

# **Statebuilding in fragile situations – How can donors ‘do no harm’ and maximise their positive impact?**

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Country case study – Sierra Leone (May 2009)

Joint study by the London School of Economics and PricewaterhouseCoopers LLP

# List of abbreviations

BMZ	German Federal Ministry of Economic Cooperation and Development
CEU	Council of the European Union
CGG	Campaign for Good Governance
CPAP	Country Programme Action Plan
DACO	Development Assistance Coordination Office
DBS	Direct Budget Support
DFID	Department for International Development
GTZ	Gesellschaft für Technische Zusammenarbeit
IGAP	Improved Governance and Accountability Pact
NEPAD	African Peer-Review Mechanism
NRA	National Revenue Authority
PETS	Public Expenditure Tracking System
PFM	Public Function Management
PIU	Project Implementation Unit
PRSP	Poverty Reduction Strategy Paper
TA	Technical Assistance
ToR	Terms of Reference
UNDP	United Nations Development Programme

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# Introduction

## Objectives

The objectives of the field visit to Sierra Leone, one of the six country case studies conducted during phase 2 of the study, are defined by the terms of reference as follows:

- Collect relevant material (reports, evaluations, data etc.) and case examples to fill existing knowledge gaps and/or provide additional evidence, analysis and contextualisation;
- Consult national actors (state and civil society), development partners and donors to hear their views on the negative or positive role of development cooperation on state building and to consult on possible elements of OECD DAC guidance on state building;
- To organise a consultation workshop that brings together donor and partner country representatives to analyse problems and challenges and discuss specific recommendations; and
- To prepare a country case study with country-level recommendations on how to 'do no harm' and better support endogenous state building processes.

## Approach / process

This study was carried out jointly by Dr. Daniel Esser, *Columbia University* (New York City, USA) and Amadu Sidi Bah and Renée Zandvliet, *Campaign for Good Governance* (Freetown, Sierra Leone; hereafter referred to as CGG).

The international consultant first contacted CGG in July 2008 to recruit the organisation as the local research partner for this study. Mr Bah, the lead national consultant for Sierra Leone then began collecting reports and preparing invitation letters in August and September 2008. These letters were sent out in early October, and a total of 13 interviews could be scheduled at that point. Beginning in September, Mr Bah and Ms Zandvliet had also started setting up the workshop, for which they invited 35 potential participants. Support staff in CGG also conducted brief reviews of country reports (see *Annex 3*).

The visit of the international expert to Freetown took place from Monday, 13 October until Monday, 20 October 2008. Over the course of the following seven days, 13 interviews were carried out and one workshop was conducted, as per the *ToR* for this study. The workshop took place on 16 October 2008. It was attended by 23 stakeholders from a variety of sectors (see list of attendants in *Annex 2*). Civil society presence at this workshop was particularly remarkable, thus neatly balancing the relative focus on government officials, donors, and development partners during the individual and group interviews.

Following the departure of the international consultant, the CGG team conducted three additional interviews with a high-level government representative as well as the UNDP Country Team Director and the representative of a major multilateral agency. In total, 24 individual informants were thus interviewed for this study. *Annex 2* also provides an overview of those consulted.

## Particular challenges of state-building in the country

While the new Sierra Leonean government, elected in 2007, was clearly considered relatively more independent than its predecessor, the large majority of informants for this study emphasised that 'national ownership' of development planning in the sense of the Paris Declaration is not yet a reality in Sierra Leone. A general consensus among key informants was that national ownership had been sidelined by approaches of donors to dictate programme priorities and maintaining conditionalities for accessing bilateral and multilateral aid.

A directly related challenge arises from the recent history of democratic transition. While impressive at first glance, the record on elections has been more of a mixed bag. The 2002 presidential election held soon after the cessation of fighting is increasingly considered to have constituted an attempt by the international community to reinstate formal legitimacy rather than bringing about deep democratic reform. Even more so, the subsequent local government elections in 2004 were widely seen as premature, pushed at the expense of thorough political deliberation, information, and campaigning. The more recent national and local elections have been evaluated more positively, with national institutions playing a stronger role in its management, particularly during the largely peaceful transition of power.

In other areas of statebuilding, additional development challenges persist. The country's resource-based economy remains frail and unemployment is rife, particularly among young men. A closely related challenge is the lack of capacity of the business sector in terms of entrepreneurial activities. This is aggravated by a weak regulatory environment for supporting indigenous private sector development. It is also exacerbated by limited infrastructure outside the Western Area (the peninsula where the capital city Freetown is located) and restricted access to capital, again especially outside of the cities. Improving governance and supporting infrastructures for economic growth have emerged as salient issues in the policy discourses of donor interventions, but concrete steps have only recently been initiated and coordination is still lacking.

Basic services exist only in major towns, and even there provision is often patchy. Freetown has recently seen more reliable power supply, however at high costs to government coffers. Donors have so far only been able to commit to a piecemeal agenda in the area of service provision. Such individual interventions have been largely welcomed by the population, but the question of sustainability is pertinent, especially as both technical and managerial capabilities at the sub-national level require time to develop. The dominant perception is that there is no coherent strategy for transferring international skills to local counterparts in the absence of absorptive capacities within line ministries, which in turn is expected to jeopardize the internalization and consolidation of new structures and procedures implemented recently.

Asked about the degree of Sierra Leone's dependency on donor monies compared to national revenue, one of the informants working for the national government admitted that "we are yet to find that figure. [...]. At least for now, for this year, we [the National Revenue Authority; NRA] are about 27.1 per cent of the GDP. Five years ago that was 8.5 per cent. We tripled. And our projection for 2009 is going to add another 29 per cent on top; this is what we are projecting that we have to collect in 2009 [on top of the 27.1 per cent]." Indeed, difficulties in obtaining accurate and reliable data were remarkable, and complaints about their absence but the difficulty in accessing them were commonplace among all interviewees in all three sectors.

