989-2019

[26] CIA World Factbook & World Bank Open Data.
[27] World Inequality Database.



Source: World Inequality Database – Sierra Leone. Figures reflect pre-tax national income for 2018.

Figure 3 shows that for every Le 10.000 added to the national income in 2018 only 16.4% or about Le 1.600 went to the poorest 50% of the population. Meanwhile, the richest 10% captured 46.2% or about Le 4.600 out of the Le 10.000.

Figure 3: Inequality illustrated - Income shares of the top 10% (shaded red) and bottom 50% (shaded green)

Source: World Inequality Database – Sierra Leone. Figures reflect pre-tax national income for 2018.

This illustrates that income in Sierra Leone is highly unevenly distributed and mainly benefits those that are already well-off. In fact, the share of income going to the richest is so skewed that the share of income that the richest 1% capture (14.8%) is almost equivalent to the income share of the bottom 50% (16.4%).

Figures like these are why there is an increasing consensus that reducing levels of inequality is vital to reduce poverty. For example, in a recent review of the experience from 135 countries between 1974-2018, researchers at the World Bank found that reducing income inequality by 1 percent was more important for poverty reduction than increasing growth by 1 percent.[28]

Unfortunately, rather than reducing inequality the economy of Sierra Leone has been growing more unequal over the last many years. Table 2 shows that while the income share of the richest 1% increased by more than 40% between 2011-2018, the income share of the bottom 50% declined by more than 5% in the same period.

Table 2: The change in income shares of the richest and the poorest, 2011-2018

	2011	2018	Percent change
Top 1%	10,5	14,8	40,95
Top 10%	42,2	46,2	9,48
Bottom 50%	17,3	16,4	-5,20

Source: World Inequality Database – Sierra Leone. Figures reflect pre-tax national income for 2018.

This reports highlights some of the change that is needed to stop and reduce the widening gap between the rich and the poor.

3.2 Women Bear the Brunt of Inequality in the Country

Sierra Leone is one of the most gender unequal countries in the world. Although 51 % of the population of Sierra Leone are women; they constitute 70% of the poor in Sierra Leone. According the UNDP, Sierra Leone has a Gender Inequality Index (GII) value of 0. 645; ranking 150 out of 160 countries in 2017. The key drivers of the high GII are a high maternal mortality ratio of 1,360 women deaths from pregnancy and childbirth complications for every 100,00 live births, compared with 549 average deaths for Sub-Saharan Africa, and a high adolescent birth rate of 112.8 births per 1,000 women aged 15-19 years compared with 101.3 for Sub-Saharan Africa.[29] Overall, 59% of women in Sierra Leone have never attended school.[30] Sierra Leone has a very low percentage of women with at least some secondary education (19.2 percent) compared with male counterparts (32.3 percent).

Overall, 59% of women in Sierra Leone have never attended school.[1]Sierra Leone has a very low percentage of women with at least some secondary education (19.2 percent) compared with male counterparts (32.3 percent).

The high GII and low ranking is also a function of their occupancy of positions in decision-making political leadership at all levels of governance; including tradition-customary rule, Local Government, and national government. At the level of national governance, the current parliament has only 12.3% female

[28] World Bank 2020.
[29] Ibid.
[30] Sierra Leone Integrated Household Survey 2018.

representation; compared with an average of 23.5% for Sub-Saharan Africa.[31] In the current Local Government, women make up only 18% of elected officials, from the elections held in 2018. At the level of chiefdom governance for instance, under customary rule, there are less than a dozen women Paramount Chiefs, out 167. This situation generally means that in Sierra Leone, it is largely left in the hands of men to take inequality redress strategies and decisions that could benefit women.

The inequality challenges that women in Sierra Leone is also driven by tradition-cultural values and practices, that condones or accommodates domestic violence and sexual violence against women; and discrimination in inheritance and property rights. These abuses are the drivers of women's access to limited access to justice, restriction of social and economic disempowerment opportunities; that constraints their development and compound poverty. Although the Constitution holds guarantees for non-discrimination in the enjoyment of liberties on account of gender, it was not until the last two decades, that some big steps have been taken to further augment the legal and policy environment for protecting and promoting women's rights. In 2007, Government passed three key legislations that have come to be known collectively as the Gender Acts.[32] The Devolution of Estate Act, 2007 protects women's interest, and guarantee gender equity regarding access to property within the family. The Registration of Customary Marriage Act, 2007 protects women from negative customary practices pertaining to marriage and divorce, and from physical and mental abuse. The Domestic Violence Act, 2007 equally protect women and minors from all forms of abuse in the home. Essentially, the biggest achievements these laws bring are that they directly address issues critical to women's socio-economic wellbeing. In spite of such progress however, provisions in certain legislations including the Local Government Act, 2004; and the Chieftaincy Act, 2009 continue to give privilege to customary practices over considerations for women's rights in seeking leadership under customary governance structures in rural areas.

Improvements have been recorded in maternal mortality, adolescent birth rates, labor force participation rates and proportion of population with at least some secondary school education over the years. Government's indicated strategy for women empowerment in the MNDP 2019-2023, emphasizes further improvements in the legal and institutional frameworks for promoting and protecting political, social rights, protection from gender and sexual based violence, misses the point. Indeed, laws that affirm equality between men and women are a fundamental starting point in seeking and achieving equality in practice; particularly driving political, cultural and attitudinal changes.[33] But translation of equality before the law into equality outcomes, needs to be bolstered by further actions that directly impact women's improved access to social services, jobs, and economic participation.[34]

[31] UNDP and Government of Sierra Leone. Sierra Leone 4th National Human Development Index 2019.
[32] The specific laws are, the Devolution of Estates Act, 2007, The Registration of Customary Marriage and Divorce Act, 2007, the Child Rights Act, 2007, the Domestic Violence Act, 2007; and the Sexual Offences Act, 2012
[33] UN Women. Progress of the World's Women 2015-2016 Summary: Transforming Economies, Realizing Rights.
[34] Ibid.

4.0 THE DRIVERS OF INEQUALITY

4.1 Insufficient tax revenues from mining companies is limiting Government resources for inequality spending

Government's capacity to address extreme and inequality reduction is directly linked to the volume of tax revenue it collects. In Sierra Leone, taxation is Government's main source of revenue. Government's tax revenue is grossly insufficient to meet obligations to address inequality and social protection; a problem to which many factors including low tax base, inefficient collection systems, customs duty waivers, and leakages in the tax system contribute.

The government has made some efforts to try to expand the tax collection with domestic revenue mobilization increasing by around 2% of GDP from 2017-2019.[35] But the economic impacts of the Covid-19 pandemic now risks undoing this nascent progress. In its most recent assessment, the World Bank projects that the Covid-19 pandemic will result in a drop of government revenue from 17.7 percent of GDP in 2019 to 15.3 percent in 2020. This will come from a 12.8 percent drop in indirect taxes and a 28.5 percent drop in non-tax revenue.[36] The result will be a fiscal gap of $220 million, with a widening budget deficit and debt burden as a result.

