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TITLE

THE 2005 PRSP AND THE SURVIVAL STRATEGIES

OF

BORDER COMMUNITIES IN POST-CONFLICT

SIERRA LEONE

DOCTOR OF PHILOSOPHY

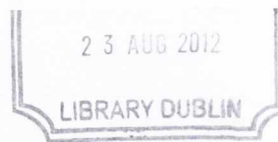
2012

TIMOTHY MARTIN REEVES

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Summary

The methods in this piece of research include field and desk work. Field work was undertaken for a total of five months in Sierra Leone and consists of a combination of quantitative and qualitative methods. Quantitative methods were used to gain a sample during the field research. Qualitative methods comprised within the grounded theory process were implemented in the field and during the desk work. Two rounds of interviews were conducted. Desk work involved memo writing and coding interviews. The major findings from the border community of Pendembu indicate that the community remains isolated and is not being given an opportunity to engage in the peace-building process. As the majority of the habitants are subsistence farmers they continue to suffer from the closure of the Sierra Leone Produce Marketing Board. Ethnic and family ties link this township to Guinea and Liberia and these ties support cross-border trade. Individuals may engage in cross-border trade on account of a number of variables related to government policies and local factors. Specifically, the behaviour of the Sierra Leone police (SLP) is influencing the economic decisions of the public. The war has altered the status and role of women and they now dominate small scale cross border trade. Local elite continue to operate a patron-client relationship and this impacts on the equitable distribution of benefit. The Anti Corruption Commission is failing to monitor benefit distribution and the behaviour of the SLP. Taxation has increased and is implemented in an inequitable fashion whilst the porosity of the border provides the opportunity to avoid customs payments. Affordable quality services are not available in the township and there is an absence of NGOs. Foreign Direct Investment has arrived in the township however it has failed to address the unemployment situation and its contribution to the exchequer is limited due the existence of low export levies.

The poor road network hampers economic development and is undermining the peace-building process.

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I would like to thank my supervisor Dr Ian Atack at the Irish School of Ecumenics Trinity College Dublin for all his academic advice, direction and encouragement which enabled this thesis to be completed over a four year period. A sincere thanks to Professor Mats Berdal and Dr Domitilla Sagramoso from the Department of War Studies King's College London for introducing me to Sierra Leone through their MA Comparative Civil War course. A special thanks Fr Brian Starcken CSSp and Fr Austin Healy of the Holy Ghost Order in Dublin for providing me with contacts in Sierra Leone and their expert knowledge on that country. In Sierra Leone I would like to thank Fr Augustan Berewa CSSp of the Holy Ghost Order in Sierra Leone for all his assistance in Freetown, Kenema and Pendembu and all the staff at the Pastoral Center in Kenema. A special thanks also to my mother and father who have supported me throughout this piece of work and to all my sisters. This acknowledgement would be incomplete without a reference to Cecilia Jamiru and Nasiru Cole who translated all the interviews for this piece of research from Mende, Kissi, Creole and Fullah into English. Their knowledge of the township and its people enabled this piece of research to be conducted in what would otherwise have been a challenging environment; their capacity to work on empty stomachs is a testament to the strength of their people. Finally I would like to thank the people of Pendembu for their kindness and for welcoming me into their community and for participating in this piece of research. This thesis is especially for them so that their voices can be heard outside of Pendembu.

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Acronyms

ACC	Anti Corruption Commission
APC	African People's Congress
DDR	disarmament, demobilisation, and reintegration
FDI	Foreign Direct Investment
GDP	Gross Domestic Profit
GNP	Gross National Profit
GTS	Goods and Services Tax
GVWC	Guma Valley Water Company
HIPC	Highly Indebted Poor Countries Initiative
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy
NDMC	National Diamond Mining Company
NGO	Non Governmental Organisations
NIC	National Insurance Company
NPA	National Power Authority
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
RUF	Revolutionary United Front
SLP	Sierra Leone Police
SLPA	Sierra Leone Ports Authority
SLPMB	Sierra Leone Produce Marketing Board
SLPP	Sierra Leone People's Party
UNAMSIL	United Nations Mission in Sierra Leone

Chapter One

INTRODUCTION AND METHODOLOGY

If anyone wants development they should study the culture of the people first; they should understand how the people think first. Seventy five percent of what NGOs preached here were all western ideas; they were completely strange to the people.¹

The above statement exemplifies the potential ineffectiveness of policies, created from a western perspective and then implemented into a post-conflict and developing world situation. It provides invaluable advice that should be taken on board by policy makers from both the developed and the developing world to ensure sufficient levels of understanding, knowledge and sensitivity of a location, where economic and social programmes are being introduced. Unfortunately however, lack of knowledge and the failure to conduct adequate research, prior to and after the implementation of policies, a disregard for the public's capacity to adapt and manipulate external policies, have contributed to the underachievement of poverty reduction programmes in post conflict environments.

This piece of research endeavours to increase the body of knowledge on poverty reduction policy implementation in post-conflict Sierra Leone. This objective will be achieved by examining the impact of the International Monetary Fund and World Bank 2005 Poverty Reduction Strategy Paper (PRSP) on the cross-border economic activities of the border community of Pendembu in the Kailahun district of Sierra Leone, West Africa. The PRSP was conceived as a result of criticism following the poor performance of the IMF and World Bank's structural adjustment programmes and the accompanying conditionalities. The IFIs argue that under the new PRSP framework, a process of ownership and partnership is established because '.... rather than the IFIs imposing policies,

¹ Interview with Fr Nathaniel, 18, July 2008

countries are supposed to write their own three year national development plan, which detail macroeconomic policies, government spending targets and also social development programmes'.² The IFIs then determine '...whether these PRSPs are an acceptable basis for writing off debt or making new loans'.³

Four primary areas of recent study have provided the basis and the justification for writing on this topic. Firstly, in 2004, research by Michael Pugh, Neil Cooper and Jonathan Goodhand resulted in 'War Economies in A Regional Context: Challenges of Transformation'.⁴ This seminal piece of work examined the role of economic factors that contribute to state collapse, sustaining intrastate conflict and hampering peace-building processes, with case studies in Afghanistan, Bosnia Herzegovina and Sierra Leone. The instability of borderlands and cross-border shadow economies was highlighted and the need for these particular areas to be incorporated into peace-building processes was emphasized. The research questioned the performance of neo-liberal economic policies in post-conflict situations where attempts were made to control the periphery through liberal peace building. Crucially the research indicated that there was a need for '.... in-depth investigations of the economic behaviour of borderland communities, their relationship with wider war economies, and the challenges they pose for post conflict transformation'.⁵

Building on this field in 2008, further research by Jonathan Goodhand and Stephen Jackson investigated the subject of borders as key areas central to peace-building processes. Jackson in his work 'Potential Difference: Internal Borderlands in Africa'⁶ and through research in the Democratic Republic of Congo, examined the development and importance of internal borders and enclaves. Jackson argues that disenclavisation should

² Fraser (2005), p. 317

³ Ibid

⁴ Pugh, Cooper and Goodhand (2004)

⁵ Pugh, Cooper and Goodhand (2004), p. 236

⁶ Jackson (2008), p. 266

form part of the post-conflict peace-building reconstruction project. Jonathan Goodhand has argued in his work ‘...War Peace and Places in Between: Why Borderlands are central’,⁷ that borderlands are intrinsically linked to conflict and to peace-building and yet remain ‘peripheral to policy discourse and practice’.⁸ Most importantly Goodhand argues that a ‘...borderland perspective is almost missing in the literature and policy debates on peace building, due largely to the way that social scientists and policy makers have tended to stand in awe of the state’.⁹

In the study of the liberal peace-building process and its impact on post-conflict countries, extensive and in-depth research has been carried out by Oliver P. Richmond. Richmond’s research which includes ‘The Romanticisation of the Local: Welfare Culture and Peacebuilding’,¹⁰ has examined how this process has struggled to provide welfare for the public and lacks the capacity to extract the public from grey economies with the result that ‘...individuals, families and communities are left to fend for themselves’.¹¹

Within the context of these existing studies there is a justification to conduct research on cross-border regional linkages and cross-border shadow economies in order for this information to be assimilated into the peace building processes in Sierra Leone. Increasing information on this topic will allow for a library of data to be accumulated, facilitating cross referencing with other border areas within Sierra Leone and post conflict border regions. Currently a recognised gap in the literature exists, in that the voice of borderland inhabitants on peace-building policies has not been heard. In contributing to the field of post-conflict peace-building, this thesis assesses the impact of the 2005 PRSP from the perspective of the local residents of this borderland township. The primary contribution

⁷ Goodhand (2008), p. 225

⁸ Goodhand (2008), p. 240

⁹ Goodhand (2008), p. 241

¹⁰ Richmond (2009)

¹¹ Richmond (2009), p. 162

which this thesis makes is to the field of post-conflict peace-building. The chosen literature reflects this contribution with particular attention paid to the work of Oliver Richmond and Roger MacGinty. Although the subjects of corruption, healthcare and taxation are addressed within the thesis it is beyond the scope of this piece of work to examine the literature on these subjects in any great detail.

1.1 Justification for thesis

The academic, intellectual and personal justification for conducting research in Sierra Leone and the township of Pendembu stems from a previous course of study in the subject area of the intrastate conflict that occurred in that country between 1991 and 2002. This study formed part of an MA in Comparative Civil War at the Department of War Studies, King's College London in 2005. The choice of Pendembu, as a research location, was arrived at following a preliminary visit to Sierra Leone in July 2008 in preparation for a second phase of research, which took place between 4 June and 20 October 2009. The preliminary research involved establishing contacts in Kenema and investigating the township of Pendembu, the Chiefdom headquarters for upper Bambara the larger urban centre and district headquarters of Kailahun and the remote border villages of Boidu and Koindu. David Keen through his work 'Conflict and Collusion in Sierra Leone'¹² had indicated that the Kailahun district was a former Revolutionary United Front (RUF) rebel stronghold. Through my own observation and discussion with Paramount Chief Gondor and the local community it became apparent that the township was enduring extreme economic and social difficulties, with a notable absence of NGOs.

The situation in Pendembu contrasted with the vibrant economic and social activities evident in Kenema and Kailahun. The extensive war damaged property and the

¹² Keen (2005)

apparent economic stagnation, provided the local and intellectual justification for choosing the township to assess the social and economic impact of the 2005 PRSP. In addition the close proximity of the township with the borders of Guinea and Liberia indicated that the geographical location of the township would be suitable to assess the cross-border economic activities of individuals from the township. Closer examination revealed that the Pendembu township had been a rebel stronghold during the intrastate conflict, with Kadie Sankoh the former wife of the rebel leader Foday Sankoh, residing there. Furthermore the township is located eight miles from the village of Bomaru, on the edge of the Liberian rain forest where the first engagement of the Sierra Lone intrastate conflict took place, see Figure 1 page 6. In summary a combination of previous academic study concerning the intrastate conflict which indicated the importance of the Kailahun district as a strategic enclave for the RUF combined with locally observed factors provided the academic and intellectual justification for choosing Sierra Leone and Pendembu as a research location.

Originality is an essential requirement for professional research. To achieve this objective a concerted effort was made to ensure that the local rural voice was the dominant opinion expressed in the thesis. As such the voice of government and political elites based in Freetown has been largely sidelined. In addition residents of the township confirmed that since the cessation of the intrastate conflict in 2002, little or no research had taken place in Pendembu regarding the impact of government policies on individual households by either the Sierra Leone government or by external organisations. The current need for a local border community voice, combined with the lack of previous research regarding the impact of externally imposed policies, strengthened the argument for choosing Pendembu as a research location to analyse the impact of the liberal peace project through the 2005 PRSP.

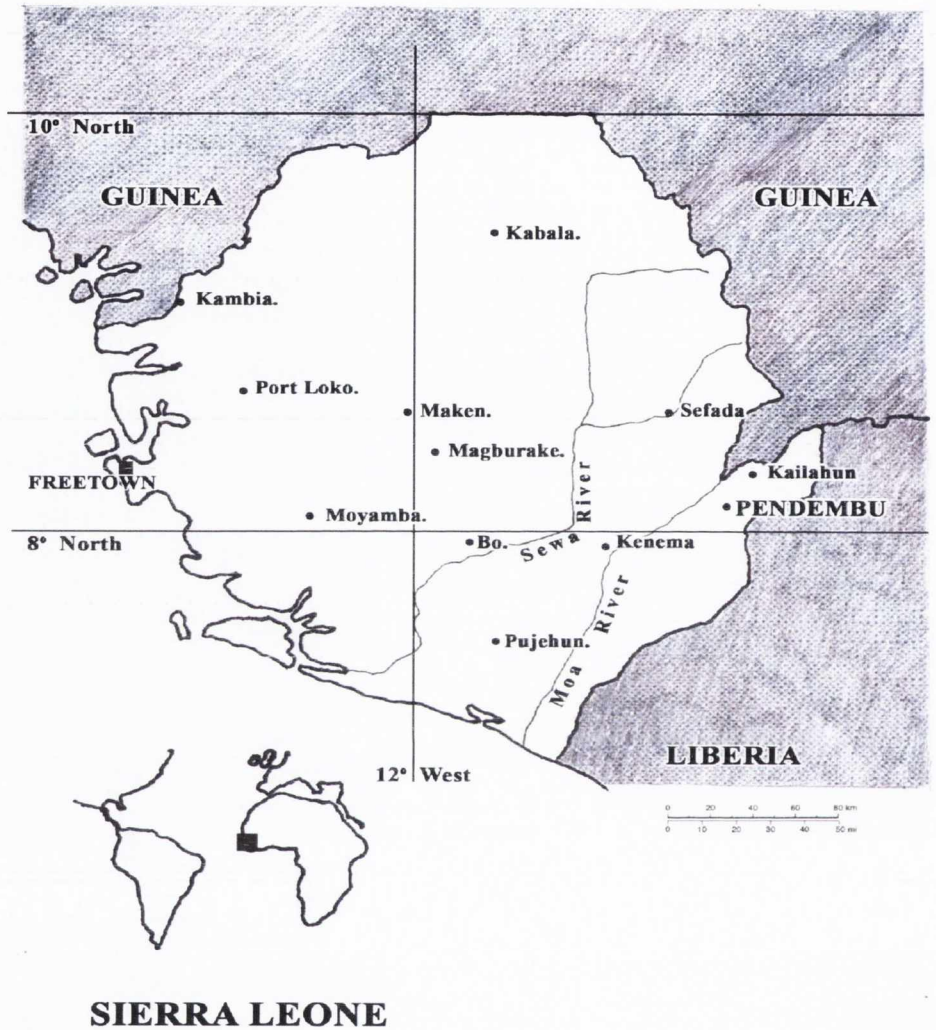


Figure One

Source National Geographic (1998) in Pugh Michael & Cooper, Neil and Goodhand Jonathan (2004), *War Economies in a Regional Context: Challenges of Transformation* (Lynne Rienner: Boulder), p.93 Annotated separately to highlight Pendeumbu

1.2 Critical review of literature

A debate currently exists, which focuses on the impact of the post-conflict liberal peace-building process and external intervention in post-conflict environments. The ‘... privatization of peace building’,¹³ has become a dominant theme within the debate due to the growing influence of neo-liberalism within the process. Specifically, neo-liberalism which emerged as the dominant economic doctrine in the early 1980s is based on a ‘...theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework, characterized by strong private property rights, free markets and free trade’.¹⁴

Expanding at the end of the cold war, the liberal-peace project was officially endorsed by the then UN Secretary-General Boutros Boutros-Ghali, through his ‘Agenda for Peace’,¹⁵ in 1992, and again in 1995 through the Secretary-General’s ‘Supplement to an Agenda for Peace’.¹⁶ Expansion of the post-conflict peace-building project resulted in a division of labour between the UN and other international agencies, with economic reconstruction being ‘...delegated to international financial institutions particularly the International Monetary Fund (IMF) and the World Bank’.¹⁷ Despite the division of labour peace-building agencies during the 1990s ‘... all pursued the same general strategy for promoting stable and lasting peace in war shattered states: democratization and

¹³ Newman (2005), p. 41

¹⁴ Harvey (2010), p. 2

¹⁵ UN Secretary General 1992. An Agenda for Peace: preventive diplomacy, peacemaking and peacekeeping.

¹⁶ UN Secretary General 1995. Supplement to an Agenda for Peace.

¹⁷ Paris (2004), p. 19

marketization'.¹⁸ Badmus and Ogunmola highlight that the World Bank has been playing '...fundamental roles in post-conflict peace-building in Sierra Leone'.¹⁹ The Sierra Leone 2007 elections were, according to Jalloh, an indication of the '.... progress the country had made in the area of democracy building over the years'.²⁰ According to Adedeji Ebo evidence of peace-building success emerged in September 2004 when the '.....Government of Sierra Leone was able to take over countrywide security primacy from the United Nations Mission in Sierra Leone (UNAMSIL)'.²¹

Doyle's work has been instrumental in analysing the foundation of the liberal peace project through his work 'Kant Liberal Legacies and Foreign Affairs',²² together with the 'Three Pillars of the Liberal Peace'.²³ Structuring his argument on the work of Immanuel Kant, Doyle has maintained that liberalism, whilst not inherently peace-loving has '....strengthened the prospects of a world peace'.²⁴ Central to Doyle's argument is Kant's definitive articles of '....constitutional',²⁵ law, '....international',²⁶ law, and 'cosmopolitan',²⁷ law. Doyle argues that 'together (and only when together) they plausibly connect the characteristics of liberal politics and economies with sustained liberal peace'.²⁸

The relationship of the liberal peace-building project to this thesis arises from the 2005 PRSP Pillars, which embody the liberal peace strategy of democratization and marketization. Specifically the three pillars of the PRSP, Good Governance Peace and Security, the Promotion of Pro-Poor Sustainable Growth for Food Security and Job

¹⁸ *Ibid*

¹⁹ Badmus and Ogunmola (2009), p. 732

²⁰ Jalloh (2008), p. 315

²¹ Ebo (2009), p. 482

²² Doyle (1983)

²³ Doyle (2005)

²⁴ Doyle (1983), p. 206

²⁵ Doyle (2005), p. 463

²⁶ *Ibid*

²⁷ Doyle (2005), p. 463

²⁸ Doyle (1983), p. 232

Creation and the Promotion of Human Development are reflected within Doyle's thesis based on Kant's definitive articles that constitutional peace can be constructed on democracy, free trade and where the rights of the individual are recognised. Doyle's argument which has provided evidence for proponents of the liberal peace project, that liberalism is a source of peace is used to expand the theoretical debate in Chapters Two and Four. The outcome of the PRSP becomes evident in the Findings Chapter Five and the Analysis Chapter Six, where it is determined whether the liberal peace process is having a positive impact on individuals in Pendembu.

Quinn and Cox have argued that the United States has embraced the belief that liberalism is a sound foundation for peace and '....the impregnation of belligerent societies with liberal values and practices can produce peace domestically and internationally has been the cornerstone of American Strategy in the post-Cold War years'.²⁹ Post 9/11, has seen an increased emphasis on state building as a necessary requirement for successful peace- building operations, with the strength of state institutions now considered '....more important in the broad sense than the scope of state functions'.³⁰ The timing of the creation of and reform of institutions is critical, with Paris arguing that institutions should be constructed prior to the liberalisation process giving rise to his thesis 'Institutionalisation before Liberalisation'.³¹ By applying Paris' thesis to the 2005 PRSP in Chapter Four it has been possible to determine whether the correct coordination has occurred in this particular PRSP and subsequently whether these institutions have impacted positively at a local level in Chapters Five and Six.

Proponents of marketisation and state building upon which the liberal peace-building project is constructed have put forward their own specific strategies. Development

²⁹ Quinn and Cox (2007), p. 501

³⁰ Fukuyama (2005), p. 25

³¹ Paris (2004), p. 179

economist, Deepak Lal maintains that the negative impacts of marketisation can be avoided provided the capital intensive sector of the economy is taxed in order to assist the public through the liberalisation process. Snodgrass argues that a country emerging from conflict ‘...very early on (in year one) it must establish a macroeconomic environment conducive to the revival of the private economy’.³² Private sector development requires the recognition of contracts, and Ackerman suggests that new democracies need to ‘...create new law’,³³ and one solution is to ‘...borrow from successful market economies of established democracies’.³⁴ Examining the arguments of these three authors has allowed for an examination in Chapter Four of whether the PRSP has accepted their recommendations and assesses the extent to which liberalisation and privatisation has impacted positively at a local level in Pendembu in Chapters Five and Six.

Critics of the liberal peace have referred to the process as ‘...an enormous experiment in social engineering - an experiment that involves transplanting western models of social, political, economic and organization into war shattered states, to control civil conflict: in other words pacification through political and economic liberalisation’.³⁵ This argument has gained support following the poor performance of the liberal peace-building operations in countries such as Cambodia and Bosnia with many critics of the liberal peace arguing that the process is not only performing badly but ‘... is in crises’.³⁶

Oliver Richmond represents one such critic of the liberal peace process and has argued that what actually emerges in post-conflict environments is a hybrid form of the Liberal peace ‘...subject to powerful local critiques, sometimes resistance’.³⁷ According to

³² Snodgrass (2004), p. 261

³³ Ackerman (2004), p. 183

³⁴ Ackerman (2004), p. 189

³⁵ Paris (1997), p. 56

³⁶ Cooper (2007)

³⁷ Richmond (2009), p. 54

Richmond the failure of the liberal peace to improve the welfare of the public can often be attributed to ‘...the insertion of neo-liberal strategies into the liberalisation process’.³⁸ Richmond has called for a post-liberal agenda termed ‘...Eirenism’,³⁹ based on the everyday with ‘political social and economic organisations and institutions to represent and respect the communities they are effectively in a contractual relationship’.⁴⁰

Roger Mac Ginty supports Richmond’s argument pointing out that the liberal peace project which emphasises the importance of the state, the market and the individual, is responsible for ‘...the regularity with which internationally supported peacemaking processes deliver stalled and dysfunctional peace’.⁴¹ Mac Ginty highlights that external intervention can assist in the minimisation of direct violence through the introduction of peacekeepers, the agreement of a ceasefire and the creation of a peace accord and in this respect it achieves an invaluable objective. However what often occurs after the signing of a peace accord is a ‘No War, No Peace Situation’.⁴² Hanlon’s assessment questions the strategy of the International Community in Sierra Leone and argues that ‘...the policies of the international community are, perhaps inadvertently, promoting a return to pre-war conditions’.⁴³ Using the arguments of Richmond, Mac Ginty and others allows for an assessment of the performance of the PRSP and a judgement to be made as to whether the liberal peace process has improved the welfare of the public in Pendembu. Equally the use of their work assesses whether the PRSP has been co-opted by local elites, hampering its implementation.

³⁸ Ibid

³⁹ Richmond (2009), p. 557

⁴⁰ Richmond (2009), p. 572

⁴¹ Mac Ginty (2010), p. 146

⁴² Mac Ginty (2008), p. 80

⁴³ Hanlon (2005), p. 459

In addition to Richmond and Mac Ginty the work of Paul Baran will be utilised in order to provide a neo-Marxist perspective on external intervention. The motivation for utilising a neo-Marxist perspective stems from the Marxist-Leninist ideology which was based ‘....not on its practice but on its aspirations for change and reform’.⁴⁴ Examining and utilising the issues addressed in Baran’s ‘Political Economy of Growth’⁴⁵ contributes to Richmond’s argument for a post-liberal agenda of peace that would require international organisations to respect and work with the local communities with which they were engaged.

The decision to utilise the arguments within this paradigm rather than those of a neo-Keynesian perspective is due to neo-Marxism’s specific concern with the economic and political relations between the centre and the periphery, between the developed and the developing world. It was anticipated that it would be of benefit to gain an understanding of the impact of external intervention, particularly foreign direct investment in Sierra Leone. The use of the neo-Marxist perspective to examine foreign direct investment is contained within Chapters 3 and 4. The impact of foreign direct investment is a subject that has also been raised by Solá Martín who argues that in post-conflict Sierra Leone ‘....social tension is fed by the unscrupulous Transnational Companies to secure support for their ventures and maximise profit by minimising environmental and labour costs’.⁴⁶

The current debate within the liberal peace agenda has contributed to the research question for this thesis, which endeavours to determine whether a relationship exists between the 2005 PRSP, individuals from the border community of Pendembu and a cross-border shadow economy with Guinea and Liberia. In answering this question the thesis tests the hypothesis that the 2005 PRSP policies are exacerbating domestic finances in the

⁴⁴ Richmond (2009), p. 63

⁴⁵ Baran (1973)

⁴⁶ Solá-Martín (2009), p. 306

border town of Pendembu and therefore making a cross-border shadow economy an attractive financial option. The shadow economy ‘...includes unreported income from the production of legal goods and services from either monetary or barter transactions and thus includes all economic activities that would generally be taxable were they reported to state authorities’.⁴⁷ The shadow economy is widespread in Sierra Leone and was estimated in ‘2003 at 42.8 percent of GDP’.⁴⁸ In rural Sierra Leone it is the dominant economy. This thesis concentrates on the cross-border shadow economy between Pendembu, Guinea and Liberia and focuses on those who are avoiding official border crossing points using illegal bush paths and avoiding customs payment.

Whilst the PRSP policies and their impact on this border community is the primary area of focus for this research, it is imperative to point out that ‘we will never know a causal inference for certain’⁴⁹ and therefore every attempt has been made to strengthen the hypothesis. This was achieved by investigating as many additional variables as possible in order to prove that the chosen hypothesis is incorrect. This process put the hypothesis at risk of being falsified which in turn strengthened it. In addition to the investigation of additional theories every effort was made to allow for variation on the dependent variable, which in this case is the cross-border shadow economy, thereby reducing the risk of selection bias. In order to achieve this objective additional local factors were investigated some of which were distinct from the PRSP whilst others overlapped. In short the research did not attempt to account for a cross-border shadow economy by solely examining PRSP policies. The PRSP policies combined with the additional local variables that could potentially impact on the cross-border shadow economy are set out in the following section.

⁴⁷ Schneider (2005), p. 114

⁴⁸ Schneider and Bajada (2005), p. 88

⁴⁹ King, Keohane and Verba (1994), 79

It is important to acknowledge that individuals have been engaged in cross-border trade prior to the implementation of the 2005 PRSP and it has not been possible to determine whether this trade was illegal or legal. It would therefore be incorrect to state that the 2005 PRSP alone is responsible for influencing a cross-border shadow economy when there is every possibility that this activity had been taking place prior to 2005. In addition it proved almost impossible to determine whether the PRSP was directly responsible for individuals engaging in a cross-border shadow economy. Of the interviewees selected during the research process only a small percentage divulged information on their personal involvement in the cross-border shadow economy. However whilst the majority were reluctant to admit involvement they were willing to describe the techniques involved and routes travelled. Crucially, the reluctance to admit to involvement in the cross-border shadow economy is not an indication that PRSP policies are alleviating or indeed exacerbating the financial situation in individual households.

The impact of the 2005 PRSP policies on the border township of Pendembu is the primary area of focus for this thesis. However it is imperative that additional local variables distinct and related to the PRSP that may affect a cross border shadow economy are also acknowledged. The following six variables in Category One are those related to the PRSP, these variables will be followed by those in Category Two consisting of an additional six variables that are related to local factors that could potentially impact on a cross-border shadow economy. It is important to point out that there is a degree of interplay between the two categories. For example PRSP objectives, particularly the human development and gender equality element of Pillar Three, could potentially be impacting on the economic decisions of women in the township. In addition the failure of the authorities and the newly established ACC to enforce the Pillar One objective of strengthening public financial

management and to monitor benefit distribution in rural areas could potentially impact on the economic decisions of those who are excluded from benefit distribution.

1.3 Variables

Category One: The Impact of the PRSP

Variable No 1 examines the subject of low public sector wages, police corruption and the failure of the Anti-Corruption Commission to address this behaviour at a local level. Predatory police behaviour may be understood in terms of the failure of the PRSP to increase public sector wages and the inability of the Anti Corruption Commission to operate at a local level. Police harassment of the public on the Pendembu-Kenema highway may be impacting on the cross-border shadow economy. Observation on this route during 2009 confirmed the statements of the interviewees that the Sierra Leone police force was behaving in a corrupt and predatory manner by extorting money from the drivers of vehicles at random checkpoints. Specifically corruption ‘....occurs when private wealth and public power overlap. It represents the illicit use of willingness-to-pay as a decision making criteria’.⁵⁰ It would appear that these factors are increasing the costs of trading with Kenema and may affect the decisions of those attempting to travel and trade in this direction.

Variable No 2 in relation to the PRSP focuses on benefit distribution to rural areas, which appears to lack transparency and external scrutiny and which was allegedly carried out in a biased manner with the exclusion of those who do not possess elite connections. This factor suggests that the Anti Corruption Commission, an institution created under the PRSP, is struggling to achieve its objectives. This variable indicates a weakness within the commission but may also be linked to the patron-client relationship within the township.

⁵⁰ Ackerman (2008), p. 328

Variable No 3 examines the possibility that the increase in personal taxation, rents and licences under the 2005 PRSP may be exacerbating domestic finances making involvement in the cross-border shadow economy a necessity.

Variable No 4 examines the increased cost and poor quality of services in the township that that may be exacerbating domestic finances.

Variable No 5 focuses on the PRSP's accommodation of foreign direct investment through low export levies which may be limiting revenue generation from this sector. Limited revenue from the export sector may restrict investment in rural infrastructure and services.

Variable No 6 examines the subject of unemployment and the failure of the PRSP to address this crisis in Pendembu, particularly with the closure of the SLPMB in 1988. The lack of employment opportunities may influence a cross-border shadow economy.

Category Two: Local Variables

The preliminary research conducted in Pendembu, Kailahun and Koindu in 2008 resulted in the emergence of six local variables that could potentially contribute to a cross-border shadow economy some of which are distinct from the PRSP, others of which overlap. They include cross-border family ties, the geographical location of the township, the economic role of local women, the role of the local elite, the porosity of the border, poor road infrastructure and unfavourable trading terms.

Variable No 1 includes cross border ethnic and family ties between tribes in Pendembu, Guinea and Liberia. The existence of these ties may provide the impetus for cross-border shadow economies to develop. These ties were strengthened as a result of cross-border movement during the intrastate conflict. In addition the examination of this

subject allowed one to obtain the views of the interviewees on the strength of the Freetown-Pendembu relationship.

Variable No 2 covers the geographical location of the Pendembu Township which is situated 17 miles from the Guinea border, 9 miles from the Liberian border and 64 miles from the inland town of Kenema in the interior of Sierra Leone. This variable emerged on account of the close proximity of the township to the border which may make cross-border trade an attractive option.

Variable No 3 centres on the economic role of women. Research in July 2009 quickly revealed that women were the primary income generators in certain families and heavily involved in small scale business and trade. This revelation led to an investigation into the roles of women and how their position in society had altered in the township. The transition of women's position in Pendembu and their need to generate revenue may be influencing a cross-border shadow economy. The involvement of women in cross-border trade may be linked to multiple factors including progress in the gender equality component of the PRSP, the cheap cost of goods in Guinea, the recognised profit gained from selling Sierra Leone produce in that country combined with the scarcity and demand for essential household goods in Pendembu. Further research revealed that female engagement in cross-border trade can also be attributed to the SLP, who are allegedly harassing men involved in this practice resulting in female domination of this sector.