With an estimated 75 per cent of total resources per annum, technical support and directly donor-sponsored projects have been the key instruments through which international aid has been channelled, whereas financial support to government budgets remains limited. Informants also maintained that this approach has been largely supply-driven and that priorities have not been conceived systematically to respond to any governmental policies or practical needs of the state and the people. With the staggered inflow of donor resources and the steady increase of public expectations generated by significant pledges over the years, observers interviewed for this study saw this trend as a major threat to the impact of donor interventions in statebuilding in the long run.

With respect to state-society relations, civil society activity in the country has recently encountered a watershed. Already during the 11-year long civil war, non-state actors demonstrated remarkable ingenuity and ability to organise. In post-war Sierra Leone, a plethora of civil society organisations has been active in areas such as diverse as human rights education, reintegration of internally displaced persons, and capacity building among youths. This diversity had irritated some donors. A subsequent call for "more

homogeneity” and better organisation has in practice translated into moves that have at times caused rifts among different camps of non-state actors. Moreover, the establishment of an umbrella organisation through which donor funding for all “civil society” activity is supposed to be channelled was widely criticised. For donors, the prospect of working with hundreds of NGOs represents transaction costs that they simply cannot manage. While this is a legitimate position, donors themselves seldom know much about the political and social character of the organisations with which they are working. This case therefore illustrates how support to a diverse civil society without the imposition of preconceived expectations of “civil society” or complexity reduction remains a key challenge for donors in Sierra Leone.

# Findings

## Donors' impact on state-building: The macro perspective

In the following, we are outlining six separate but directly connected macro-level challenges confronting statebuilding in Sierra Leone. Sourcing extensively from interview transcripts as well as notes from the multi-stakeholder workshop, we pay particular attention to the roles, decisions and behaviour of donors and how these relate to strengthening state legitimacy and managing state-society relations. It is worth mentioning that in the case of Sierra Leone it is not possible to simply 'count' donor interventions in statebuilding because these have so far not been characterised as such. This is not to say that there has been no concern about the contributions of donor programs to statebuilding. By way of confirming the findings of our desk review of donor policies and programmes since 2002, we learned during our in-country interviews with DFID, the European Commission, the World Bank, and UNDP that a wide range of past interventions were *considered* by donor agencies as conducive to statebuilding in the country; however, this was due to their foci on essential functions and areas of state capacity and not because they follow a specific agenda for statebuilding.

### Strategic Trade-offs or Dilemmas

Five strategic dilemmas can be identified in the case of Sierra Leone. First, several international commentators criticized the quick fix approach allegedly adopted by donors in the post-war context, which impacts on the strength and scope of national ownership as propagated by the Paris Declaration. Donors were not seen to allow the government sufficient space and time to comment on prioritised policies. Some government officials have grown increasingly frustrated over the short-termism of donor agencies. In increasing interest within the national government in furthering South-South Cooperation appeared to be related to this frustration and the resulting hope that alternative international partners would provide a more levelled the playing field.

Second, it was felt that trade-offs existed between democratization, decentralisation and statebuilding in Sierra Leone. Local informants scolded the international community for creating "artificial levels" through the top-down process of creating local councils. We also heard suggestions that funding for post-war reconstruction had been somewhat dependent on donors' interest in whole-scale democratisation. While sound in both theory and principle, Sierra Leonean informants questioned whether the rapid reinstatement of *de jure* local democracy in the aftermath of the conflict led to *de facto* democratic practice. The problematic merger of tribal structures with local offices—a *déjà vu* from colonial times—the lack of experience among the populace in democratic practices (addressed by some donor agencies through day-long political education sessions) and the tension between local clientilism and the liberal agenda furthered by international agencies were among the most cited reasons for this apparent disconnect.

Third, with DFID being the lead agency in the country, the success of *go-it-alone* programs such as in the case of the reform of the security sector in Sierra Leone somewhat called into question whether a multi-donor approach to statebuilding really is the optimal configuration for supporting statebuilding processes from outside. In small country such as Sierra Leone, a single agency can have a significant positive impact if the scope of the program is well-defined and country level partners are fully involved in and committed to the reform agenda. Moreover, respondents to our interviews emphasised that dealing with one donor only was advantageous not only because of relatively easier communication and coordination but also because country level partners felt less overpowered.

Fourth, donors active in the field of statebuilding have been grappling with engaging constructively with civil society organisations. Initial approaches targeting a largely misconceived 'reconstruction from scratch' is slowly given way to the acknowledgement of existing non-state initiatives in the country. At the same time, a recent move to create a gatekeeper organisation, officially designed as a *primus inter pares*, has drawn severe criticism from several major civil society actors. Donors are thus still struggling in their attempts to strengthen both sides of the state-society equation.

Fifth and finally, the widely shared insight that interpersonal violence in Sierra Leone during the 1990s was mainly due to an absence of socio-economic opportunities has so far not translated into large-scale effective support programs to build a productive economy in the country. Building a capable state requires a bolder effort by the donor community to induce employment generating economic activity at a larger scale instead of uncoordinated piecemeal interventions. Seemingly out of a concern about young males as potential agents of renewed violence, technical apprenticeship schemes have targeted provincial centres and the diamond mining areas in the country's east. From a security perspective, this focus seems justified. However, Sierra Leonean informants repeatedly stressed the need for strengthening business associations, supporting rural cooperatives, and providing training for urban entrepreneurship. Recent research into economic development priorities spearheaded by the main multilateral development bank in the country should therefore be given the full attention by all donor agencies.

### Political processes: Donor impact on political settlements

Dominated by DFID, the landscape of donor organisations in Sierra Leone is relatively limited, especially with respect to bilateral donors. Only USAID, JICA and German KFW maintain considerable budgets for the country. In the multilateral arena, the European Commission plays an important role, as does the World Bank and the African Development Fund. UNDP has also financed a wide range of project, and its relative significance is likely to increase further given its UN leadership role in the aftermath of the UNIOSIL mission. Important development partners include German GTZ, Irish Aid, CARE International, and many other international NGOs. Nonetheless, both historically and in the present the British government has played the key role in defining political priorities for the country.