Already before the Covid-19 crisis the ability of Sierra Leone to collect taxes was also undermined by harmful tax practices, which facilitate tax dodging.[37]

A bigger single challenge however, that Sierra Leone continues to face around progressive taxation. Progressive taxation, where corporations and the richest individuals are taxed more in order to redistribute resources in society and ensure that public services are funded, is a key tool for governments to reduce inequality. As in most low-income countries it is large firms and wealthy individuals that are mostly affected by central government taxes in Sierra Leone.[38] Sierra Leone's failures regarding progressive taxation, and the consequences for inequality reduction thereof, is most harmful in the mining sector. Mining is a key pillar of Sierra Leone's economy. The contribution of the sector however, to government revenue has been dismal for years according to several studies since 2011. For instance, although the mining industry accounted for 60% of exports ($200m) in 2010, only 8% of government revenue came

Although the mining industry accounted for 60% of exports ($200m) in 2010, only 8% of government revenue came from the sector; and revenue from the sector accounted for only 1.1% of Gross Domestic Product (GDP).[1]

Some of the poorest countries in the world may be losing an estimated $289 million in government tax revenues from a single country's mining firms, in a single year alone. This tax could have been used for schools, hospitals and other vital services.[1] For example, $289 million is almost seven times the total cost of national malaria control programmes in nine of the sub-Saharan African countries, including Sierra Leone – all amongst the poorest countries in the world – where Australian mines operate

[35] IMF, 2019. Article IV consultation.
[36] World Bank, 2020. Sierra Leone economic update – the power of investing in girls
[37] Development Finance International and OXFAM. October 2018. Commitment to Reduce Poverty Index 2019
[38] Tax Justice Country Report Series (2011). Building a Fair, Transparent and Inclusive Tax System in Sierra Leone

from the sector; and revenue from the sector accounted for only 1.1% of Gross Domestic Product (GDP).[39] In helping to understand the impact on inequality reduction, a study by the Budget Advocacy Network (BAN) suggested that a loss of US$3.65m between 2013-2015, in respect of iron ore sales alone was five times enough to cover the cost of text-books and learning materials for all pre-primary and primary schools in Sierra Leone in 2015.[40] Studies have identified two key reasons why rents and taxes from the mining sector are only a small percentage of total government revenue in Sierra Leone. First, there has been non-consistent application of tax rules in the mining industry, causing the country to lose millions of dollars. For instance, a bauxite mining company was able to negotiate a reduction of royalty rate from the statutory 3% to 0.5%.[41] Only one of the top five companies at the height of a mining boom from 2008 was paying corporate tax.[42]

The report Buried Treasure – The Wealth Australian Mining Companies Hide Around the World, which examines the tax practices of Australian mining firms that operate around the world – including in Africa, estimates that as much as $1.1 billion in profits were shifted out of Africa in 2015 alone by the Australian mining sector[43] alone using tax secrecy jurisdictions. This means some of the poorest countries in the world may be losing an estimated $289 million in government tax revenues from a single country's mining firms, in a single year alone. This tax could have been used for schools, hospitals and other vital services.[44] For example, $289 million is almost seven times the total cost of national malaria control programmes in nine of the sub-Saharan African countries, including Sierra Leone – all amongst the poorest countries in the world – where Australian mines operate.[45]

The $40 million estimated tax lost to Sierra Leone from 2009-2016 is enough to cover the health care of over 67,000 Sierra Leonean women and children for one year under the country's Free Health Care Initiative.

The Sierra Rutile mine in Sierra Leone (acquired by Iluka Resources only recently in 2016) has paid on average 0.4% of total revenues in tax in Sierra Leone since 2009 (this mine has been operating since early 1990s);

Taxation is the principal means by which governments everywhere raise money to spend on inequality addressing programmes. Actionaid research shows that Sierra Leone could double spending on health, education, water and sanitation, and social protection combined.[46] Actionaid has recommended that

[39] Dan Watch. 2011. Not Sharing the Loot: An Investigation of Tax Payments and Corporate Structures in the Mining Industry in Sierra Leone. Page 6

[40] Budget Advocacy Network. Are We Getting the Right Prices from our Wealth: Issues of Transfer Pricing Manipulation in Sierra Lreportone. August 2017.

[41] Budget Advocacy Network. Are We Getting the Right Prices from our Wealth: Issues of Transfer Pricing Manipulation in Sierra Leone. August 2017.

[42] DanWatch. 2011. Not Sharing the Loot: An Investigation of Tax Payments and Corporate Structures in the Mining Industry in Sierra Leone.

[43] See the full report for details on how this estimate was calculated. In this factsheet, the term 'mining sector' and 'mining industry' is used to refer to both oil and mining companies and used interchangeably with the term 'extractives industry'.

[44] In addition to ensuring governments receive the correct amount of taxes, there is an important role for governments to make the right decisions on spending on these public services in order to achieve positive social outcomes.

[45] Our research found operating Australian mines in Madagascar, DRC, Sierra Leone, Mali, Senegal, Zimbabwe, Kenya, Namibia and Ghana in 2016-2017. WHO (2016), World Malaria Report 2016; World Bank (2019), GDP per capita, https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?year_high_desc=false, accessed May 2019.

[46] Actionaid. Building Back Better: A New Social Compact Post COVID-19

government set an ambitious agenda to raise tax-to-GDP ratio, by a rise of at least 1%; and attaining 5% in 5 years, and 10% in 10 years.[47] Government has many issues to address to increase tax revenue; to be in a better position to spend on sectors that matter for poverty and inequality reduction. These issues would include the size of the tax base, the fairness of the tax system, and the efficiency of the tax collection mechanisms. A key issue to tackle however, as a matter of priority is how to maximize tax revenue from mining as a big component of the country's economy.

In order to counter the large drop in revenue expected from the global economic crisis brought on by Covid-19 it is necessary for the government to double its efforts to increase progressive domestic revenues. In particular, recent tax cuts enacted with the Finance Act 2020 on both corporate income tax and capital gains tax should be reversed in order to shore up much-needed revenue from progressive sources.

4.2 Inconsistent spending patterns are yet to prioritize inequality reduction sectors

Government's commitment rhetoric over the years that prioritizes health and education has certainly matched the enormity of the challenge in the two sectors. Under both the government led by the All People's Congress (2007-2018), and the Sierra Leone Peoples Party (2018 to date), fiver-year National Development Plans have prioritized human development through health, education, and social protection. However, under both the Agenda for Prosperity 2013-2018, and the current MNDP 2019-2023, budgetary allocations to health, education, and social protection have been inconsistent; thereby falling short of these objectives. Inconsistencies in levels of budgetary allocations over the years illustrate government's poor performance on health and education spending. Throughout the course of implementing the Agenda for Prosperity, health sector spending averaged 6% of government annual budget. Similarly, spending on primary and secondary education averaged 5.5% of government budget allocations between 2013-2018. Since 2018 to date, budgetary allocations to the health sector has averaged 5% of total government budget. Immediately upon coming into office in 2018, the new government announced a Free Quality School Education (FQSE) programme for all levels of basic schooling. This has considerably raised spending on education. In the 2020 budget for instance, the education sector was allocated 21% of the total government budget. In the MNDP 2019-2023, government expressed determination and political will to increase healthcare spending to 15%. The Education 2030 Framework for Action proposes two benchmarks as "critical reference points': allocate at least 4% to 6% of GDP to education, and/or allocate

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[47] Ibid.

at least 15% to 20% of public expenditure to education. Globally, countries spend 4.7% of GDP on education and allocate 14.2% of public expenditure on education.[48] Against these international benchmarking frameworks, the 21% allocation to the education sector, of the total government budget marks a leap jump in progress.