Variable No 4 centres on the role and economic dominance of local elite. The preliminary research in 2008 revealed a stark contrast between Pendembu, Kenema and Kailahun. Pendembu in contrast to Kailahun and Kenema exhibited few signs of development with a noticeable absence of NGOs with large sections of the population living in extreme abject poverty even by Sierra Leone standards. Research in 2009 also

revealed that local factors within the township could potentially be responsible for individuals and families having to rely on their own subsistence strategies as their needs and welfare were being neglected due to unequal distribution of benefit. The existence of a poor relationship between the township elders and the public emerged with allegations of corruption and neglect being directed at the elders and their unwelcoming behaviour being blamed for the absence of NGOs. The PRSP is potentially being co-opted and resisted by local elites who may be hampering its implementation due to the continuation of traditional corrupt patrimonial practices. The presence of corruption in the higher echelons of Pendembu society may undermine the opportunities for individuals to emerge from the shadow sector or may leave little alternative but to engage in this process.

Variable No 5 covers the porosity and isolation of the borders between the three countries, a factor that was observed in July 2008. Crucially, research in 2009 revealed that the capacity of the SLP to patrol this border is effectively hampered by the small number of security staff stationed there. The numerous bush paths along the border could potentially accommodate a cross-border shadow economy.

Variable No 6 centres on the appalling road conditions between Pendembu and Kenema and its potential impact on cross-border trade. This variable emerged as a result of commuting and investigating the 64 mile highway in July 2008. This theory argues that the combined factors of distance and physical risks on this route could potentially increase the possibility that individuals may prefer to trade with Guinea and Liberia in the opposite direction. It emerged during the research in 2009, that the public are charged high prices for goods brought from Kenema and offered low prices by external traders for produce grown in Pendembu. These unfavourable terms of trade were partially attributed to the poor road and may make involvement in a cross- border shadow economy an attractive option for those with domestic financial demands.

Methodology

Grounded theory studies emerge from wrestling with data, making comparisons, developing categories, engaging in theoretical sampling and integrating an analysis'.⁵¹

This statement by Cathy Charmaz provides a brief insight to the advantages of using the analytical processes comprised within the grounded theory methodology. Designed to assist in qualitative analysis, this methodology 'encourages a researcher to remain close to their studied worlds and to develop an integrated set of theoretical concepts from their empirical materials that not only synthesize and interpret them but also show processual relationships'.⁵² The use of grounded theory does not make theory creation a prerequisite for the use of the analytical tools contained within this methodology, rather it is based on the capacity of this process to analyse qualitative research material. The aim of this section is to describe the methods that were utilised to complete the field and desk work for this thesis and investigate the contribution that the chosen elements of the grounded theory process played in gathering data in the field and conducting the analysis.

This section investigates four primary areas with the initial focus on the primary and secondary source material utilised for chapters Two, Three and Four. In order to conduct professional field work in the research area it was necessary for a sample of the community to be chosen. This chapter investigates the quantitative methodologies utilised to achieve a random sample and the obstacles that were encountered. Identification of a population sample through quantitative methodologies provided the platform for the introduction of qualitative research methods. In order to assess the performance of qualitative methodologies in the field an analysis of the chosen methods extracted from the Grounded Theory process is examined and its advantages and weaknesses identified. Finally the use of grounded theory analytical techniques is examined by describing how

⁵¹ Charmaz (2005), p. 507

⁵² Charmaz (2005), p. 508

this process was carried out in the post field work phase of the research and how it contributed to the findings in Chapter 5 and assisted in the analysis of the findings in Chapter 6 of this thesis.

Primary and secondary source materials were of significant importance to the construction of the literary review and background chapters Two, Three and Four. In addition to historical and contemporary secondary source material, these chapters include the use of key primary source documents provided by the IMF and the World Bank. Crucially, interview material was utilised in Chapter Four to support the arguments put forward in that chapter. The interviewees that were sourced for this information are currently based in Dublin and London and therefore are located outside the sample of interviewees chosen in Sierra Leone. These individuals were chosen for their economic expertise and their knowledge of social and economic issues pertaining to Sierra Leone.

1.4 Data Collection

Quantitative and qualitative methodologies were combined to gather data in the Pendembu Township. Although qualitative methodologies of the grounded theory process dominated the research process, quantitative techniques were initially utilised to establish a random sample of the population in Pendembu. It is imperative that the quantitative methods utilised to select this sample are scrutinised as this sample formed the basis for the implementation of the qualitative methodology in the form of the interview process. Establishing a sample of potential interviewees in the township was achieved through the use of specific quantitative techniques based on stratified random sampling. This form of sampling was used to assist in the removal of selection bias of interviewees.

Gaining a sample of the community required one to access information on the demographic structure of the population. It became apparent that detailed information regarding the

population was lacking, with the electoral register being the primary source of information. Specifically, this source identified 5749 individuals who at the time of research were eligible to vote. Census information regarding the number of dwellings, the number of individuals within households and their occupations did not exist.

In order to gain a stratified random sample and gather additional information on individual households, the initial field work involved recording and numbering each individual household within the township. In total 545 dwellings were recorded, covering an area of 2 square kilometres –or 200 hectares, including the Township sections (individual areas within the Township) of Bambaru, Seibu, Kosiala, Blama, One Mile and Bellebu. Of the 545 dwellings visited (many of which were located in dense undergrowth and rainforest) 49 were found to be uninhabited at the time of recording. These were therefore excluded from the overall group, leaving a total sample of 496 houses

The recording of data on dwelling numbers afforded the opportunity to record the number of individuals within each household and their primary occupations. The total population recorded was 7,500. The discrepancy between this figure and that provided by the electoral register can be attributed to two primary factors. First, the electoral register does not take into account those under the age of eighteen. Secondly there was a concern that the inhabitants inflated the number of individuals within their specific household on account of their initial belief that the research would result in benefit distribution. Neumann argues that a sample size is important for professional research and that for a large population size of ‘...10,000 a smaller sampling ratio (about 10 percent) is needed to be equally accurate, or a sample size of around 1000’.⁵³ With an estimated population of 7500 this would have required a sample of 750 which was impossible for a single researcher to interview in the timeframe allocated to conduct this research. An alternative approach was

⁵³ Neumann (2006), p 241

taken which involved selecting one individual from 14% of households. This gave a sample of 68 interviewees chosen from the 496 recorded households. The advantages of compiling information on the primary source of income within households allowed for the percentage of farmers, traders and professionals to be established. The percentage of occupations within the overall sample of households was reduced proportionally for the sample size of 68. Age and gender were the determining criteria for those chosen to be interviewed.

Social science research is susceptible to a major source of bias - that is that individuals who provide the raw information may have personal reasons for providing data that is inaccurate or overestimates or underestimates a situation. The selection of interviewees based on occupation, age and gender was specifically made to reduce the threat of selection bias. Rather than choosing a sample that was comprised solely of traders who cross the border on a regular basis, the sample was far more inclusive of Pendembu society, including subsistence farmers, traders, hairdressers and teachers.

Identification and creation of a stratified random sample within the township put in place the necessary structure to allow the application of the interview process in the field. The total sample consisted of 136 interviews as each of the 68 interviewees was interviewed twice. In addition to the interviewees within the sample, additional interviews were conducted with individuals outside the sample, including the paramount chief, government officials, and with female traders from Kenema.

From this sample of 68, a total of 22 were chosen for analysis because these individuals gave the clearest, most concise and detailed interviews, indeed after this number repetition within the data occurred. The proportion of occupations were reduced once more from the sample size of 22 and were divided into three separate groups

comprising a total of three professionals, three traders and sixteen subsistence farmers, referred to as group A, B and C. Comprising the largest number of all three groups Group C was further divided into subgroups C1, C2, C3 and C4. Due to the large number of interviewees within Group C, it was decided to extract information from one individual from each group in the event of repetition. One group was excluded and replaced by another if information failed to emerge. A comparison of findings from the three groups was carried out where possible; however in certain cases a particular group provided information on one topic only. This procedure is evident in the Findings, Chapter 6.

The poor educational standard of those selected for interview, a large proportion with no academic education at all, combined with a language barrier, meant that the interview process was slow and laborious. A large number of the interviewees were subsistence farmers. The time they allocated for interviews often eroded their time for farming and cooking (Darkness occurs at 7.30 PM all year round in Pendembu). Scarcity of time resulted in a small proportion of the interviews being conducted whilst the person worked, impacting on the interview length and quality. The poor physical health of the interviewees and the translators, due to hunger and sickness together with the research process taking place during the Ramadan period and the rainy season, required one to be patient and sympathetic at all times. Finally every effort was made to include a representative from the local tribes.

Conducting research in a non western society can lead to the development of a western cultural bias as it is easy for ‘...researchers to believe that their assumptions, concepts, findings and values - which are coloured by western culture, apply to all people in the world’.⁵⁴ A preventative technique to shield against this bias is for the researcher to attempt to become multi-cultural and familiar with the culture of the society where the

⁵⁴ Neumann (2006), p. 446

research is being conducted. This process allows for a degree of self awareness with regard to personal bias. Efforts were made to integrate and to become accepted in Pendembu society. This process commenced with the preliminary research in July 2008 when the first meeting with Paramount Chief Gondor took place. At this time gifts of 25kg bags of rice were presented to the Chief (presentation of gifts is a mark of respect), arrangements were made and permission was granted to allow research to take place within the township in 2009.

On the commencement of research in 2009, every effort was made to integrate into the society, including befriending as many individuals whenever possible. This involved attending church sermons and social events and building relations with leaders of both Christian and Muslim faiths. Shopping and visiting the all female dominated market and purchasing fruit, fish and palm oil from the female traders and bread makers, some of whom were in the sample, facilitated the forming of relations with the female sections of society. Recharging of mobile phones at the only public generator allowed for discussion and further interaction with the local youth. Assisting local children with their exam preparations, attending social events and moving everywhere on foot throughout the township, allowed the community to become familiar with my presence and reassured them that I did not pose a threat and was in no way connected with the government in Freetown.

Befriending the Jamiru and Cole families (relatives of the Translators, who tended to all my culinary needs by preparing local produce) provided a direct window into the lives and culture of the Sierra Leoneans and provided inside knowledge into the social, cultural and political issues in the township on a daily basis. Receiving daily knowledge on issues in the township from this source allowed one to gauge, or at least question, the validity of the information that was being received from the interviewees. Gaining information from multiple sources allowed for a comparison of the data and allowed one to

question the reliability of the material. Interviewing each interviewee more than once and raising questions on the data that had emerged in the first round of interviews is referred to in grounded theory as theoretical sampling. This process assisted in testing the credibility of the information as the interviewee was often asked to expand on issues that were raised in the previous interview. This process assisted in determining whether the individual was telling the truth or if the information in the initial interview was incorrect. As each interview was transcribed the translators often indicated whether the information was credible. Finally, typing up the first round of interviews in the company of the translators provided an additional opportunity to analyse the data.

1.5 Qualitative Methodology

Elements of the Grounded theory methodology were chosen, not only for the analytical tools that they bring to the research arena, but also due to the sensitivity of the research question which encompassed the cross-border shadow economy. It was envisaged that the methodology comprised within grounded theory, particularly theoretical sampling, would prove a valuable tool to gain additional data on the shadow economy. Before the field research was conducted it was anticipated that a proportion of the analysis process would be conducted in the field and the remainder completed when the field research was brought to a conclusion.

Grounded theory suggests the use of unstructured interviews; however due to the need to assess the performance of the 2005 PRSP, the initial interviews were semi-structured. Crucially, as the first set of interviews got underway a rapport was established with the community. This resulted in the interviewees speaking more openly, requiring a less structured approach in the latter stages of the first round of interviews. At the second interview stage a familiarity with the interviewees had been fully established and key

themes identified which allowed for free discussion on specific issues. The strengthening of the interviewer-interviewee relationship resulted in the deconstruction of barriers and the interviewee playing a more dominant role in the interview process.

Early analysis of interview material to develop concepts and themes forms a key part of the Grounded Theory methodology. During the interview process themes emerged naturally and rapidly, consequently, it was possible to raise issues with interviewees in the latter stages of the first sample, on themes that had emerged at an earlier stage of the process. In order to transcribe the first sample of 68 interviews, facilities in Kenema had to be utilised which meant leaving Pendembu. Transcribing resulted in the emergence of key themes and arguments which provided the analytic trail to construct further questions which would form the basis of the second set of interviews. Leaving the research area and travelling the Pendembu-Kenema route in local transport allowed one to experience at first hand, the difficulties that the inhabitants of Pendembu encounter on a daily basis. This experience combined with the transcribing of the interviews allowed one to become immersed in the data and the local environment.

Completion of the field research enabled a more comprehensive implementation of the analytical techniques of grounded theory. Once selected, interviews were deconstructed through the application of line by line coding. Line by line coding was critical to dissect the data, facilitating the development of ideas and providing additional insight into the processes that were at work within the township. Crucially it also allowed for the data to be questioned. Coding involves separating the data and choosing a concept that best represents that line or block of data.

For example the poor road between Pendembu and Kenema and the problems that emerged as result was a subject that emerged again and again in each interview. The

concept that was assigned to this piece of data was 'negative impact of road'. This process identified the common factors seen to be causing problems in the township. It facilitated a critical analysis of the data and capacity to identify relationships between the PRSP, the interviewees and the government in Freetown.

Line by line coding is followed by focused coding, which assists in elevating concepts that are identified in the line by line coding to the status of categories. Focused coding requires decisions to be made as to what concepts and codes should be elevated to category status, most importantly it allows for large quantities of data to be categorised. When this procedure is carried out with each interview, patterns begin to emerge allowing interviews to be directly compared with one another. This process reduces the possibility that important information will be missed or fail to emerge which can occur if the tapes are simply listened to or transcribed. The following is an example of a list of categories that emerged after conducting line by line and focused coding on the following interview: *Fofana/ 37 year old Male/Tailor/Interview No 1/ House 116 / Five years of academic education.*

1. Road solution to Pendembu's problems
2. Confusion & Unhappiness with Council
3. Feelings of being let down by Council
4. Feelings of exclusion
5. Desire to question Council
6. No investment/loss of SLPMB
7. Feelings of being uninformed
8. Discomfort with taxation process
9. Sense of security and feeling safe
10. Lack of policy implementation.

This process allows patterns in the data to emerge and provides a further opportunity to assess the credibility of the data as outliers will be quickly spotted by comparing interviews. The final process, axial coding, allowed one to determine the relationship of the newly emerged categories with their subcategories, specifically it involves reconstructing the data that was dissected through the coding process by asking a series of questions. This process was of benefit in determining the findings in Chapter 6 and the analysis of these findings in Chapter 6. Not only did it identify the problems that the interviewees were experiencing but it also identified possible solutions which assisted in determining the performance of the PRSP. The first questions that this process raises are what are the conditions occurring in the data, which involves asking why, where, how and what happens. Secondly, it asks what are the interactions and emotions, which are the responses that individuals make to events that are affecting them. Finally it asks what the consequences are; these are the outcomes of the individual's reaction to circumstances.

Throughout the coding process, memo writing took place which allowed one to analyse and question the concepts and categories that emerged. Memos are a collection of personal thoughts and are the equivalent to a diary. They allow one to produce material that can be re-examined at a later date and enable one to go back and forth between different pieces of data during the analysis process. Most importantly memo writing allows one to identify gaps in the data, which started to emerge during the analysis process, where weak categories exist and where more information is required in order to fill out a specific category. It is important to point out that gaps in the data became apparent during the transcription of the first set of interviews and provided the basis for further investigation in specific areas, through a second round of interviews. Memos also provide the opportunity

to elevate concepts to category status. The following is an example of a personal memo about Fofana regarding his views on the local council.

Memo/Free writing

(Concept : Lack of meetings)

Fofana is totally disillusioned with the local council, especially with regard to meetings and the circulation of information. Firstly, he points out that the Council do not even invite the public to their meetings and because of this he is confused with the manner in which they work. This lack of communication may cause all sorts of problems with the council and will ultimately hamper the development of Pendembu in the future. In many ways this lack of communication is an indication of the traditional hierarchical structures that exist in Pendembu, between the Chiefs, Councillors and the public. These traditional structures may also be hampering the progress of development as there is a total lack of transparency due to the poor circulation of information. Basically it seems that everyone is operating in an almost covert fashion, with the Councillors and the Chiefs being able to operate in a manner where they are seldom questioned. There is a danger that this lack of consultation could impact negatively on the council/ public relationship by creating a division in society. Ultimately the lack of communication is going to reduce the opportunity of the public from expressing their views to the council, and equally limit the possibility of the council from expressing their views. I think Fofana would be much happier if he was invited to the meetings, so that the confused ideas in his head could be eliminated however getting personal invites from the councillors seems unlikely due to the hierarchical structure within the town. Due to the seriousness of the problem, fuelled by the lack of communication the code 'lack of meetings' will be upgraded to confusion and 'unhappiness with council'. This problem may be contributing to divisions within society not just between the council and the public but also perhaps between members of the public.

Identification of weak categories, areas where more information was required in the post field research period, required one to source additional information. The source of this information consisted of the second round of 68 interviews together with those interviews that were sourced outside the sample. Crucially, theoretical sampling and saturation with additional data can be carried out when all the data has been collected as Corbin and Strauss argue that a 'Question about a concept (s) serves as a guide for what incidents to look for in the next set of data. Therefore, a researcher can sample data that have already

been collected or are available for incidents pertaining to a concept'.⁵⁵ Evidence of the extra information gained through theoretical sampling, will be evident in the Analysis, Chapter 6. The interview material included in this chapter is that from the second round of interviews, which reinforces arguments that emerged in the findings from the first set and indicates their weaknesses by continuing to investigate the data that emerged. Grounded Theory provides practical techniques that can be used in qualitative research. For this thesis the process of theoretical sampling, interviewing a second time, based on information gained in the previous interview, proved invaluable in gaining information on cross-border trade. Interviewing the interviewee twice does assist in increasing the credibility of the information, but more importantly, it builds a stronger relationship with the interviewee.

1.6 Summary of works structure

The liberal peace-building debate is expanded in Chapter Two in order to provide the theoretical frame work for the thesis. It commences with an analysis of neo-liberalism and examines how this economic ideology was embraced by the IMF and World Bank and merged with the liberal peace-building process in the 1990s leading to the creation of the PRSP process. Section two establishes the relationship of the 2005 PRSP with the liberal peace by examining how the three pillars of the PRSP correspond with Doyle's interpretation of Kant's three definitive articles. This section also examines the strategies of the liberal peace proponents which demonstrate how neo-liberalism is accommodated and interrelated with the process. Finally Section three examines the critics of the liberal peace and their grievances with the process.

Chapter Three is divided into three sections. Section One examines the shadow economy a key component of the research hypothesis. It investigates two primary sectors

⁵⁵ Corbin and Strauss (2008), p. 150

of an economy the official and the unofficial, provides two different interpretations of the shadow economy and the four primary aspects of this process. Section Two examines the impact of IMF and World Bank structural adjustment programmes on the research location Pendembu prior to the PRSP process in 2001. Section Three examines how Sierra Leone elite have historically manipulated externally implemented IMF and World Bank conditionalities to assist in personal accumulation and for political power.

Chapter Four commences the examination of the PRSP process, a key component of the research hypothesis. Specifically, it is divided into three sections with Section One examining the motivation behind the construction of the PRSP and an analysis of the cross-cutting objectives of the process. Section Two expands this investigation to include an analysis of the 2001 I-PRSP the template for the PRSP and the Poverty Reduction Growth Facility Programme (PRGF) approved on the basis of the I-PRSP. This section demonstrates how these programmes implemented the policies of the proponents of the liberal peace-building process. Finally Section Three examines Pillar One of the PRSP and how institutional strengthening and reform increased post 2005. These reforms are then assessed from the perspective of the IMF to gain a western economic perspective on the progress of the PRSP.

Chapter Five delivers the findings from the first round of interviews. It investigates a key component of the research hypothesis –the border communities. The chapter provides an analysis of the impact of strategic objectives of Pillar One, Two and Three on Pendembu and in doing so determines whether PRSP policies are creating economic conditions which encourage individuals into a cross-border shadow economy. The chapter gives a voice to the inhabitants of Pendembu on their experience of the 2005 PRSP.

Chapter Six provides an analysis of the findings from Chapter Five and utilises information and arguments from previous chapters in order to test the hypothesis, that policies of the 2005 PRSP are exacerbating domestic finances in the border town of Pendembu and making a cross-border shadow economy an attractive financial option. The hypothesis is tested using the variables outlined in Chapter One under Categories One and Two.

Conclusion

This chapter provides an introduction to the thesis and describes its primary objective. Specifically, the goal of the thesis is to increase knowledge on the impact of PRSP poverty reduction policies on the border community of Pendembu in Sierra Leone, West Africa. The field that the thesis contributes to is post-conflict peace-building. Currently the voice of border communities is absent from the literature and this thesis has set out to address this gap. The research question asks whether a relationship exists between the 2005 PRSP, the border community of Pendembu and the cross- border shadow economy. In answering this question the thesis tests the hypothesis that 2005 PRSP policies are exacerbating domestic finances in Pendembu and making engagement in a cross-border shadow economy an attractive option. It is argued that the PRSP is part of the liberal peace-building project as the three pillars of the PRSP correspond with Doyle's interpretation of Kant's three definitive articles identified as essential requirements for peace amongst liberal states. The debate surrounding the liberal peace-building process is introduced in this chapter and the growing influence of neo-liberalism within the process briefly examined. The debate provides the foundation for the theoretical framework for this thesis which is investigated in the following chapters. The methodology utilised during the field work in Pendembu between June and October 2009 is introduced and explained. This chapter sets out the

quantitative methods initially used to establish a stratified random sample in the township and the different techniques utilised from grounded theory in the accumulation of data in the field and its analysis during the desk work. Finally this chapter provides a concise summary of the works structure. The following Chapter Two expands and considers the theoretical debate that is introduced in this chapter.

Chapter Two

Theoretical Framework

‘The message for countries is clear: educate your people; ensure their health; give them voice and justice, financial systems that work, and sound economic policies and they will respond’.⁵⁶

These words spoken by World Bank Group President James D. Wolfensohn in 1997 embody the new approach that was adopted at that point in time by the World Bank and which led to the development of the Poverty Reduction Strategy Paper. These words coincided with a general recognition that improving conditions for the public in post-conflict and developing world situations required a more holistic approach that encompassed and depended upon the success of economic, social and political objectives.

The purpose of this chapter is to trace the development of the neo-liberal process upon which Wolfensohn’s strategy was structured and examine how it became part of the liberal peace-building process. Secondly, this chapter examines the proponents of the liberal peace process and analyses how neo-liberalism is accommodated by their approaches. Finally, the arguments of the critics of the liberal peace process are analysed in order to give an understanding as to why these critics feel that the process is failing to achieve its objectives in post conflict situations.

Achieving these three objectives required the division of this chapter into three distinct sections. Section One examines the emergence of neo-liberalism as the dominant economic doctrine in the mid 1980s and argues that this new economic strategy developed as a result of the convergence of a number of factors, inter alia criticism of the level of state intervention in the economies of the United States and the UK, the oil crises of the 1970s and the failure of the developing world economic strategy of import substitution. In order

⁵⁶ Wolfensohn (1997)

to gain an understanding of neo-liberalism, the goals of this economic strategy are also examined and the importance of the market explained. This section further examines the manner in which the IMF and the World Bank embraced this new economic doctrine and sought its implementation globally through conditionalities.

In the early 1990's Boutros Ghali's Agenda for Peace, which advocated an holistic approach to sustaining peace in post-conflict environments, led to a shift in the independent operation of the World Bank and the IMF. The Agenda for Peace resulted in the emergence of peace-building as a new tool in post-conflict reconstruction. Most importantly, it was instrumental in putting in place mechanisms for the UN to borrow from the IFIs, thus providing the opportunity for external implementation of conditionalities as part of the peace- building process.

During 1995 the relationship of the IFIs and the United Nations gained in strength following the publication of Boutros Ghali's Supplement to an Agenda for Peace. This first section explores this document and argues that it facilitated increased co-operation between the IFIs and the UN, as the financial institutions began to take the costs of peace-building into consideration when constructing the economic recovery plans for post-conflict countries. The growing criticism of the impact of IMF and World Bank structural adjustment programmes provided the catalyst for a new departure for the IFIs, culminating in the development of the Highly Indebted Poor Countries Initiative (HIPC) and the Poverty Reduction Strategy Paper. These solidified the bonds between the IFIs and the liberal peace-building project.

Section Two has two main objectives; firstly to establish the relationship of the 2005 Sierra Leone PRSP with the liberal peace-building project and secondly to examine how the liberal peace project interrelates with neo-liberalism. Achieving these objectives

requires examining the structure upon which the liberal peace process is based. This has involved an examination of Doyle's interpretation of Kant's three definitive articles of perpetual peace, which are constitutional, international and cosmopolitan law, together with an assessment of their relationship with the three Pillars of the 2005 PRSP. Secondly, in addition to the two main objectives, this chapter examines the proponents of the liberal peace building project and the different strategies that have been suggested to ensure that the process operates successfully. It is important to emphasise that each proponent has advocated their own individual strategy as to how the different components of the peace-building toolkit should be implemented and the timing procedure involved. The examination of their strategies demonstrates how neo-liberalism is accommodated by and interrelated with the liberal peace process.

Doyle argues that Kant's first definitive article constitutional law, which stresses the importance of democratic government is an essential requirement for peace. Section Two examines the subject of democratic elections as a prerequisite for democratic government and as a means and opportunity to construct and reform public institutions. This section includes an analysis of the increasing need for democratic government and institutional reform as a necessary requirement for the neo-liberal components of liberalisation and privatisation to continue in a post-conflict environment. In addition the subjects of decentralisation and civil society groups as part of the peace-building process are examined together with their importance for the free flow of information and institution building in rural areas. Crucially improving public sector governance through institutional reform and decentralisation were the central goals of Pillar One of the 2005 PRSP.

International law, Kant's second definitive article, has according to Doyle, the ideological commitment to human rights at its core. Section Two explores how the World Bank has embraced the subject of human rights and has identified strong institutions as an

essential requirement for achieving these rights. This section examines how the Bank has identified economic growth and specific neoliberal conditionalities as a prerequisite to improving human rights and achieving poverty reduction. Most importantly human development objectives outlined in Pillar Three of the 2005 PRSP mirror those expressed in the International Covenant on Economic Social and Cultural Rights. Equally tackling traditional human rights abuses is a further objective of Pillar One of the 2005 PRSP.

The final examination in Section Two focuses on Kant's third definitive article - cosmopolitan law. According to Doyle the cosmopolitan commitment to hospitality nurtures international trade which in turn encourages policies that preserve economic relations. Crucially, Doyle argues that the international market contributes to peaceful relations as it builds transnational economic ties and allows governments to become detached from difficult economic decisions. This third article embodies the neo-liberal theory of free trade and liberalisation, indicating the central importance of neo-liberal theory within Doyle's interpretation of this definitive article. The relationship of this third article to the 2005 PRSP can be found in Pillar Two which sought to promote economic growth in order to ensure food security and job creation.

Finally, Section Three examines the case of the critics of the liberal peace process and argues that their criticism hinges on the belief that the external nature of the liberal peace forms a foundation for western hegemony placing external actors in a domineering position. In addition there is a belief that neo-liberal strategies dominate the liberal peace process and this is being supported by the increased emphasis on state building. Equally there is growing concern that the liberal peace process places greater emphasis on marketization and state building to the detriment of the welfare and the daily needs of those emerging from post-conflict environments. According to critics, what emerges in a post-conflict environment where the armed conflict has ceased is broken promises of public

goods and employment. Suggestions put forward by critics include the adoption of an alternative strategy, which engages with local communities and is capable of demonstrating empathy for their situation and environment.

Critics also argue that the liberal peace project can be co-opted by local elites. Specifically the argument presented is that local elites can co-operate with certain aspects of the project and use other aspects to strengthen their local position. Local manipulation of the liberal peace process can provide an illusion that the process is operating satisfactorily to the prescribed western formula. .

Section 2.1: The emergence of neo-liberalism

The emergence of neo-liberalism as the dominant economic doctrine signalled a new era of globalised financial interconnectivity through trade and financial markets. The paradigm shift that occurred in the mid 1970s and early 1980s, in the developed world saw the replacement of an economic doctrine based on classical Keynesian, comprising an element of state involvement in economic affairs, to one of reduced government intervention based on the free market.

The catalyst for this economic transition can be traced to both economic and academic sources. The economic policies adopted by the Nixon government in the United States and the Heath government in the United Kingdom, which involved the ‘.... enforcement of wage and price guidelines in 1971-72 as a crucial part of their macroeconomic policies’,⁵⁷ set the scene for an ‘....outright anti-Keynesian counter revolution’.⁵⁸ Crucially, the 1973 and 1978 oil crises which culminated in the debt crises in the developing world and recession in the developed world exacerbated the global

⁵⁷ Toye (1987), p. 23

⁵⁸ Toye (1987), p. 23

economic climate. In the United States criticism was directed at government economic policies particularly monetary expansion which was encouraged in a bid '....to increase national income'.⁵⁹ Critics maintained that the practice of injecting capital into the American economy would ultimately contribute to '.... accelerating rates of inflation'.⁶⁰ UK economists put forward the argument that '....microeconomic theory suggested that a freely working market would produce a superior outcome',⁶¹ for the economy.

Academia provided additional support to the neo-liberal movement, in particular Professor Harry Johnson, who held chairs in both the University of Chicago and the London School of Economics. Johnson examined the economic policies of the developing world and argued that they had adopted policies similar to those in the developed world, specifically, '....industrialisation and national self sufficiency'.⁶² Johnson maintained that policy makers in the developing world '....had been affected by the same lack of confidence in the efficacy of capitalism which he thought Keynes had created in the developed world'.⁶³

The economic strategy adopted by the developing world comprising industrialisation and self sufficiency, referred to as Import Substitution, was designed to alter the trading patterns between the developed and developing worlds. Altering these patterns required reducing the amount of finished goods imported by developing countries and primary products exported to the developed. This economic strategy failed to achieve the desired results '....while it altered the structure of the economy's output it did less than hoped to alter the structure of exports'.⁶⁴ Critics of Keynes and state intervention in the

⁵⁹ Toye (1987), p. 23

⁶⁰ Ibid

⁶¹ Toye (1987), p. 22

⁶² Ibid

⁶³ Toye (1987), p. 23

⁶⁴ Rapley (1987), p. 47

developed world highlighted the failure of economic policies in the developing world based on statist intervention to justify the need for a more open economic strategy.