Criticism was raised among Sierra Leonean government officials over the 'kitchen cabinet' approach of donors to managing donor-government relations. The overarching perception was that reforms in Sierra Leone remain largely donor driven (with the recent Civil Service reform constituting an important outlier). At the same time and as in the other case study countries for this report, there was a general sentiment that donor agencies' knowledge of local dynamics and politics is not deep enough. For instance, the uneasy inclusion of Paramount Chiefs in local political structures has regularly fuelled conflicts of authority and distribution between tribal and formal institutions of governance outside the major urban centres.

Yet despite the criticism of the process in which *local* democracy in the country has been revived after the cessation of fighting in 2001, especially the second post-war presidential election is an example of largely peaceful political contestation. Contrary to the first presidential elections when the international community expressed a clear preference to reinstate the candidate who had already been elected in 1996 but then had to flee the country shortly after, the election of President Ernest Bai Koroma in 2007 was widely considered a truly democratic transition which would have been impossible without the dedicated support of donor agencies.

### State-society relations

The research for this report revealed that donor agencies were seen as increasingly recognizing and supporting issues which civil society organisations in the country cared about, in particular human rights-related concerns. Donors were also credited for creating spaces of participation and public expression for citizens, exemplified by vociferous political debates on radio stations and other public fora. Where state entities and non-state interests could meet and negotiate priorities. However, while progress had been made in this area and donors were seen to have played a positive role in this process, Sierra Leonean respondents to this research emphasised that donors could play an even more active role in this context.

Attendants of the workshop conducted for this report also welcomed that donor agencies had facilitated and supported the involvement of faith-based organisations, especially the Inter-religious Council, as main contributors to peace building. Synergies among civil society actors were also pointed out, such as

between the Elections Coordinating Committee and the National Elections Watch, and the support from DFID received by the latter was pointed out as a positive example.

At the same time, the question arose whether donors' desire to have civil society in Sierra Leone "speak with one voice"—while well intended—was actually harmful. Donors' rationale centred on making interventions more efficient since it was "difficult to capture the voice of civil society" due to what was considered a high degree of fragmentation and the lack of an umbrella organisation. Donor representatives pointed out that civil society actors would often find it difficult to appreciate that long planning cycles and multi-year programmes would not deliver immediately. However, interviewees from the civil society side pointed to a trade-off between efficiency and effectiveness in the sense that the diversity of civil society in the country was precisely one of its strengths. In particular, the move by one donor organisation to try to streamline civil society through creation of a gatekeeper organisation with decision-making power over non-state sector funding drew heavy criticism. Apart from equity concerns, the experience highlighted a confusion also observed in other case study countries for this study. An NGO regulating of the civil society sector implicitly lumps donor-initiated non-governmental organisations together with indigenous business associations, trade unions, farmer organisations, and neighbourhood level initiatives. Yet the two categories are distinct. Indeed, professional associations as well as socio-cultural and inter-religious organisations have a long history in Sierra Leone, and trying to 'homogenise' them into one strategic partner appears conceptually questionable as well as locally unwanted.

### State legitimacy

Several participants in the workshop emphasised that the "democracy project" driven by donors was "quite laudable" in general. Participants pointed to the enlargement of the "political space", especially in local governance, as well as the institutional capacity reform project and the creation of 19 local councils as major advances in this area. Indeed, in subsequent interviews during which respondents were asked specifically about the degree and breadth of consultation, it was pointed out that the latter had not been optimal, but that the very commitment to consultation already constituted a step forward.

At the same time, in interviews with non-state actors the need to further strengthen state legitimacy and facilitate dialogue was pointed out repeatedly. The PRSP was considered a powerful tool in this context; however, it was questioned whether this was somehow the 'price' the donors were willing to pay in order to use the PRSP as a global instrument. For instance, one interviewee argued that the "complete alignment of all measures to the PRSP is preventing people's ingenuity." Also, the PRSP was characterised as a donor driven strategy imposing liberal discourses on local institutions. While creating opportunities the dialogue, this dialogue was seen to be framed by a limited range of policy options endorsed by major development agencies.

There also was a perception that a one-size-fits-all approach had been applied to the decentralization process executed in 2004, and traditional structures had regularly been ignored in the process. One donor representative considered it a "prime example of where donors in Sierra Leone have done harm. It was implemented early after the war and it not necessarily 'fits' with existing structures and is hindering the delivery of services in the provinces."

On a positive note, the case of Sierra Leone demonstrates that donors can make a decisive contribution to national as well as human security, which has obvious positive ramifications for the legitimacy of state institutions. According to several informants interviewed for this report, a holistic approach coupled with a conceptual move from a narrow definition of army and police performance toward contributing to enhancing welfare through security provision lie at the core of this success.

### Social expectations of the state

At the core of the discussion on donors' role in governance was the question of how to manage citizens' expectations. The call for a government that is more visible in service provision was clearly audible, which also serves to highlight the political risk embedded in service delivery policies and practices in the country. "Sierra Leoneans have extremely high expectations of the state," one government official explained. Major donor agencies themselves expressed concerns about their role in creating or furthering potentially unrealistic expectations of state performance among the voting population.

The key challenge here seems to lie in the persistence of tribal structures outside the major urban centres and resultant limitations in terms of realistic expectations of what a central state and its local entities can

reasonably be expected to deliver in an impoverished context. It is crucial to point out that most citizens' experience with the state outside of Freetown is through their chief. Under additional pressure to legitimise their leadership not only as tribal but also democratic authorities, it is all too understandable that the latter tend to overpromise (and subsequently underdeliver).

In addition, the launching events of new policies and projects were singled out as contributing to the creation of related tensions, as well as an underdeveloped "press culture in Sierra Leone" and a lack of professionalism in this sub-sector.<sup>1</sup> In response, interviewees from different donor agencies underlined that the flow of information to be optimised. This perception "to communicate better" was shared by senior government officials.

With respect to creating legitimacy through due process, a large scale justice development project run by UNDP and focusing on access to justice was mentioned favourably several times, although concerns were raised to what extent the agency was fully committed, in this context, to long-term capacity building within the ministry and its sub-national entities. Other areas in which donors were seen to have made positive contributions were energy (mini-electrical power projects by JICA) and physical infrastructure, with the latter being a national priority and citizens apparently giving the central government credit for making visible progress in this area.