According to a report by Afro barometer, the FQSE programme has been highly welcomed by most people in Sierra Leone.[49] According to the report 71% of Sierra Leoneans say the Government was doing "fairly well" or "very well" in addressing the country's education needs. 73% of Sierra Leoneans say they or a member of their family is benefitting from the FQSE.[50]

It is worthy to know however, that the Afro barometer report found out that 81% of Sierra Leoneans "strongly agree" that "the government needs to invest more resources to ensure that all necessary facilities, materials, and teachers are available to provide a (sic) high quality education to all students."[51]

Public quality education that is available free of charge is one of the most powerful ways to fight inequality. According to the IMF, if all children in Sierra Leone completed lower secondary school it would lower income inequality by 7 percentage points on the Gini scale. Achieving gender equality in education could also boost GDP by more than 8 percent. Increasing the quality of education could furthermore boost GDP by 27 percent, according to the IMF's estimates.

However, a year's school fees for one child in kindergarten at the British International Academy, one of a growing number of private schools in the country, can pay tuition for three students in a public university for the duration of their four-year degree course.

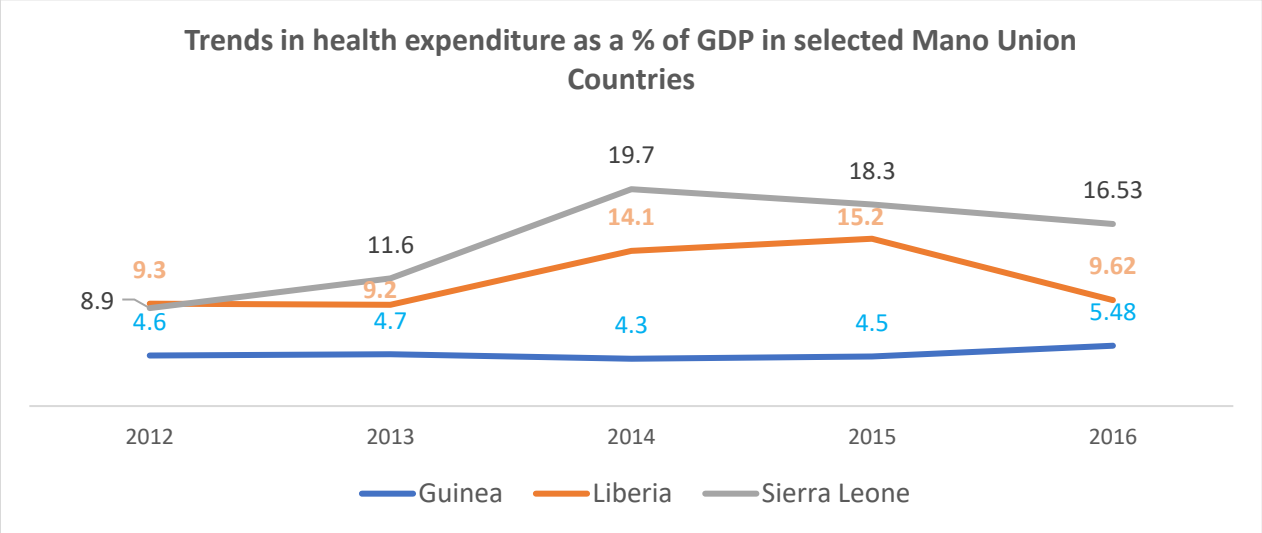
And this is where the FQSE masks gross inequality in education in Sierra Leone. While the FQSE is expanding access to basic schooling, it masks the high inequality in the education system in the country. In September 2020, students at one of the country's university campuses in Freetown rioted, after being disallowed to sit exams because they had not paid tuition fees. However, a year's school fees for one child in kindergarten at the British International Academy, one of a growing number of private schools in the country, can pay tuition for three students in a public university for the duration of their four-year degree course.

Despite the launch of the FQSE data shows that schooling is still associated with costs for most families. The costs range depending on the type of school with non-assisted private proprietor schools having the highest annual median fee (including all costs and levies) of about $43.02, followed by independent churches ($33.95) and established churches ($25.70). At the lower end, non-assisted community schools charge $15.12 per year, mosque schools only $8.14, and NGO schools $3.98. Some of these are hidden costs that parents incur in the course of the school term/year.[52]

[48] Global Education Monitoring Report.
[49] IGR. CDD-Ghana. Afrobarometer Dispatch No. 378. 28 July 2020.
[50] Ibid.
[51] IGR. CDD-Ghana. Afro barometer Dispatch No. 378. 28 July 2020.
[52] Oxfam in Sierra Leone, forthcoming research

Private schools are a challenge for inequality as they are typically only available for the well-off, and since they are known to result in sustained poaching of qualified teachers which rids public schools of qualified teachers. The emergence of the Rising Academy Network of schools in Sierra Leone that charge $150 per child per year is part of this challenge.

Figure 4: Trends in health expenditure as a % of GDP in selected Mano River Union countries



Source: Figures are from Sierra Leone 4th National Human Development Report 2019.

Government's Social Protection activities in Sierra Leone consists of the national pensions scheme run by the National Social Security and Insurance Trust (NASSIT), the Sierra Leone Social Safety Nets Project being implemented by the National Commission for Social Action (NaCSA); and fuel subsidies and the Free Healthcare Initiative, as social assistance. The various components of Government's Social Protection work are nascent and evolving; meaning that their coverage of the population is very limited. NASSIT which was established in 2001, has a pension scheme with only about 200, 000 members as at the end of 2019. 98% of Sierra Leoneans of retirement age do not receive pension.[53] The Free Healthcare Initiative introduced in 2010 targets pregnant women, lactating mothers, and children. There is no national health insurance scheme in Sierra Leone. The key components of the Social Safety Nets Project piloted in 2014, are cash transfers to the elderly who are unable to work, extremely poor households with children, and persons with disabilities; and food assistance to very poor families.

NASSIT which was established in 2001, has a pension scheme with only about 200, 000 members as at the end of 2019. 98% of Sierra Leoneans of retirement age do not receive pension.[1]

The Sierra Leone Social Safety Nets Project received an initial World Bank grant of $7 million when piloted in 2014. The sector responded with cash transfers in the aftermath of the Ebola outbreak between 2013 and 2015, as well as the 2017 Freetown landslide. Funding grew to $21.3 million, to finance a package of cash transfers for the years that followed up to 2019. In September 2019, the Social Safety Nets Project which covered 30, 000 beneficiary households in rural communities, in ten of the country's 16

[53] Social Protection Coverage Around the World. June 2020.

administrative districts, ended. The National Social Safety Net programme is continuing with a target to reach an additional 65,000 households under the dedicated COVID Social Safety Net programme, while 29,000 households have already been reached under a COVID Emergency Cash Transfer programme covering households of informal workers in urban areas.[54]

Overall, government's spending on social sectors is low. Average social protection expenditure (not including health) on working age people, for instance, is 0.1% of GDP.[55] Social protection programme in the country heavily depend on funding provided by international development partners. Sierra Leone's social assistance spending dependence on external resources is said to be 85%.[56] One report has concluded that the figure could be higher if budgetary support to government were to be considered.[57]

4.3 Labor reforms yielding minimal inequality reduction returns because of very high informal economy

Sierra Leone, however, has been making some progress in the area of minimum wage. Among the more than half of the countries that increased their minimum wages more rapidly than per capita GDP was Sierra Leone.[1]In 2020 government increased the minimum wage by 20%, from Le.500,000 to Le.600,000; approximately $53. Measuring Sierra Leone's minimum wage progress against per capita grossly hides the scale of wage inequality in the country. For instance, the one-month salary of a top earner in the Government can pay 20 people on minimum wage for 10 years.