By the mid 1980's the neoliberal economic theory had emerged as the dominant force in western economics displacing '....embedded liberalism',⁶⁵ and endorsed by the Reagan and Thatcher governments. Specifically, Ronald Reagan '....construed all regulation (except of labour) as bad'.⁶⁶ Equally, Margaret Thatcher 'recognized that adopting neo-liberal policies meant '....nothing short of a revolution in fiscal and social policies, and immediately signalled a fierce determination to have done with the institutions and political ways of the social democratic state',⁶⁷ which had strengthened in Britain after the Second World War. The neo-liberal experiment was also vigorously embraced by the labour government in New Zealand, where 'One of the world's most comprehensive social democracies became a neoliberal state'.⁶⁸ Crucially this new economic approach which became known as the "Washington Consensus" was primarily concerned with reducing the influence of the state in the economy.

Individual freedom of choice and decision making lay at the centre of this economic strategy, as Bauer argued that 'extension of the range of choice of people as producers and consumers is perhaps the most satisfactory criterion of economic development'.⁶⁹ This objective is most likely to be achieved by economic conditions '....in which firms and individuals largely determine what is produced and consumed, where they will work how much they will save and how much they will invest their savings'.⁷⁰ Most importantly the market represents the medium through which these objectives are to be achieved. Providing

⁶⁵ Harvey (2005), p. 41

⁶⁶ Harvey (2005), p. 52

⁶⁷ Harvey (2005), p. 22

⁶⁸ Gray (2009), p. 39

⁶⁹ Bauer (1985), p. 22

⁷⁰ Bauer (1985), p. 22

the opportunities for individual choice and decision making, the market ‘...minimizes the power of individuals and groups to restrict the choices of other people’.⁷¹

Two of the world’s most influential institutions, the International Monetary Fund and the World Bank embraced neo-liberalism and sought to encourage the global impregnation of this economic doctrine by attaching conditionalities to their lending programmes in order to expand the free market system. IMF conditionalities are those attached to loans allocated to countries which have disequilibrium in their balance of payments, while World Bank conditionalities are those attached to loans which have been allocated for development purposes.

Initially, in the mid to late 1970s, conditionalities were directed at the macro economy; addressing such issues as employment, inflation and balance of payments. By the mid to late 1980s the numbers of conditionalities had increased and had encroached on to the micro economy of debtor countries. Encroachment into the micro economy resulted in the implementation of privatisation and liberalisation as two of the more prominent conditionalities undertaken by debtor countries in the last two decades. These were specifically designed to make structural adjustments within debtor countries resulting in these debtor countries putting on what is termed ‘...the Golden Straight Jacket’.⁷²

The implementation of privatization facilitated the introduction of further conditions and placed demands on debtor countries to make the private sector the primary engine of its economic growth. This resulted in ‘privatizing state owned industries and utilities.’⁷³ Consequently, privatization assisted in shrinking the size of the state bureaucracy. Liberalization of trade involved debtor countries ‘eliminating and lowering

⁷¹ Bauer (1985), p. 25

⁷² Friedmann (2000), p. 105

⁷³ Ibid

tariffs on imported goods, removing restrictions on foreign investment, getting rid of quotas and domestic monopolies, increasing exports'.⁷⁴ Removing the restrictions on foreign investment also opened up countries '...industries, stock and bond markets to direct foreign ownership'.⁷⁵

What motivated the financial donors to impose such stringent conditions on countries that were experiencing disequilibrium in their balance of payments, or suffering from severe social and economic underdevelopment? Why would debtor countries accept such conditions? Key to this paradox is that conditionality provides two fundamental functions, one each for the creditor and debtor. Firstly, conditionality provides a guarantee to the debtor that they will receive the loan on fulfilling the necessary conditions. Secondly it provides the creditor with a tool that allows them to dictate the design of the economic policies of the debtor country. The revised economic policies provide a greater likelihood that the loan will be repaid, although no guarantee exists.

From a financial perspective, understanding conditionality is best achieved by considering the concept of 'moral hazard'.⁷⁶ Specifically, this concept is associated with the behaviour of insurees. It is argued that the insured may behave in a more reckless manner than those who do not possess such security. By extrapolating this concept to the lending procedures of financial institutions, clarity behind the motivation of conditional lending emerges. The argument hinges on the belief that to protect against the reckless behaviour of developing countries and their assumption that they can approach the financial institutions each time they experience financial difficulties, the World Bank and the IMF apply conditions. Thus conditionality is the mechanism to protect against moral hazard.

⁷⁴ Ibid

⁷⁵ Friedman (2000), p. 105

⁷⁶ Vreeland (2007), p. 20

The influence of individual countries within the two financial institutions is directly related to the voting weight of the members, which ‘...depends on the size of a country’s quota’,⁷⁷ also referred to as ‘Special Drawing Rights or SDRs’.⁷⁸ One SDR, is ‘...valued at around \$1.25-\$1.50’⁷⁹ and is a reflection of the size of that particular country’s economy based on Gross Domestic Product and the ‘volume of current account transactions (basically, transactions involving international trade) and the size of official reserves’.⁸⁰ Each member of the fund is provided with a standard 250 votes and one vote for every ‘100,000 SDR contributed as its quota’.⁸¹ Since the United States currently has the largest quota, ‘SDR 37 billion’⁸² this automatically translates into the greatest voting power at 17.08% followed by Japan ‘which contributes 6.24 percent of fund resources, Germany (6.09 percent), the United Kingdom(5.03 percent), and France (5.03 percent)’.⁸³ Any decision taken by the fund requires an 85 percent majority meaning the United States is the only country that can veto a decision.

In the case of the World Bank, the weighted voting systems ‘are roughly in proportion to the share of the bank’s development funds contributed by each of the members’ governments’.⁸⁴ In the last ‘25 years, the United States, Japan and Germany have accounted for more than half of all funds allocated’,⁸⁵ and because of this it is ‘...reasonable to assume that the preferences of their country representatives have dominated the preferences of other members of the Bank’s Board of Directors’.⁸⁶ A situation exists within the World Bank and the IMF, whereby the decisions made and the

⁷⁷ Vreeland (2007), p. 14

⁷⁸ Vreeland (2007), p. 13

⁷⁹ Vreeland (2007), p. 14

⁸⁰ Ibid

⁸¹ Ibid

⁸² Vreeland (2007), p.14

⁸³ Ibid

⁸⁴ Abouharb & Cingranelli (2006), p. 206

⁸⁵ Banks & Muller (2002)

⁸⁶ Abouharb & Cingranelli (2006), p. 206

views expressed can be heavily influenced by Western industrial powers because of their superior economic wealth which translates into voting power.

During the 1980s the IMF and the World Bank were largely operating independently in post-conflict and developing world environments. This situation altered in the early 1990's when the IFI's started to operate in unison with organisations such as the United Nations. This transition was assisted by a realisation within the UN that to ensure a more lasting peace a more holistic approach was required in post-conflict environments. This change in thinking resulted in the birth of peace-building which the IMF and the World Bank were now to play prominent roles. The following section examines the relationship of the IMF, World Bank and their conditionalities with the peace-building process and how this relationship was strengthened with the creation of the PRSP, a primary focus for the research for this thesis.

The birth of the relationship between the IMF the World Bank and peace-building can be traced back to Boutros Boutros Ghali's seminal document *Agenda for Peace*. This provided a strategy to address the source of conflict and to create a foundation for lasting peace. This strategy '....envisaged multiple levels of governance to provide early warning systems, preventive diplomacy, and peacemaking, peacekeeping, peace-building as well as peace enforcement capacities'.⁸⁷

Achieving these aims required identifying at the '....earliest possible stage situations that could produce conflict, and to try through diplomacy to remove the sources of danger before violence resulted'.⁸⁸ Secondly where '....violence had erupted, it sought to

⁸⁷ Richmond (2011), p. 6

⁸⁸ United Nations *An Agenda for Peace: preventive diplomacy, peacemaking and peacekeeping* : initial proceedings (1992), p.823

‘...engage in peacemaking aimed at resolving the issues that had led to conflict’.⁸⁹ Peacekeeping sought ‘...to work to preserve peace where fighting had been halted, and to assist in implementing agreements achieved by the peacemakers’.⁹⁰ Finally, Peacekeeping was to assist peace building ‘...in its differing contexts; and to address the deepest causes of conflict: economic despair, social justice and political oppression’.⁹¹

This document identified peace-building as a key element in the post-conflict toolkit upon which the processes of peace keeping and peacemaking were dependent. The document ‘...stressed that for peacemaking and peacekeeping operations to be truly successful, they must include efforts to identify and support structures that would tend to consolidate peace and advance a sense of confidence among people’.⁹² Crucially, the document stressed the need for cooperation between countries in order to construct peace in the post cold war era as it recognised that ‘...concrete cooperative projects that link two or more countries and peoples in a mutually beneficial undertaking, cannot not only contribute to economic and social development, but also enhance the confidence that is so essential to peace’.⁹³

The peace-building strategy included ‘...disarming the previously warring parties, and restoration of order, the custody and possible destruction of weapons, repatriating refugees, advisory and training support for security personnel, monitoring elections, advancing efforts to protect human rights, reforming or strengthening government

⁸⁹ Ibid

⁹⁰ United Nations An Agenda for peace: preventive diplomacy, peacemaking and peacekeeping: initial proceedings (1992), p. 823

⁹¹ Ibid

⁹² United Nations An Agenda for Peace: preventive diplomacy, peacemaking and peacekeeping: initial proceeding (1992), p.824

⁹³ United Nations An Agenda for Peace: preventive diplomacy, peacemaking and peacekeeping: initial proceedings (1992), p. 825

institutions and promoting processes of political participation'.⁹⁴ Achieving these objectives would assist in creating a more liberal open society. The construction of democracy and good governance was recognised as the ultimate goal, as it argued that 'there is an obvious connection between democratic practices such as the rule of law and transparency in decision making and the achievement of true peace'.⁹⁵

The Agenda for Peace highlighted that the concept of security had changed from one based traditionally on military terms to one encompassing '...the economic, social and environmental problems that threaten national and international security'.⁹⁶ Crucially a relationship between peace and development was established as it was requested that '... efforts towards peace be pursued along with efforts toward economic and social development in an integrated and mutually supporting way'.⁹⁷ This acknowledgement signalled a more holistic approach to peace-building.

Co-operation between countries provided an opportunity for external economic and social methodologies to be exported and implemented into post-conflict environments. Peace builders achieved this objective 'by shaping '...the content of peace agreements'⁹⁸ through the implementation of '...political (and in some cases economic) liberalisation into peace agreements'.⁹⁹ Secondly, by providing '...expert advice to local parties in war shattered states'.¹⁰⁰ Thirdly by imposing 'conditionalities' requiring states to undertake specific economic and political reforms, in exchange for economic aid',¹⁰¹ including '...market-orientated economic reforms including the privatisation of state owned

⁹⁴United Nations An Agenda for Peace: preventive diplomacy, peacemaking and peacekeeping initial proceedings (1992), p.825

⁹⁵ United Nations Agenda for Peace (1992)

⁹⁶ Reynolds, Raghavan, Dorman and Sawin (1993), p. 291

⁹⁷ Ibid

⁹⁸ Ibid

⁹⁹ Paris (2002), p. 644

¹⁰⁰ Ibid

¹⁰¹ Ibid

enterprises, the lowering of government subsidies, removal of wage and price controls, and the lifting of regulatory controls and barriers to foreign goods and investment'.¹⁰² The fourth mechanism was linked to the '... performance of quasi-government functions in war shattered states,¹⁰³ which involves international actors performing the tasks of local government.

A vitally important development had occurred, in that neoliberal conditionalities were a recognised part of the peace-building process. The Agenda for Peace document made this an inevitable development as it put forward proposals for the '...United Nations to borrow from the World Bank and the International Monetary Fund'.¹⁰⁴ These mechanisms '....acted as a carrier for the neoliberal marketisation, free trade dimension of peace building that was also inserted into the liberal peace through various forms of conditionality'.¹⁰⁵

The creation of a Supplement to the Agenda for Peace in 1995 strengthened the bonds between the IMF, the World Bank and the liberal peace building process. Specifically clear and compatible roles for the respective bodies emerged within the peace-building framework as the United Nations was working in unison with the IMF and the World Bank. Crucially, the document states that '....in putting together the peace-building elements in a comprehensive settlement plan, the United Nations should consult the international financial institutions in good time to ensure that the cost of implementing the plan is taken into account in the design of the economic plans of the government

¹⁰² Paris (2002), p. 645

¹⁰³ Paris (2002), p. 645

¹⁰⁴ United Nations An Agenda for Peace (1992)

¹⁰⁵ Richmond (2011), p. 7

concerns'.¹⁰⁶ Peace-building projects were now intrinsically interwoven with the economic recovery plans of post-conflict countries, designed by the IMF and the World Bank.

The impact of IMF and World Bank structural adjustment programmes on post-conflict and developing world countries during the 1980s and the 1990s provided a dilemma for the IFIs. Specifically, the outcome of the lending programmes contradicted UN objectives. Critics protested that structural adjustment programmes '.....undermined democracy and sovereignty by imposing a one size fits all solution in aid dependent Africa'.¹⁰⁷ The failure in the economic arena was replicated in the political arena as the IFIs '....struggled to reconcile political management of this economic failure with their major share holders' stated commitment to liberal political systems'.¹⁰⁸ The combination of global criticism and the need to satisfy the liberal demands of share holders contributed to the creation of the PRSP.

The emergence of the PRSP process in 1999 strengthened the ties between the IMF the World Bank and the post-conflict liberal peace project. The IFIs recognised that for economic objectives to be achieved, governance and human rights issues also needed to be addressed. Evidence of the IFIs and the liberal peace merger is apparent in the three pillars of the 2005 Sierra Leone PRSP which sought to promote Good Governance Peace and Security, Pro-poor sustainable Growth and Human Development. These pillars correspond to Kant's definitive articles of constitutional, international and cosmopolitan law which form the foundation for the constitutional strand of the liberal peace project.

The following section examines the close relationship of the PRSP and the liberal peace process and examines the key position of the neoliberal agenda within this

¹⁰⁶ United Nations Supplement to an agenda for peace (1995), p. 23

¹⁰⁷ Fraser (2005), p. 317

¹⁰⁸ Fraser (2005), p. 320

relationship. A counter view on the liberal peace debate is provided in Section 3, which investigates the arguments of the critics of the liberal peace building project. The importance of the following section to the hypothesis is that it demonstrates that the PRSP is an instrument of the liberal peace-building project

Section 2.2: Strategies and Proponents of the liberal peacebuilding project

Through his work, 'Kant Liberal Legacies and Foreign Affairs and the Three Pillars of the Liberal Peace', Doyle has sought to demonstrate through an extrapolation of the work of Immanuel Kant, that liberalism is a source of peace. Despite the acknowledgement that liberal states will go to war with illiberal states '....preliminary evidence does appear to indicate that there exists a significant predisposition against warfare between liberal states'.¹⁰⁹ This diagnosis has contributed to the belief that liberalism also contributes to the spread of peace as '....never have so many of the world's leading states been liberal whether as republics or as constitutional monarchies'.¹¹⁰

Doyle constructs his argument on Kant's three definitive articles consisting of Constitutional, International and Cosmopolitan law. Most importantly he maintains that 'together and only together do the three specific strands of liberal institutions, liberal ideas, and the transnational ties that follow them, plausibly connect the characteristics of liberal politics and economics with sustained liberal peace'.¹¹¹ Doyle argues further that '....perpetual peace will be guaranteed by the ever widening acceptance of the three 'definitive articles'.¹¹² The individual examination of these three articles and the methods necessary to achieve them assists in identifying the proponents of the liberal peace-building project. Equally this analysis demonstrates how the 2005 PRSP corresponds with the

¹⁰⁹ Doyle (1983), p 213

¹¹⁰ Doyle (1983), 209

¹¹¹ Doyle (2004), p. 9

¹¹² Doyle (2004), p. 7

liberal peace project and how components of neo-liberalism are accommodated and form a key part of the process.

Constitutional Law: Kant's First Definitive Article

Constitutional law represents the first component identified by Doyle as a necessary prerequisite for peace. Central to this article is 'asocial sociability',¹¹³ which, according to Doyle, brings societies together for security and material welfare but equally drives them into conflict over '....the distribution and control of social products'.¹¹⁴ This evolution contributes to the creation of republican governments which are identified as a '....source of the Liberal Peace'.¹¹⁵ Democratic government contributes to an accountable relationship between the state and its voters and together with transparency, limits the capacity of those in power to act recklessly, as this could potentially result in '....electoral defeat',¹¹⁶ thus reducing the possibility that democracies will go to war. Despite this argument there is an acknowledgement that representation alone does not provide an absolute guarantee that liberal states will not go to war but it '...should, ensure that liberal wars are only fought for popular liberal purposes'.¹¹⁷

The construction of democratic republican government depends on the ability of those in post-conflict environments to hold democratic elections, making free and fair elections a fundamental part of the liberal peace-building process. Elections represent the '....principal means to legitimate the new leadership and the institutional structures that emerge from a peace process,¹¹⁸ and presents opportunities for '....institution rebuilding as

¹¹³ Doyle (1983), p 228

¹¹⁴ Ibid

¹¹⁵ Ibid

¹¹⁶ Doyle (2005), p. 464

¹¹⁷ Ibid

¹¹⁸ Lyons (2004), p. 270

well as competition for political power'.¹¹⁹ The time lapse between the cessation of the armed conflict and elections can be critical as waiting too long for elections '....may lead to the collapse of the peace process and a return to war'.¹²⁰ Local elections held post-conflict are important to this thesis as they resulted in the election of Chief Gondor as Paramount Chief of Pendembu in '....late 2002 and early 2003',¹²¹ during the Paramount Chief Restoration Programme.

The removal of the Sierra Leone Peoples Party (SLPP) from power and the installation of the African People's Congress (APC) during the 2007 elections according to Jalloh, is an indication of the progress that has been made in democracy building in Sierra Leone in recent decades. This argument would suggest that the 2007 elections have created an accountable relationship between the voter and the state, as the election of the APC '....can rightly be viewed as a referendum on the performance of the SLPP government since they came to power in 1996'.¹²²

Crucially, these elections have provided the international community with leverage, as it is argued that the newly elected government will be compelled to '.... perform and deliver not only on its electoral promises but on a range of other pressing issues'.¹²³ This development supports Doyle's argument that democratically elected republican governments tend to act in a responsible manner on account of the power of the electorate. Elections are also essential for the implementation of the neo-liberal programme as the IMF and the World Bank '....need a recognised government in order to begin dispersing money for critical development programmes'.¹²⁴

¹¹⁹ Ibid

¹²⁰ Lyons (2004), 288

¹²¹ Hanlon (2005), p. 462

¹²² Ibid

¹²³ Jalloh (2008), p. 321

¹²⁴ Boyce and pastor (1998), p. 42-50

Lyons argues that elections provide the opportunity to construct institutions which have been identified as critical components of the post-conflict peace and state building process, particularly since the ‘...The Asian economic crises of 1997-98 the problems experienced by Russia and other post communist countries’,¹²⁵ and since 9/11. An awareness exists within the IMF and World Bank that institution building is essential to their objectives, as Fukuyama argues there is now an awareness of the ‘...dangers of liberalization in the absence of proper institutions’.¹²⁶

Specifically, privatisation and liberalisation require specialised institutions in order to ensure that the processes are carried out effectively; weak institutions that are lacking in capacity may impact on the effectiveness of the projects. However it is important to point out that the building of institutions requires skilled personnel and this may have to be solved by ‘...temporarily importing foreign technical assistance’.¹²⁷ Therefore the strength of state institutions is of critical importance to the neo-liberal project and to ensure that conditionalities are carried out effectively. Most importantly institution building provides the opportunity to impregnate methodologies that have succeeded in peaceful environments into a post-conflict context. This has been most successful when countries have imported techniques ‘...from outside, or adapted foreign models to local conditions’.¹²⁸ Institution building was a key objective of the good governance programme contained within Pillar One of the 2005 PRSP.

Paris supports Fukuyama on the critical importance of institutions to state building and post-conflict peace-building but argues that the coordination of the liberal peace

¹²⁵ Fukuyama (2004), p. 23

¹²⁶ Ibid

¹²⁷ Collier (2008), p. 103

¹²⁸ Fukuyama (2004), p. 47

process is flawed as it ‘....tends to take the existence of functioning states as a given’.¹²⁹ Paris, like Doyle, constructs his argument on the views of the philosophers of the Enlightenment Period who emphasised the importance of state institutions ‘....as a necessary condition for domestic stability’.¹³⁰ Pursuing the Wilsonian goal of transforming post-conflict countries into market democracies is endorsed by Paris however the recommendation is made to delay liberalisation and to ‘.... limit political and economic freedoms in the short run’.¹³¹ It is suggested that the strategy of postponement creates a ‘....smoother and less hazardous transition to market democracy – and durable peace – in the long run’,¹³² giving rise to the thesis ‘institutionalisation before liberalization’.

In contrast to Lyons, Paris suggests that elections be delayed in a post-conflict environment, until conditions are suitable ‘....for a successful vote - a vote that is not only conducted in a free and fair manner but also furthers the development of a stable democracy and diminishes the risk of renewed violence’.¹³³ Achieving this objective depends on a neutral and efficient judiciary ‘....to rule on election related disputes’.¹³⁴

Ackerman supports Paris on the need for a judiciary that is insulated from external political and economic factors and argues the widely held view that judicial independence is critical for the ‘establishment for the rule of law’.¹³⁵ Achieving this goal may potentially require judicial sector reform and here the importance of indigenous practices is recognised to ‘....complement a substitute for more familiar legal forms derived from developed societies’.¹³⁶ However there is a ‘....need to understand when traditional practices become

¹²⁹ Paris (2004), p. 46

¹³⁰ Paris (2006), p. 426-427

¹³¹ Paris (2006), p. 188

¹³² Ibid

¹³³ Paris (2004), p. 189

¹³⁴ Paris (2004), p. 190

¹³⁵ Ackerman (2004), p. 204

¹³⁶ Ibid

dysfunctional under modern conditions’,¹³⁷ as law reform should strengthen not only state institutions but empower the public to enable them ‘...to complain about government services and actions’.¹³⁸ Finally, monitoring institutional reform is recommended and this can be achieved by creating independent bodies such as an ‘...anti corruption agency’.¹³⁹ Both judicial reform and the establishment of an Anti Corruption Commission were key objectives of the Pillar One of the 2005 PRSP.

The promotion of good civil society is a further objective of Paris’s peace building strategy ‘while simultaneously restraining its bad variant’.¹⁴⁰ Civil society groups such as church and women’s organisations can assist in preventing the potential exacerbation of a post-conflict environment that may occur as a result of the political liberalisation. The development of a free media greatly assists this process and is also critically important to good governance and poverty reduction. It is important that the peace-building process reduces the ‘...costs of the information’¹⁴¹ and ensures that it is constructed on ‘...accurate sources’.¹⁴² Media regulation is paramount to ensure that the content of the circulated information does not incite hatred and exacerbate the post-conflict environment. Policies to improve public information and awareness were further objectives of Pillar One of the 2005 PRSP.

Paris acknowledges that open market economies are the primary engine for growth but equally that market orientated reforms, comprising structural adjustment do inflict hardship on individuals emerging from a post-conflict environment. Therefore delaying economic liberalisation is suggested ‘...until political conditions are less fragile’.¹⁴³

¹³⁷ Ackerman (2004), p. 208

¹³⁸ Ibid

¹³⁹ Ackerman (2004), p. 204

¹⁴⁰ Paris (2004), p. 194

¹⁴¹ Posner (2004), p. 251

¹⁴² Paris (2004), p. 196

¹⁴³ Paris (2004), p. 201

Fukuyama's recommendation for strong state institutions is supported as it is recognised that war shattered states and developing countries often lack '...the institutional capacity to successfully manage market orientated reforms'.¹⁴⁴ Therefore promoting democratization and marketization in countries lacking strong state institutions is deemed '...unreliable and potentially counterproductive approach to peace building'.¹⁴⁵

In addition to the construction of institutions there is a requirement, particularly in post-conflict rural enclaves, where the '...war was waged by territorially defined ethnic or religious groups',¹⁴⁶ to ensure that communities benefit from institution strengthening. This requires a process of decentralisation to assist in the peace-building process. Specifically, decentralisation can assist in empowering local communities by allowing them to deal with local issues '...such as land control and land reform, local public spending and employment, and local representation'.¹⁴⁷ Decentralisation was a key objective of Pillar One of the 2005 PRSP

Security Sector reform and decentralisation has commenced in Sierra Leone and according to Ebo a degree of success has been achieved in this area. Evidence of progress emerged in September 2004 when the Government of Sierra Leone was able to take over countrywide security control from United Nations Mission in Sierra Leone (UNAMSIL). Most importantly Security Sector Reform and strengthening National Security were objectives of Pillar One Good Governance Peace and Security of the 2005 PRSP. Decentralisation has been a core element of the Security Sector Reform with Provincial Security committees (PROSECs) and District Security Committees (DISECs) being located

¹⁴⁴ Ibid

¹⁴⁵ Paris (2005), p. 205

¹⁴⁶ Bigombe, Collier and Sambanis (2000), p. 344

¹⁴⁷ Ibid

in provincial capitals. According to Ebo policy statements from senior political officials in the Sierra Leone Government ‘...indicate a more people centred security agenda’.¹⁴⁸

Ebo highlights the need to examine this success within the wider political economy of Sierra Leone and highlights that the programme for reform including the SSR is ‘...heavily dependent on external funding and to a significant extent expertise’.¹⁴⁹ Youth unemployment is rampant and ‘...if not tackled systematically and vigorously, has the potential to unravel the painstaking achievements so far recorded’.¹⁵⁰ Despite the SSR view, the public’s perception of the police and the security forces is one of ‘...distrust and pessimism’,¹⁵¹ with low salaries accounting for ‘...the rampant corruption within the service’.¹⁵²

International Law Kant’s Second Definitive Article.

Kant’s second definitive article of International Law is identified by Doyle as the second requirement for liberal states to be peace prone towards other liberal states. This law provides a ‘...guarantee of respect’,¹⁵³ for ‘...the legitimate rights of all individuals’,¹⁵⁴ meaning that the ‘...ideological commitment to fundamental human rights’,¹⁵⁵ lies at the core of this second definitive article. Central to this argument are the subjects of religion and language, as it is suggested that they are critical for ‘... the separation of nations’¹⁵⁶ which is a necessary requirement to avoid a ‘...a global soul-less despotism’.¹⁵⁷ While religion and language are identified as factors contributing to a world of separate nations it

¹⁴⁸ Ebo (2009), p. 488

¹⁴⁹ Ebo (2009), p. 490

¹⁵⁰ Ebo (2009), p. 491

¹⁵¹ Ibid

¹⁵² Ibid

¹⁵³ Doyle (1983), p. 230

¹⁵⁴ Doyle (2005), p. 464

¹⁵⁵ Doyle (2005), p. 463

¹⁵⁶ Doyle (2004), p. 7

¹⁵⁷ Ibid

is recognised that they possess the capacity to ‘....morally integrate liberal states’.¹⁵⁸ This integration is also assisted by the growth of culture which allows individuals within society to ‘gradually move towards greater agreement over their principles’,¹⁵⁹ strengthening accommodation and understanding.

The belief is that as republics emerge and as cultures develop ‘....the established practice of recognized legal rights resting on an understanding of the legitimate rights of all citizens and of all republics come into play’.¹⁶⁰ Crucially, the recognition of individual rights ‘....sets up the institutional and moral foundation for the liberal peace’.¹⁶¹ Within the developing republic there is a requirement for domestic government to protect and fulfil the liberal principles upon which they claim to uphold and to act in the best interest of the public that they are claiming to represent. Doyle maintains that ‘....publicity’,¹⁶² is critical to achieving this objective which requires transparency and representation. Internationally, free speech and accurate information ‘....on the political life of foreign peoples is essential to establish and preserve the understanding on which the guarantee of respect depends’.¹⁶³ Republics that respect the rights of their citizens anticipate that other republics will behave in a similar fashion and are ‘....therefore deserving of accommodation’,¹⁶⁴ which assists in instilling a degree of cooperation between different nations. The recognition of individual legitimate rights within states in turn strengthen the bonds between them even ‘....when the consequences of state policy are unclear but potentially mutually beneficial’.¹⁶⁵

The ideological commitment to fundamental human rights which according to Doyle lies at the core of Kant’s second definitive article can be found in both Pillar One

¹⁵⁸ Ibid

¹⁵⁹ Doyle (2004), p. 7

¹⁶⁰ Doyle (2004), p. 7

¹⁶¹ Ibid

¹⁶² Doyle (2005), p. 464

¹⁶³ Doyle (1983), p. 230

¹⁶⁴ Ibid

¹⁶⁵ Doyle (2004), p. 8

and Pillar Three of the 2005 PRSP. Pillar one sought to tackle traditional human rights abuses in addition to reforming the judiciary, restructuring the police and increasing access to justice. Pillar Three of the PRSP focused on additional human rights inter alia the right to housing, education, health care, employment, gender equality and the rights of children, all of which are enshrined in the International Covenant on Economic and Cultural Rights (ICESCR) 1966, which forms part of the International Bill of Human Rights.

The World Bank has also embraced the issue of human rights, and has recognised the two specific forms. The ‘... traditional form’¹⁶⁶,encompassing freedom of speech and the right to vote, which are reflected in the International Covenant on Civil and Political Rights and additional rights vital to human development, including ‘... the rights to basic necessities for an adequate standard of living, including employment, nutrition, shelter, health care and education’,¹⁶⁷ again all of which are articulated in the International Covenant on Economic, Social, and Cultural Rights. The Bank’s position is that ‘public discourse on human rights and development too often ignores their fundamental two-way relationship’.¹⁶⁸ The World Bank has argued that ‘... creating the conditions for the attainment of human rights is a central and irreducible goal of development’,¹⁶⁹ and that sustainable development ‘is impossible without human rights’.¹⁷⁰

In addition the Bank maintains that state institutions are critical to achieving these objectives and that ‘...public sector institutions – from banking regulation to government auditing functions to the court system - has singularly important impact on creating the structural environment in which citizens can pursue and continue all areas of human

¹⁶⁶ World Bank (1998), p. 2

¹⁶⁷ *Ibid*

¹⁶⁸ *Ibid*

¹⁶⁹ *Ibid*

¹⁷⁰ *Ibid*

rights'.¹⁷¹ The need for strong state institutions is a factor that the World Bank identified in the late 1990s to assist in achieving its human rights and development goals. Therefore strong state institutions and the capacity of the public to utilise them are viewed by the Bank as a prerequisite to democracy.

The human rights and development objectives of the Bank are also linked to the international market. The Bank maintains that poverty reduction is unachievable in the absence of economic growth '...no matter the country, or the mix of policy choices, long term economic growth is the sine qua non of poverty reduction. No country has sustained decreases in poverty reduction without it'.¹⁷² The economic prescription includes

'...Openness to trade and investment, stable exchange rates, low inflation, sound fiscal policies, and acquisition of high technology.

The importance of this economic strategy is the inclusion of key neoliberal conditionalities, which suggests that the human rights objectives of the World Bank, stem from its neoliberal economic practices.