### **Managing trade-offs in aid delivery mechanisms**

A key dilemma that emerged during the research was the need for stable long-term planning while simultaneously having to secure short-term successes in order to bolster the legitimacy of both government and donors. This challenge was rendered even more acute given the extremely low managerial and technical capacities of entities of the state below the national level, and in some cases also among government ministries. Respondents explained that in the aftermath of 2001, the country had practically been run by the United Nations peacekeeping mission. Especially during the transition phase, capacity development had not received the attention necessary to ensure the transmission of managerial, budgetary and administrative functions from international to national and subnational bodies.

In one of the starkest critiques aired during interviews for this study, a senior staff member of an international development organisation doubted whether there was any actual concept for statebuilding among the donor community in Sierra Leone. He argued that all in agencies stuck to their own systems and procedures and at the result was that donors were "all over the place. [...] Our inefficiency is covered up because we're working with a partner that is more inefficient." He illustrated this critique by pointing out that "even within the UN system there is no existing overview of all ongoing UN programs," concluding that donors were "failing in this country."

As already noted above, Sierra Leonean respondents also strongly felt that donors' claim that the PRSP had ensured thorough consultation with national stakeholders was largely unfounded. Instead, indirect aid delivery either through existing nongovernmental architectures or through the creation of a dual sector remained the primary channel through which international assistance was made available, and related challenges are explored in the following sections.

## **Mix of aid instruments and the challenge of getting aid "on budget"**

### **Aid outside the state: Creating a 'dual public sector'?**

Even though it was widely acknowledged that donor organisations increasingly understood the need to work through the state, several respondents felt that the challenge of a dual sector was still very much present in Sierra Leone. One government official, for instance, pointed to "parallel and multiple

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<sup>1</sup> For instance, allegations uttered in the print media of politically motivated appointments in the wake of recent political changes at the national level were not considered to carry any merit by the informants. Several of them pointed out that such rotation was common practice in more consolidated democracies as well and that the need to remove 'dead wood' in most government institutions was very real.

coordination mechanisms in place” and pointed out that there was no central coordination despite of the existence of a donor funded coordination body, the Development Assistance Coordination Office (DACO). In our interviews, DACO officials confirmed that there was a lack of complete data from donor organisations as well as no solid mandate to ensure that international funding data were made available to the office in a timely manner. Another informant underlined how “striking” the extent was to which international organisations in Sierra Leone “impose parallel structures. We create commissions, organs etcetera.” The example of the Ministry of Justice was cited which, it was said, had been suffering from serious duplication of efforts. The root cause for this persistence of a dual structure was perceived to be lying in the relatively weak position of the government in relation to major donor organisations. As one informant pointed out, this disconnect may even *widen* amid gradually increasing government capacity, a scenario in which both donors and the national government would be “doing their own thing.”

However, several informants also saw the need to defend donor organisations in this context, especially since donors were seen to apply pressure for reform. In addition, multi-donor trust funds—most of them managed by the World Bank— as well as direct support to government budget (DBS) were singled out as relatively successful and appreciated modalities of administering donor funding. At the other end of the continuum, government officials criticised the rigid tendency of especially one large bilateral donor agency to approach communities directly and only through NGO based in the same country, often without any consultation with government entities.

### Technical assistance and state-building

The research gathered evidence that short-‘termism’ among donors with regard to capacity development was slowly undergoing change. Efforts in resourcing capacity enhancement were increasingly marked by predictable timeframes. “The problem that short-term often works short-term – and fails only long-term,” as one respondent put it, was acknowledged. The European Commission was singled out as a good example of a partner that focused on the long term. This move seemed to have dovetailed with positive experiences in the recent past, such as when the 2007 Good Procurement Act and the Public Financial Management and Public Expenditure Tracking programs were implemented to the satisfaction of both donor agencies and national partners.

However, our research also unveiled a real concern among civil society actors that government was trying to “buy legitimacy” by accepting donor monies for technical assistance (TA) projects, in order to be seen as responsive to perceived citizens’ needs. This was regarded critically because of a persistent lack of knowledge about actual preferences among citizens. Respondents from civil society in particular felt that the national government largely followed international trends in development and governance, partly in response to what they perceived as the ‘winning horses’ in donor discourses.

Moreover, once TA had arrived on-site, there were few attempts to evaluate performance. Some donors would informally ask government officials for a review but often there was no clear evaluatory process in place. One important exception was the Sierra Leonean National Revenue Authority; while staff had not been consulted on the choice of the advisor they nonetheless felt that they were taken seriously during the subsequent cooperation.

This raises the contentious question of sustainability. According to the informants of the study, the practice of rotating experts in and out of the country continued. This problem was exacerbated by a continuing reliance on international rather than national experts from the diaspora community. Where local organisations were involved, one respondent lamented that “a couple of NGOs are cherry-picked at central level; donors are not reaching out beyond Freetown, they have been focusing on a couple of entities that speak their language. [...] Consultations by donors with local NGOs are mainly to rubber stamp projects. It is a farcical exercise.”

Furthermore, the extent of bureaucracy involved in accessing funding for concrete projects was subject to criticism. Commenting on the UN Peacebuilding Fund, a senior government official complained that the donors set the rules and the procedures, extending to “even things like furniture for the office.” Similarly, during the workshop a participant lamented that support for admin costs in Freetown proper were often higher than what could be spent on actual needs of the population, a problem that was exacerbated by the lower level of transparency in field operations.

## Donors' impact on employment and skilled labour market

Several interviewees for the study emphasised the need to harmonise payment policies for state officials. The national civil service was not seen to offer a competitive remuneration, according to several development partners in the country, and all but one informant linked this to the arrival of the international post-war recovery machinery. A scheme piloted by DFID for allowances for recruitment was only temporary. Referring to the much-criticized Project Implementation Units (PIUs)—donor-created entities embedded in ministries and other executive bodies of the government architecture operating with the aim of circumventing the capacity gap—one senior government official argued that related policies had not been helpful. Even though Sierra Leoneans had been hired for these positions, steep increases in monthly paycheques made it almost impossible to subsequently integrate these specialised staff members into a national pay structure.