Wage differences between different categories of workers has strong potentials for exacerbating or reducing inequality and poverty. Higher wages for ordinary workers, including women, are critical for addressing inequality. Sierra Leone, however, has been making some progress in the area of minimum wage. Among the more than half of the countries that increased their minimum wages more rapidly than per capita GDP was Sierra Leone.[58] In 2020 government increased the minimum wage by 20%, from Le.500,000 to Le.600,000; approximately $53. Measuring Sierra Leone's minimum wage progress against per capita grossly hides the scale of wage inequality in the country. For instance, the one-month salary of a top earner in the Government can pay 20 people on minimum wage for 10 years.

In the context of Sierra Leone however, a focus on wages would yield limited contribution to inequality reduction in a situation where only about 9.5% of the population is in wage employment; according to figures from a 2019 report.[59] Sierra Leone has key issues to address to get more people into formal employment; including high levels of illiteracy, low skills, and youth labor inactivity.[60] Until these are addressed over the long run, the limited number of people in formal employment means that minimum wage progress is not going to help a lot with inequality reduction. The situation in Sierra Leone is made more difficult by the fact that there are no employment guarantee schemes, or any scheme to provide

[54] UNICEF. Terms of Reference: Conducting a feasibility assessment and producing a road map for developing a Social Registry in Sierra Leone.
[55] World Social Protection Report 2017/2019.
[56] Government of Sierra Leone. Sierra Leone's Medium-Term National Development Plan 2019-2023.
[57] World Bank. Sierra Leone Social Protection Assessment Report. 78195-SL, June 14, 2013.
[58] Budget Advocacy Network, Restless Development, UKaid, Center for Accountability and Rule of Law, and Christian Aid. 2020. Budget Credibility Report 2017-2019: How Credible is the Sierra Leone Government Budget?
[59] UNDP and Government of Sierra Leone. Sierra Leone 4th National Human Development Index 2019.
[60] World Bank. June 2013. Sierra Leone Social Protection Assessment Report; and UNDP and Government of Sierra Leone. Sierra Leone 4th National Human Development Index 2019.

some form of income security for those seeking or out of work. Since 2003, Government had made from-to-time experiments with some form of income security for unemployed people in the form of cash transfers and food for work. These, however, have happened only with the support of an international donor; and do not constitute a permanent employment guarantee scheme.

4.4 Low Budget Credibility is Reducing Social Sectors Spending

A key tool by which the state translates policy into concrete interventions for social development outcomes is the government budget.[61] Deviations from planned expenditures in the budget has implications for inequality reduction outcomes intended. In Sierra Leone, deviations from planned expenditures in the budget has been repetitive over the years.[62] There is always a mismatch between what is planned as expenditure in the budget, and what gets to be spent. A 2019 report by a consortium of non-governmental organisations (NGOs) concluded that generally, most sectors in Sierra Leone never get to spend close to what is budgeted for them. The situation is particularly grave for service delivery sectors that have critical roles in inequality reduction. The report notes for instance, that primary health, basic and secondary education, and agriculture have had budget execution rates of less than 70% over the past decade.[63] The report provides the example that although the MoHS was allocated Le. 20.4b in 2019, only Le.749m was disbursed; giving a very low execution rate of 4%. Low budget execution rates simply mean that MDAs are not undertaking all the interventions they plan in respect of service delivery in the critical sectors that would help reduce inequality reduction.

There is evidence also, that suggest weaknesses in prioritizing during actual budget execution that disfavor inequality reducing sectors as against other sectors. The expectation would be that sectors for instance like health, education, social welfare, and agriculture would be prioritized sectors for disbursement of funds by the Ministry of Finance. On the contrary, while none of the mentioned sectors have had less than 70% of budget execution rates, the Office of the President, and the Ministry of Works and Infrastructure received more than their allocations in the approved budgets.

Table 3: Illustrative discrepancies in budget execution for priority inequality reducing sectors against other sectors

		Against yearly total budget execution rate		
Priority inequality reducing sectors	**2019**	**2017**	**2018**	**2019**
Health	46% of allocated recurrent budget	100.6%	93.3%	97.7%
Education	63% of allocated recurrent budget			
Agriculture	40% of approved budget			
Other Sectors				
Office of the President	100%+			

[61] Ibid.

[62] Public Expenditure and Financial Accountability Assessment reports of 2010, 2014, and 2018 raised the challenges of implementing a credible budget in Sierra Leone.

[63] Budget Advocacy Network, Restless Development, UKaid, Center for Accountability and Rule of Law, and Christian Aid. 2020. Budget Credibility Report 2017-2019: How Credible is the Sierra Leone Government Budget?

Ministry of Works and Infrastructure	100%+			

Source: The figures are from Budget Advocacy Network, Restless Development, UKaid, Center for Accountability and Rule of Law, and Christian Aid. Budget Credibility Report 2017-2019: How Credible is the Sierra Leone Government Budget?

4.5 A debt burden taking up resources from inequality programmes

While the insufficiency of tax revenue is a critical constraint to funding inequality reduction programmes, it is also the case that government's spending decisions and levels are being hampered by debt servicing. Sierra Leone is one of the countries with the highest levels of debt servicing expenditure at over 13% of government revenue.[64] According to Actionaid, Sierra Leone spends about 45% of its annual budget on debt servicing. This level is far above the recommended threshold of 12%. Invariably, higher spending on debt servicing means lower availability of funds in Government's hands to spend of public services. Illustrating the impact of this level of debt servicing expenditure, the report says that Sierra Leone spends the equivalent of over half of the total budget for health and education just on repaying debt.[65] As Actionaid puts it, Sierra Leone's debt servicing expenditure is not sustainable.

4.6 Corruption is Short-changing the Quantity and Quality of Services in Inequality Reducing Sectors

A Government may maximize tax revenue collection; and invests appropriately in sectors like health, education, and social protection; but if corruption in public offices is high and commonplace, the inequality reduction impact thereof would be limited. Incidentally, one international anti-graft report suggests that corruption in Africa it is around the public services that are meant to benefit poor people most, that corruption is particularly high. According the 2019 Global Corruption Barometer, public clinics and hospitals, schools, and utilities were among the 5 top areas where people paid bribes most in Africa.[66]

Government in Sierra Leone has in the recent past gathered evidence that illustrates the susceptibility to corruption of health and education as inequality reduction sectors; and the direct negative impact on inequality reduction efforts. In 2001 Government began yearly Public Expenditure Tracking Survey (PETS), to track whether goods and services procured for the public reached the intended beneficiaries. In particular, the PETS focused on the distribution of goods and materials in the health, and education sectors; including drugs, textbooks, hospital consumables, and teaching and learning materials. Invariably, the seven PETS conducted between 2001 and 2010 uncovered quantified discrepancies between the goods and materials that were meant to be delivered to various beneficiary locations, and what was discovered. Essentially, the drugs, textbooks, hospital consumables, and teaching and learning materials that were being supplied, were stolen at different stages of the supply-chain.

After 2010, no other PETS was conducted until 2019. Government did not publish the results of the 2019 PETS. In education sector, PETS helped reduced discrepancies between deliveries and receipts, first, by recommending that school fees payments be made into each school's bank account; and, second, by recommending that drugs should be distributed to the district managers directly from the contractor rather than through intermediaries. PETS however, does not have statutory basis; and has only been

[64] Action Aid. Who Cares for the Future: Finance Gender Responsive Public Services! Report Summary
[65] Ibid.