Badmus and Ogunmola have highlighted that the World Bank has been greatly involved in post-conflict peace-building in Sierra Leone',¹⁷³ as it played a prominent role in assisting Internally Displaced Peoples (IDPs) by providing them '...with basic infrastructural facilities and social amenities that were already shattered and devastated by the civil war'.¹⁷⁴ The Bank has also focused on peace-building programmes such as the reintegration of ex-combatants where it has provided '...US\$41.3 million to the Community Reintegration and Rehabilitation Project (CRRP)'.¹⁷⁵ Their argument is that the Bank is operating a twin programme consisting of the Economic Recovery Support

¹⁷¹ World Bank (1998), p. 11

¹⁷² World Bank (1998), p. 8

¹⁷³ Badmus and Ogunmola (2009), p. 732

¹⁷⁴ Ibid

¹⁷⁵ Ibid

Fund with the aim of empowering local communities economically and the Training and Employment Programme that ‘...zeros in on the reinsertion and rehabilitation of former combatants’.¹⁷⁶ This joint programme which consists of counselling and training is designed to provide ex-combatants with the necessary skills to reintegrate into society and is said to have had ‘....significant impact on the life of Sierra Leoneans’.¹⁷⁷

Cosmopolitan: Law Kant’s third Definitive Article

Doyle has identified cosmopolitan law as the third requirement for peace and argues that it adds a ‘....material incentive to moral commitments’.¹⁷⁸ Doyle’s thesis maintains that the ‘cosmopolitan right to hospitality permits the spirit of commerce sooner or later to take hold of every nation, thus impelling states to promote peace and try to avert war’.¹⁷⁹ Cosmopolitan relationships derive from a ‘....cooperative international division of labour and free trade according to comparative advantage’.¹⁸⁰ The theory maintains that it is more advantageous for countries to engage in international trade rather than adopting economic self-sufficiency therefore creating an incentive for countries to avoid policies that would threaten economic ties. Doyle argues that peaceful cooperation and ‘mutual security’¹⁸¹ between states is necessary to ensure that states do not feel threatened and therefore compelled to engage in ‘....economic autarky’.¹⁸² Economic interdependence encourages states to enhance ‘each other’s security by means of alliance’¹⁸³

Of central importance to this cosmopolitan relationship is the market as a mechanism, which removes a sense of responsibility, and ‘.... difficult decisions of

¹⁷⁶ Ibid

¹⁷⁷ Badmus and Ogunmola (2009), p.732

¹⁷⁸ Doyle (2004), p. 8

¹⁷⁹ Doyle (1983), p. 231

¹⁸⁰ Ibid

¹⁸¹ Doyle (2004), p. 8

¹⁸² Ibid

¹⁸³ Ibid

production and distribution from the direct sphere of state policy'.¹⁸⁴ The market creates an environment whereby states are not held directly responsible for the outcome of transactions as they '....can stand aside from, and to some degree above, these contentious market rivalries and be ready to step in to resolve the crises'.¹⁸⁵ Most importantly the market nurtures international government and financial relations and '....create interests in favour of accommodation'.¹⁸⁶ Commercial independence creates global ties and nurtures interstate accommodation making free trade and international commerce of central importance to the liberal peace process. Transnational accommodation is reinforced by 'trust property rights and mutual expectation of the rule of law, which according to Doyle makes 'economic and other disputes easier to settle'.¹⁸⁷ The importance of the market to the third definitive article demonstrates how components of neo-liberalism are reflected within the liberal peace project. Pillar Two of the 2005 PRSP also sought to encourage economic growth, through private sector investment and export promotion to assist food security and job creation, thus demonstrating the clear overlap between the 2005 PRSP and definitive article three as understood by Doyle.

The Snodgrass economic strategy for a post-conflict environment embraces the free market and argues that in the aftermath of an intrastate conflict it may be beneficial to 'reduce the economic role of a weak corrupt government than to improve its functioning'.¹⁸⁸ This recommendation is based on the belief that the capacity of the government to function maybe compromised as a result of the conflict. It may be unable to '....administer promotional schemes, regulate business, and collect tax and tariff '.¹⁸⁹

¹⁸⁴ Doyle (1983), p. 231

¹⁸⁵ Doyle (2004), p. 9

¹⁸⁶ Ibid

¹⁸⁷ Ibid

¹⁸⁸ Ibid

¹⁸⁹ Snodgrass (2004), p. 260

Reducing the role of government suggests that this strategy is heavily reliant on market forces to lift the post-conflict economies out of the economic mire.

Snodgrass' strategy consists of a three pronged economic approach, consisting of 'financial stabilization, rehabilitation and reconstruction and development'.¹⁹⁰ To achieve financial stabilisation he recommends controlling fiscal and monetary policy, which may involve curtailing public expenditure, adjusting the exchange rates and cutting inflation 'below 20 percent, preferably to 10 percent per annum'.¹⁹¹ If these fiscal and monetary policies are unachievable it may be '....necessary to achieve credibility by such extreme measures as '.... officially substituting an international currency, such as the United States dollar for the local currency'.¹⁹² Contrasting with Paris's recommendation this strategy recommends steps to '....liberalise trade during the financial stabilization phase'.¹⁹³

During the rehabilitation and reconstruction phase Snodgrass recommends that refugees should be settled, security restored, infrastructure facilities reopened, food aid distributed and assistance provided to the agricultural sector. Only in subsequent years '....years two to five',¹⁹⁴ should the construction of public institutions, infrastructure, and the provision of education and healthcare be properly expanded, supervised and managed.

Snodgrass argues that the provision of welfare for the public in post-conflict environments is often beyond the capabilities of '....low-income countries'.¹⁹⁵ To overcome this problem it is recommended that efforts be made during the development phase to provide large scale employment to enable the poor to earn more than subsistence wages by

¹⁹⁰ Snodgrass (2004), p. 260

¹⁹¹ Snodgrass (2004), p. 261

¹⁹² Ibid

¹⁹³ Ibid

¹⁹⁴ Snodgrass (2004), p. 262

¹⁹⁵ Ibid

‘.... improving access to land other natural resources as well as financial services’.¹⁹⁶ The dependency of this strategy on the open market, provides the opportunity for the government to harness the wealth of the private sector to finance development projects. It is essential that a frame work is established ‘....that will induce the private sector to make a socially constructive contribution’.¹⁹⁷

Deekpak Lal argues that ‘Third World governments have usually undertaken sustained economic liberalisation only when the costs of maintaining repressed regimes to them, in terms of their control over the economy had become too high’.¹⁹⁸ The problem is exacerbated when ‘....clients agree to provide political support to the patron in exchange for pay-offs that the patron can deliver by using political power to capture public resources’.¹⁹⁹ However, the allocation of the country’s finances to favoured groups, particularly public sector areas and the ‘accompanying (implicit or explicit) tax burden to finance them results in generalised tax resistance, avoidance and evasion’.²⁰⁰ With limited supplies of foreign and domestic credit ‘the government finds its fiscal control of the economy vanishing’.²⁰¹

The options available to the country include embarking on ‘external borrowing, internal borrowing or levying of the inflation tax rate’²⁰² involving increasing tax to assist in debt repayment. Internal borrowing however has the potential to reduce the incentive for private investment and diminishes ‘....the future growth of income - and thus the future tax base’.²⁰³ External borrowing in the long term is unviable on account of the threat of increased interest rates on debt repayments, often compounded by overvalued exchange rates which restrict exports making it difficult to generate finance to service debt.

¹⁹⁶ Ibid

¹⁹⁷ Snodgrass (2004), p. 262

¹⁹⁸ Lal (1993), p. 233

¹⁹⁹ Kahn (2005), p. 714

²⁰⁰ Lal (1993), p. 233

²⁰¹ Ibid

²⁰² Lal (1993), p. 106

²⁰³ Lal (1993), p. 107

The options chosen by many developing countries, when faced with such crises, results in some form of liberalisation, either tax reform or an increased emphasis on export promotion. The argument presented by Lal is that the liberalisation processes, unless they reduce unviable levels of entitlements ‘... have tended to worsen the fiscal crises’,²⁰⁴ largely due to the refusal ‘...of government to allow private or public enterprise to fail’.²⁰⁵ Thus the crux of the problem, from the neoliberal perspective, is that liberalisation as a key component of conditionality fails to achieve its objectives because public and private industries are allowed to be subsidized in the face of diminishing government revenue.

An alternative strategy proposed by Lal, based on strong government commitment demonstrates how conditionality assists in increasing the public’s access to economic resources and reduces the negative impact of the liberalisation programmes. The strategy involves subsidizing the wages of workers during the transition process, by taxing the output of the ‘capital intensive sector, that is, by appropriate changes in the real exchange rate’.²⁰⁶ The capital intensive sector in Sierra Leone is represented by the export sector and changes in the real exchange rate could be achieved through currency devaluation and the removal of obstacles to trade including tariffs and quotas. Currency devaluation could also assist in increasing production and exports, increasing the opportunity to tax this sector to subsidise the labour intensive sector which in Sierra Leone includes the agricultural sector and those in self -employment. This strategy is designed to be public friendly because its core objective is the protection of the worker during the liberalisation process.

Reducing the role of the government assists in reducing capital market distortion in the traded goods sector and provides an opportunity to ‘... raise both real output and real

²⁰⁴ Lal (1993), p. 108

²⁰⁵ Ibid

²⁰⁶ Lal (1993), p. 110

wages in the short and long run'.²⁰⁷ Throughout this process it is necessary to maintain a low inflation rate to '... keep the economy at the new steady state inflation rate',²⁰⁸ to ensure the low price of exports. Increasing the cost of exports has the potential to affect production rates thereby reducing the capacity to tax this area which in turn alters the overall strategy of subsidising the labour intensive sector during the transition process. The point to emphasis from this economic strategy is that conditionalities together with sound government support have the potential to improve the public's economic prospects.

Section 2.3: Critics of the liberal Peace

The western liberal peace-building strategy that has sought to construct democracy through democratic elections, institution building and by improving human rights through economic growth and the free market is heavily influenced by the United States 'as it seeks to create liberal societies as a means of securing its global role and its preferred form of ultimate international order'.²⁰⁹ The argument presented by the liberal peace defence focuses on the belief that the strategy represents the best solution for post-conflict peace-building when compared to its 20th Century rivals such as soviet communism. This belief has reinforced the argument that the "American" formula (warts and all) does appear to have delivered more goods, freedom and happiness to more people than anything else on offer'.²¹⁰

The challenge to this prognosis has arisen because of the belief that the current liberal peace-building strategy is hegemonic and neo-liberal rather than liberal in its design. Critics of neo-liberal peace-building maintain that it is top down orientated, externally implemented and is primarily concerned with '....avoiding market disruption that would

²⁰⁷ Lal (1993), p. 111

²⁰⁸ Ibid

²⁰⁹ Quinn and Cox (2007), p. 516

²¹⁰ Ibid

require systemic adjustments and on serving the needs of global market actors rather than individuals in conflict prone society'.²¹¹

Oliver Richmond supports this view and argues that what actually emerges in the post-conflict environment is a hybrid form of the liberal peace, subject to powerful local critiques and is often resisted by local communities. Richmond describes the liberal peace process as a peace-building consensus where liberal states cooperate and work together united in their belief in 'democracy, human rights, free markets, development, a vibrant civil society and multilateralism'.²¹² The liberal peace process forms a foundation of western hegemony which according to Taylor '...is the foundation upon which the IFIs operate'.²¹³ The liberal peace process which is comprised of the 'victor's peace the institutional peace, the constitutional peace and the civil peace',²¹⁴ are according to Richmond '....contradictory and complementary',²¹⁵ giving rise to serious questions about the process. Richmond questions 'How does one emancipate without dominating, without ignoring difference, without knowing the mind of the other?'²¹⁶ The liberal peace process has also been attributed with creating a '....site of power',²¹⁷ on account of the nature of the required structures necessary to accumulate and redistribute the resources for the process. This view is supported by Taylor who believes that the external dimension of the liberal peace elevates '....external actors to an omnipresent (if not omnipotent) position'.²¹⁸

Richmond's criticism of the liberal peace centres on the emergence and dominance of western neo-liberal strategies within the process and the increasing emphasis on state building which aims to restructure the political and economic makeup of post-conflict

²¹¹ Newman (2009), p. 49

²¹² Newman (2009), p. 49

²¹³ Taylor (2007), p. 556

²¹⁴ Richmond (2006), p. 293

²¹⁵ Ibid

²¹⁶ Richmond (2006), p. 294

²¹⁷ Richmond (2006), p. 295

²¹⁸ Taylor (2007), p. 556

environments. The combination of top down reform consisting of institutional reform and high level dialogue with elites, ignores local voices on peace-building issues. This view has given rise to the belief that these relations resemble ‘....a hybrid of imperial and colonial style relations with colonies in which governance, political and economic reform, peace building and peacekeeping within conflict zones are combined’.²¹⁹ Richmond argues that the liberal peace process creates a virtual peace as the goals of democracy, human rights, the rule of law and economic development and reform are ‘....deferred for an uncertain period’.²²⁰

Opponents to the liberal peace-building process have also focused on the lack of attention that is afforded to the culture of post-conflict environments. Richmond has argued that peace-building which was traditionally thought of as being community based and bottom up in design has been ‘....transmuted into contemporary state building of a liberal and neoliberal character which instrumentally exploits, co-opts or rejects local culture’.²²¹ The critics maintain that the process is failing to engage with local communities, has neglected the issue of welfare and does not ‘....take the emotional and psychological issues arising in post conflict situations’²²² into consideration. Richmond has argued that the lack of opportunities such as employment may leave the public with little alternative but to depend on their own capacities and subsistence strategies to provide for themselves, which Richmond argues may involve a dependency on ‘grey or black markets or even to militias to develop a productive life’.²²³

Richmond has suggested a post liberal agenda referred to as “ Eirenism” based on the everyday, whereby international and national organisations and institutions respect,

²¹⁹ Richmond (2005), p. 149

²²⁰ Richmond and Franks (2007), p. 30

²²¹ Richmond (2009), p. 159

²²² Richmond (2009), p.569

²²³ Richmond (2009), p. 162

cooperate and are accountable to the public that they are serving and working with. Achieving this objective enables individuals from a post-conflict environment to have a greater input into the peace-building programme as it would involve the peace-building process to be ‘...participatory, emphatic, locally owned and self sustaining’,²²⁴ in the area of politics economics and also on social and environmental issues.

Roger Mac Ginty supports the critics of the liberal peace process and argues that the liberal peace strategy which emphasises the importance of the state, the market and the individual is responsible for the regularity with which stalled and dysfunctional peace is constructed in post-conflict environments. While recognition is afforded to the positive outcomes of external peace, including cease fires and peace accords it is argued that what often occurs after the signing of a peace accord, recognised on the international stage, is the development of a ‘no war, no peace situation’.

A ‘no war no peace situation’ consists of a post-conflict environment, lacking in organic qualities, which helps to ‘... freeze rather than transform conflict’.²²⁵ Here the implementation of elections, the rule of law, war crimes proceedings, demobilisation, security sector reform and the movement towards an open market economy fails to alter the quality of life of the most vulnerable in that society. Mac Ginty maintains that what often occurs is a continuation of ‘...inter group tension and systematic discrimination against out groups’.²²⁶ Like Richmond, Mac Ginty argues that poverty remains widespread, there is inadequate public goods and few opportunities present themselves for economic progress with a ‘... profound disconnection between government and people’.²²⁷

²²⁴ Richmond (2009), p. 572

²²⁵ Mac Ginty (2010), p. 159

²²⁶ Mac Ginty (2010), p. 151

²²⁷ Ibid

Mac Ginty's work has also investigated how local actors are capable of resisting ignoring and adapting to liberal peace interventions. Subversion of the liberal peace process can result in local actors retaining '....power during a liberal peace transition',²²⁸ resulting in elites who may have contributed to the conflict remaining in positions of power. Crucially, external actors are often '....dependent on (e.g a client government),'²²⁹ to assist in the implementation of the liberal peace process. Subversion can also occur if '....national, regional and local institutions are intact in the wake of a violent conflict',²³⁰ hindering the reform process. Finally manipulation of the liberal peace process can occur when '.... local actors (whether at state, regional or local level) can marshal resources (taxes, tradable goods, etc.)',²³¹ and distribute them to strengthen their own positions.

Most importantly Mac Ginty notes that local actors might also choose to cooperate with certain aspects of the liberal peace process while resisting, subverting or ignoring other aspects',²³² giving the impression that they are conforming to western democratic practices. Taylor supports this view and argues that the liberal peace process is likely to be sabotaged in Africa by '....personal rule, clientelism and the unwillingness to engage with non-governmental organisations or expend resources on broad-based development projects',²³³

Hanlon's assessment of external intervention questions the strategy of the International Community in Sierra Leone as he fears that they are recreating the preconditions for war. Hanlon argues that the international community '....rushed elections',²³⁴ in the typical liberal peace-building fashion and made an incorrect decision to

²²⁸ Mac Ginty (2010), p. 402

²²⁹ Mac Ginty (2010), p.402

²³⁰ Ibid

²³¹ Ibid

²³² Ibid

²³³ Taylor (2007), p. 563

²³⁴ Hanlon (2005), p. 461

reinstate Paramount Chiefs through the Paramount Chief Restoration. There is a belief that the ‘... government is controlled by the same patrimonial, self-centred elite as a decade earlier’.²³⁵ Hanlon’s second argument examines the negative impact of spending cuts, which are preventing the ‘...the essential expansion of education and require civil servants salaries to be so low that civil servants need additional income’.²³⁶ Hanlon believes that corruption is widespread and is not being tackled and is inextricably linked to ‘...low salaries’,²³⁷ and that the Sierra Leone government is failing to tackle the situation. He also contends that the social situation in the country is volatile as ex-combatants are not receiving enough money ‘...to be reintegrated into society’²³⁸ and youth ‘...remain jobless and largely uneducated’²³⁹ primarily because ‘... job creation is not a priority of donors or government’.²⁴⁰

Martín argues that although UNAMSIL was an effective containment tool in preventing the continuation of armed conflict the liberal peace-building process has failed to improve the daily lives of Sierra Leoneans and therefore threatens to undermine ‘... the hard won stability’.²⁴¹ The source of the problem for Martín is the Sierra Leone economy which he maintains is structurally weak and dependent on external financial assistance. The argument presented is that profits from the mineral sector are, according to Martín, benefiting external stakeholders and not the Sierra Leone public and this is occurring as a result of the promotion of neo-liberal economic policies which have not brought development to Sierra Leone. Martín believes that the neo-liberal process has strengthened patrimonial networks, reconstructed under the Paramount Chief Restoration Programme as

²³⁵ Ibid

²³⁶ Hanlon (2005), p. 461

²³⁷ Ibid

²³⁸ Ibid

²³⁹ Ibid

²⁴⁰ Ibid

²⁴¹ Ibid

Paramount Chiefs ‘as custodians of all the land, use their prerogatives to go into mining agreements with foreign companies with no regard for transparency’.²⁴²

Conclusion

This chapter seeks to provide the theoretical framework to be utilised in the subsequent background, policy and analysis chapters of this thesis. Divided into three sections it commences with an investigation of the economic doctrine of neo-liberalism and examines how it merged with the liberal peace-building project. This first section also introduces the new development approach adopted by the World Bank and the IMF in the form of the PRSP. Section Two of this chapter seeks to demonstrate that the 2005 Sierra Leone PRSP is interwoven with the liberal peace project process. Section Two argues that neo-liberalism is accommodated in the strategies of proponents of the liberal peace project and that neo-liberal conditionalities are identified as tools to achieve their objectives. Section Three examines the critics of the liberal peace project whose arguments are structured on the premise that the liberal peace process project which contains neo-liberalism is failing to improve the daily welfare of the public in post-conflict environments.

More specifically, Section One argues that neo-liberalism emerged as the dominant economic doctrine, in the early 1980s in reaction to the level of state involvement in the economies of the UK and the United States, the oil crises of the 1970s and the failure of the developing world economic strategy of import substitution. The core belief underpinning this theory is freedom of choice and decision making, achieved through the medium of the market. Section one argues that the IMF and the World Bank embraced this new economic theory and sought its global implementation through the use of conditionalities. Crucially, the merger of IMF and World Bank conditionalities with peace-building can be traced to

²⁴² Solá- Martín (2009), p. 304

Boutros Ghali's documents "Agenda for Peace" in 1992 and was further cemented on the publication of the "Supplement "To An Agenda for Peace" in 1995. The involvement of the World Bank and the IMF in the peace-building process combined with the recognised poor performance of structural adjustment programmes provided the catalyst for the creation of the PRSP in 1999. The relevance of Section One, to this thesis is the introduction it gives to neo-liberalism conditionalities. Their impact on the Sierra Leone economy and the research location prior to 2001 is examined in the following Chapter Three. Secondly, their inclusion in the PRSP process can then be analysed in Chapter Four. Thirdly conditionalities are relevant to the findings and analysis Chapter Five and Chapter Six in assessing their impact on the inhabitants of the Pendembu Township.

Section Two of this chapter has two objectives, firstly to establish the ties between the 2005 Sierra Leone PRSP and the liberal peace-building process and secondly to examine the strategies of the proponents of the liberal peace process and assess the degree to which neo-liberalism forms part of these strategies. Specifically, this section argues that the PRSP is interwoven with the liberal peace, as the objectives of the three Pillars of the 2005 PRSP are equally expressed in Doyle's interpretation of Kant's three definitive articles of constitutional, international and cosmopolitan law upon which the liberal peace is constructed.

Neo-liberalism is accommodated through the first set of strategies which contribute to achieving constitutional law, through the creation of democratic government, institution building and reform, the creation of an independent judiciary and through decentralisation. The conditionalities attached to neo-liberalism have also been identified by the World Bank as a tool to achieve economic growth which it maintains is vital to poverty reduction and development. According to the Bank development is inextricably linked to human rights, the goal of the second definitive article international law. Finally, the third definitive article

cosmopolitan law, encourages the spirit of international free trade based on the market which indicates its close relationship with neoliberal theory.

The relevance of Section Two to the overall thesis is the examination of strategies of the proponents of the liberal peace project which provides a set of analytical tools to examine the 2001 Sierra Leone Interim - Poverty Reduction Strategy Paper and the fully completed 2005 Poverty Reduction Strategy Paper documents in Chapter Four. This examination will determine the poverty reduction strategy that has been adopted by the Sierra Leone government. The impact of this poverty reduction strategy is then examined in the findings and the analysis Chapters Five and Six

The final Section of this chapter seeks to examine the critics of the liberal peace-building project and has paid particular attention to the work of Oliver Richmond and Roger Mac Ginty. Specifically, they argue that the project forms a foundation of western hegemony that impregnates external western policies into post-conflict environments. Consisting of good governance and democracy building, human rights development, civil society and free markets the liberal peace project has according to the critics, failed to improve the daily welfare of the public in post conflict environments.

The critics argue that the project, which is increasingly focused on state building, is neo-liberal in its makeup and exploits, co-opts or ignores local culture. The critics also argue that the liberal peace can be manipulated by local elites to strengthen their position. Further critics of external intervention point to the negative impact of foreign direct investment and argue that the profits from external intervention fail to be reinvested domestically which in turn hampers economic development. The relevance of Section Three to the thesis emerges in Chapters Four, Five and Six. In these chapters an assessment is made as to whether the arguments and claims of the critics, with regard to the liberal

peace process comprised within the 2005 PRSP, are materialising within the border community of Pendembu. Equally an assessment is made as to whether their recommendations to improve the situation are necessary in the research location. This chapter demonstrates that the PRSP a key component of the research hypothesis, forms part of the liberal peace building project.

Chapter Three

The Shadow Economy the Impact of Conditionalities and Elite

Accumulation Prior to the PRSP

Gathering statistics about who is engaged in underground activities, the frequencies with which these activities are occurring and the magnitude of the problem is crucial for making effective and efficient policy decisions for allocation of a country's resources to tackle this problem. Unfortunately, it is very difficult to get accurate information about these activities in terms of value added or from a labour market perspective because all individuals engaged in these activities do not wish to be identified.²⁴³

The above statement clearly identifies the enormous challenge for any government of gathering information on its public's involvement in a shadow economy and in the absence of robust information the difficulty of formulating and implementing policies aimed at tackling the problem. The purpose of this chapter is to examine the shadow economy, a primary component of the research hypothesis. This chapter explores the impact of conditionalities on the research location prior to the introduction of the PRSP process in 2001 and examines how they fuelled a cross-border shadow economy with Guinea and Liberia. Finally this chapter investigates how the Sierra Leone elite co-opted conditionalities during the structural adjustment programmes and utilised the shadow economy to assist this process. This investigation demonstrates that historically, external policies have been manipulated by the Sierra Leone elite.

Achieving the above objectives required dividing this chapter into three distinct sections. Section One firstly investigates two primary sectors of an economy, namely the official and the unofficial and provides a thorough definition of the shadow economy. Secondly this section explores two different interpretations of the shadow economy from a definitional and behavioural approach. Thirdly it investigates four aspects of the shadow

²⁴³ Bajada and Schneider (2005), p.1

economy; the criminal, irregular, household and the informal. Finally the primary motivating factors for engaging in the process are analysed, specifically increased government regulation and feelings of group based injustice. The importance of Section One to the thesis is its examination of a key component of the hypothesis and an explanation of the factors that may compel individuals to engage in a shadow economy. This information is utilised in the analysis Chapter Six in order to assess whether the recognised factors for shadow economy involvement are present in the Township of Pendembu.

Section Two has two main objectives firstly, to investigate the local impact of conditionalities on the cross-border shadow economy prior to the introduction of the PRSP and to assess the impact of conditionalities on the research location during the structural adjustment programmes. Secondly, Section Two examines the outcome of the Sierra Leone IMF's stabilisation programme. This examination assesses the impact of this programme; in particular the request to close the Freetown-Pendembu railway and argues that this has contributed to the isolation of the Kailahun district and reinforced this area as an enclave. In addition, Section Two examines how the terms of the stabilisation programme requested a reduction in producer prices for agricultural products, fuelling a cross-border shadow economy with Liberia.

The impact of the 1986 structural adjustment programme on Pendembu is also examined in this section and in particular the closure of the Sierra Leone Produce Marketing Board (SLPMB) at the request of the World Bank. It is argued that the closure of this facility isolated the agricultural community from the larger urban centres of Kenema and BO. Furthermore, IMF requests for the flotation of the Leone and its impact on the cross-border shadow economy with Guinea is examined. The contribution of Section Two to the overall thesis is an impact assessment of conditionalities on the Township of

Pendembu and the cross-border shadow economy prior to the PRSP. The opportunity to assess whether the PRSP has put in place mechanisms to compensate for the loss of infrastructure and state owned firms is examined in the analysis Chapter Six. This section also demonstrates that the cross-border shadow economy predates the PRSP process.

Section Three of this chapter examines the historical problems experienced when implementing external western policies into Sierra Leone. This section considers the process of conditionality manipulation during the structural adjustment programmes commencing from independence in 1961 to the intrastate conflict period 1991-2002. Initially this section explores the patron-client relationship and the importance of asset accumulation to this process. It focuses on the strategy of the Stevens regime and how conditionalities were co-opted for personal accumulation. This section examines how market minorities were utilised to provide foreign exchange and marketing channels abroad and how the process of privatisation together with the use of the shadow economy assisted this process, contributing to Sierra Leone's ongoing debt problem.

Section Three explores how the Momoh regime also sought to accumulate and reduce the power base of the former regime by using privatisation and foreign direct investment to shut off autonomous accumulation. Finally, the use of conditionalities by the Strasser regime during the intrastate conflict for military purposes is examined and how his strategy of conducting counter insurgency on the cheap contributed to additional forms of accumulation. The contribution of section three to the overall thesis is its examination of the corrupt process of patronage which seeks to accumulate and distribute resources for political support. This subject is revisited in the analysis Chapter Six when the use of resources by the Pendembu elite is examined. Finally this section examines the different forms of accumulation from independence through to the intrastate conflict. The process of peacetime accumulation is a subject that also re-emerges in the analysis in Chapter Six.

Section 3.1: the Shadow Economy

Before an analysis of the shadow economy can be given it is first necessary to provide an understanding of the two primary sectors of an economy; the official and the unofficial sectors. The official sector ‘....comprises the public sector (state activities) as well as the private economy (goods and services of private households and firms) that are produced and sold through markets and that are regulated by law publicly administered and taxed’.²⁴⁴ In contrast, the unofficial sector includes all private economic activities ‘.... that are not included in the calculation of the gross national product even though they contribute to added economic value’.²⁴⁵ This explanation clearly argues that the economic value of the informal economy, whilst not recorded in the GNP, can be circulated back into the economic system. It is important at this stage to state that this process is also referred to as the shadow, the black and the underground economy. The shadow economy therefore

comprises numerous economic activities, it is difficult to provide a formal definition. For example, one has to distinguish between goods and services produced and consumed within the household, ‘soft’ forms of illicit work (‘moonlighting’), illegal employment and social fraud, as well as criminal economic activity.²⁴⁶

The above statement demonstrates the varied economic activities that make up the shadow economy; however these can be better understood by examining them from two different approaches. First the process can be examined from the ‘.... definitional approach’,²⁴⁷ whereby the shadow economy is interpreted as unrecorded economic activity. This interpretation merely describes the economic outcome of one’s involvement within this sector. The second method of interpreting the activity involves taking a ‘behavioural

²⁴⁴ Schneider & Enste (2002), p. 7

²⁴⁵ Schneider & Enste (2002), p. 9

²⁴⁶ Enste (2002), np

²⁴⁷ Flemming, Roman & Farrell (2000), p. 389

approach,²⁴⁸ whereby the shadow economy is investigated ‘...in terms of behavioural characteristics-its economic activity therein’.²⁴⁹ This approach provides a multi-dimensional explanation for the motivation behind shadow economy involvement.

The behavioural approach provides an in depth insight into the functioning and nature of the activities within a shadow economy. Specifically, legislation, regulation and convention request ‘...participation in the formal economy, whereas non compliance or circumvention of the established rules constitutes participation in the informal economy’.²⁵⁰ Circumvention is key to this process as those who become involved in the shadow economy often do so in order to bypass the formal economy, either for economic or social reasons.

The shadow economy is made up of four main elements, namely the criminal, irregular, household and informal sectors. Defined as ‘illegally produced goods and services’,²⁵¹ the criminal sector includes the movement of narcotics, weapons, illegally mined minerals and human trafficking. Arguably, a percentage of the proceeds from the criminal sector are unlikely to be reinvested into the economic cycle within a country. Producing goods and services legally but which ‘evade legal reporting requirements, such as tax evasion’²⁵² is attributed to the irregular sector. In contrast to the criminal sector, the relevant authorities are not concerned with the prohibition of the production of goods and services within the irregular sector but are primarily concerned ‘to collect the unpaid taxes, stop the fraud or enforce the regulations’.²⁵³

²⁴⁸ Flemming, Roman & Farrell (2000), p. 389

²⁴⁹ Ibid

²⁵⁰ Feige (1990), p. 990

²⁵¹ Fleming Roman and Farrell (2000), p. 390

²⁵² Fleming Ronan and Farrell (2000), p. 391

²⁵³ Thomas (1992), P. 2

The “household sector” comprises the third element of the shadow economy and consists of production within the household. This sector is especially important to rural communities within developing countries that rely on subsistence agriculture. The output of this sector, which is largely produced by women ‘...is not traded and the absence of market transactions (and hence prices) makes it extremely difficult to evaluate it’.²⁵⁴ The production of a commodity within a subsistence environment can result in an exchange of goods between individual households rather than a monetary transaction.