Similarly, an informant working for one of the key line ministries explained that in some of its departments, “all professionals are paid by donors. Initially the idea was to bring in local consultants and local staff, but in reality virtually all consultants became operational staff. There were thus operational, instead of providing a transfer of skills.” This particular ministry was not the only one marked by such duality. Also in the Ministry of Justice, funding for government staff was found to be limited; making it impossible to recruit public prosecutors who would prefer working for international NGOs.

However, here as well it is important to credit donors for increasingly noticing this challenge. It was pointed out repeatedly that donors had realised that the topping up of salaries, the recruitment of talented well educated local staff and the short-term import of international consultants had distorting effects on the local labour market. One interviewee from within the donor community pointed to a vicious cycle which impeded statebuilding; paying large amounts of money to international consultants was considered a waste of international resources but in order to be able to implement at least selected projects, the recourse to international experience appeared necessary.

## Functions of the state

### Security capacities in fragile states

Security parameters were decisive in affecting the divergent trajectories of democratic transition. In Sierra Leone, a small contingent of British forces numbering less than 500 was able to ensure a decisive shift in the balance of military power. A ban placed on the international trade of diamonds from Sierra Leone and neighbouring Liberia reduced the incentive for armed rivals to the state to keep fighting, effectively reducing the possibilities of “exit” from the political process. This drastically reduced the role of potential spoilers of a future transition process.

Also in the aftermath of armed fighting, Sierra Leone is widely considered a success story with respect to security matters due to a comprehensive security sector reform. The Armed Forces have been downsized and the capacity of the national police force has been enhanced, with the most recent elections in 2007 and 2008 constituting a successful Litmus test. Closely related achievements in this area have been the depoliticization of the armed forces as well as the institutionalization of oversight mechanisms, both of which have contributed to consolidating democratic decision-making in the country, according to several informants to the study. Police capacity, an area in which the former UN mission to the country was active, had also increased, progress exemplified by the remarkably effective handling of national and local elections. Indeed, the revised national security agenda of Sierra Leone displays a remarkably progressive understanding of threats to peace and security in the country, emphasising the persistent lack of human security over regional threats, in terms of interstate war. This is particularly timely as anecdotal evidence points to increasing incidents of urban crime in the country.

Workshop participants pointed out that DFID, the leading international agency in security-related issues had been very effective in capacitating the sector and giving full responsibility to national bodies. This creation of “real structures” that allowed for sufficient internal reform resulted in donors now feeling comfortable with working with security providers in the country. Moreover, DFID was given credit for promoting a holistic approach to ensuring security (e.g., prisons, army, and border control by community level organisations) and encouraging a conceptual move from a narrow definition of police performance

toward contributing to enhancing welfare through security provision.

Persisting challenges in the area of security were seen to lie in the global competition for security-related funding by international agencies. “Sierra Leone is competing with Afghanistan” in this regard, as one interviewee put it. Asked whether Sierra Leone could eventually use its own experience in security sector reform as an export product on the global policy market, one of the key informants to the study cautiously agreed but also reiterated that even in countries in the same region, different bilateral donor leadership and resulting national priorities limited policy transfer and regional learning initiatives.

### **Rule of law and access to justice**

The third function of the state included in this report, the rule of law in Sierra Leone received generally positive reviews as well. Advances highlighted during the study included the strengthening of the Human Rights Commission and the Child Protection Act. Informants also pointed out that women's rights and women's participation in legal matters had increased and credited donors for putting this issue on the policy agenda. A large scale justice development project run by UNDP and focusing on access to justice was equally mentioned favourably several times, although concerns were raised to what extent the agency was fully committed, in this context, to long-term capacity building within the ministry and its sub-national entities.

Conversely, the legal area that drew most criticism in Sierra Leone was donors' approach to transitional justice and especially their adherence to blueprint solutions following an alleged theme of “what has worked in Guatemala should also work in Sierra Leone”. Informants who commented on this area pointed out that donors had pushed for reconciliation at a point when especially rural communities would have been more sympathetic to a long-term approach to reconciliation and integration of local perpetrators.

### **Taxation**

With respect to domestic resource mobilization, informants from all sectors pointed to steps in the right direction. The successes in transforming the security sector in the country have had positive repercussions on state control over customs and internal trade. Donors' direct role (DFID was mentioned particularly often) in nudging and executing reforms in the area of revenue collection has also been paramount. A practice of fund matching while simultaneously encouraging and strengthening revenue collection was perceived to be an effective approach. Another positive example that respondents mentioned was the recent computerization of customs. It is noteworthy that this particular measure has had particular leverage. With custom duties paid on merchandising perishable corridor like rice and flour being the main sources of revenue for the state, the government's fiscal space has been enlarged significantly. A newly introduced Goods and Services Tax is supposed to be introduced in 2009, which can be expected to strengthen revenue flows further.

At the same time, the gap between revenue potential and actual revenues raised was hard to determine. Not a single respondent was able to pinpoint the benchmark figure. Rather, in interviewee at the NRA explained that setting benchmarks was an iterative process driven by the International Monetary Fund and the Ministry of Finance which generated rough estimates that would then serve as targets for the revenue collecting departments during the fiscal year.

Foreign businesses are taxed in Sierra Leone; however diplomats, foreign missions, and both local and international NGOs are not taxed. NGOs only pay flat rate service fees of 500,000 Leones [less than 200 dollars] per confinement of goods brought into the country.

Still, especially during the workshop, several civil society representatives pointed out that civil society had weak knowledge of national budget components. One participant also pointed out that the findings of a recent study on the Public Expenditure Tracking System (PETS) had not been implemented, which in his view served as an example of suboptimal oversight and monitoring on the part of donors in this area.