[66] Transparency International and Afrobarometer. 2019 Global Corruption Barometer.

undertaken from time-to-time at the discretion of the Ministry of Finance. It means that while Government continues to supply drugs and hospital consumables to hospitals; and textbooks, school fees subsidies, teaching and learning materials to schools, there is no mechanism that tracks and monitors their susceptibility to theft. This point is made because, although Sierra Leone has been making some progress in the fight against corruption; the country still ranks among the most corrupt in the world. Sierra Leone ranked 119 out of 180 countries surveyed, in Transparency International's 2019 Corruption Perception Index. Sierra Leone attained 33 points out of the maximum 100; the country's highest ever. A National Corruption Perception Survey by the ACC in 2010, illustrated how corruption hurts inequality reduction fight or exacerbate poverty. According to the survey report 47% of respondents said they were more likely to encounter corruption in the Ministry of Health and Sanitation (MoHS); followed by the Ministry of Education, Youths and Sports (41%).[67]

4.7 Fragmentation and duplication of state institutions is negatively impacting inequality reduction work

The institutional practice in Sierra Leone is relatively new; beginning with the country's first Poverty Reduction Strategy Paper in 2003. Therefore, the institutional arrangements and the management of the delivery of inequality reduction programmes, are still rudimentary and evolving. This situation is contributing to the challenges the country is facing with inequality redress activities; as even Government acknowledges.[68]

In Sierra Leone, the state's work to address poverty and offer social protection is spread among ministries, departments and agencies. The key ministries include the Ministry of Health, the Ministry of Education, the Ministry of Agriculture; the Ministry of Labor and Social Security, and the Ministry of Social Welfare, Gender and Children's Affairs. Ministries are mostly responsible for setting policy; while the various departments and agencies under them, provide direct services to citizens. In 2001, NASSIT was established as a statutory trust responsible for administering a national pension scheme. NaCSA implements various social protection and Safety Net programmes; including a war victims' reparations programme. Since 2004, functions devolved from central government to Local Councils also, include some that bear directly on poverty and inequality reduction at community levels; including primary and junior secondary education, human settlement and environment, rural water supply, primary and secondary healthcare, youths and sports, maintenance feeder roads, and waste management.

Government acknowledges that there is deep fragmentation and duplication of roles among the various social protection providers; leading to poor coordination, higher administrative costs, and gaps in terms of sectors, coverage, target, and beneficiaries covered.[69] Consequently, the first "strategic objective" that was to be pursued in the Agenda for Prosperity, under the social protection pillar was to "clarify and implement institutional roles and responsibilities".[70] The National Social Policy has also specifically called for additional work to guide how Safety Nets could be rationalized and expanded. The National Social Protection Policy calls for a National Social Protection Authority that will report to Cabinet through a Cabinet sub-committee; and proposes the creation of a National Social Protection Coordination Agency

[67] Anti-Corruption Commission and Justice Sector Coordinating Office. 2010. National Public Perception Survey on Corruption 2010
[68] Government of Sierra Leone. Agenda for Prosperity 2013-2018.
[69] Ibid.
[70] Government of Sierra Leone. Poverty Reduction Strategy Paper - Agenda for Prosperity 2013-2018. Page 184.

to coordinate the implementation of the social protection policy. Alternatively, the National Social Protection Policy suggest that the Government can assign this responsibility to NaCSA.

5.0 THE IMPACT OF THE COVID-19 PANDEMIC

The global COVID-19 pandemic which began in China in early 2020 reached Sierra Leone on 31 March 2020, when the President in a nation-wide broadcast announced the country's Index case. Government immediately responded by imposing down the country's borders and declaring a State of Public Health emergency. The COVID-19 figures in Sierra Leone continued to rise following the country's Index case; reaching 116 confirmed cases, 4 deaths, 12 recovery and 1,166 persons in quarantine by the end of April 2020. The country has been locked down at different times for different period; until 22 July 2020 when international air travel resumed; and 23 July, 2020 when all restrictions on internal travel were removed 2020.[71]

The COVID-19 pandemic has hit all economies around the world; and in particular poor countries like Sierra Leone. An assessment of the economic impact of COVID-19 on the country done by UNDP projects exports to decline by 53.8% compared to the initial projected growth rate of 28.1%, while imports are projected to drop by 8.3% compared to 4% initially projected.[72] The UNDP report project that as a result, the trade deficit will deteriorate to US$ 788 million from US$ 406 million projected. A fall in commodity prices will result in lower export earnings, and by extension lower GDP growth. The ratio of domestic revenue to total revenue and grants is also expected to fall.

At the household level and for the ordinary family, Food insecurity has risen sharply from 53.4% in August 2019 to 63 % in June 2020, according to the Emergency Food Security Monitoring System's report published by World Food Programme and Food and Agricultural Organisation.[73] The proportion of households adopting "emergency" measures increased from 14% in January 2020 to 20 % in June 2020.[74] The proportion of households spending over 65% of their household expenditure on food increased from 58.5% in January 2020 to 60% in June 2020.[75] As at July 2020, approximately 63% of the population (5.1 million people) in Sierra Leone were food insecure; which is 15% more compare to approximately 48% that were food insecure people (3.9 million) reported in January 2020.[76] Income and food insecurity have combined with a situation where the vast majority of the population do not have basic services including access to electricity and water supply.

Figure 5: Increase in poverty from selected food insecurity indicators

[71] The Ministry of Transport and Aviation and the Civil Aviation Authority. Press Statement by the Minister signed 17th July, 2020.

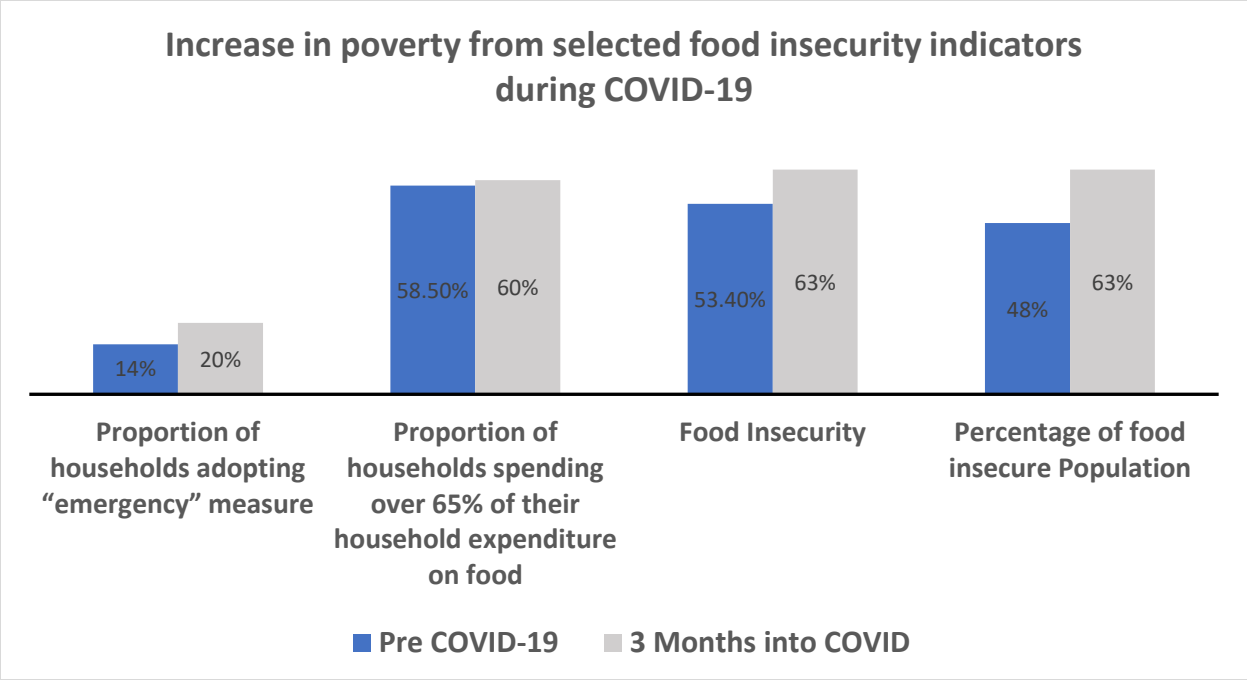
[72] UNDP. Assessment of the Socio-Economic Impact of COVID-19 in Sierra Leone. July 2020.