Finally, the fourth element of the shadow economy the informal sector consists of ‘economic activities that circumvent the costs and are excluded from the benefits of law such as unregulated enterprise’.²⁵⁵ The sector consists of small scale enterprises that employ a small number of employees combined with those who are self employed. The primary difference between the informal economy and the household sector is that the end product of the informal economy is ‘...sold as either intermediate goods or services to other producers or as part of final demand’.²⁵⁶

From the four elements of the shadow economy only the household sector can ‘...be termed as legal’.²⁵⁷ Debate rages with regard to the informal sector, as many economists argue that although it possesses similarities with the household sector, a commodity is produced and sold thus ‘...licensing laws and regulation exist.’²⁵⁸ These laws are often ignored by producers consequently many would argue that ‘...workers in the informal sectors are lawbreakers’.²⁵⁹ With the exception of the household; these elements of the shadow economy all represent illegal, unrecorded economic activity and a conscious

²⁵⁴ Thomas (1992), p. 2

²⁵⁵ Feige (1990), p. 992

²⁵⁶ Thomas (1992), p. 4

²⁵⁷ Ibid

²⁵⁸ Thomas (1992), p. 9

²⁵⁹ Ibid

decision by individuals to circumvent the formal sector, for pecuniary benefit and out of economic necessity. The reason why individuals engage in the shadow economy is addressed in the following section.

Understanding why individuals, firms and communities operate within the shadow economy requires an analysis of the motivating factors that entice them into this process. An increase in the intensity of government financial control 'often measured in the number of laws and regulations',²⁶⁰ reduces the freedom of individuals to engage in the official economy. An increase in the tax rate has been attributed as a key factor in determining the economic actions of individuals, specifically 'high taxes (both marginal and total) have a negative impact on the decision of economic agents on whether to operate officially'.²⁶¹

It is important at this point to make a distinction between the nature of taxation in the developed and developing world. In the developed world governments place greater emphasis on '....direct taxes and social security contributions',²⁶² direct taxation coming mainly from income and corporation tax. In contrast, the developing world governments tend to rely more on '....indirect taxes, trade duties and non tax revenues'.²⁶³ Indirect taxation includes value added tax, trade duties including import and export duties. Non tax revenue includes '....all government revenue that is not a compulsory non-repayable payment for public purposes',²⁶⁴ which includes the profits made from public enterprises.

The main type of taxation in a country determines the manner in which individuals operate outside the formal sector. In the developed world direct taxation results in '....non-

²⁶⁰ Schneider (2004), p. 601

²⁶¹ Eilat & Zinnes (2002), p. 1235

²⁶² Thomas (1992), p. 227

²⁶³ Ibid

²⁶⁴ Thomas (1992), p.227

declaration of income’,²⁶⁵ as the most prominent form of tax evasion, while in the developing world, indirect taxation can result in ‘...VAT avoidance and /or smuggling’.²⁶⁶

A theory based on ‘.... conscience and perceptions of justice and fairness’,²⁶⁷, offers an alternative perspective on the reasons why individuals enter a shadow economy and is intrinsically linked to an understanding gained through the behavioural approach. Examination of the activity from this perspective facilitates an investigation as to why certain sections of the community do not hesitate to operate illegally and possess no remorse for their actions in contrast with those who perceive the system as fair and just and pay taxes accordingly.

Central to this argument is that tax compliance increases, when the system is perceived as fair and just and correspondingly decreases when it is not. Examination of different societal groups and their participation in the shadow economy transcends an investigation of individual behaviour and takes into consideration that ‘individuals can and often do categorize themselves as members of social groups and larger social categories’.²⁶⁸ Consequently, an assessment of a particular system can be extended from the individual to a communal situation, not only by asking the question ‘is it fair for me?’²⁶⁹ but can also be based on ‘is it fair for us?’²⁷⁰

A society that is being heavily taxed and based on a patronage system has the potential to nurture a ‘sub group identification based on perceptions of unfairness and inequity between us and them’.²⁷¹ This group identification can contribute to collective, relative deprivation which consists of ‘....a subjective sense of collective, group-based

²⁶⁵ Thomas (1992), p. 227

²⁶⁶ Ibid

²⁶⁷ Cowell (1992), p. 40

²⁶⁸ Smith & Taylor (1996), p. 171

²⁶⁹ Taylor (2005), p. 42

²⁷⁰ Ibid

²⁷¹ Ibid

injustice',²⁷² that can result in a strategy of non compliance, to acquire equity within what may be perceived as an unfair corrupt system.

Often perceived as a negative occurrence, there are certain elements of the shadow economy, most notably the informal and household sector that are essentially coping strategies for communities, providing a substitute for the inadequate government provision of employment. These elements encompassing small businesses and household production, '...allows excess labour to escape from extreme rural poverty and underemployment'.²⁷³

Importantly in developing countries, a symbiotic relationship exists between the informal and the formal sector, with the formal sector depending on the informal sectors for cheap goods and services, and the informal sector depending on the formal sector for a large proportion of its customers. Both sectors are of equal economic importance with the informal sectors in the urban areas of developing countries '.... generating almost one third of urban income',²⁷⁴ indicating the challenges for governments to tax this sector. The impact of conditionalities on the cross-border shadow economy and the research area is examined in the following section.

Section 3.2: The Impact of Conditionalities on the Cross Border Shadow Economy and Pendembu prior to the PRSP process.

The economic crises that Sierra Leone experienced post independence in 1961 grew out of the failure of Government efforts to '....accelerate the rate of growth'²⁷⁵ within the economy as the financial situation deteriorated in 1965. Development projects '.... relied heavily on external loans, especially medium-term suppliers' credits'.²⁷⁶

²⁷² Taylor (2005), p. 42

²⁷³ Todaro & Smith (2008) , p. 337

²⁷⁴ Todaro & Smith (2008), p. 338

²⁷⁵ Bhatia, Szapary and Quinn (1969), p. 509

²⁷⁶ Ibid

Expansionary policies in communications and transport, coincided with the expansion of the Sierra Leone Product Marketing Board (SLPMB) in agricultural projects at a time when the balance of payments was turning into a deficit, due to falling exports and the burden of servicing external debt which ‘...was averaging Le 7.5 million annually during the three fiscal years 1966/67 – 1968/69’.²⁷⁷ The consequences of the expansionary policies were that the SLPMB ‘... did not have the financial resources needed to purchase produce for export’.²⁷⁸ These economic crises resulted in the IMF stabilisation programme and initiated the relationship between Sierra Leone the IMF and the World Bank that continues to the present day. This purpose of this section is to investigate the impact of the conditionalities comprised within the structural adjustment programmes on the cross-border shadow economy with Guinea and Liberia and on the research location prior to the PRSP process in 2001.

The IMF stabilisation programme concentrated on reducing Government expenditure in areas such as rail, road and local authorities and to rationalize expenditure in education and the health services. A section of railway that serviced the southern part of the country was closed down completely ‘...to meet the conditionalities of the International Monetary fund’s standby credit’.²⁷⁹ The closure of this railway is of significant importance to this thesis as the Township of Pendembu was the terminus of the railway line and its closure restricted the capacity of this township and the Kailahun district to move agricultural produce to the larger urban centres of Kenema, Bo and Freetown. The railway closure has resulted in the Pendembu-Kenema highway becoming the primary conduit, connecting Pendembu with Kenema and therefore the Kailahun district with Kenema district. The closure of the railway marginalised and economically isolated those tribes

²⁷⁷ Bhatia Szapary and Quinn (1969), p. 509

²⁷⁸ Bhatia Szapary and Quinn (1969), p. 505

²⁷⁹ Riddell (1985), p. 535

particularly in the Kailahun district and reinforced a Kailahun enclave. Enclaves can contribute to internal borderlands which consist of '.... a honeycomb pattern of enclaves, internally connected, but disconnected from each other',²⁸⁰ resulting in geographically isolated areas.

A further key component of the stabilisation programme was the reorganisation of the SLPMB by adjusting producer prices. Prior to the financial crises, the SLPMB provided the agricultural community with a price for agricultural produce at '45 percent of the prevailing world price for his product'.²⁸¹ Under the stabilisation programme '....a reduction in producer prices became necessary'.²⁸² Reduction in coffee and cocoa prices '.... was large enough to encourage the smuggling of produce to Liberia',²⁸³ fuelling a cross-border irregular shadow economy.

The IMF stabilisation programme had therefore contributed to the physical isolation of Pendembu from the interior of Sierra Leone and strengthened the economic ties of the township and the district with Liberia, as it is located on the primary route to Liberia. The IMF neglected to take into consideration the economic impact of a price reduction in agricultural produce and the options that cross-border trade presented to those involved in the agriculture sector. Sierra Leone's first engagement with the IMF resulted in the agricultural community circumventing IMF policies by engaging in a cross-border shadow economy. IMF policy had sought to cut government expenditure, but instead put in place conditions that resulted in the elimination of potential treasury revenue generation when the external debt burden was increasing.

²⁸⁰ Jackson (2008), p. 273

²⁸¹ International Labour Office, *op. cit.*; John Levi (ed), *African Agriculture: economic action and reaction in Sierra Leone* (Slough, 1976) in Riddell, *np*

²⁸² Bhatia Szapary and Quinn (1969), p. 513

²⁸³ Bhatia Szapary and Quinn (1969), p.514

The failure of the Sierra Leone government to service IMF loans in the late 1970s and the early to mid 1980s was to have profound implications post 1985. Requests by the IMF in 1986 consisted of the ‘boldest structural adjustment programme ever pursued in Sierra Leone’.²⁸⁴ The early years of the IMF macro conditionality requested ‘reducing the government budget deficit, by cutting spending and raising taxes, reducing the money supply, by raising central bank interest rates and placing ceilings on credit creation’.²⁸⁵ The result of these broad conditions was that ‘countries could comply with the letter of the program without complying with the spirit’.²⁸⁶ As a result of this non compliance the IMF placed greater emphasis on Micro Conditionality during the mid 1980s and early 1990s consisting of increased liberalisation and privatisation.

By 1985 the deficit in Sierra Leone’s balance of trade had reached ‘US \$ 160.25mn for exports compared with US \$ 201.58mn imports’,²⁸⁷ with a total ‘external debt reaching US \$ 559.80mn’.²⁸⁸ By 1988 the deficit had reached ‘US \$ 135.80mn for exports compared with US \$ 221.40mn for imports’²⁸⁹ and an ‘external debt of \$US 726.00mn’.²⁹⁰ Overall, key sectors within the economy including agriculture, manufacturing, services and mining experienced a drop in growth from ‘3.7% in 1965/73 to 1.7% between 1985/90’.²⁹¹ Revenue from agriculture dropped ‘...37 percent in 1985 to 4.6 percent in 1992’,²⁹² exports of minerals ‘... dropped to 63 per cent in 1985 from 78 per cent in 1970 but rose to 93.3 per cent in 1992’.²⁹³ Between 1985-90 the leading employment establishments ‘...had not in the recent past taken on more labour and had no plans to do so at the

²⁸⁴ Cleeve (1995), p. 1

²⁸⁵ Vreeland (2007), p. 23

²⁸⁶ Vreeland (2007), p. 24

²⁸⁷ Luke & Riley (1991), p. 27

²⁸⁸ Luke & Riley (1991), p. 28

²⁸⁹ Luke & Riley (1991), p. 27

²⁹⁰ Luke & Riley (1991), P. 28

²⁹¹ Bank of Sierra Leone (1992), p.9

²⁹² Cleeve (1995), p. 9

²⁹³ *Ibid*

moment'.²⁹⁴ Most importantly a mere '...10% of the 1986 working population was in paid employment and 50% were self-employed'.²⁹⁵

The one year Standby Programme and three year concessional funding under the Structural Adjustment (SAF) arranged in 1986 included the introduction of 'market determined exchange rates via the floating of the Leone; a liberalised trade and payments system; ceilings on domestic and external arrears and on government expenditure'.²⁹⁶

Micro conditionalities, included

the lifting of all import restrictions; the phased withdrawal of imported rice subsidies; the de-control of retail prices; the privatisation or elimination of most parastatal enterprises and substantial and competitive increases of producer prices for major export crops (coffee, cocoa and palm kernel). It was agreed that during the budget year of 1986/87 no general wage or salary increases should be awarded in the public sector without prior consultation with the IMF, and that the Government's work force should be cut by 15 per cent.²⁹⁷

The micro conditions attached resulted in neo-liberal conditionalities becoming firmly established in the Sierra Leone economy. Discussions with the World Bank in 1989 allowed for the establishment of the 'The Public Enterprise Reform and Divestiture Commission'²⁹⁸ to oversee the restructuring of '...seven major public enterprises, namely the Guma Valley Water Company (GVWC), National Power Authority (NPA), Sierra Leone Ports Authority (SLPA), the liquidation of the Sierra Leone Petroleum Refining Company (SLPRC) and the Sierra Leone Produce Marketing Board (SLPMP) and the Privatisation of the National Insurance Company (NIC)'.²⁹⁹ The IMF was advocating an increase in producer prices for commodities while the World Bank was putting in place mechanisms to liquidate the institution which provided a fixed price for agricultural

²⁹⁴ Cleeve (1995), p. 14

²⁹⁵ Cleeve (1997), p. 89

²⁹⁶ Luke & Riley (1991), p. 38

²⁹⁷ Hoogvelt (1987), p. 85

²⁹⁸ Kandeh (1994), p. 5

²⁹⁹ *Ibid*

produce, although for ‘ far less than the global selling price for their palm products, coffee cocoa, and ginger’.³⁰⁰

Liquidation of this public enterprise economically and socially isolated the Township of Pendembu further. The negative impact of the railway closure under the first stabilisation programme was now exacerbated as local farmers no longer had a source to which to sell their produce. Their ability to transport produce to the larger urban centres of Kenema was curtailed as a result of the railway closure. The closure of the SLPMB delivered a second economic and social blow to Pendembu by eroding the ties of the township with Kenema, Bo and Freetown. The elimination of the primary agricultural institution in the township removed a lifeline for poor farmers in the district and put in place mechanisms for external trader exploitation ‘....as these economic internal borderlands could be leveraged for profit by entrepreneurs of all stripes willing to assume the effort, risk and cost of trading across them’.³⁰¹

A primary request for the 1986 structural adjustment programme was the flotation of the Leone which resulted in farmers receiving an increase in the quantity of money (not value) for producing agricultural produce, as a direct result of an increase in producer prices. However indigenous people were unaware that their money had been devalued as their ‘integration into the money economy was still largely a one way process’,³⁰² they produced goods for the market but were rarely in a position to purchase a manufactured goods in return.

Devaluation and floatation were designed to encourage increased production, and to boost exports. Crucially, the limited purchasing power of the Leone undermined this

³⁰⁰ Riddell (1985), p. 401

³⁰¹ Jackson (2008), p. 274

³⁰² Kamarah (2001), p. 149

objective and established a precedent amongst the Sierra Leone agricultural community, to avail of higher prices for their agricultural produce, through cross-border trade with Guinea. Specifically, ‘...farmers who could smuggle their produce across the Guinea border, would not only receive better remuneration, but would be paid in hard currency, the Guinean franc’.³⁰³ For the second time farmers were circumventing conditionalities and compensating for their losses by engaging in a cross-border shadow economy.

The closure of the Freetown-Pendembu railway and the SLPMB under the structural adjustment programme represented ‘the retreat of centralised state power’.³⁰⁴ Proponents of external intervention have argued that there was ‘...nothing wrong with the Washington Consensus per se’,³⁰⁵ as state enterprises such as the SLPMB were ‘...obstacles to growth and could only be fixed in the long run through economic liberalisation’.³⁰⁶ However there is a recognition that this was imbalanced and the process of reducing state activity often resulted in a cut back of ‘...state capacity across the board’.³⁰⁷ The reduction of state capacity was not matched with a programme of ‘...state building’.³⁰⁸ The reduction of state capacity in the Kailahun District was also politically motivated. This area represented a political threat to the African People’s Congress (APC) under the Siaka Stevens (1968-85) one party rule. Consequently, the Kailahun District was ‘...largely abandoned’,³⁰⁹ because of its association with the political opposition of the Sierra Leone People’s Party. Political strategies were to have a significant bearing on the extent to which conditionalities were fully implemented and co-opted in Sierra Leone

³⁰³ Kamarah (2001), p. 149

³⁰⁴ Jackson (2008), p. 274

³⁰⁵ Fukuyama (2005), p. 7

³⁰⁶ Ibid

³⁰⁷ Ibid

³⁰⁸ Fukuyama (2005), p.7

³⁰⁹ Richards (2005), p. 571

under the structural adjustment programmes, a subject to be addressed in the following section.

Section 3.3 The Manipulation of Conditionalities and the Processes of Accumulation

The priorities of the first twenty years of our state – the consolidation of independence, the unification and integration of the country were mainly political. Those of the next few decades are likely to be of an economic nature but I think of the past few years have called for a bias in politics.³¹⁰

The above statement testifies to the important position that politics held in post independent Sierra Leone, and its impact on neo-liberal conditionalities was to be no less significant as the Sierra Leone government struggled to service national debt in the decades after independence in 1961. Failure to achieve a just political system that could represent the majority of the population, impacted negatively on government institutions and the decision making bodies, leading to the marginalisation of ethnic groups, strengthening of political patronage, and the development of nepotism and corruption. The IMF and the World Bank anticipated that conditionalities would assist in the elimination of this corrupt political environment however events in the post independence era resulted in neoliberal conditions being ignored and co-opted by successive regimes due to the IMF and World Bank's inability to '.... control local political outcomes'.³¹¹

The contribution of this section to this thesis arises from its investigation of the historical problems encountered when implementing western designed policies in Sierra Leone. In particular the focus is on elite manipulation of external western economic policies to strengthen personal political positions. It is an important dimension of Sierra Leone society that will be revisited in the analysis Chapter Six where the response of elites to the 2005 PRSP is examined.

³¹⁰ Stevens (1984), p. 414

³¹¹ Fukuyama (2005), p. 23

Examining the political manipulation of specific conditionalities demonstrates how external western economic policies were co-opted for corrupt political purposes and how the shadow economy was utilised to assist in this process. This examination provides an historical explanation of Sierra Leone's debt problem, the catalyst for the HIPC initiative and completion of a PRSP.

Fatton's assessment of African ruling classes has focused on their lack of '...hegemony',³¹² and maintains that the ruling classes are '....ruling classes because they control the state and use it as a political and material apparatus to further their narrow corporate interests'.³¹³ Post independence Sierra Leone witnessed the implementation of this political strategy which fuelled political tension along ethnic lines, weakened state institutions and resulted in the use of patronage as a political tool to secure political power.

The process of political patronage involves '....the distribution of jobs or specific favours by party politicians in exchange for political support'.³¹⁴ It occurs when 'political power is centralised, key elements and members of society are clientilised and the resources of the state are appropriated for personal and patronage uses'.³¹⁵ A key characteristic of patronage is the centralisation of the decision making processes, which marginalises rural communities and 'facilitates fraud which affects not only the governance of the state, but also the management of the country's entire economy'.³¹⁶

The patron client network lies at the core of the patronage process. It nurtures corruption and is constructed on a base of corrupt behaviour, inequality and public dependency. Public dependency on the patronage system for economic support strengthens the political position of the patron, who possesses a monopolistic control of the state's

³¹² Fatton (1988), p. 253

³¹³ Fatton (1988), p. 254

³¹⁴ Morgan & Fyle (1999), p.84

³¹⁵ Sandbrook (1985), p. 3-8

³¹⁶ Kpundeh (1995), p. 48

resources and exchanges these resources for political support. The unequal distribution of benefit solidifies the patronage system and ‘...saps people (at the bottom) of the belief that it is safe to trust others’,³¹⁷ thereby crushing communal spirit and unity. A corrupt government based on patronage lacks the financial capacity to fund vital public services, employs a workforce that is underpaid and inefficient and liable to behave in a corrupt manner ‘...where they are more likely to extort funds from the public purse’.³¹⁸

The patron-client relationship forms the basis of the inequality trap of ‘inequality = low trust = corruption = more inequality’.³¹⁹ Conditionalities which made up structural adjustment programmes provided an excuse for neopatrimonial regimes ‘for cutting back on modern state sectors while protecting and often expanding the scope of the neopatrimonial state.’³²⁰ However structural adjustment programmes also resulted in the reduction of available state enterprises which meant that there was ‘... fewer resources available to reward loyalty and placate critics’.³²¹ Declining resources called for innovative strategies in order to secure a monopoly over state resources.

The strategies adopted by the Stevens regime (1968-1985), the Momoh regime (1985-92) and those of the Strasser regime (1992-1996) included the use of neoliberal conditionalities, to assist in a process of personal accumulation or to reduce or eliminate accumulated wealth of opposition elites. Cramer has identified a process of ‘trajectories of accumulation through colonialism, independence, war and post-conflict reconstruction’,³²² the strategies adopted by the regimes examined in this section cover the post independence and the intrastate conflict period.

³¹⁷ Uslaner (2008), p. 24

³¹⁸ Ibid

³¹⁹ Ibid

³²⁰ Fukuyama (2005), p. 22

³²¹ Abrahamsen (2001), p. 85

³²² Cramer (2009), p. 131

It is important to highlight that the composition of the Sierra Leone economy has traditionally been based on merchant capitalism and therefore on commodity exports ranging from minerals, such as diamonds, gold, bauxite, titanium and agricultural commodities of cocoa and coffee. Merchant capitalism is not development capital, it is not designed to contribute to the construction of an industrial base as it ‘...accumulates and invests in the sphere of exchange, which withdraws value from the sphere of production’.³²³ Consequently, merchant capital hampers the ‘...transition to capitalist commodity production’.³²⁴ For Baran the process of merchant capitalism contributed to the *morphology of backwardness* as the manufactured needs of the developing country are met by the developed world, removing the need for further investment and preventing the ‘...evolution to industrial capitalism’.³²⁵ Importantly the commodity based structure of the Sierra Leone economy makes the process of personal accumulation possible and tantalizing due to the fixed geographical location of assets and their monetary value on the international market.

Stevens and his one party APC sought to gain control of these resources but chose to operate a ‘...stop go approach to economic reform’,³²⁶ as the regime ‘...was unable- and- unwilling to meet the agreed conditions’.³²⁷ Reluctance to fully implement conditionalities has been attributed to the threat that such policies represented to the ‘...patronage bases of the regime’.³²⁸ However Stevens did co-opt the privatisation process and privatised specific plots of land within the control of the National Diamond Mining Company (NDMC) to strengthen his political position against unruly elites who were amassing vast fortunes in the diamond rich Kono area in the centre of the country. This

³²³ Kay (1975), p. 28

³²⁴ Ibid

³²⁵ Baran (1973), p. 314

³²⁶ Luke and Riley (1989), p. 137

³²⁷ Ibid

³²⁸ Ibid

strategy impacted on the formal diamond economy with ‘...production moving away from the mining company, the source of more than 50 percent of state revenues’.³²⁹ Consequently ‘...NDMC output fell from ‘...856, 000 carats in 1973 to only 168,000 carats in 1980’.³³⁰ The privatisation process enabled Stevens to interfere directly with ‘...illicit diamond production to support or promote loyal political allies’.³³¹

The manipulation of the privatisation process and the use of the shadow economy rather than the formal economy prevented the reinvestment of this revenue into the domestic economy to service national debt repayments, ‘Illicit diamond revenue may have added an additional \$100-120 million in export values’.³³² The economic situation was exacerbated by costly financial political decisions, particularly the hosting of the Organisation of African Unity Conference (OAU) in 1980 at an expense of ‘...Le 123mn’,³³³ at a time when the 1979/80 budget had a deficit of ‘...Le113.6million’.³³⁴

Foreign investment and ownership of state owned enterprises was seen as a positive development by the IMF and the World Bank, however, the use of the Lebanese community a ‘...market dominant minority’,³³⁵ as “investment partners” was a development that was unforeseen by the IFIs. The new investment partners provided external financing due to their access to foreign exchange and marketing channels abroad and removed Steven’s dependency on Sierra Leone elites for support, thus strengthening his personal political position.

³²⁹ Reno (1994), p. 106

³³⁰ Ibid

³³¹ bid

³³² Reno (1995), p. 114

³³³ Luke & Riley (1991), p. 11

³³⁴ Morgan and Fyle (1999), p. 113

³³⁵ Chua (2004), p. 150

Stevens' strategy involved privatising parastatals and selling them to '...Lebanese business men and their political partners',³³⁶ allowing for personal accumulation of wealth. Equally, privatization enabled the proceeds from diamond exploitation to acquire foreign currency, to purchase foreign produce, establish monopolies on imports and the distribution of goods. Control of imports facilitated rent seeking with Lebanese business men who gained 'exclusive rights to import at least eighty-seven different goods'.³³⁷

Newly privatised agricultural firms served more as 'conduits of trade and benefits than as agricultural producers'.³³⁸ Importation and sale of foreign rice, purchased from the sale of illicit diamond mining and distributed to the population provided revenue that was '...reinvested in diamond mining thus renewing the cycle of accumulation'.³³⁹ The financial cost of rent seeking in the Sierra Leone rice market in 1986 is estimated to '....lie between Le762.6 million and Le830.4 million'.³⁴⁰ The capacity of the Stevens government to implement Lal's economic strategy of taxing the capital intensive sector in order to shield the public from the impact of conditionalities was no longer a viable economic strategy. The potential revenue from the state resources was disappearing through informal activity and the capacity of the Sierra Leone government to service debt which stood at 'US \$ 559.80mn'³⁴¹ by 1985 was rapidly declining

The IMF and World Bank objective of reducing the role of the state had a counterproductive affect. They had anticipated that privatisation and foreign direct investment would provide increased competitiveness, employment and generate taxation through exports. The IMF and World Bank 'agendas presumed the existence of a border

³³⁶ Reno (1995), p. 138

³³⁷ Reno (1995), p. 142

³³⁸ Reno (1995), p. 144

³³⁹ *Ibid*

³⁴⁰ Cleeve (1994), p. 22

³⁴¹ Luke and Riley (1991), p. 28

between state and private enterprise'.³⁴² What occurred was monopolistic control over the importation of goods, financed from the proceeds of diamond extraction that were channelled through the shadow economy. It was estimated that 'by the mid 1980s 70 percent of all exports left the country through non formal channels'.³⁴³

The Momoh and Strasser regimes equally co-opted conditionalities, particularly foreign direct investment, to bolster their political position and weaken the opposition elite who had accumulated wealth under the Stevens regime. Momoh presided over the 1986 IMF programme but 'lacked the personal control over Steven's established political allies, their partners and their source of income'.³⁴⁴ The Momoh regime post 1986 sought loans from the World Bank and the IMF '....to defend his own interests independently of Stevens Shadow State network'.³⁴⁵

Momoh's weak political position was reflected in the difficulties that he experienced in implementing the conditionalities attached to the 1986 structural adjustment programme and by 1987 '....the standby facility with the IMF was suspended as the package was only selectively implemented'.³⁴⁶ The selective implementation of conditionalities has been attributed to the influence of political elites within the APC who '....exerted influence over the degree to which the measures were implemented'.³⁴⁷ Momoh's efforts to reduce the power base of the political elite in the ruling party were assisted by the IMF requests to dismantle the public service in the early 1990s. These reforms of the public sector assisted

³⁴² Reno (1995), p. 138

³⁴³ New Citizen (Freetown), 6 January 1990 in Reno

³⁴⁴ Reno (1996), p. 10

³⁴⁵ Reno (1995), p. 157

³⁴⁶ Luke and Riley (1989), p. 139

³⁴⁷ Ibid

Momoh in his personal political objective which involved ‘shutting off autonomous accumulation’.³⁴⁸

The IMF and the World Bank argued that foreign direct investment with minimal political connections provided the most proficient tool ‘.... of clearing Sierra Leone’s debt arrears, restoring fiscal solvency and eliminating corruption’.³⁴⁹ FDI was utilised by Momoh to strengthen his position politically as it denied ‘....subordinates an opportunity to acquire foreign exchange independently of the president’s favour’.³⁵⁰ Foreign exchange could then be used to service debt which stood at ‘...US\$1,265.00mn’,³⁵¹ by 1992. Shutting off autonomous accumulation, limited the personal power of the elites and strengthened the political position of the president.

The intrastate conflict from 1991-2002 resulted in the further use of conditionalities to bolster political positions and resulted in FDI and privatisation being utilised for military purposes creating additional forms of accumulation. Specifically, the Strasser government invited private firms into Sierra Leone to provide security and social services in ‘exchange for exclusive mining rights’,³⁵² and access to ‘..agricultural and logging operations’.³⁵³ The objectives of this strategy represented a continuation of those of Momoh, of restricting opposition rivals access to state resources and to ‘...re-centralise accumulation’.³⁵⁴ Strasser received support from the World Bank and the IMF for ‘.... bringing inflation down sharply in the middle of a civil war’,³⁵⁵ as ‘War would normally be expected to boost prices sharply through disrupting production and encouraging military spending’.³⁵⁶ Strasser’s

³⁴⁸ Reno (1996), p. 11

³⁴⁹ Reno (1996), p. 12

³⁵⁰ Ibid

³⁵¹ IMF Statistical Appendix (2007), p.88

³⁵² Reno (1996), p. 13

³⁵³ Ibid

³⁵⁴ Reno (1996), p. 13

³⁵⁵ Sesay (1995), P. 185-6

³⁵⁶ Keen (2005a), p. 82

methodology however involved fighting counter insurgency on the cheap and was funded 'in effect, through the toleration of unpaid soldiers' looting, extortion and illegal mining'.³⁵⁷ This strategy, adopted by Strasser, provided the conditions for the further development of the accumulation process, specifically war time 'primitive accumulation',³⁵⁸ where the economic surplus is appropriated through '...largely non-economic and usually coercive means'.³⁵⁹ The goals of the government and the rebel forces became almost identical during the intrastate conflict in that they both involved 'quite simply, to stay alive'³⁶⁰ and also '....to gain access to economic resources'.³⁶¹ These objectives could be better '...achieved by abusing and exploiting civilians than by confronting the enemy in battle'.³⁶²

The strategies of the ruling elite demonstrate that their priorities lay with their personal political positions rather than the daily welfare of the public or the servicing of the national debt. What this section also demonstrates is that the World Bank and the IMF possessed inadequate country specific knowledge on the recipients of structural adjustment lending programmes, as their priorities were largely economically based. Equally, this section demonstrates that these programmes were easily co-opted for political gain, and that the impact of structural adjustment programmes were unlikely to have positive results, if the quality of governance and the individual rights of the public were ignored. The need to address the quality of governance, individual rights and the debt problem, would result in Sierra Leone embarking on the PRSP process, the subject of the following Chapter Four.