### **State capacity to manage economic development and the environment**

Several informants to the study pointed out that there was no consultation process leading to a national agenda for economic development. It was argued that the “national agenda [was] lost” in the process. The PRSP was considered useful for social inclusion purposes, but not for economic development as its

provisions for strengthening private sector activity were not seen as sufficient.<sup>2</sup> Micro-credit provision by international agencies was provided as an example how entrepreneurial activity could be fostered; however, an interviewee working for one of the donor organisations also emphasized that while some programs had already been launched, they were a largely uncoordinated and “not pulled into a strategic framework. [...] The tendency still is for individual donors to have their own agendas and to push these. That is definitely one of the big challenges, the coordination of private sector development.” Actual funding to the private sector was unknown and indicative figures could not be obtained.

One of the informants even argued that economic development was an area where donors had actually done harm. Instead of nurturing investment in the country and boosting productive capacity, the focus had been set on short-term services and supporting micro enterprises. Conversely, direct support for manufacturing sectors was considered out of the question. In essence, the focus on social service delivery was not seen as being balanced sufficiently with resources flowing into economic development.

The lack of entrepreneurship was widely acknowledged. A senior official in one of the key ministries explained the challenges of macroeconomic stabilization by pointing to five key constraints. These, he argued, lent themselves to donor intervention to varying degrees. The first area which had received little support was physical infrastructure, and interviews with donors confirmed that this was not seen as a priority. A second area, access to and cost of finance had recently received more attention. This was crucial as only two per cent of Sierra Leoneans were estimated to have access to bank accounts, and even those did not necessarily have access to credit. Even though competition in the banking sector had picked up due to the entry of several Nigerian banking institutions, interest rates had not decreased. This was attributed to the low quality of entrepreneurial activity in the country and limited managerial skills rather than a track record of law repayment rates. Furthermore, business associations and the Chamber of Commerce were both suffering from limited capacity and a lack of executable policies. Moreover, it was pointed out that too many licenses were issued with the purpose of strengthening local revenue generation. Yet this strategy also produced a negative side-effect in that it fuelled hyper-competition among struggling micro-entrepreneurs.

Third, the informant also pointed to the hierarchical culture in Sierra Leone, especially with regard to age and gender, which appeared to pose another challenge but understandably was not considered an area which donors could gain much traction beyond providing more targeted support for entrepreneurship training. Far more conducive to international intervention is the current structure and legal regulation of land ownership. The national government increasingly recognises the problem and tries to assume an intermediary role through the Commercial Use of Land Act. Similarly, paramount chiefs were said to appreciate more productive use of land but they were not considered willing to reverse the established system of hierarchical inheritance. Moreover, although a property registration system was implemented in the Western area, according to informants it is subject to corruption and mismanagement.

Fifth, both this informant and a respondent in one of the multilateral agencies acknowledged that the most important value chains in the country (agricultural production and mining) were broken. Because rural producers were trapped in subsistence farming and infrastructure was insufficient, market coordination failures prevented any significant upscaling of agricultural entrepreneurship. It seems important to mention in this context that particularly among international advisers, agricultural cooperatives were not considered a way forward. At the same time, agricultural cooperatives were characterized by several civil society leaders as potentially powerful entities to combine objectives of increasing social cohesion, especially in previously uprooted rural communities, with the provision of basic incomes. Finally with respect to mining, concessions given to international companies were under review, but until the central government is successfully renegotiating these contracts, only a fraction of the end products' value benefits the national economy.

### Assistance to service delivery

Governance reform programs supported by donor organisations with a focus on enabling the civil service to deliver basic services received largely positive responses. For instance, interventions in public sector financial management were lauded as successful examples of reducing a widespread perception of

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<sup>2</sup> The Development Assistance Coordination Office (DACO) is coordinating the implementation of the PRS. One of its staff pointed out that the development phase of the second PRS contained different rounds of consultations with regional, local groups, women's groups, local councilors and civil society organisations.

corruption among the population. Similarly, the strengthening of the Anti-Corruption Commission was mentioned as a positive example, which is particularly noteworthy because it had reportedly been pushed by the national government and not a donor agency. National respondents explicitly acknowledged that reforming public institutions was challenging both procedurally and politically.

At the same time, interviewees criticized that the support by donors was still conditioned, thus limiting manoeuvring space of the government. “Whoever pays the piper plays the tune,” was one way of putting this reality. Both in an interview and during the workshop, it was mentioned that donors’ “terms of reference” for ensuring basic service delivery were often not clear, referring not to the actual terms of reference but to underlying intentions and strategies. Publicly available documents were not seen to be entirely representations of donors’ ‘true’ priorities. A lack of monitoring of funds spent on public sector reform projects was highlighted as well.

# Conclusions and recommendations

## Conclusions

1. Conceptually, statebuilding is widely reflected in donor activities in Sierra Leone. Yet this has been more of a deductive process in which the majority of development interventions in political structures, economic recovery and non-state activities are read or reinterpreted as implicit contributions to statebuilding *ex post facto*. Doubts remain as to whether there would courses, though often well understood, inform targeted strategies for the country
2. The research unveiled that current expectations with respect to what the state can deliver to its citizens among the populace as well as donor agencies may not only be unrealistic given technical, managerial and administrative limitations among government entities, but equally so with respect to financial and coordination-related limitations among donor agencies. Workshop participants agreed that a better sense of what donors can *actually* do, and what lies beyond their reach, would be helpful not only in the context of communication between donors and government, but also with respect to facilitating cooperation between donor agencies and civil society. Similarly, donors expressed serious concern about their position and the fact that they constituted an easy scapegoat if specific programs or projects took longer to implement or were seen to produce sub-optimal results.
3. The study also highlighted a structural issue that relates to the challenge of donors' positions with respect to the national government. Donor agencies felt that in the Sierra Leonean context, assuming and maintaining a politically neutral position was difficult, especially given the recent change in government and a subsequent rotation of senior and mid-level civil servants.
4. With respect to aid delivery, it seems clear that the past practice of channelling over 70 per cent of donor aid through NGOs rather than governmental channels is now widely discredited. Not only donor representatives but also senior level government staff acknowledged the need for more integrated aid management that delivers on both procedural and result-oriented objectives as part of the agenda of rebuilding the state.
5. One area in which respondents across sectors urged donors to become more active was private sector development. Here, direct financial support a government was not considered the most effective modality; rather, support in the form of long-term capacity development schemes should be awarded to civil society organisations, including economic associations and labour unions.
6. An additional broader insight is the realization that success stories can indeed coexist with interventions that are widely considered misconceived or ineffective. A donor agency which is being given credit for an activity in one sector may not necessarily be able to carry this performance over to work in other sectors. However, it still seems that the sectoral focus tends to be a more promising strategy for individual donors than a "little bit of everything" approach.
7. The expedited imposition of democratic structures may create a layer of superficial legitimacy of elected governments; yet underlying governance structures and in particular the fictions between modern and traditional ways of governing are sticky and condition the outcomes of donor-sponsored institutional reform.
8. In addition, the study identified a real dilemma between the need for speedy impacts while also ensuring longer project cycles and funding commitments. Here, shifting most of the blame to the donors is clearly unwarranted, especially in light of the continuing capacity shortages among