[73] UNDP. Assessment of the Socio-Economic Impact of COVID-19 in Sierra Leone. July 2020.

[74] Ibid.

[75] Ibid.

[76] Ibid.



Source: Figures from the UNDP's Assessment of the Socio-Economic Impact of COVID-19 in Sierra Leone. July 2020.

Like elsewhere in much of the West African sub-region, infection rates, hospitalization, and deaths in Sierra Leone have however, turned out to be very low. Sierra Leone, therefore, has not experienced any prolonged or strict lockdowns. Except for those directly impacted by restrictions on large gatherings and international travel, businesses have largely remained opened in the country; helping to ease the economic burden of COVID-19. Unlike the situation with the Ebola pandemic of 2013-2015, government with the support of the international community has been able to put or scale up various forms of social assistance schemes to ameliorate the food and household income insecurity. Beginning in first week of April 2020, when the first 3-day lockdown was announced up till October 2020, government through NaCSA had distributed tens of thousands of food packages that included a bag of rice and 20 litres of vegetable oil to vulnerable households around the country. Cash transfers were also made since the outbreak of the pandemic in the country.

COVID-19 will exert negative pressures on macro-economic variables that will extend to 2021 and even beyond; according to the UNDP.[77] According to a World Bank Sierra Leone Economic Update, COVID-19 is having a significant impact on the country's medium-term prospects; with the economy projected to contract by 2.3% to 4.0% in 2020.[78] Government projects that GDP is expected to record a negative growth rate in 2020 (- 3.1%).[79] The key parameter, GDP growth rate, is decelerating compared to the modest increase of previous years (since 2016/2017) particularly since the 5.1% growth rate in 2018/2019 was projected to decline to 4.2% before the advent of COVID 19.[80] Fiscal and current account deficit is

[77] UNDP. Assessment of the Socio-Economic Impact of COVID-19 in Sierra Leone. July 2020.
[78] World Bank Press Release No 2021/019AFR. 30 July, 2020.
[79] UNDP. Assessment of the Socio-Economic Impact of COVID-19 in Sierra Leone. July 2020.
[80] Ibid.

expected to increase significantly due to increased spending on crisis response. At the end of 2019, total government expenditure was projected to increase from 20.5% of GDP in 2019 to 21.5% of GDP in 2020. The revised estimate from the Supplementary Budget indicates that domestic revenue is projected to decline 17% from the 14.8% of GDP projected prior to COVID-19.[81] Consequently, a significant proportion of government expenditure will be financed by grants or loans; the concludes. Government total expenditure net lending is projected to further increase to 25.4% of GDP; to meet the increased costs of both the response and economic recovery. Accordingly, external debt is now projected to increase from 66% to 77% of GDP as a result of the pandemic.[82]

6.0 REDUCING INEQUALITY THROUGH POLICY AND POLITICAL ANCHORS

Extreme poverty in Sierra Leone is at several levels; including food, income, and livelihood insecurities, inadequate access to health care for most of the population, lack of housing, sanitation, education, and energy. The issues driving extreme poverty and inequality are equally multiple; as described earlier. Sierra Leone, however, can reduce inequality through the right mix of policies and political choices. A fundamental objective of governments everywhere is the development of human population; which invariably entails reducing poverty and inequality. What is always required as a fundamental pillar and foundation in meeting this objective is for Government to have relevant, purposive, and robust policy preparedness to ensure consistency, predictability, and comprehensiveness of the actions and investments towards reducing extreme poverty and inequality. In these regards, while many challenges remain to be addressed, overall, government policy orientation towards reducing inequality and extreme poverty is on the progressive path, as described hereafter.

The Existence of laid-out Policy Frameworks for Government's Inequality Reduction Obligations

The broad fundamental policy commitments on inequality reduction are already there. Key provisions in the country's 1991 Constitution, legislations and policy statements put obligations of government of Sierra Leone to invest in addressing poverty and inequality; including provisions for guarding the health, safety and welfare of all persons, care for the welfare of the aged, and promoting opportunities for adequate livelihoods.[83] The constitution affirms the right to education, eradication of illiteracy, and the promotion of adult literacy.[84]

Since 2002, the number of policies that have been adopted as fundamental frameworks for addressing inequality; include the 2007 Education Master Plan which commits government to achieve universal primary education, the National Water and Sanitation Policy, and the National Social Protection Policy. The National Social Security Policy adopted in March 2011 seeks specific outcomes and interventions including increasing access to health and education, expanding pilot social assistance programmes, providing transfers to increase the use of social services, providing homes and shelters to vulnerable groups.

[81] Ibid.
[82] Ibid.
[83] Section 8 of the 1991 constitution of Sierra Leone.
[84] Section 9 of the 1991 constitution of Sierra Leone.

In addition to broad policies, government has also, been setting specific poverty reduction targets through other official media. For instance, in 2014 Government announced strategy to expand social protection measures for the poorest and marginalized.[85] Government's overall goal under the pillar is "to strengthen the coverage and cost effectiveness of the social protection delivery system to ensure that the most poor and vulnerable in Sierra Leone are afforded an equal opportunity to access basic services and mitigate risks".[86]

A Promising Agenda for Tax Administration Reforms

As noted earlier in this report, Government is not currently able to delivery on all of the policy commitments regarding inequality reduction because monies raised from taxes are insufficient. Government, however, has a shopping list for improvements in revenue mobilization via the tax systems; which illustrates the depth of issues to contend. As short-term revenue mobilization measures under the MNDP, government plans to develop and implement a comprehensive, accurate, up-to-date, and reliable taxpayer database, explore the property tax potential to mobilize domestic revenues, expand the taxpayer base through the systematic use of third-party information to detect unregistered taxpayers, introduce electronic cash registers to improve Goods and Services Tax efficiency, enhance collection of income tax from professionals, enhance customs valuation, review and standardize the processing and clearance of transit goods, enhance the NRA's integrity mechanisms. Other measures include working to curtail abuse of tax incentives, recovering tax arrears from companies in tax liability, automating tax collection processes and procedures, automating domestic tax processes, enforcing tax compliance, strengthening tax investigation and prosecutorial processes, establishing a tax court under the Commercial Court of Sierra Leone, developing and enforcing transfer pricing provisions, rationalizing tax and duty waivers, and combating cross-border smuggling.[87] The implementation of these indicated activities were expected to raise the tax-to-GDP ratio. However, the severe economic effects of the Covid-19 pandemic risks undermining these efforts. More is therefore needed to ensure that the government has adequate funding to invest in inequality and poverty reduction. Among others, recent tax cuts introduced in the Finance Act 2020, chief among which is the reduction of the corporate income tax from 30 to 25%.[88]

A Promising emphasis on Service Delivery and expansion of Social Protection

In various national development plans since 2004, Government has consistently emphasized the reduction of poverty and inequality as the center piece of the country's development drive. Across all the national development plans to date; often called PRSPs, Government's development agenda has always contained human development, through increased and improved service delivery in health and education sectors. Equally, job creation and employment have been a core pillar these PRSP, or national development plan. The current MNDP 2019-2023, places the same emphasis on the said sectors as the fundamental pathways to reducing poverty. The FQSE, Free Healthcare Initiative, and increasing social protection are flagship programmes highlighting Government's progressive orientation towards reducing extreme poverty and inequality.