³⁵⁷ Ibid

³⁵⁸ Cramer (2009), p. 133

³⁵⁹ Ibid

³⁶⁰ Keen (2005a), p.107

³⁶¹ Ibid

³⁶² Ibid

Conclusion

This chapter seeks to achieve three main objectives commencing with an investigation of the shadow economy, a key component of the research hypothesis, for its further use in subsequent chapters of this thesis. Secondly it aims to investigate the impact of conditionalities on the research location and the cross-border shadow economy prior to the introduction of the PRSP process in 2001. Finally it aims to examine the historical problems that arose when introducing structural adjustment programmes into Sierra Leone.

Section One argues that the shadow economy represents the informal sector of an economy and comprises numerous economic activities including illicit work, moonlighting, illegal employment, fraud as well as criminal economic activity. The process of the shadow economy can be examined from two main approaches, firstly the definitional approach whereby it is interpreted as unrecorded economic activity or secondly, the behavioural approach, whereby circumvention of the formal economy is understood from a social perspective. The shadow economy consists of four main elements including the criminal, the irregular, household and the informal sectors. The motivation for involvement in the shadow economy can be attributed to increased government regulation and feelings of group based injustice.

Section Two investigates the impact of conditionalities on the research location and the cross-border shadow economy with Guinea and Liberia. It focuses on the outcome of two IMF and World Bank programmes, a stabilisation and a structural adjustment programme. This section examines how the stabilisation programme requested a reduction in producer prices for agricultural produce and fuelled a cross-border shadow economy with Liberia. It investigates the closure of the Freetown-Pendembu railway and argues that this decision isolated the Township of Pendembu and the Kailahun District from the larger

urban centres of Kenema and BO. Equally the argument is made that this detached the Kailahun district from neighbouring districts which resulted in this region attaining the hallmarks of an enclave.

The second programme investigated in section two between the IMF, the World Bank and Sierra Leone focuses on the 1986 structural adjustment programme, and concentrates on the impact of the SLPMB closure and the outcome of the flotation of the Leone. It argues that the closure of the SLPMB isolated the township further, as farmers no longer possessed a market for their produce. In addition it examines how flotation of the Leone fuelled a cross-border shadow economy with Guinea. Section Two therefore demonstrates that the agricultural community compensated for the negative impact of conditionalities by engaging in a cross-border shadow economy with Liberia and Guinea. This section equally demonstrates that conditionalities impacted negatively on the township and the local region. The importance of section two to the thesis is that it demonstrates that historically conditionalities have contributed to a cross-border shadow economy and to the physical and economic isolation of the township. The extent to which PRSP policies have alleviated this situation will be discussed in Chapter Six.

Section Three argues that traditionally the ruling class in Africa has sought control of state resources to support the process of patronage and nurture the corrupt process of the patron-client relationship. This section argues that historically this strategy represents the system utilised by the Sierra Leone elite. The argument focuses on manipulation of conditionalities by the elite to assist in their personal accumulation in order to bolster their personal political position. The section investigates how during the Stevens regime selectively implemented conditionalities co-opted the privatisation process to gain access to diamond resources, which were then channelled through the shadow economy. It explores how Stevens utilised the Lebanese community, essentially as business partners, to assist in

the investment process to gain access to foreign currency and marketing channels abroad increasing Stevens's personal accumulation and facilitating the process of rent seeking. Section three argues that the capacity of the Stevens regime to implement Lal's economic strategy of compensating the public through the structural adjustment process by taxing the capital intensive sector was no longer a viable option. The state resources were disappearing through informal activity as the national debt was increasing.

Section three also focuses on the accumulation strategies of the Momoh and the Strasser regimes, it argues that they co-opted and selectively implemented conditionalities with the primary objective of reducing the power base of opposition elite. It examines the difficulties that the Momoh regime experienced in implementing conditionalities due to political opposition and how reform of the public sector and foreign direct investment was embraced in a bid to shut off autonomous accumulation. The final area of investigation examines how the Strasser regime utilised conditionalities to provide security and social services during the intrastate conflict. The strategy of the Strasser regime marked the transition of post independence accumulation into war accumulation where the public were exploited for financial gain by both government and rebel forces. The importance of section three to the overall thesis is that it demonstrates that historically western economic policies have been co-opted to assist in a process of accumulation for political gain. Cramer has argued that this process can continue into peace time, therefore elite accumulation is a subject that is reinvestigated in the analysis Chapter 6. Most importantly elite accumulation exacerbated Sierra Leone's debt problem which laid the foundation for the HIPC initiative and the PRSP process, the subject of the following Chapter Four.

Chapter Four

The PRSP

The extension of 'non-political' technocratic ethics of the World Bank to the fields of good governance and state-capacity building has meant the depoliticising of, and external regulatory intervention in, areas once considered to be the preserve of domestic regimes. The shift from government to governance, from policy making as an internal process to an internationalised process, has gone along with externally driven democratisation initiatives.³⁶³

Chandler's words demonstrate how the IFI's current democratisation strategy, involves intervention in areas once considered the domain of a national government. This chapter analyses this subject by examining the Poverty Reduction Strategy Process that commenced in Sierra Leone in 2001, which included policies that were designed to improve the quality of governance. The extent to which 2005 PRSP policies are exacerbating domestic finances in Pendembu and making involvement in a cross-border shadow economy an attractive option will then be examined in the following Chapters Five and Six.

The chapter is divided into three sections, with each section focusing on specific aspects of the PRSP process and how it was implemented in Sierra Leone. Section One examines the motivation behind the construction of the PRSP and assesses the cross-cutting objectives of the process. Section Two expands the investigation to include an analysis of the 2001 Interim Poverty Reduction Strategy Paper (I-PRSP), the template document for the 2005 PRSP and the accompanying Poverty Reduction Growth Facility programme (PRGF), which was approved on the basis of the I-PRSP. This analysis demonstrates how the I-PRSP implemented policies that corresponded with the views of the proponents of the liberal peace process and assesses how neo-liberal policies were accommodated. Section three investigates Pillar One of the 2005 PRSP and examines how

³⁶³ Chandler (2006), p.87

the process of institutional strengthening developed after this date. These reforms are assessed from the perspective of the IMF, in order to give a western economic perspective on the progress of the PRSP.

In addition, Section One examines the relationship between Sierra Leone and the IFIs in the post-conflict period and pays particular attention to the Highly Indebted Poor Countries Initiative (HIPC) to this relationship. It argues that debt relief under this initiative required the success of the peace-building process and continued structural reforms. It examines how Sierra Leone's inability to complete a PRSP in 2001 led to the creation of an Interim Poverty Reduction Strategy paper (I-PRSP) and a requirement to reach an economic position, known as the decision point, which when reached determined the financial sum required for debt relief.

Section one argues that the new PRSP strategy consisted of second generation reforms which placed a greater responsibility for the success of the programme on the Sierra Leone government and required the PRSP to possess certain cross-cutting objectives. It required the PRSP to be prioritised so that its implementation was feasible in both fiscal and institutional terms. Secondly it was required to be results orientated so that factors which hampered the success of policies in the past could be identified at an earlier stage of the programme. Under the PRSP process there was a realisation of the need for good governance to ensure economic growth and this required the PRSP to be comprehensive and long-term in perspective. A fourth cross-cutting objective was the requirement for the PRSP to be partnership orientated in order to construct a more balanced relationship between creditor and debtor. Finally, the PRSP was to be country-driven so that the document was not only the property of the government but also managed and supervised by it.

Section Two examines the degree to which the I-PRSP and the accompanying PRGF implemented the strategies of the proponents of the liberal peace-building process in the post-conflict period 2001-2005. This examination assists in assessing the extent to which neo-liberal conditionalities were incorporated into the programmes. Equally this examination reveals whether the strategy proposed by Paris', i.e. institutionalization before liberalisation, was implemented under the I-PRSP. Failure to implement this strategy had the potential to limit the capacity of the 2005 PRSP to implement policies effectively in Pendembu. To enhance the discussion, recognised weaknesses that have become synonymous with the PRSP process are examined in order to determine whether or not the I-PRSP and the PRGF addressed these weaknesses. These include an over reliance on income poverty as a measure of poverty, insufficient data on the determinants of poverty, overly optimistic growth projections based on GDP, fiscal revenue and exports, inadequate analysis of the poverty impact of policies particularly those pertaining to the macro economic framework and structural reforms and finally the failure of governments to accelerate judicial reform, in the areas of commercial law, labour legislation and banking regulation to shore up business confidence and improve life outcomes for the most vulnerable workers. Most importantly this section provides the opportunity to assess whether these programmes created the environment that has attracted criticism from the critics of the liberal peace building process. The importance of Section Two to the hypothesis is its assessment of the I-PRSP which formed the template for the 2005 PRSP.

Section Three examines Pillar One of the 2005 PRSP, Good Governance Peace and Security and analyses how its policies implemented the strategies of the proponents of the liberal peace post 2005, by placing increased emphasis on strengthening state institutions. In addition, Section Three provides the IMF perspective on the progress of these reforms. The primary reforms that are investigated include public sector reform and the

decentralisation of state power to local councils, anti corruption measures, improved transparency and accountability within public financial management and procurement and finally under the heading of peace and security reforms to the judiciary and tackling human rights abuses. The importance of section three to the hypothesis is its examination of Pillar One of the 2005 PRSP upon the success of which Pillar Two, Promoting Pro-Poor Sustainable Growth for Food Security and Job Creation and Pillar Three, Promoting Human Development, were dependent. The impact of Pillar One policies provided the framework for the first round of interviews that were conducted in Pendembu.

Section 4.1 The HIPC Initiative and the Strategic Objectives of the PRSP

Sierra Leone emerged from an intrastate conflict in 2002 with its long-term relationship with the IMF and the World Bank very much intact. Of central importance to this relationship was the country's eligibility for debt relief under the IMF and World Bank/IDA (International Development Association) Heavily Indebted Poor Countries Initiative (HIPC). Eligibility for debt relief and the IMF's Poverty Reduction Growth Facility programme (PRGF) was dependent upon the ability of the Sierra Leone government to '.... produce a PRSP'.³⁶⁴

The HIPC arrangement held benefits for both parties. First, it was in the interest of the Sierra Leone government to commence assembling a PRSP, as this ultimately paved the way for debt relief under the initiative. Second, the IMF and World Bank continued to wield influence over Sierra Leone's economic direction, as the completed PRSP had '....to receive endorsement from the Boards of both the Bank and the Fund'.³⁶⁵ This section briefly examines the HIPC arrangement and then expands the investigation of the PRSP by examining its five cross-cutting objectives. This examination reveals how the PRSP

³⁶⁴ Stewart and Wang (2006) p. 293

³⁶⁵ Ibid

process, in continuing to accommodate neo-liberalism, undermines some of these cross-cutting objectives. This fact lies at the heart of much of the criticism of the process. The importance of this section to the overall thesis is that it provides an understanding of the PRSP, a central component of the research hypothesis and explains how neo-liberalism continues to be incorporated as part of the poverty reduction strategy.

On account of the economic and security situation that prevailed at that time, Sierra Leone was not in a position to complete a PRSP in the 2001-2002 period. The solution put forward by the IMF and World Bank was to give permission for an Interim Poverty Reduction Strategy Paper (I-PRSP) to be constructed. This allowed Sierra Leone to avail of debt relief under the HIPC initiative and further funding under a PRGF programme. HIPC assistance depended on a successful union between the IFIs and the peace-building process that had been instigated by Boutros Boutros Ghali through his Agenda for Peace and Supplement to an Agenda for peace in the mid 1990s. Specifically it depended on;

the restoration of an environment of peace, continued sound macroeconomic policies, further structural reforms, and the improvement of key social indicators through the implementation of Sierra Leone's Poverty Reduction Strategy'.³⁶⁶

In order for Sierra Leone to be eligible for debt relief, without completing a full PRSP, the economy was compelled to reach an economic position, referred to by the IFIs as the '....decision point'.³⁶⁷ Reaching the decision point was determined by '....it's heavy debt burden, its track record of performance under IDA and IMF supported reform programs, and its current status as an IDA-only and Poverty Reduction Growth Facility (PRGF) eligible country'.³⁶⁸

³⁶⁶ IMF and IDA Enhanced Heavily Indebted Poor Countries Initiative-Preliminary Document (2001), p. 9

³⁶⁷ IMF and IDA (HIPC) Initiative Decision Point Document (2002), p. 5

³⁶⁸ Ibid

The economic predictions of the IMF and the World Bank based on the I-PRSP enabled the compilation of a Debt Sustainability Analysis within the 'projection period (2001-20)'.³⁶⁹ From this analysis IMF and World Bank forecasts concluded, that real GDP growth was '....assumed to be 6.0 percent on average in the period 2001-2020'.³⁷⁰ Despite these positive economic assumptions, it was estimated that Sierra Leone's debt, which stood at an estimated '...US\$1.19 billion at the end of-2000',³⁷¹ would '....remain unsustainable'.³⁷²

The IMF and World Bank assessment was based on the Net Present Value (NPV) of '....debt-to-export ratio',³⁷³ or the ratio of Sierra Leone's debt service payments to its total export earnings. The higher the country's debt service ratio, the greater its difficulty in servicing debt '....either from export earnings or raising new loans'.³⁷⁴ It was estimated that the debt-to-export ratio which stood at '....707 percent in the base year 2000',³⁷⁵ would remain 'above 150 percent to 2012'.³⁷⁶ On the basis of this calculation Sierra Leone met '....the HIPC criteria for debt relief'.³⁷⁷ The decision point analysis '.... indicated that HIPC assistance to the amount of '....US\$675.2million',³⁷⁸ in NPV terms was required to lower Sierra Leone's NPV of debt to export ratio to the HIPC threshold of 150 percent'.³⁷⁹

This new PRSP strategy, required Sierra Leone not only to produce an economic and social document for poverty reduction, but also placed greater responsibility on the government for the overall success of the programme. First generation reforms, comprising

³⁶⁹ IMF and IDA (HIPC) Initiative Decision Point Document (2002), p. 9

³⁷⁰ *Ibid*

³⁷¹ IMF and IDA Enhanced Heavily Indebted Poor Countries Initiative-Preliminary Document (2001), p. 8

³⁷² IMF and IDA Enhanced Heavily Indebted Poor Countries Initiative-Preliminary Document (2001), p. 9

³⁷³ *Ibid*

³⁷⁴ Black (2002), p. 111

³⁷⁵ IMF and IDA Enhanced Heavily Indebted Poor Countries Initiative Preliminary Document (2001), p. 9

³⁷⁶ *Ibid*

³⁷⁷ *Ibid*

³⁷⁸ *Ibid*

³⁷⁹ IMF Sierra Leone: Enhanced Heavily Indebted Poor Countries Initiative-Completion Point Document and Multilateral Debt Relief Initiative (2007), p. 3

structural adjustment programmes were primarily combined with ‘...downsizing’ the role and reach of governments’³⁸⁰ and the ‘...scope of state action’.³⁸¹ The new PRSP strategy incorporated what has become known as ‘Second Generation Reforms’.³⁸² Here the state shifted from ‘...acting as venal, rent-seeking ‘vampire’- source of all problems, to the key institution to ensure that the market functions properly’.³⁸³ Hence forth responsibility for reform and failure lay ‘... with individual states’.³⁸⁴

This new responsibility required the PRSP to possess certain cross-cutting objectives. First it was required to be ‘...prioritised’³⁸⁵ so that its ‘...implementation was feasible, in both fiscal and institutional terms’.³⁸⁶ This new approach contrasted with previous lending programmes where little effort was made by either party to assess the capacity of the debtor country to adhere to prescribed conditionalities. This new PRSP strategy highlighted how the IMF and World Bank put in place mechanisms, designed to overcome the political and economic obstacles that were encountered during the structural adjustment period.

Previous structural adjustment programmes were insufficiently monitored, to overcome this flaw the new PRSP was to be ‘...results orientated’.³⁸⁷ This second cross-cutting objective placed greater emphasis on targeting and prioritising available funds for projects that would assist in poverty reduction. Prior to this initiative national and international surveillance of economic policy performance was lacking in Sierra Leone, allowing economic policies to be manipulated and the shadow economy to proliferate.

³⁸⁰ McAuslan (1997), p. 27

³⁸¹ Harrison (2004), p. 18

³⁸² Ibid

³⁸³ World Bank statement in Harrison (2004), p. 19

³⁸⁴ Harrison (2004), p. 73

³⁸⁵ World Bank (2001) Comprehensive Development Framework: Meeting the Promise? Early Experience and emerging issues, draft policy note presented at the CIDA seminar, CDF secretariat, 27 August in Cheru, P 356

³⁸⁶ Ibid

³⁸⁷ Ibid

Results monitoring increased the possibility that factors which hampered the success of policies in the past would be identified in the earlier stages of the programme, placing greater pressure on the Sierra Leone government to address immediate obstacles. Results orientation was also accompanied with a ‘....shift towards releasing credits in ‘tranches’ triggered by reviews’.³⁸⁸

Under the PRSP process there was recognition by the IMF and World Bank that economic growth, which it argued benefited from free trade and investment was dependent upon democratic government. The emergent realisation was that;

economic growth was dependent not solely on an observance of the ‘rationalities’ of markets but also on the quality of governance, thus defined - put another way, a recognition that a ‘quantitative reduction [of state apparatuses] might end up in qualitative deterioration.’³⁸⁹

There was an increased awareness for the need for a more holistic approach towards economic growth and poverty reduction which demonstrates how in theory the IFI view corresponded with Doyle’s interpretation of Kant’s three definitive articles which connected the characteristics of liberal politics and economics with sustained liberal peace. The recognition of the World Bank of ‘....democratisation as a vital part of the installation of the liberal peace’,³⁹⁰ is further evidence of the fusion between the IFIs and the liberal peace building process.

The need for good governance as a prerequisite to achieve economic objectives required the PRSP to be ‘comprehensive and long term in perspective’.³⁹¹ This third cross-cutting objective involved the integration of ‘....macroeconomic, structural, sectoral and

³⁸⁸ Frazer (2005), p. 332

³⁸⁹ Welsch and Carrasquero (2000), p. 34

³⁹⁰ Richmond (2005), p. 152

³⁹¹ World Bank (2001), *Comprehensive Development Framework: Meeting the Promise? Early Experience and emerging issues*, draft policy note presented at the CIDA seminar, CDF secretariat, 27 August in Cheru, p. 356

social elements',³⁹² which recognised the '....the multi dimensional nature of poverty'.³⁹³ However this holistic approach aimed at improving the quality of governance and reducing poverty was undermined by the continued incorporation of neoliberal conditionalities. Specifically, the macroeconomic strategies mirror Snodgrass', financial stabilisation programme and specify 'low inflation and competitiveness',³⁹⁴ combined with 'securing and expanding financial markets: and the promotion of international trade'.³⁹⁵ Consequently there is now a '....a broad agreement that the PRSP process has, so far, failed to generate any significant change in macro-economic policy conditions'.³⁹⁶

A fourth cross-cutting objective of the PRSP required it to be '....partnership oriented'.³⁹⁷ Partnership was designed to replace the former unequal relationship between the creditor and the dependent debtor. This new contract allegedly comprised a more balanced relationship between the IMF the World Bank and the country constructing the PRSP and claimed to involve a '....co-ordinated participation of development partners (Bilateral and Non Governmental Organisations) thus enhancing greater accountability and democracy in decision making'.³⁹⁸ The participatory nature of the PRSP is questioned by Frazer who maintains that the process is dominated '....by urban professional groups, humanitarian NGOs and their umbrella bodies',³⁹⁹ and '....rural based and peasants groups, trade unions and religious groups have not engaged with the processes'.⁴⁰⁰ This would

³⁹² World Bank (2001), Comprehensive Development Framework: Meeting the Promise? Early Experience and emerging Issues, draft policy note presented at the CIDA seminar, CDF Secretariat, 27 August in Cheru, p. 356

³⁹³ Ibid

³⁹⁴ Cheru (2006), p. 359

³⁹⁵ Ibid

³⁹⁶ Frazer 2005), p. 326

³⁹⁷ World Bank (2001), Comprehensive Development Framework: Meeting the Promise? Early Experiences and Emerging issues, draft policy note presented at the CIDA seminar, CDF secretariat, 27 August in Cheru, P. 356

³⁹⁸ Cheru (2006), p. 356

³⁹⁹ Frazer (2005), p. 326

⁴⁰⁰ Ibid

suggest that large sections of the public are unrepresented and unable to access institutions.

This argument is supported by Philips who argues that institutions

are of interest purely for their functions in creating the economic conditions in which markets can flourish and investments prosper and for their potential utility in deflecting political impediments to effective liberalisation and deregulation.⁴⁰¹

The fifth cross-cutting objective of the PRSP required it to be ‘...country driven’⁴⁰², meaning that the document was not only the property of the government, but was also managed and supervised by it. This contract allegedly facilitated a more balanced relationship between the IMF the World Bank and the country constructing the PRSP. The reality however was a high probability that economic policies, favoured by the IMF and the World Bank would be implemented, in order to achieve debt relief, as ‘.... IFI ‘approval’ of the final strategy determines access to debt relief and new credit’.⁴⁰³

Frazer’s view supports the argument of the liberal peace critics that neo-liberalism has been accommodated and has emerged as a dominant force within the liberal peace process. This development is evident by the increasing emphasis on economic growth ‘....with little focus on welfare/social issues at the micro level because that might interfere with that growth’.⁴⁰⁴

The capacity of the IMF and the World Bank to continue to dictate the economic direction of those countries involved in the PRSP process reinforces Richmond’s view that the liberal peace has the capacity to restructure the economic and political makeup of post-conflict environments. This relationship questions the capacity of the liberal peace process

⁴⁰¹ Philips, (2006), p. 23

⁴⁰² World Bank (2001) Comprehensive Development Framework: meeting the promise? Early experience and emerging issues, draft policy note presented at the CIDA seminar, CDF Secretariat, 27 August, in Cheru p. 356

⁴⁰³ Frazer (2005), p. 326

⁴⁰⁴ Richmond (2009), p. 67

to emancipate, whilst at the same time dictating the economic and social direction of those countries emerging from post-conflict environments. It is for this reason that the PRSP is now being identified as a 'post interventionary successor to structural adjustment'.⁴⁰⁵ The degree to which conditionalities continued to be implemented under the I-PRSP will now be explored in the following Section Two.

Section 4.2 I-PRSP and the implementation of the liberal peace process

The purpose of Section Two is to examine the degree to which the I-PRSP and the Poverty Reduction Growth Facility Programme (PRGF) implemented the strategies of the proponents of the liberal peace-building process in the post-conflict period 2001-2005. This examination reveals whether the I-PRSP corresponded with the liberal peace objectives, and assists in clarifying the extent to which neo-liberal conditionalities were incorporated into these programmes. Most importantly this examination identifies whether the strategy propounded by Paris, namely institutionalization before liberalisation, was implemented under the I-PRSP. It is held that a failure to implement strategies such as that of institutionalization before liberalisation has the potential to undermine the positive impacts of policy objectives of the 2005 PRSP in the Township of Pendembu.

To assist in achieving the above goals this section examines recognised weaknesses that have become synonymous with the PRSP process and assesses whether the I-PRSP and the accompanying PRGF, addressed these weaknesses. This examination provides an opportunity to analyse whether the programmes have created the social and economic environment that has attracted criticism from critics of the liberal peace process prior to 2005. The importance of this section to the overall hypothesis is its assessment of the I-

⁴⁰⁵ Duffield (2007), p. 168

PRSP, which as a precursor formed the template for the fully completed 2005 PRSP, a key component of the research hypothesis.

Glaring ‘....Gaps in poverty diagnosis’,⁴⁰⁶ due to the lack of up-to-date ‘....quantitative survey data such as the Living Standards Measurement Survey and the National Household Survey’,⁴⁰⁷ represents the first weakness associated with PRSP process. This deficiency emerged during the construction the I-PRSP when it became apparent that there were no ‘.... current nation-wide statistics on household expenditure for determining the incidence and depth of poverty’.⁴⁰⁸ Furthermore it was revealed that the last ‘....household survey was conducted in 1989/90’.⁴⁰⁹ The I-PRSP stated that the dearth of socio-economic information presented an obstacle to poverty analysis and prevented ‘.... a more thorough and detailed analysis of the current poverty situation in the country’.⁴¹⁰ The Central Statistics Office of Sierra Leone did ‘....carry out ad hoc surveys’,⁴¹¹ and a full population census was subsequently carried out ‘... in 2002’,⁴¹² which provided a basis for a comprehensive ‘... living standards measurement survey’.⁴¹³

It was on the basis of the I-PRSP, that in September 2001 the IMF Executive Board ‘....approved a three-Year PRGF arrangement with Sierra Leone to the amount of SDR 130.84 million’,⁴¹⁴ and debt relief under the HIPC initiative in February 2002. A completed PRSP was under both the HIPC initiative and PRGF Programme, a standard prerequisite for debt relief and funding. In Sierra Leone’s case funding was released prior to the

⁴⁰⁶ Cheru (2006), p. 359

⁴⁰⁷ Ibid

⁴⁰⁸ Ibid

⁴⁰⁹ Ibid

⁴¹⁰ Government of Sierra Leone I-PRSP (2001), p. 13

⁴¹¹ Government of Sierra Leone I-PRSP (2001), p. 14

⁴¹² Ibid

⁴¹³ Ibid

⁴¹⁴ IMF Sierra Leone: Sixth Review Under the Poverty Reduction and Growth Facility (2005), p. 1

completion of a full PRSP and therefore invested in policies before their social and economic value and potential impact could be fully ascertained.

Acquiring comprehensive detailed socio-economic data during the 2001 - 2002 period and in the immediate subsequent years proved problematic on account of the unstable security situation, together with the social and economic upheavals that occurred as a result of the intrastate conflict. This lack of adequate social data and the sequencing of PRGF programming, called into question the capacity for poverty reduction prior to 2005. It suggests that financial stabilisation, as recommended by Snodgrass, was the high priority area under the 2002 programme 'Re-launching and Reviving the Economy',⁴¹⁵ albeit under the banner of poverty reduction.

Insufficient data on the social '.... determinants of poverty',⁴¹⁶ including 'Gender, HIV/AIDs, Environment and Food Security',⁴¹⁷ and an overwhelming emphasis on 'income poverty',⁴¹⁸ as a measure of poverty, represents the second weakness that has been attributed to the PRSP process. Specifically, the I-PRSP attributed poverty in Sierra Leone '....to bad governance and economic mismanagement, poor economic growth, unemployment and underemployment, lack of access to social services, increased vulnerability from the civil war, and the debt burden'.⁴¹⁹

This unbalanced evaluation of the country's poverty problem, subordinated what many would consider additional causes of poverty, into mere manifestations of the problem. The I-PRSP makes specific reference to 'Non-income aspects of poverty'.⁴²⁰ It

⁴¹⁵ Government of Sierra Leone I-PRSP (2001), 28

⁴¹⁶ Cheru (2006), p. 359

⁴¹⁷ Ibid

⁴¹⁸ Ibid

⁴¹⁹ Government of Sierra Leone I-PRSP (2001), p. 6

⁴²⁰ Government of Sierra Leone I-PRSP (2001), p. 18

stated that the intrastate conflict had had a negative impact on 'Education and Training',⁴²¹ that food poverty was '...fundamental aspect of poverty in Sierra Leone',⁴²² and that women '...are marginalized in society and lack adequate access to productive assets including land, credit, training and technology'.⁴²³ To the extent that it was recognised that achieving results in poverty reduction would '....depend on gender mainstreaming',⁴²⁴ and consequently policies were approved '....for gender mainstreaming and the advancement of women'.⁴²⁵

This diagnosis falls considerably short of the holistic approach to poverty identification and eradication that is required to complete a PRSP. Identifying and measuring economic factors as the primary cause of poverty and attributing social factors as mere manifestations or aspects of the problem of poverty had the potential to lead to a flawed diagnosis of the problem. Equally, it increased the probability that an economic remedy, based on the market, would be applied, for what was identified as essentially an economic problem.

The diagnosis is compatible with World Bank views, that poverty reduction and human development, which it argues are necessary for human rights objectives, are unachievable in the absence of economic growth and financial stabilisation. This prognosis risked creating what Mac Ginty has described, as a no war no peace situation. Dependency on economic growth to provide public services and to improve the daily welfare of the most vulnerable, risked maintaining the status quo rather than transforming the post-conflict environment in the short term.

⁴²¹ Ibid

⁴²² Government of Sierra Leone I-PRSP (2001), p. 19

⁴²³ Government of Sierra Leone I-PRSP (2001), p. 21

⁴²⁴ Government of Sierra Leone I-PRSP (2001), p. 34

⁴²⁵ Ibid

Overly optimistic ‘...growth projections’,⁴²⁶ which focus on ‘Gross Domestic Product, fiscal revenues and exports’,⁴²⁷ represents the third weakness that has been directed at the PRSP process. The I-PRSP predicted that GDP for the period 2001-2003 would range from ‘....17.9, 27.5 and 9.3 percent’,⁴²⁸ respectively. Comprising all economic activity within a country, a significant proportion of GDP is the ‘...activities carried out by foreign owned firms’.⁴²⁹ Attributed by Baran as one of the contributing factors to the *morphology of backwardness*, foreign owned firms have according to Baran, the potential to contribute to the reduction of the ‘....economic surplus’⁴³⁰, due to their minimal investment within a country and the flight of their profits abroad. In Sierra Leone this situation is compounded due to a below average ‘...3% duty tax on raw materials’,⁴³¹ exported from the country.

Designed to stimulate economic activity, increase exports and attract foreign direct investment, a low export tax is indicative of a liberalised export policy, capable of strengthening economic relations between Sierra Leone and other countries; a factor that Doyle has identified as one of three necessary requirements for peace. Over-dependency on external investment forces Sierra Leone to create and preserve an attractive environment for inward investment due to the absence of a native industrial base and because of ‘....its reputation as a post conflict state located in an area marked by regional instability’.⁴³²

Mechanisms were put in place through the I-PRSP to boost fiscal revenue by expanding the ‘....tax base’,⁴³³ and by introducing a ‘....broad based consumption tax

⁴²⁶ Cheru (2006), p. 359

⁴²⁷ Ibid

⁴²⁸ IMF Country Report No. 05/23 Sierra Leone: (2004) Article IV Consultation, the Fifth Review under the PRGF (2005), p. 6

⁴²⁹ Black (2002) p. 203

⁴³⁰ Baran (1973), p. 133

⁴³¹ Toronka Interview (2008)

⁴³² Cooper (2008), p. 112

⁴³³ Government of Sierra Leone I-PRSP (2001), P. 28

(VAT)'.⁴³⁴ This taxation strategy was related to government proposals to '....align its tariff rates with those of the ECOWAS Common External Tariff (CET)'.⁴³⁵ Equally the Third Review of the 2001-2005 PRGF requested the Sierra Leone government to concentrate on '.... domestic revenue collection',⁴³⁶ and 'prepare amendments to the income tax, Sales Tax, and customs act to ensure consistency with the National Revenue Authority'.⁴³⁷ The taxation strategy is representative of Snodgrass's recommendation of controlling and tightening fiscal policy in the post conflict period.