national and sub-national entities in Sierra Leone.

9. Despite the creation and championing of development assistance monitoring institutions and organisations, availability of data remains limited. This is caused not only by a persistent lack of coordination among donors, which in turn is due to sometimes competing bilateral strategies and foreign policy objectives, but also by the plethora of non-governmental organisations posing, or indeed acting, as development partners for international agencies.
10. The study also confirmed the pivotal role of civil society but only as a watchdog of governmental activity but also as an important provider of content to policy formulation and implementation. The logical next step would be to capacity to the society to monitor donors as well, rather than donor is pushing civil society into a monolithic direction in order to ensure cost-effective consultation, especially in the context of formulating overarching national agendas.
11. Finally, the lack of a national development plan that is truly owned by Sierra Leoneans has been pointed to frequently over the course of the study. It is clear that this would only in part be complementary to the donor-managed PRSP; ultimately it would replace the latter. In a sense, the desire across state and non-state actors for such an indigenous framework is encouraging. Yet the question remains how donors, who are likely going to remain the main sources of financial resources over the next five years and beyond, will buy into and operationalise this locally driven approach to statebuilding.

## Country-specific recommendations

### Donors' impact on state-building: The macro perspective

- **Move from supply-driven to demand-driven funding.**
  - This requires a translation of the Paris Declaration and African Peer-Review Mechanism (NEPAD) into development practice in order to enable collective agenda-setting and to supersede donors' dominance in defining priorities. True partnership is possible only if donor agencies are willing to adjust timeframes and funding cycles to the political dynamics within the recipient country
  - Specifically in Sierra Leone, donors are called upon to make prioritisation processes more transparent and also to question critically some agencies' common practice of belittling so-called government partners.
  - At the general level, this implies a process of thorough rethinking of relationships between donor agencies and government entities in light of the power imbalance created by the different roles of supplying and demanding financial resources and technical support.
- **Expand public participation in development planning** not only during the formulation phase but crucially also as cornerstones of monitoring evaluation.
  - In Sierra Leone, PRSP focal persons in local councils are crucial links and their mandate needs to be expanded to include validation of the PRSP and other monitoring functions.
  - This also suggests broadening participation of non-state actors in the Development Partners Committee as well as looking into revitalizing the Inter-Agency Forum as an interface between the donor 'community' and civil society at the district level.
  - The broadening of public participation equally requires a thorough review of how existing political structures relate to youths, ideally leading to a compact between local leaders, local government representatives, and ideally the business community to implement concrete measures to tackle both rural and urban youth unemployment.
  - Annual assessment meetings of civil society could be planned to provide a constructive platform for reviewing performance of political entities based on their party manifestos, but also donors' performance based on their country strategies.

- Identify concrete areas in which a ***nationally driven development plan*** could be developed under national leadership.
  - Conduct a thorough feasibility study of a possible joint needs assessment in specific sectors involving businesses, civil society representatives, those representing more traditional governance structures, and national entities at different levels.
  - Conduct a spatial study of where development projects and programmes have had most and least impact so far, in order to address sub-national discrepancies and to create a basis for national cohesion-building and reconciliation.

### Mix of aid instruments and the challenge of getting aid “on budget”

- ***Implement an aid policy*** for better aid coordination.
  - The policy should focus on putting in place a regulatory system to ensure effectiveness, working towards minimum conditionality, as well as developing and implementing systems and incentives for better information sharing.
- Help translate cooperation and understanding at high level (between main donors and senior government representatives) into ***cooperation and understanding at the operational level*** instead of tolerating destructive competition.
  - Review Chiefdom Governance Act. Especially at the district level, frictions between newly democratised and traditional structures of governance need to be reconciled.
- ***Pilot a “radical sector approach”***
  - In conjunction with a newly defined development strategy (see recommendations within research theme one, above), this implies that projects be developed by government only. Donors can then choose those they wish to fund, not the other way round. Only projects in line with general government strategy should be able to receive donor support.
- ***Continue support to civil society*** but acknowledge and appreciate diversity.
  - Improve coordination of NGOs in southern areas, possibly in cooperation with SLANGO.
- Increase indirect ***resources for economic recovery*** and ***harmonise support*** for private sector development.
  - Shift from vocational training and basic skill development to fostering entrepreneurship and facilitating access to capital.
  - Look into setting up a trust fund for private sector development in Sierra Leone.

### Functions of the state

- Continue supporting ***revenue mobilisation***.
  - Public function management (PFM) deserves strong support.
  - Conduct review of incentive structures for both local and national revenue collection.
- Address multifaceted dimension of ***human security***.
  - Contribute to cross-border (regional) security cooperation.
  - Continue supporting the rehabilitation of police facilities but also manpower.
  - Provide locally sourced training to civil society representatives in order to become equal partners in security sector planning.
- Anchor rule of law in practice by ***harmonising access to justice across the country***.
  - Grant targeted support to country-wide witness and support program; e.g. facilitate

transport to ensure access to justice and attendance of witnesses.