[85] Government Budget and Statement of Economic and Financial Policies for the Financial Year 2014
[86] Government of Sierra Leone. Poverty Reduction Strategy Paper - Agenda for Prosperity 2013-2018. Page 184.
[87] Government of Sierra Leone. Medium Term National Development Plan 2019-2023.
[88] Finance Act 2020.

As shown earlier, the COVID-19 pandemic has brought additional poverty burden in the country; both by increasing the households falling below the threshold for extreme poverty; and limiting the fiscal space for Government to fund inequality reduction programmes. As the World Bank urges, "to respond to the pandemic, it is important to focus on measures to save lives and livelihoods as part of the immediate response".[89] In the Government budget for the financial year 2021, Government acknowledges the need to specifically respond to the additional poverty burden on households through special programmes that will increase delivery of public services and expand social protection in the country.[90]

6.2 CITIZENS' VOICE AND ITS PROMISE FOR INEQUALITY REDUCTION AGENDA

The role citizens' social accountability actions play in ensuring good inequality policies and outcomes is increasingly been recognized around the world. Across the globe, various types of citizens collective platforms, including grassroots associations, professional bodies, international and national NGOs, are increasing lending voice to efforts at address inequality through advocacy and campaigns at local, national, and international levels. In Sierra Leone, Civil Society Organisations (CSOs) have been working over the years to promote accountability and demand increased and improved services in poverty addressing sectors such as health and education. In other areas that impact inequality reduction, CSOs have been doing advocacy for accountability and transparency around critical sources of government revenue; including tax and rents from the extractives industry; for the purposes of maximizing inflows that ultimately benefits public spending. Among some of the good outcomes of their social accountability works, CSOs for instance, were able to get government in 2014, to commit to a number of fiscal reforms that were meant to minimize duty waivers and tax concessions; and to promote transparency in the management of rents from the extractives sector.[91]

CSOs' social accountability work and outcomes so far demonstrate the potentials to drive inequality reduction agenda in Sierra Leone. Sierra Leone's commitment to end inequality has been receiving growing attention by Civil Society, and national and international non-governmental organisations; beginning with the consultative conference held in Freetown, in November 2016. The conference brought together over fifty CSOs, and International Non Organisations (INGOs) to discuss the report of a comparative study of the fiscal policies of Sierra Leone, Ghana and Bukinafaso. Among the key outputs of the consultative conference was the development and dissemination of a communique, which raised key concerns, and proffered action-oriented responses that local CSOs and INGOs could undertake to engage government to commit to more judicious mobilization and use of domestic revenues that focuses on poverty and inequality reduction in the country. A Steering Committee comprising of five organisations was thereafter, set up; as the building blocks to position CSOs and their INGO partners to be more forward looking and strategic, to champion advocacy to address inequality in Sierra Leone.

[89] World Bank Press Release No 2021/019AFR. 30 July, 2020.
[90] Government Budget and Statement of Economic and Financial Policies for the Financial Year 2021.

[91] Government's commitments on extractive industry revenue management were in the Sierra Leone Open Government Partnership National Action Plan 2014-2016; and the commitments on fiscal issues were in the 2016-2018 Sierra Leone Open Government Partnership National Action Plan 2016-2018.

Based on the findings of this study, being more forward-looking, and strategic in the context of Sierra Leone would mean that Civil Society agenda for addressing inequality include all the areas of systemic challenges. Firstly, Civil Society agenda to address inequality must include working to get government to maximise revenue inflows; protecting revenue loss from mining as a critical source of government revenue. A Civil Society agenda to address inequality must secondly, include involvement in government budget processes as the opportunity for influencing resource allocation and utilisation decisions in favour of priority inequality reducing sectors and programmes. Involvement in government budget processes would entail several activities including pre-budget analysis of poverty reduction sectors, engaging government on public the levels of public services and actual spending, and mainstreaming gender responsiveness. Thirdly, Civil Society inequality reduction activities should include addressing corruption; as a good opportunity for maximizing the outcomes of government spending. Finally, Civil Society work on inequality reduction in Sierra Leone in all the areas mentioned hereto, must build synergy of citizens' voices, connecting with grassroots local organizations, organizing at the national level, and securing space and participation at the global level with international organisations.

5.0 RECOMMENDATIONS: CRITICAL ACTIONS THAT HELP REDUCE INEQUALITY

Work to maximize tax returns from corporate mining activities

What Government should do: The taxes paid by large mining companies are going to remained crucial to the state's revenue generation capacity for the foreseeable future. Sierra Leone's economy depends hugely on extractives minerals. It makes sense therefore, to put priority on protecting and increasing tax rents from the sector. The issues causing loss of revenue from the mining sector around which valuable discussions have been held include transfer pricing, beneficiary ownership of companies, and inconsistent application of tax rules. Government should take concrete policy, legal and regulatory decisions on transfer pricing, beneficiary ownership of companies, and inconsistent application of tax rules; as the key measures for protecting and increasing rents from mining companies and industrial agricultural companies as critical revenue streams. At the same time, the government should reverse the recent reduction in corporate income tax from 30 to 25%.

Invest in improving the governance of extractive revenues. A key weakness in many developing countries' extractive resource governance is poor public accountability over government revenues raised and spent.[92] African Governments like Sierra Leone generally perform poorly in terms of budget transparency,[93] and these governments should invest in building capacity to manage and spend extractives revenues in a way that ensures economic growth benefits both current and future generations.

In particular: The Sierra Leone government should:

i. follow through on its commitment to create a specialised, well-funded transfer pricing unit to counter harmful tax avoidance tactics
ii. follow through on its commitment to formalisation of the artisanal (small-scale) mining sector by fully implementing the Artisanal Mining Policy for Sierra Leone[94] released in late 2018.
iii. Urgently reintroduce the 30% corporate income tax rate to mitigate the expected fall in revenue brought on by the Covid-19 pandemic

[92] Areszki, R., Hamilton, K. and Kazimov, K. (2011), Resource windfalls, macroeconomic stability and growth: the role of political institutions, IMF Working Paper, IMF

[93] African countries dominate the bottom half of the Open Budget Survey list which ranks governments in terms of their budget transparency. *(International Budget Partnership (2018), Open Budget Survey 2017)*

[94] Government of Sierra Leone (2018), Artisanal Mining Policy for Sierra Leone (http://www.nma.gov.sl/home/wp-content/uploads/2019/05/Artisanal-Mining-Policy-for-Sierra-Leone.pdf)

The Role for Civil Society: Discussions have been ignited within Civil Society over the past decade regarding the need to reform the systems for collecting tax and rents from mining companies, as a huge revenue stream for the country. The key issues causing loss of revenue from the mining sector as identified hereto, where invariably raised by Civil Society and NGOs. The role for Civil Society, including women's organizations, trade unions, and professional bodies now is to press government to bring legal and regulatory solutions to such issues.