The suitability of this strategy as part of a peace-building process is questionable as 'lower tax rates on the incomes of the poor and on the commodities they purchase are the hallmarks of a fair tax system'.⁴³⁸ The I-PRSP strategy of expanding the tax base and introducing VAT as part of the post-conflict peace-building process, questions the poverty reduction capacity of the I-PRSP as these measures had the potential to increase financial hardship on the public. Increased government regulation has been attributed to an increase in the size of the shadow economy. Crucially the I-PRSP policy increased the likelihood of this occurring as it is argued that the '.... tax regime is not yet organised, you cannot tax subsistent farmers, any attempts to do so will simply force the underground economy to grow, then certain areas get over taxed'.⁴³⁹

Lal's recommendation to tax the capital intensive sector, such as exports, in order to assist workers through the liberalisation process has, as part of the peace-building process, the potential to represent a welfare improving strategy. The top down western I-PRSP taxation strategy deviated from Lal's proposals risking the extraction of the economic

⁴³⁴ Ibid

⁴³⁵ Ibid

⁴³⁶ IMF Sierra Leone: Ex Post Assessment of Longer-Term Program Engagement (2005), p. 9

⁴³⁷ IMF Sierra Leone: Ex Post Assessment of Longer-Term Program Engagement (2005), p. 42

⁴³⁸ Thirsk (1997), p. 15

⁴³⁹ Toronka Interview (2008)

surplus from the agricultural community and eroding investment in this sector. This deviation and the concentration on domestic taxation questions the overall poverty reduction strategy within the I-PRSP. Equally, it supports Richmond's argument of the contradictory nature of the liberal peace process, which claims to be emancipatory but may provide little opportunity for the public to emerge from the informal sector and compels them to rely on their own subsistence strategies.

A fourth weakness attributed to the PRSP process is the inadequate '.... analysis of the poverty impact of policies, particularly those pertaining to the macroeconomic framework and structural reforms'.⁴⁴⁰ The I-PRSP Strategy for the Revival of the Economy demonstrates that Snodgrass' prescription of tightening fiscal expenditure was the strategy adopted. It entailed '....reorganizing and downsizing of the civil service',⁴⁴¹ and under the first review of the PRGF, a policy to implement a school audit to '....verify the number, type, location and salary of all the teachers on the school payroll',⁴⁴² and to '....elaborate measures to control the teachers payroll within the limits of the budget',⁴⁴³ as

There were probably too many schools in Sierra Leone, and the vast majority of those schools were not giving a good education. As a result only 10% of the children would pass the educational exam, the GC, mostly in urban areas in towns like Freetown and Bo. I always had a kind of a question over the number of schools that were allowed to be opened in Sierra Leone.⁴⁴⁴

The introduction of these proposals had the potential to exacerbate poverty and the proliferation of the shadow economy as civil servants were forced '....to find additional

⁴⁴⁰ Gomez and Lawson (2003), in Cheru, p. 361

⁴⁴¹ Government of Sierra Leone I-PRSP (2001), p. 36

⁴⁴² IMF Sierra Leone Ex Post Assessment of Longer-Term Program Engagement (2005), p. 41

⁴⁴³ Ibid

⁴⁴⁴ Interview Starken (2008)

sources of income⁴⁴⁵, resulting in them having to ‘...steal time or money, or demand bribes’.⁴⁴⁶ The weakness of the I-PRSP programme was that in its attempt to eliminate corruption through surveillance and make the public service a more efficient institution, it introduced additional conditionalities under the PRGF, limiting expenditure within the confines of the budget. This strategy increased the likelihood that individuals would have to rely on the shadow sector.

So teachers are not spending the time in the class room, a lot of teachers will not teach during the day, but they will give grinds in the afternoon and the children have to go to them. So the children’s parents are paying for this. There are no text books in Sierra Leone, the teachers make up notes and the kids have to buy these.⁴⁴⁷

The liberalisation process that was characteristic of the structural adjustment era was also deeply enshrined in the I-PRSP; designed to assist the process of free trade, but capable of exacerbating poverty. Specifically, the strategy for re-launching the economy was aimed at macro stabilisation and reduction of import duties from ‘...40% to 30%’,⁴⁴⁸ and the ‘... reduction in external tariffs to a range of 0-25 percent and an average external tariff of about 15 percent by 2003’.⁴⁴⁹ It was anticipated that this reduction would ‘...reduce cross border smuggling and foster official trade’.⁴⁵⁰ The objective to reduce import and export taxes and duties in the I-PRSP, whilst simultaneously proposing to broaden the domestic tax base and introduce VAT, suggests that international trade took precedence over poverty reduction under the I-PRSP. The argument presented, is that

liberalisation is good, if the government cannot provide jobs or enough infrastructure, it is better to allow foreign investment

⁴⁴⁵ Hanlon (2005), p. 465

⁴⁴⁶ Ibid

⁴⁴⁷ Interview Starcken (2008)

⁴⁴⁸ Government of Sierra Leone I-PRSP (2001), p. 29

⁴⁴⁹ Ibid

⁴⁵⁰ Ibid

to do so. This will provide jobs for local people, enable them to learn new skills and give them a sense of responsibility.⁴⁵¹

The I-PRSP job creation strategy was dependent upon growth in the private sector, which was identified as ‘.... an important part of the strategy to stimulate recovery and growth’.⁴⁵² It was argued that efforts would be made to promote ‘....micro enterprise development in order to create employment and raise incomes in the formal and informal sectors’.⁴⁵³ Ebo and Hanlon have both expressed concern over the unemployment crisis in post-conflict Sierra Leone and argued that it poses a threat to stability ‘....a growing concern is the return of the very problem that started this brutal war more than a decade earlier –unemployed and poorly educated youth with no jobs and no future’.⁴⁵⁴ I-PRSP policies had the capacity to exacerbate the situation, as liberalisation of trade ‘....except in a very special case, produces depressing affect on the informal wage’,⁴⁵⁵ because of the importation of foreign products.

Rural people can’t understand IMF conditionalities and they cannot pay for imported rice. The Lebanese flood the market with imported rice, how can they live on £20-25 per month, paying for health and accommodation, this situation drives people underground.⁴⁵⁶

The Failure to address the unemployment crisis during the 2001-2005 period indicates that in the short-term the liberalisation process was not capable of providing opportunities for the public that are critical in a post-conflict period. The peace that emerged in Sierra Leone during that period corresponded with Richmond’s virtual peace where development, human rights and opportunities are deferred for an uncertain period.

⁴⁵¹ Toronka Interview (2008)

⁴⁵² Government of Sierra Leone I-PRSP (2001), p. 31

⁴⁵³ Government of Sierra Leone I-PRSP (2001), p. 31

⁴⁵⁴ Hanlon (2005), p. 466

⁴⁵⁵ Chaudhuri & Banerjee (2007), p.932

⁴⁵⁶ Toronka Interview (2008)

The fifth weakness that has been associated with the PRSP has been the failure of ‘governments to accelerate judicial sector reform commercial law, labour legislation, and banking regulation, in order to shore up business confidence’.⁴⁵⁷ This argument is supported by the World Bank which maintains ‘that countries have focused more on completing the PRSP document, which gives them access to resources, than on improving domestic processes’.⁴⁵⁸ In Sierra Leone this weakness turned out to be only a partial weakness as the I-PRSP did implement policies to address some of these concerns. National Security and Good Governance were priorities of the I-PRSP and central to this national security programme, was the ‘Disarmament, Demobilisation and Reintegration Programme (DDR).⁴⁵⁹ According to Ebo this programme has achieved a measure of success as the Sierra Leone government was capable of taking over security for the entire country from the United Nations UNAMSIL in 2004.

As part of the good governance programme, mechanisms to accommodate government and public sector reform to ensure that ‘...the Executive, Parliament, civil society, public service, judiciary, police inter-relate to each other in a transparent and accountable manner’,⁴⁶⁰ were put in place through the I-PRSP. Equally it recognised that ‘centralized governance, thriving corruption, prevalence of rent seeking activities’,⁴⁶¹ were largely responsible for the erosion of the processes which are necessary for ‘...equitable distribution of economic resources and social services’.⁴⁶²

⁴⁵⁷ Cheru (2006), p. 361

⁴⁵⁸ World Bank (2004), *The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank’s support through 2003*, p. 8

⁴⁵⁹ Government of Sierra Leone I-PRSP (2001), p. 26

⁴⁶⁰ Government of Sierra Leone I-PRSP (2001), p. 36

⁴⁶¹ Government of Sierra Leone I-PRSP (2001), p. 22

⁴⁶² Ibid

The programme addressed issues raised by Fukuyama and which aimed to ‘strengthen institutional capacity’.⁴⁶³ It adopted Ackerman’s recommendation for the need for judicial reform resulting in the ‘reinforcement of the judiciary and legal system for safe guarding the rule of law and human rights’,⁴⁶⁴ including ‘...restructuring of the military and the police’.⁴⁶⁵ It embraced the liberal peace building process by putting in place mechanisms to address constitutional and international law by focusing on ‘....grass roots participatory democracy (conducting parliamentary and presidential elections), decentralisation of functions and authority, respect for human rights and checking abuse of power’.⁴⁶⁶ It embraced early elections which Lyons argued may be necessary so as to prevent ‘.... the collapse of the peace process and the return to war’.⁴⁶⁷ This approach is however not recommended by Paris, moreover Hanlon has argued that holding presidential elections in 2002 and reinstating President Kabbah was tantamount to reinstating a ‘...a weak, corrupt and partisan government’.⁴⁶⁸

In 2001, the Anti-Corruption Act came into force, leading to the creation of the Anti-Corruption Commission, which Ackerman argued was ‘....one solution to weakness of institutions’.⁴⁶⁹ To ensure the continued professionalism of the body ‘...a review of the organization and activities of the Anti-Corruption Commission was completed in 2002’.⁴⁷⁰ Judicial reform suffered from acute expertise shortages typical of immediate post-conflict

⁴⁶³ Government of Sierra Leone I-PRSP (2001), p. 28

⁴⁶⁴ Ibid

⁴⁶⁵ Ibid

⁴⁶⁶ Government of Sierra Leone (2001), p. 28

⁴⁶⁷ Lyons (2004), p.288

⁴⁶⁸ Hanlon (2005), p. 461

⁴⁶⁹ Ackerman (2004), p. 203

⁴⁷⁰ IMF Country Report No. 05/23 Sierra Leone: 2004 Article IV Consultation, the Fifth Review Under the Poverty Reduction and Growth Facility (2005), p. 56

periods, however this problem was remedied with ‘...the arrival of two Judges from the United Kingdom’.⁴⁷¹

Collier’s recommendation for ‘...a swift resolution of property rights, supported by the establishment of a functioning system of commercial law to enforce contracts’,⁴⁷² was assisted by the passing in 2004 of the ‘Investment Promotion Act’,⁴⁷³ to ‘...promote and attract private investment both domestic and foreign’.⁴⁷⁴ The I-PRSP however failed to address labour legislation and improve the vulnerable position of workers in Sierra Leone. This situation is compounded by ‘70% youth unemployment’,⁴⁷⁵ fuelling exploitive employment, low wages, long hours and little or no job security. The monthly minimum wage in Sierra Leone, which was ‘\$24 in 2007’,⁴⁷⁶ while the ‘...statutory minimum salary was about \$16’,⁴⁷⁷ demonstrate the vulnerable working conditions of Sierra Leone workers. These wage levels are among the ‘...lowest in Africa and probably globally as well’.⁴⁷⁸

Reform of the banking system is a necessary prerequisite for economic growth as it is ‘...the level of bank credit to the private sector that is most closely correlated with medium term growth and poverty reduction’.⁴⁷⁹ The I-PRSP promised that stability and efficiency of the financial system would be improved by strengthening bank supervision and strictly enforcing prudential regulations within the framework of the revised Banking and BSL Acts’.⁴⁸⁰ The Fifth Review Under the Poverty Reduction and Growth Facility Programme 2004 indicated that a ‘financial advisor would be soon selected to lead the privatization of the National Development Bank (fully government-owned) and the Rokel

⁴⁷¹ Ibid

⁴⁷² Collier (2008), p. 108

⁴⁷³ Government of Sierra Leone Investment Promotion Act (2004)

⁴⁷⁴ Ibid

⁴⁷⁵ Interview Banguara (2009)

⁴⁷⁶ United Nations (2010), p. 39

⁴⁷⁷ Ibid

⁴⁷⁸ Ibid

⁴⁷⁹ Ihrig and Moe (2003), p. 543

⁴⁸⁰ Government of Sierra Leone I-PRSP (2001), p. 30

Commercial Bank (majority government-owned)',⁴⁸¹ however the banking sector continues to suffer from 'weak creditor rights, seldom enforced by compromised courts; a deficient and rarely applied insolvency framework; and a general disrespect for contracts'.⁴⁸²

Paris' thesis recommended that peace-builders concentrate '....on constructing a framework of effective institutions prior to promoting political and economic competition'.⁴⁸³ The Strategies adopted by the I-PRSP suggest that this recommendation of strengthening institutions prior to liberalisation was not chosen. In contrast the Sierra Leone government implemented both processes simultaneously. This chosen course of action and its potential to hamper the capacity of the 2005 PRSP policy objectives in the Township of Pendembu will be assessed in the analysis Chapter 6. Institutional strengthening increased with fervour in Pillar One of the 2005 PRSP the nature of these policies will now be examined in the following section three.

Section 4.3 The 2005 PRSP and the strengthening of the liberal peace process

Sierra Leone completed a full PRSP in 2005 and reached the completion point under the Heavily Indebted Poor Countries (HIPC) initiative in December 2006. Sierra Leone then progressed to '... debt relief under the Multi-lateral Debt Relief Initiative (MDRI).⁴⁸⁴ Pillar One, Good Governance Peace and Security was of central importance to the completed PRSP on account of its proposed structural reforms and because Pillar Two, Promoting Pro Poor Sustainable Growth and Job Creation and Pillar III Promoting Human Development were dependent on the success of these reforms.

⁴⁸¹ IMF Country Report No. 05/23 Sierra Leone: 2004 Article IV Consultation, the Fifth Review Under the Poverty Reduction and Growth Facility (2005), p. 56

⁴⁸² Honohan (2007), p. 39

⁴⁸³ Paris (2004), p. 187

⁴⁸⁴ IMF Sierra Leone: Poverty Reduction Strategy Paper –Progress Report (2008), p. 23

The primary objective of this section is to examine Pillar One and analyse how its policies implemented the strategies of the proponents of the liberal peace process, by placing a substantial emphasis on strengthening the institutions of the state. In addition these policies will be examined from the perspective of the IMF, a key player in the proceedings. The importance of this section to the thesis is that it provides an understanding of Pillar One of the 2005 PRSP which is of central importance to the research hypothesis. Crucially, the impact of Pillar One policies in Pendembu was the initial area of focus for the first round of interview questions. This provided an opportunity to compare the IMF's perspective with those which emerged during the field research and will be investigated in the following Chapter 5.

Implemented under the title of '...of Good Governance, Peace and Security',⁴⁸⁵ the primary objective of Pillar One was one of reform to improve the '...quality of public sector governance',⁴⁸⁶ As discussed in Chapter 1 there is a direct correlation between the primacy of good governance within Pillar One and the liberal peace objectives of Kant's definitive article of constitutional law as interpreted by Doyle. Moreover Pillar One objectives aimed to address human rights issues, which according to Doyle in his interpretation of Kant's second definitive article of international law, are a further condition for peace.

The reform strategy included '.... (a) Public Sector Reform combined with (b) Decentralisation of State Governance; (c) Anti Corruption, "Empowerment with Information" (d) Public Financial Management and Procurement',⁴⁸⁷ and under Peace and Security 'Reforming the Judiciary and Tackling Human Rights Abuses'.⁴⁸⁸ According to

⁴⁸⁵ Government of Sierra Leone (2005), p. 76

⁴⁸⁶ Ibid

⁴⁸⁷ Ibid

⁴⁸⁸ Government of Sierra Leone (2005), p. 81

the IMF public sector reform increased in intensity in 2006 when ‘....a Senior Executive Service Programme (SES) was pursued’.⁴⁸⁹ Also in that year, with funding from the World Bank, ‘....capacity building plans were designed for the Institute of Public Administration and Management and the Civil Service Training College (CSTC)’,⁴⁹⁰ in order to create an efficient and specialist group of public servants. The reform process included, ‘....a ninety day review of the architecture of the Government of Sierra Leone’,⁴⁹¹ and according to the IMF the Sierra Leone government had commenced implementation of ‘...the recommendations from the reviews’.⁴⁹² To increase transparency and accountability, efforts were also made ‘to reconcile Personnel Records to Staff Pin Code (used for payroll); and to decongest registries’.⁴⁹³

Decentralisation was a central part of the reform programme as it was argued that the lack of decentralisation had been a ‘....contributing factor to the ten-year civil war’.⁴⁹⁴ Political and financial in its design, decentralisation included the ‘....democratic election of local councils’,⁴⁹⁵ and empowered them ‘....with substantive expenditure and revenue generation responsibilities’.⁴⁹⁶

Specifically, decentralisation was designed to allow financial resources to be channelled more accurately to rural areas in order to benefit public services. The process was also aimed at increasing transparency and accountability of public funds at a local level as councils could potentially be held responsible for any misappropriation of funds. Achieving these objectives required high level organisational skills at a local level. The availability of such skills is questioned by Jackson who argues that ‘in some remote

⁴⁸⁹ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 38

⁴⁹⁰ Ibid

⁴⁹¹ IMF Sierra Leone Poverty Reduction Strategy Paper progress Report (2008), p. 37

⁴⁹² Ibid

⁴⁹³ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 38

⁴⁹⁴ Government of Sierra Leone (2005), p. 77

⁴⁹⁵ Ibid

⁴⁹⁶ Government of Sierra Leone (2005), p. 78

districts, and along the volatile border with Guinea',⁴⁹⁷ this process may be problematic not because of the inability of local officials '...but because of the difficulties faced in recruiting sufficient good staff in remote areas'.⁴⁹⁸

The IMF argued that the Government was strongly '...pursuing a decentralisation programme after the restoration of District Councils through the enactment of the Local Government Act 2004'.⁴⁹⁹ It argued that it was designed to financially '...empower grassroots communities',⁵⁰⁰ and to support the '...functioning of nineteen local councils'.⁵⁰¹ It argued that the process provided local government with the capacity to undertake the role previously carried out by central government in areas such as '.... policy/ legal regulatory, institutional development and capacity building'.⁵⁰² By the end of '.... 2007 all functions were devolved to the local councils'.⁵⁰³ The benefits of fiscal decentralisation are questioned by Brancati who maintains that in weak democracies '....ordinary citizens may not benefit from fiscal decentralisation because regional governments do not distribute their funds to the general population'.⁵⁰⁴

Pillar One conformed to Fukuyama and Paris' strategy of institutional strengthening by '.... reforming institutional design, organisational development, and process management to strengthen public expenditure management and the capacity of delivering those services'.⁵⁰⁵ The objectives were equally important to Snodgrass' strategy of

⁴⁹⁷ Jackson (2006), p. 104

⁴⁹⁸ Ibid

⁴⁹⁹ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 42

⁵⁰⁰ Ibid

⁵⁰¹ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 42

⁵⁰² Ibid

⁵⁰³ Ibid

⁵⁰⁴ Brancati (2006), p. 670

⁵⁰⁵ Government of Sierra Leone (2005), p. 78

tightening fiscal policy which required accountability in the public sector ‘....combined with better budget and expenditure management’,⁵⁰⁶

Abuse of public funds has become a characteristic feature of weak governance in Sierra Leone, resulting in an inadequate provision of services to the public. To counteract this endemic behaviour the PRSP envisaged ‘....Strengthening Public Financial Management and procurement’,⁵⁰⁷ with a specific emphasis on

(a) improving the legal framework for the budget process; (b) improving policy making and budget planning; (c) strengthening budget execution; (d) improving capacity for accounting and reporting; (e) improving the effectiveness of monitoring and control system.⁵⁰⁸

Concise budget management is a ‘critical indicator of the state’s effectiveness and accountability’.⁵⁰⁹ As such strengthening public financial management was designed to improve the ‘Medium Term Expenditure Framework budget process and controls’.⁵¹⁰ According to the IMF this process has ‘....improved significantly’,⁵¹¹ on account of public involvement in the process as ‘....public policy hearings are held prior to developing the budget’.⁵¹²

Consequently, local councils, concerned members of the public and those from the business community, who have an interest in the budget process, can involve themselves in the process. Local involvement has been accompanied by government mandates, which require ministries, departments and authorities to ‘.... produce strategic plans that are

⁵⁰⁶ Perry, MacMahon and Rozenwurcel (2000), p.2

⁵⁰⁷ Government of Sierra Leone (2005), p. 78

⁵⁰⁸ Ibid

⁵⁰⁹ Ghani and Lockhart (2008), p. 136

⁵¹⁰ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 39

⁵¹¹ Ibid

⁵¹² Ibid

aligned to the PRSP objectives'.⁵¹³ By '....the end of 2007, all Ministries, Departments and Authorities produced plans for the Medium Term Expenditure Framework period 2008-2010',⁵¹⁴ which suggests that the PRSP was being designed within the financial confines of the budget.

In an effort to further galvanise the improvements in budget allocation, internal audits were established in '.... Thirteen Ministries Departments and Authorities',⁵¹⁵ to ensure transparency and accountability. This process was further strengthened in 2005 by the '....Public Procurement Act ',⁵¹⁶ which created an 'Independent Procurement Review Panel'.⁵¹⁷ The combined Act and Panel were to ensure that public funds were utilised to their maximum, that a tender process for government projects was introduced, to ensure economic efficiency, competition and to eliminate political cronyism. Financial evidence has indicated the partial success of this strategy, as '....variation between overall planned spending and actual expenditure is now within a variance of 10%'.⁵¹⁸

Two sectors of governance reform that are closely linked and warrant a joint examination under the umbrella heading of Good Governance Peace and Security are reforming the judiciary and strengthening the anti-corruption agenda. The primary goal of judicial reform prior to 2005 was the '....extension of the court system throughout the country'.⁵¹⁹ Since 2005 greater emphasis has been placed on human rights '....the administration of justice, reforming laws that relate to women and children, such as those relating to the juvenile justice system, gender-based violence, and the worst forms of child

⁵¹³ Ibid

⁵¹⁴ Ibid

⁵¹⁵ Ibid

⁵¹⁶ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 41

⁵¹⁷ Ibid

⁵¹⁸ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), 41

⁵¹⁹ Government of Sierra Leone (2005), p. 81

labour’.⁵²⁰ This factor demonstrates how Pillar Three Promoting Human Development was dependent on the success of Pillar One policies. The suitability of a western style formal courts system for Sierra Leone is questioned by Sriram, who argues that it may be ‘...inappropriate because the formal justice sector was never an important part of the lives of the people’.⁵²¹

Through the PRSP it has been argued, that judicial reform through the formation of a formal legal system will ultimately improve conditions for ‘...private sector developments including a review of the Companies Act, the Business Registration Act and its rules, the law on bankruptcies and laws related to secure transactions’.⁵²² Once again this highlights how Pillar Two Pro Poor Sustainable Growth for Food Security and Job Creation was dependent upon the success of Pillar One. The need for judicial reform to take place to facilitate, foreign direct investment, reinforces Philips’ view that institutional reform is primarily concerned with accommodating neo-liberalism and creating economic conditions in which the markets can flourish and investments prosper.

The Anti-Corruption Commission which was created under the I-PRSP was strengthened under the PRSP, with a particular focus on ‘...corrupt individuals, including politicians, public officers, civil servants and their accomplices’.⁵²³ In 2005 the PRSP outlined that the ACC would put in place the necessary mechanisms for the ‘... redrafting of a new anti corruption act’,⁵²⁴ and would ‘...strengthen its corruption prevention strategies through constructive engagement with Ministries, Departments and Agencies (MDAs)’.⁵²⁵ The new approach signalled that the ACC was working in conjunction with

⁵²⁰ Ibid

⁵²¹ Sriram (2009), P. 122

⁵²² Government of Sierra Leone (2005), p. 81

⁵²³ Government of Sierra Leone (2005), p. 79

⁵²⁴ Ibid

⁵²⁵ Ibid

government bodies, which would suggest that the strategy was more holistic and was seen as a positive development in combating corruption.

However according to the IMF, institutional reform and the establishment of the ACC in 2001 has not been accompanied by a successful campaign to eradicate corruption in ‘...the public sector’.⁵²⁶ The implementation of the Anti Corruption Commission mandate was problematic due to ‘... challenges both in the legal framework and the operational environment’.⁵²⁷

The failure of the Attorney General and ACC to cooperate led to the establishment of a ‘National Anti Corruption Strategy’,⁵²⁸ which was designed to combat corruption in its infancy with a specific focus on ‘...prevention and education’.⁵²⁹ Despite this the success of the ACC in securing prosecutions and convictions has been negligible. In 2007, 33 corruption cases were investigated. This includes a backlog of cases from ‘...2006’.⁵³⁰ Out of these cases there was only ‘...one conviction’.⁵³¹ Ackermann has argued that an independent ACC is essential to monitor institutional corruption and to overcome the low conviction rate the Anti Corruption Act was ‘...reviewed in order to make the Anti Corruption Commission independent of the office of the Attorney General and Minister of Justice’.⁵³² Currently the ACC has ‘...the power to prosecute without reference to the Attorney General’s Office’.⁵³³ The Impact of the 2005 PRSP policies in the Township of Pendenmbu will now be examined in the following Chapter 5.

Conclusion

⁵²⁶ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 43

⁵²⁷ Ibid

⁵²⁸ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 44

⁵²⁹ Ibid

⁵³⁰ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 44

⁵³¹ Ibid

⁵³² Ibid

⁵³³ Ibid

The primary objective of this chapter, which was divided into three main sections, is to examine the PRSP process in Sierra Leone in the post-conflict period prior to the 2005 PRSP. The potential impact of the 2005 PRSP on the shadow economy is examined in the following Chapters Five and Six. Section one examines Sierra Leone's relationship with the IMF and the World Bank post 2001, the motivation for the construction of a PRSP, the cross-cutting objectives of the strategy and the growing criticism of the process. Section two expands this analysis and examines the 2001 I-PRSP and the accompanying PRGF. The investigation assesses the degree to which the I-PRSP implemented policies that corresponded with the proponents of the liberal peace-building process and the manner in which neoliberal policies were accommodated. Section three focuses on Pillar One of the completed 2005 PRSP to analyse how the liberal peace process expanded post 2005.

Section one argues that Sierra Leone emerged from the intrastate conflict with its relationship with the IFIs intact. Of central importance to this relationship was eligibility for debt relief under HIPC. The inability of Sierra Leone to complete a PRSP resulted in the creation of an I-PRSP. HIPC criteria for debt relief was met and based on debt to export ratio. The new PRSP strategy emphasised the importance of the state and placed a greater responsibility on the Sierra Leone government for success of the programmes. The PRSP possesses five over-arching objectives. First it is required to be prioritised, to ensure that implementation is possible in both fiscal and institutional terms. Second it must be results orientated, to ensure that obstacles are identified and overcome in the early stages of the programme. Third the PRSP must be comprehensive and long-term in perspective; this has resulted in the incorporation of neo-liberal conditionalities leading to criticism and little change in macroeconomic policies. Fourth the PRSP must be partnership orientated, however critics argue that many groups have been excluded from the debate and decision

making processes. Fifth the PRSP should be country-driven, although IFI approval of the final document and future credit, questions the capacity for independent policies.

Section two examines the degree to which the I-PRSP and the PRGF implemented the strategies of the proponents of the liberal peace-building process and the extent to which neo-liberal conditionalities were incorporated into these programmes. This reveals whether Paris's strategy, institutionalisation before liberalisation was implemented. To assist in achieving this objective, section two examines key PRSP weaknesses. The first weakness involved glaring gaps in poverty diagnosis due to the lack of up to date survey data. This deficiency emerged during the construction of the I-PRSP. Despite the absence of data, funding was released under the PRGF and debt relief under HIPC meaning spend was approved before the impact of these programmes on the public could be fully ascertained. The sequencing of programming suggests that financial stabilisation was of utmost priority. Insufficient data on the social determinants of poverty and the overwhelming emphasis on income poverty represents the second weakness. The I-PRSP identified economic factors as the primary cause of poverty and attributed social factors as aspects of the poverty problem. This diagnosis increased the likelihood of an economic solution based on the market being sought, which was unlikely to improve the daily welfare of the most vulnerable in society. Overly optimistic growth projections based on GDP fiscal revenue and exports represents the third weakness. Sierra Leone possesses a liberalised export policy which enforces a low export levy limiting revenue generation from this sector. The I-PRSP tightened fiscal policy and focused on domestic revenue generation thereby calling into question the poverty reduction capacity of the programme. The inadequate analysis of the poverty impacts of policies, particularly those pertaining to the macroeconomic framework and structural reform represents the fourth weakness. The I-PRSP strategy for the revival of the economy involved public sector reform and liberalised

export policies which potentially increased poverty and the size of the shadow economy. Foreign direct investment failed to alleviate the unemployment crisis during this period and potentially depressed the informal wage due to the importation of foreign products. Failure of governments to accelerate judicial reform, in particular in the areas of commercial and employment law and banking regulation in order to shore up business, represents the fifth weakness. In Sierra Leone, the PRSP made considerable advancements to overcome this weakness, allowing for its classification as a partial weakness only. The good governance programme endorsed proposals of the proponents of the liberal peace process including the reinforcement of the judiciary and legal system to support the rule of law, human rights initiatives, grass roots participatory democracy, elections and decentralisation of functions. Institutional strengthening was supported by the ACC. The Investment Promotion Act 2004 assisted in the reinforcement of property rights. Efforts to improve employment law and rights were not addressed and Sierra Leone workers are paid at one of the lowest rates globally. Proposals were put in place for the privatisation of the banking system however it has been argued that the banking sector continues to suffer from weak lending facilities. This assessment would suggest that institutionalisation and liberalisation occurred simultaneously.

Section three focuses on Pillar One of the PRSP in particular how Pillar One objectives continued to implement the reforms of the proponents of the liberal peace by strengthening the institutions of the state. Pillar One Good Governance Peace and Security included a decentralisation and public sector reform strategy. This strategy involved financial and political decentralisation, designed to empower local communities. Concern has been expressed as to the capacity for decentralisation due the shortage of qualified staff and the benefits of fiscal decentralisation. Institutional strengthening was a key component of Pillar One and involved strengthening fiscal policy through public financial management

and procurement, to ensure improved budget management, transparency, accountability and medium term financial planning and expenditure. The IMF argues that this process has improved due to public involvement in the process. This programme was reinforced by a Public Procurement Act. The success of Pillar Two and Three were dependent upon Pillar One meeting its objectives. Judicial reform under Pillar One aimed to introduce legislation that would strengthen human rights, an area of concern for Pillar Three. Equally judicial reform has facilitated private sector development by putting in place legislation and regulation required for foreign direct investment, a central focus of Pillar Two. However the IMF has argued that institutional reform has not been accompanied by the eradication of corruption in the public sector, a fact which has led to the creation of an independent ACC. The following chapter five will investigate the impact of these policies on the Township of Pendembu.