- Law and courts: support enabling regular court sessions in remote provinces (Freetown Magistrates receive support but in the provinces coverage is insufficient).
- Harmonize customary and formal laws further and increase support to paralegals.
- Assay potential of traditional healing as reconciliation: support locally led integrated programs in remote areas.

# Annex 1 - List of people consulted

## INTERVIEWEES

<b>Name</b>	<b>Function</b>	<b>Sector</b>	<b>Date and Time of Interview</b>
Mr. Markus Handke Ms. Julie Cateau	Head of Good Governance Section European Commission	Donor	Monday, October 13, 2008, 9 AM
Ms. Helen Hamilton Mr. Pietro Toigo Ms. Rebecca Stringer	Social Development Adviser, DFID Economic Adviser for Sierra Leone and Liberia, DFID SSR and Justice Program Manager, DFID	Donor	Monday, October 13, 2008, 11 AM
Mr. Sheka Bangura	M&E Specialist, Development Assistance Coordination Office	Government	Monday, October 13, 2008, 2:30 PM
Mr. Francis Keili	Assistant Chief of Staff, Office for National Security	Government	Monday, October 13, 2008, 5 PM
Mr. John Caulker	Founder, Forum of Conscience	Civil Society	Tuesday, October 14, 2008, 8 AM
Mr. Lorenz Pohlmeier	Sierra Leone Coordinator, German Development Cooperation/GTZ	Development Partner	Tuesday, October 14, 2008, 12 PM
Mr. Andrew Lavali Ms. Jemilla Massally Ms. Kadie Jackson	Director Policy & Program, ENCISS Program Manager, ENCISS Program Manager, ENCISS	Civil Society	Tuesday, October 14, 2008, 2 PM
Mr. Emmanuel Gaima	Director, Decentralisation Secretariat, Government of Sierra Leone	Government	Tuesday, October 14, 2008, 4 PM
Mr. Festus Lansana Mr. Sheku Fadika	Senior Economist and Economist, National Revenue Authority	Government	Tuesday, October 14, 2008, 5 PM
Ms. Williams Mr. Tim Ohlenburg	Head of Budget Office, Ministry of Finance ODI Fellow, Ministry of Finance	Government	Wednesday, October 15, 2008, 9 AM
Mr. Juan Costain	Lead Financial Sector Specialist, Finance and Private Sector Unit Africa Region, World Bank	Donor	Wednesday, October 15, 2008, 11 AM

Mr. Chukwu-Emeka Chikezie	Coordinator Private Sector Development Strategy Program, Ministry of Trade and Industry	Government	Friday, October 17, 8:30 AM
Dr. Abubakar Kargbo	Lecturer, Fourah Bay College; Board Member, Campaign for Good Governance	Civil Society	Friday, October 17, 10:30 AM
Mr. Bernard Mokam Mr. Samuel Harbor	Country Director UNDP Freetown Deputy Resident Representative UNDP Senior UNDP staff	Donor	Wednesday, October 29, 12:00 PM
Mr. Michael von der Schulenburg	Executive Representative of the UN Secretary General	Development Partner	Thursday, October 30, 11:00 AM
Mr. Richard Konteh	Deputy Minister of Finance and Economic Development	Government	Friday, October 31, 11:00 AM

Number of interviews: 16

Number of persons interviewed: 24

Sectoral breakdown (persons):   8   9   5   2

#### WORKSHOP ATTENDANTS

No.	Name	Organisation	Contact Address
1	Francis L. Keili	Office of National Security	State House
2	Gibril Massie Bah	CDHR	48 Station Road Makeni
3	Marcus Handke	EC	EC Delegation Regent
4	Julie Cateau	EC	EC Delegation Regent
5	Jemillatu K. Massally	ENCISS	1 Old Railway Line
6	Marco Sesay	Sierra Leone Police	George Street
7	Elizabeth Turry	Sierra Leone Police	George Street
8	Alimamy Koroma	Sierra Leone Police	Estate Office Kingdom
9	Tim Ohlenburg	Ministry of Finance and	Ministerial Buildings

		Econ. Dev.	George Street
10	I.B.M. Kamara	Standard Times	2A Ascension Town
11	Sheikh Abu A.B. Conteh	IRCSL	8D Adesanyah Street, Freetown.
12	Sheku Fadika	NRA	19 Wellington Street, Freetown
13	Ngolo Katta	CCYA	8 King Herman Road, Freetown
14	Charles Lahai	SLYEO	24 <sup>th</sup> Main Motor Road, Congo Cross
15	Pietro Toigo	DFID	-
16	Marcella Macaulay	CGG	11A Old Railway Line, Tengbeh Town
17	Victor K. Kamara	Decentralization Secretariat	38 Wellington Street
18	Dr. Osman Gbla	CEDSA	Fourah Bay College
19	Andrew Lavali	ENCISS	-
20	M. Sisay	Peep magazine	28 Savage Street
21	Bernadette French	CGG	11A Old Railway line
22	Councillor Melrose I. During	Freetown City Council	-
23	Sheka Bangura	Development Assistance Coord. Office	-

Number of workshop held: 1

Number of attendants: 23

Sectoral breakdown (persons): ■ 3 ■ 9 ■ 11

# Annex 2 – References

## Country Strategy Documents for Sierra Leone

DFID (2004), *Poverty Reduction Framework Arrangement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Sierra Leone*. Freetown: Department for International Development, April.

European Commission and the Republic of Sierra Leone (2007), *Country Strategy Paper and National Indicative Programme for the period 2008-2013*. Lisbon: European Commission, 9 December.

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IMF (2007), *Sierra Leone: Poverty Reduction Strategy Paper: Annual Progress Report*, Washington, DC: International Monetary Fund.

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## Additional Donor Documents on Fragile States

BMZ (2007), *Development-Oriented Transformation in Conditions of Fragile Statehood and Poor Government Performance*. Bonn: German Federal Ministry of Economic Cooperation and Development, May.

CEU (2007), *Conclusions of the Council and the Representatives of the Governments of the Member States Meeting within the Council on An EU Response to Situations of Fragility*. Brussels: Council of the European Union, 20 November.