> *Education is fundamental to development and growth. Access to education, which is a basic human right enshrined in the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child, is also a strategic development investment. The human mind makes possible all other development achievements, from health advances and agricultural innovation to infrastructure construction and private sector growth. For developing countries to reap these benefits fully—both by learning from the stock of global ideas and through innovation—they need to unleash the potential of the human mind. And there is no better tool for doing so than education.*
>
> *World Bank, Learning for All, Investing in People's Knowledge and Skills to Promote Development (Conference Edition), World Bank Group Education*

Make budgetary allocations to the health, education, and Social Protection sectors, consistent with international benchmarks

What Government should do: Government has made policy commitment in the existing national development plan, to prioritize human development through increased spending in the education, health and Social Protection sectors. There are key international frameworks that benchmark progressive spending in education, health and Social Protection; as the critical inequality reducing sectors. The Government of Sierra Leone participates in many of these; as guidance regarding public expenditures towards addressing inequality. Government has not met spending benchmarks for the critical inequality reducing over the past two decades; except in 2020 when allocation to the education sector comprised 21% of the total annual budget. Reaching this benchmark does not mean all is well, and there is an acute need for the government to focus on raising the quality of schooling provided, and make sure that every child has access to education that is truly free of charge. Government should ensure that it meets all the spending benchmarks in the international frameworks in which Sierra Leone participates.

A Role for Civil Society: Social accountability work by CSOs in Sierra Leone include activities that are focused on advocacy around the government's annual budget and statement of economic policies. CSOs review and analyse government's annual budget, in various dimensions, including inconsistencies in allocations, prioritized sectors, and revenue sources. Such work by CSOs should continue with a single focus on monitoring the extent to which government is making progress towards meeting international framework benchmarks for public spending on health, education, and social protection; as the critical areas for addressing inequality.

Ensure budget credibility in inequality sectors spending

What Government should do: Government should work to ensure that what is allocated in the annual budget to inequality reducing sectors; namely health, education and agriculture, is what gets to be actually

disbursed and spent. While Government has an obligation to meet international benchmarks for budgetary allocations to inequality reducing sectors, it is equally important that what is allocated is what gets to be spent.

A Role for Civil Society: CSO including, women's organizations, trade unions, and professional bodies should raise advocacy and pursue engagement with Government to ensure that what is allocated in the annual budget to the health, education and agriculture sectors as critical inequality reducing sectors, is what gets to be actually disbursed and spent. The Civil Society and NGOs coalition BAN is already doing work that periodically seeks to reveal the levels of discrepancies between what is allocated in the Government annual budget to various sectors and what gets to be actually spent. What is now required as additional layer of work around the government budget is specific focus on revealing discrepancies between what is allocated in the annual budget to the health, education, and agriculture budgets, and what gets to be actually spent; to illustrate the ramifications for inequality reduction; and use the evidence for engagement with Government for solutions.

Monitor and track spending around targeted inequality reduction public service to check corruption

What Government should do: In Sierra Leone, the spread of public services and social protection schemes, including free education, free healthcare Initiative, and cash transfers to vulnerable people, exposes poor people to multiple chances of encounters with corruption. Controlling corruption around these areas in particular, would have to be critical in any agenda for reducing inequality. Corruption at the last-mile service delivery level generally means that poor people are being short-changed in the quantity and quality of services earmarked for them. And it is at the service delivery level that corruption in Sierra Leone particularly, disturbs efforts to address poverty and inequality. A key challenge in the country is that there is currently a lack of mechanism in public financial management of for tracking last mile delivery of public services. Government should consider institutionalizing PETS, or any similar mechanism; with a focus on tracking post-expenditure, last mile delivery of public services so that intended beneficiaries are not short-changed.

A Role for Civil Society: At the moment, there is no mechanism within government or led by Civil Society track the last mile delivery of public services; particularly those that impact social protection, and address poverty and inequality. Some previous work by CSOs however, should be a pointer to what could be achieved. For instance, Health for All Coalition and BAN had in the past tracked how Local Councils were using money indicated for service delivery, by collecting data on school fees subsidy and child support funds; and forwarding findings to the Anti-Corruption Commission. In 2015, the Institute for Governance Reform (IGR) produced the Local Councils' Service Delivery Index; to show the levels of citizens satisfaction with the delivery of public services in their various localities.[95] While still calling on government to institutionalise PETS, CSOs can institute their own programmes, like the examples mentioned in the case of BAN and IGR, to periodically monitor and track post-expenditure, last mile delivery of public services so that intended beneficiaries are not short-changed; particularly in such inequality redressing sectors as education, health, and social protection.

[95] Institute for Governance Reform. 2015 Constituency Ranking in Health, Education, Water and Sanitation Services.

Increase Social Protection Coverage

What Government should do: In 2013 government asked the World Bank for additional studies work to guide the development of an improved social protection system.[96] This clearly suggest that opportunity for Civil Society to find space to contribute to the discussions, going forward. Already government has expressed that the institutional arrangement for delivering social protection needs to be rationalized, and made more efficient. A major work government should pursue towards reducing inequality would be to scale-up of the various existing social protection mechanisms. Essentially, the very small numbers of people on such schemes as pension scheme, Social Safety Net, and Social Assistance need to be raised; and sustained beyond reliance on the support of international development partners. A National Health Insurance Scheme should be rolled-out as a matter of priority, to add to the mix of social protection programmes in Sierra Leone.

A Role for Civil Society: Civil Society including women's organisations, trade unions, and professional bodies should take up advocacy to get government to commit to improving social protection; in particular through rationalizing the institutional arrangement for delivery, scaling up the size of the beneficiaries in all the existing schemes; and finally establishing the long-promised National Health Insurance Scheme.

Establish some form of employment guarantee or unemployment benefit scheme in Sierra Leone

What Government should do: There is no government policy currently that seeks to establish some form of employment guarantee or unemployment benefit scheme in Sierra Leone. While addressing other labor challenges over the long-run, Government should establish some form of employment guarantee or unemployment benefit scheme. Since 2012, 185 states have adopted the International Labour Organisation's Recommendation 202, on social protection floors which establishes that every country should offer access to healthcare and basic income for security for the unemployed, children, the elderly, and persons with disability. This policy basis at the international level should be the entry for Government to establish some form of employment guarantee or unemployment benefit scheme in Sierra Leone.

A Role for Civil Society: Civil Society including women's organisations, trade unions, and professional bodies should take up advocacy to get government to commit to establishing some form of employment guarantee or unemployment benefit scheme in Sierra Leone; and take concrete steps towards the ILO's Recommendation 202, on social protection floors which establishes that every country should offer access to healthcare and basic income for security for the unemployed, children, the elderly, and persons with disability. ILO's Recommendation 202 would be the policy basis at the international level for Civil Society to establish some form of employment guarantee or unemployment benefit scheme in Sierra Leone.

[96] World Bank. Sierra Leone Social Protection Assessment. Report number 78195-SL, June 14, 2013.

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