Chapter Five

Research Findings – The Border Communities

I am crying to you and others to come and assist the women in Pendembu, the women are really suffering. The women who work on the farms are also bearing children. They take responsibility for the family upbringing, provide food and work on the farm for the rest of the day. In the evening again we return to cook, all these things bear heavy loads. Women do engage in many economic activities in order to survive, like farming, gardening and doing business, even in terms of construction. Sometimes women do engage in construction in order to survive.⁵³⁴

These words give an insight into the severe hardships that the inhabitants of rural Sierra Leone endure daily and show the dire need for the policies of the 2005 PRSP to achieve positive results. Building on this argument this chapter provides an account of the research findings from the first round of interviews conducted in Pendembu, a border town in Sierra Leone. In doing so it investigates a key component of the research hypothesis – the border communities.

The primary aim of the first set of interviews was to determine if PRSP policies were exacerbating domestic finances and making involvement in the cross border shadow economy an attractive option. Achieving this objective required the first round of interviews to assess whether PRSP policies were alleviating the financial difficulties of individual households. Examining the impact of these policies assisted in determining whether it was necessary for individuals to engage in the shadow economy. The information extracted from these interviews provided the foundation for a second set of interviews where the revenue generation activities of the interviewees were investigated in more detail. This material is examined in the following Chapter Six on Research Analysis.

⁵³⁴ Interview with Female Farmer No 2, Group C1, 14 July 2009

The interviews initially examined how individuals within this border community perceive themselves in relation to Freetown and whether this urban-rural relationship needs to be strengthened and if so how. It was anticipated that this question would reveal information on how PRSP policies are currently performing, what difficulties interviewees are experiencing and what strategies they are utilising to overcome these difficulties. It was envisaged that these questions would provide information on the performance of policies comprised within Pillar One, particularly in the area of public sector governance, public financial management and decentralisation. It was also envisaged that this investigation would assist in determining the progress in rural infrastructural development and efforts to improve the climate for private sector development, key objectives of Pillar Two.

It was critical that an investigation of the local council and its performance was conducted in order to assess how it is assisting the local community and to determine the degree of interaction between the local population and this body. The presence of a collegiate relationship between the local council and the community has the potential to ensure effective implementation of PRSP policies and provide a firm foundation to overcome economic and social obstacles. Researching this area could provide additional information on the decentralisation and empowerment components of the public sector governance objectives of Pillar One

The PRSP process was dependent on a successful domestic revenue generation programme, a key component of the PRSP fiscal strategy. Increased taxation has been identified as a major contributing factor to an increase in the size of the shadow economy. It was essential therefore that the research assess the performance of the PRSP taxation process, how the public perceived this revenue generation strategy and whether they felt that it was contributing to development. A thorough investigation in these areas could

identify the degree to which government institutions have been decentralised and how the public perceive the actions of local government.

It was essential that during the field research a thorough examination of service provision in the Township was executed. The provision of affordable and accessible services is central to reducing the financial costs on individual households. Investigating the provision of services had the potential to provide additional information on the success of Pillar Three aimed at promoting human development through provision of services.

On account of the absence of welfare benefits, the capacity of the public to access services depends greatly on the employment opportunities available within Pendembu. An investigation into the employment sector had the potential for objectives of Pillar Two to be analysed, specifically efforts to create employment through private sector and foreign direct investment. Equally, it could accommodate an investigation of key components of Pillar Three such as efforts to reduce youth unemployment.

The field research also endeavoured to assess the subject of household economics to determine how Pillar Three policies including gender equality and empowerment combined with the Child First Programme were alleviating or worsening domestic finances. It was anticipated that barriers to gender equality and the protection of the rights of the child could exacerbate the financial situation within the household.

The sample

In total the sample consisted of sixty seven interviews carried out twice resulting in one hundred and thirty four interviews. From this sample a total of twenty two were chosen, on the grounds of detail provided, clarity and the development of repetitiveness within the data after this number. It is important to highlight that the research utilised key techniques of the

Grounded Theory process, including line by line coding, axial coding and memo writing to assist in the extraction of findings from the interview material.

Location and socioeconomic composition of research area.

With a voting population of ‘5749’,⁵³⁵ and an estimated population of 7500, the township of Pendembu, a former RUF rebel stronghold, is located approximately nine miles from the Liberian border and seventeen miles from the Guinea border, in the eastern Kailahun district of Sierra Leone, West Africa. The Township is located 64 miles by road from the urban centre of Kenema, in Kenema District, and 18 miles from the district headquarters of Kailahun (See Figure Two).

⁵³⁵ Electoral Register Pendembu (2009) np

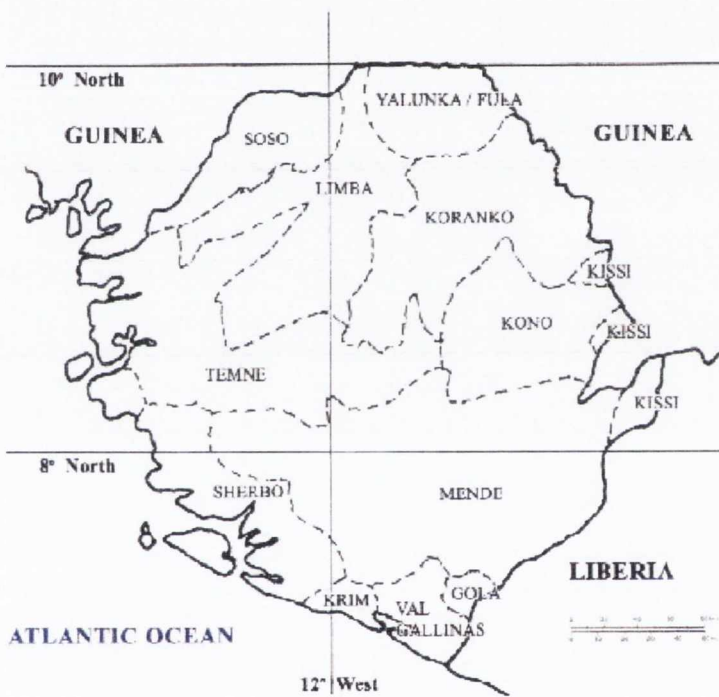
Figure Two



SIERRA LEONE
Present-day Administrative Regions

Source : Alie, D, A, (1990), 'A New History of Sierra Leone', in Earl Conteh-Morgan & Mac Dixon-Fyle: *Sierra Leone at the End of the Twentieth Century : History Politics and Society* (New York: Lang),p.8

Comprised of a conglomerate of tribes, the ethnic composition of the township reflects its geographical location and close proximity to the Guinea and Liberia borders. (see **Figure Three** below)



SIERRA LEONE
Ethnic Groups

Source: Alie, D. A. (1990), 'A New History of Sierra Leone', in Earl Conteh-Morgan & Mac Dixon-Fyle: *Sierra Leone at the End of the Twentieth Century: History Politics and Society* (New York: Lang), p. 14

The Mende tribe is the predominant ethnic group residing in the township and the most populous tribe in the south and the southeast of the country. The eastern district is also inhabited by those from the Kissi tribe; however their number in the township is small in comparison with the Mende. Small numbers of those from the Kono Kissi and the Temne tribe, ethnic groups from the mid-eastern and mid-western parts of the country, also reside in the township. The Mandingo and the Fullah, two ethnic groups, historically associated with trading and who have traditionally moved throughout West Africa, also make up a significant proportion of the population.

Pendembu hosts an array of religions, with the majority of the population being from the Muslim tradition. The primary Christian religions include Roman Catholic, Methodist, Anglican and the Neo-Apostolic church. Politically, Pendembu is dominated by two parties, the African Peoples Party (APC) and the Sierra Leone People's Party (SLPP). Traditionally the political landscape of the east and southeast of Sierra Leone has been dominated by the Sierra Leone People's Party (SLPP) however supporters of the African People's Congress (APC) are also present in the Township.

Economically, the composition of Pendembu and the surrounding area is made up of a combination of subsistence agriculture; trading and small scale industries. The majority of the inhabitants depend entirely on agriculture as a source of income, or combine farming with a profession in the skilled manual labour sector such as carpentry, tailoring or small to medium scale petty trading. Cocoa represents the dominant cash crop grown in the locality, with swamp rice, upland rice, cassava leaf, sweet potatoes and corn grown for human consumption. The breeding of livestock is carried out in an ad hoc fashion with fowl, goat and bush meat providing the primary sources of meat.

5.1 Findings from Group A Question One & Two

A key objective of the field research in Pendembu was to determine if the 2005 PRSP is responsible for fostering conditions which could entice residents from this border community into a cross-border shadow economy. Of central importance in achieving this objective was to investigate how the geographical location of the town, combined with its relationship with the urban centres, of Kenema, Bo and Freetown determine the economic decisions of this community. Gaining information on this urban-rural relationship would provide preliminary findings on the positive and negative impacts of the 2005 PRSP.

The questions directed at the interviewees were designed to determine whether location is a disadvantage and if so how the relationship with the urban centres could be strengthened. It was anticipated that these questions would reveal preliminary information on coping strategies utilised to overcome economic and social challenges related to location. Equally it was envisaged that the current economic and social position of the interviewees would be discussed, together with the obstacles they were encountering, and whether they feel connected with or separated from Freetown.

The immediate findings on this subject from Group A suggest that the road condition between Pendembu and Kenema is causing enormous social and economic difficulties, indicating that policies to improve the 'Roads and Transportation network'⁵³⁶ and '...improve access to rural and riveraine communities',⁵³⁷ objectives of Pillar Two are not being achieved. 'If we look at the road condition between here and Freetown I think this is the main problem, I think this is the main problem causing all of these lapses'.⁵³⁸ The PRSP stated that road construction will use '...labour intensive methods in order to

⁵³⁶ Government of Sierra Leone (2005), p. 90

⁵³⁷ *Ibid*

⁵³⁸ Interview with Male Tailor Group A, 8 July 2009

provide jobs for the youth'.⁵³⁹ The findings indicate that the location of Pendembu, combined with the lack of road infrastructure development could be having a negative impact on employment '...when it comes to jobs, when you are far away from Freetown, in terms of jobs you are sometimes marginalised'.⁵⁴⁰ The disadvantaged location combined with the lack of infrastructure is fuelling the perception that the government in Freetown is neglecting Pendembu. This perceived neglect is nurturing feelings of isolation and detachment from central government 'we are separated from Freetown because we are living far from Freetown and the people from Freetown do not think about us'.⁵⁴¹

Perceived neglect is also fuelling the belief that Pendembu is currently not receiving the benefits to which people feel they are entitled to. This belief questions the success of public financial management policies, a cornerstone of Pillar One and the decentralisation process a key component of Pillar Two, 'things that we are expected to get here from central government we are not getting them here'.⁵⁴² Furthermore responses from Group A indicate that rural areas in general are being neglected, 'Freetown should pay attention to the development of rural areas that is by setting up things that they have in Freetown'.⁵⁴³

Lack of decentralisation is compounded by the lack of communication between Pendembu and Kenema and the poor road is partly being held responsible for this situation. Consequently, there is a growing desire for a '...free flow of communication between Freetown and Pendembu and a free flow of vehicles'.⁵⁴⁴ Currently, a belief exists that upgrading the Pendmebu-Kenema highway will strengthen the relationship by reinforcing

⁵³⁹ Interview with Male Tailor Group A, 8 July 2009

⁵⁴⁰ Interview with Male Teacher Group A, 20 July 2009

⁵⁴¹ Interview with Female Hairdresser Group A, 15 July 2009

⁵⁴² Interview with Male Tailor Group A, July 8, 2009

⁵⁴³ Interview with Male Teacher Group A, July 8, 2009

⁵⁴⁴ Interview Female Hairdresser, Group A, July 15, 2009

the economic ties between the two points and by reducing the travel time and the costs of trading with Freetown.

If only the road condition can be improved, because if you want to buy your goods from Freetown, you could easily go and buy your goods and come back. The travelling would be very effective between the two towns.⁵⁴⁵

5.1.2 Findings from Group B Question One & Two

The poor road condition and feelings of neglect and isolation expressed by Group A are reiterated by Group B. However this group provides additional information on the subject of trading with Kenema and the logistical difficulties involved. The findings suggest that trading with Kenema becomes increasingly challenging at specific times of the year ‘the road is 64 miles to Kenema, when the road is really bad in the rainy season I can spend three days on the road to come back to Pendembu to sell my produce at the market’.⁵⁴⁶

The current economic impact of the poor road is a continual shortage of basic food stuffs ‘whatever they have in Freetown we do not get it here, to get goods here is difficult, as it is difficult for vehicles to travel’.⁵⁴⁷ There is a feeling that the poor road is exacerbating the isolation of the Township by preventing its economic and social development ‘...people in Freetown are not really reaching us, they are not coming here, that is why we have more of these social and economic disadvantages.’⁵⁴⁸ The central argument of group B is focused on road construction ‘the paramount thing is that they should try and construct this road so that you will get the frequent running of vehicles, so that people will travel frequently to Freetown, Kenema and Bo’.⁵⁴⁹

⁵⁴⁵ Interview with Female Hairdresser, Group A, July 15 2009

⁵⁴⁶ Ibid

⁵⁴⁷ Ibid

⁵⁴⁸ Interview with Female Trader No 2 Group B, July 18, 2009

⁵⁴⁹ Interview with Female Trader No 1 Group B, 17 July 2009

It is important to point out that the economic cycle in this region is heavily influenced by the seasons. A significant reduction in economic activity occurs in Pendembu during the rainy season which lasts from June to October. During this period the financial situation within households is at its worst. This fact demonstrates that a western style economic cycle does not operate as there is ‘...no circulation of money in the country at this time’.⁵⁵⁰ Traders in Pendembu rely on Kenema as a source for supplies which is then sold locally, ‘I go to Kenema to buy flour, cigarettes and other goods’.⁵⁵¹ The findings suggest that the poor road conditions can increase financial costs when trading with Kenema. In addition to the physical risks ‘it is very difficult to transfer things from Kenema to here. The last time that I was travelling back to Pendembu, the things that I bought on the way they fell down and were broken, like the basins and pans where we put food some got broken’.⁵⁵²

Despite the apparent dependency of Group B on Kenema, the research reveals that the majority of traders in Pendembu are choosing to trade with Guinea and Liberia indicating the existence of cross-border economic networks. The first and primary motivating factor identified for cross-border trade is the strength of the Sierra Leone currency and the subsequent profits achieved from transactions.

Most people are trading with Liberia and Guinea instead of Kenema or Freetown. The majority of them go to this part of the country through Kailahun, Dandu and then to Guéckédou, because things are cheaper in Guinea, than in Kenema and Bo. That is why people prefer to go to Guéckédou in Guinea. Traders go to Liberia and Guinea and then sell their products here in Pendembu.⁵⁵³

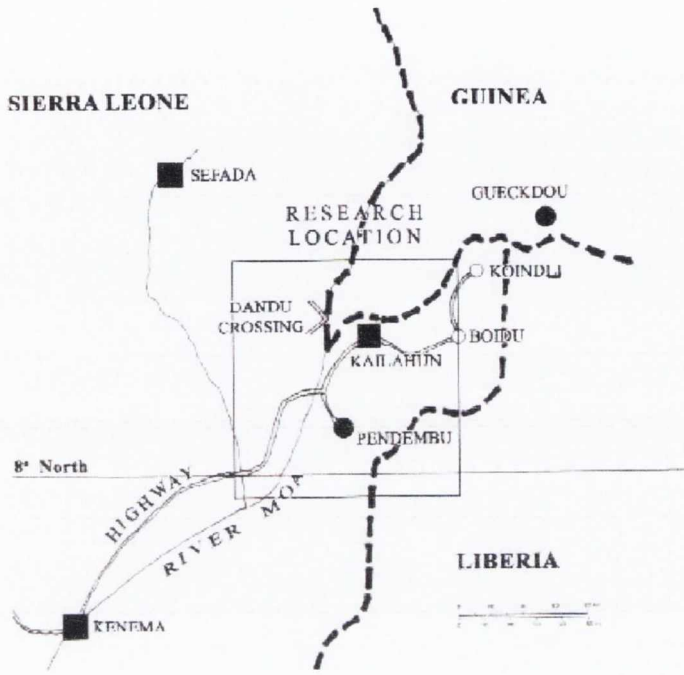
⁵⁵⁰ Interview with Female Trader No 1 Group B, 17 July 2009

⁵⁵¹ Interview with Male Trader Group B, 17 July 2009

⁵⁵² Interview with Female Trader No 2 Group B, July 18 2009

⁵⁵³ Interview with Female Trader No 1 Group B, July 17 2009

See **Figure four**



SIERRA LEONE
Research Location

Source : The Times (2008) Concise Atlas of the World 10th edn. (London: Times Books), p. 206.

It was pointed out that ‘...food products are not allowed to be brought into Sierra Leone; they will stop you at the border’.⁵⁵⁴ The items being transported across the border include ‘Clothes, shoes, ladies bags, mantles and portfolios’,⁵⁵⁵

The second motivating factor for trading with Liberia and Guinea is the poor road condition between Pendembu and Kenema. Evidence suggests that if the road conditions between Pendembu and Kenema were improved, traders would prefer to trade with Kenema because of the political instability in Guinea. As it stands however, individuals are willing to accept the risks involved because of the financial rewards.

If the road between Pendembu and Kenema was tarred, people would prefer to go Kenema then to go in another country, because they face a lot of difficulties and insecurities in Guinea. They are really afraid of the security situation, but there is no other way to do it, things are cheaper there than in Sierra Leone, that is why they still go through that risk. It is just now in the rainy season and money is not circulating, people are afraid to go to Guinea, because of the security situation and the pending elections at hand this December.⁵⁵⁶

The findings from Group A and B indicate that the relationship between Pendembu and Freetown is structurally weak due to a combination of factors but in particular the poor road infrastructure between the two locations. Feelings of neglect are based on the lack of decentralisation and the belief that Freetown is currently neglecting rural areas. These findings indicate that the objectives outlined in Pillar One, including efforts to strengthen public governance and public financial management through decentralisation are not being met. Crucially, findings from Group A and B have established a direct correlation between the failure of infrastructural development outlined in Pillar Two and cross-border trade.

⁵⁵⁴ Interview with Female Trader No 1 Group B, July 17 2009

⁵⁵⁵ *Ibid*

⁵⁵⁶ *Ibid*

Although there is preference to trade with Kenema, the poor road and resulting low profits mean that many opt for the more lucrative option of trading with Guinea.

5.1.3 Findings from Group C Question One & Two

The findings from Group C 1 concur with those of Groups A and B. The views of the farmers in Group C2 go beyond mere location and road condition to openly criticise the PRSP. Specifically, they argue that its impact within Pendembu has been negligible, 'The PRSP is responsible for driving poverty out of Pendembu, as whole things that should have changed have not changed'.⁵⁵⁷

Indications are that the lack of progress in infrastructure development is currently fuelling a sense of powerlessness. There is a belief that the community is incapable of helping itself and that the relationship with Freetown can only be strengthened if an effort is made to improve the road condition. This, it is argued, will demonstrate that Freetown is concerned about Pendembu.

The people of Pendembu can do nothing to strengthen the relationship, only the people of Freetown can strengthen the relationship by making the roads and allowing vehicles to run to Freetown and from Freetown to Pendembu and to care for us and to think of us'.⁵⁵⁸

Views expressed by Group C3 show that individuals in Pendembu are aware of the economic crisis gripping Sierra Leone; unfortunately there is a belief that the country is incapable of emerging from its current economic position. These feelings of despair perpetuate the negative outlook and sense of helplessness that emanates from the agricultural community.

⁵⁵⁷ Interview with Female Trade No 1 Group B, July 17 2009

⁵⁵⁸ Interview with Female Farmer No 1 Group C2, 24 July 2009

It is not because Pendembu is located far from Freetown that we are having this economic and social disadvantage, the country as a whole is bankrupt. We have absolutely nothing to develop ourselves, it is not just Freetown, it is an issue in the country.⁵⁵⁹

Crucially, exploitation of the farming community is identified by Group C3. They highlight that the poor road is being used as a justification by external traders for offering low prices for goods grown in Pendembu. As the agricultural community is widely involved in trade, awareness exists among subsistence farmers of the potential possibilities that infrastructural development could bring in the form of economic independence. The distance factor is therefore not considered an insurmountable problem 'we do not feel separated from Freetown because we are all in the same country; it is only in terms of development issues that we feel separated'.⁵⁶⁰

What is of significant importance is that the underdevelopment of infrastructure is having a negative impact on economic growth and the potential for improving the climate for private sector development. A key objective of Pillar Two '...was to identify priority areas that will generate maximum benefits for employment creation opportunities, income growth and sustainable food security'.⁵⁶¹ The decision to trade with Guinea partly on the basis of a poor road demonstrates how the infrastructural development objectives comprised in Pillar Two have not been met. It was stated in the PRSP that the government will focus '...on the expansion of the feeder road network especially in the food and export crop production areas for accessibility to both farm inputs and outputs'.⁵⁶² It appears that the current position of the agricultural community demonstrates that these objectives are also not being achieved

⁵⁵⁹ Interview with Male Farmer No 1 Group C3, 25 July 2009

⁵⁶⁰ Interview with Male Farmer No 2 Group C3, 19 July 2009

⁵⁶¹ Government of Sierra Leone (2005), p. 88

⁵⁶² Government of Sierra Leone (2005), p. 90

The business sector in the town is poor. People from Freetown, buy from us at a low price and in turn sell in Freetown for high cost due to the poor road condition. If the road is better, the local people themselves can carry their market and sell it themselves.⁵⁶³

Low prices offered by external traders for produce grown in Pendembu are just one way in which the poor road affects the economic environment and the decisions of individual farmers. Farmers argue that ‘this road has changed from bad to worse, in fact there are no people coming to buy and in fact nor am I able to carry banana or plantain to Kenema. I have stopped long since because the bananas and the plantain got rotten’.⁵⁶⁴ On account of the high costs incurred along the journey there is currently a belief that if the road condition was improved that these costs would be reduced.

If the road is being tarred and maintained properly, then instead of paying 50,000 Leone from here to Kenema with goods, it is like you would not have to pay the 50,000 anymore. You will just pay less than 20,000 for you and your produce.⁵⁶⁵

The high costs incurred along this route are partially ‘...because of the potholes, that the driver encounters on the way to Kenema that is the reason that he charges us a higher price on the way’.⁵⁶⁶

The findings reveal that the costs incurred along the Pendembu Kenema route can also be attributed to the corrupt actions of the Sierra Leone police force. Their strategy involves stopping vehicles at random checkpoints between Pendembu and Kenema and requesting a sum of money from the driver. As a result the driver indirectly charges the passengers of the taxi a high price for the journey to compensate for police corruption. The

⁵⁶³ Interview with Female Farmer No 1 Group C3, 22 July 2009

⁵⁶⁴ Interview with Male Farmer No 2, Group C 3, 19 July 2009

⁵⁶⁵ Interview with Female Farmer Group C 3, 25 July 2009

⁵⁶⁶ Interview with Male Farmer No 1 Group C 3, 22 July 2009

feelings of isolation and distance from Freetown that are attributed to the poor road are exacerbated by a police shadow economy that is currently exploiting the public for profit along this route.

The presence of a police shadow economy questions the success of Pillar One which sets out the criteria for improving public sector governance through public sector reform. Equally the presence of this aspect of the shadow economy questions the capacity and effectiveness of the Anti Corruption Commission, a key tool of public sector reform to operate as it was specifically designed ‘...to identify and focus on corrupt individuals including politicians, police officers, civil servants and their accomplices’.⁵⁶⁷ The failure of PRSP public sector reform is allowing a security force shadow economy to flourish.

The police will look at the goods that you have and they look at the number of the people in the vehicle, from there they will combine everything then they charge the driver heavily. They will not charge you directly, but indirectly you are charged. So in turn the driver will always ask the passenger to pay a heavy transportation fare that is the way the chain works. Whenever you load the vehicle you leave 6000 Leone before you move. You also pay the police in the town that you unload your vehicle.⁵⁶⁸

Corrupt police behaviour is identified as a factor that is increasing the hardship on the daily lives of individual farmers who are actively engaged in growing and selling produce, ‘The government should really put this policing in order, because the police are people, who are always behind this business of suppressing us’.⁵⁶⁹ The research indicates that the high level of corrupt police activity on the Pendembu-Kenema route is influencing the economic decisions of farmers. Specifically, the level of police activity reduces on the

⁵⁶⁷ Government of Sierra Leone (2005), p. 82

⁵⁶⁸ Ibid

⁵⁶⁹ Interview with Male Farmer No 1 Group C3, 22 July 2009

Pendembu- Kaliahun route thus increasing the incentive to trade with Guinea. This factor identifies a direct correlation between a weakness of the PRSP anti-corruption objectives and cross-border trade. Corrupt police activity does occur at checkpoints in Kailahun, however, the lucrative financial rewards from cross-border trade combined with the fact that Pendembu is a border community, reduces the negative financial impact of checkpoints along this route.

One of the reasons is that we are living on the border; it is not a far distance to Liberia or Guinea and there is too much police protocol being carried out between Pendembu and Kenema. Like the police when you get to the border crossing you give money, however when you are travelling from here to Liberia or Guinea there is not that much protocol, but they do receive money from you at the checkpoint. They do question, they do check you they do check a lot of things, but the costs and the prices of the goods in Guinea are cheap.⁵⁷⁰

The findings suggest that the cost implications of trading with Guinea are less than those associated with trading with Kenema and that the process works well when cross border relationships are established.

The articles that we do purchase are those shop articles, cigarettes, biscuits and cloth, we even get medicine. The amount of money from here to Freetown is above 51,000, Leones. If you talk of Guinea we are living close to the border, you walk on foot, you get to the border and you just pay 5000 to get ferried across the Moa River in the boat. Sometimes if you are lucky and if you have friends, you do not pay the fare across the river to Guinea. You get your goods from Guinea, come to the crossing and they allow you back into Sierra Leone. So you do not pay much, maybe you just pay 5000 again for your goods and yourself.⁵⁷¹

It is important to point out that there is a customs checkpoint at the Dandu crossing point at Kailahun where one pays customs duties on return from Guinea, 'When you have your goods to be sold in Guinea, and you cross at Kailahun, you have to cross a

⁵⁷⁰ Interview with Male Farmer No 1 Group C3, 25 July 2009

⁵⁷¹ Ibid

checkpoint'.⁵⁷² The findings indicate that despite the profits generated, police activity is causing tension amongst those who wish to trade with Guinea, as the public are aware that the behaviour of the police is illegal.

You get to the Sierra Leone police when they see your bag and your luggage, they will say that they want to check, they want to check into it, but that is really not what they mean. What they want is to get money from you; they delay you to get money. If you do not give them money, they will continue to delay you. That is disturbing us much in this country. It happened to me a lot in Kailahun, the time they had checkpoints at Kedowa it was really bad, if you do not pay money you do not cross.⁵⁷³

Despite its widespread nature, cross-border trade is illegal which means that many are afraid to discuss the process openly.

I am mature person, so I will not say anything that will get me involved in politics or that someone will look at me with a different face. To be very frank to give you the total number of people, involved in cross border trade or roughly around that I cannot it is impossible. Only that they meet at a point and people are not going tell you that they are going to Guinea to trade because it is not legal. People will say that they are travelling not on a business issue, but in turn it might be on a business issue.⁵⁷⁴

In addition to outside traders offering low prices for goods grown in Pendembu, is the high price charged by these individuals for goods brought from Kenema. This factor is inextricably linked to the poor road 'because we are having these disadvantages sometimes when traders come to Pendembu from Kenema with Market they charge very high prices'.⁵⁷⁵ The combination of high prices charged for goods brought from Kenema, combined with the low price offered for produce grown in Pendembu, increases the

⁵⁷² Interview with Male Farmer No 1 Group C3, 13 July 2009

⁵⁷³ Ibid

⁵⁷⁴ Ibid

⁵⁷⁵ Interview with Female Farmer No 1 Group C 4, 2 August 2009

incentive for individuals to trade with Guinea. As such cross-border trade with Guinea and Liberia generates much needed financial revenue for the agricultural community.

The views of Group C highlight the failure of PRSP infrastructure development objectives to be met. There is a feeling amongst this group that they are incapable of helping themselves, instead believing that help must come from Freetown. Group C provides information on cross-border trade, hitherto absent from interviews with other groups. They argue that the poor road combined with corrupt police activity is affecting the economic decisions of farmers. Their preference is to trade with Guinea because of the larger profits to be made, set against the high level of police protocol and exploitation on the Pendembu-Kenema route. Indications are that Pillar One which sets out the government's strategy for tackling public sector reform is struggling to achieve its objectives and has failed to combat police corruption and indeed a police shadow economy through the ACC. This fact highlights the direct link between the failures of the PRSP, the border community and a shadow economy. Objectives within Pillar Two aimed at infrastructural development, have also not been met. This combination of the poor road and the security force shadow economy is increasing the financial burden on the public. Success of the decentralisation process depended on the capacity of the local council to implement PRSP policies and to work collegiately with the local community; the extent to which this objective is being achieved is now discussed in the following section.

5.2 Findings Group A Questions Three and Four

Promoting Good Governance Peace and Security, key objectives of Pillar One, were to be achieved by 'Political decentralisation through democratic election of local councils'.⁵⁷⁶

The PRSP states that this '...has opened up space for political participation and

⁵⁷⁶ Government of Sierra Leone (2005), P. 77

inclusiveness in public decision making processes⁵⁷⁷ and that decentralisation has assisted in ‘....empowering the local council with substantive expenditure and revenue generation responsibilities and at the same time, empowering the communities to hold the council accountable for their decisions’.⁵⁷⁸ It is stated that this would ‘improve efficiency and accountability in public spending as well as the spread and quality of the services’.⁵⁷⁹ Currently a proportion of political and economic decisions are made for Pendembu by the district council made up of traditional elders based in Kailahun. The local council of Pendembu is represented at these meetings by two local councillors. The question put to the interviewees was designed to assess their level of satisfaction with the local council and the level of their interaction with that body.

The views expressed by Group A show that there is currently a lack of understanding as to how the council functions with a minimal level of interaction due to the fact that meetings are not taking place.

The way I am passionately looking at the local Council I am not that happy, ok, because they do not call meetings and invite the people to their meetings, so it is just confusing. I can't just understand what brings about this because they ask for local tax we pay. You know the council ask us to give certain things we give, but up to now we have not seen any help from the local council. So it is just confusing and it doesn't know how best to work.⁵⁸⁰

The findings suggest that the lack of public understanding of the local council is exacerbated by an inadequate flow of information from the council.

⁵⁷⁷ Government of Sierra Leone (2005),p. 77

⁵⁷⁸ Government of Sierra Leone (2005), p. 78

⁵⁷⁹ Ibid

⁵⁸⁰ Interview with Male Tailor, Group A , 8 July 2009

The local council they should have a notice board or any local media through which they are informing the public that they are meeting. At these meetings maybe they can see and talk to the public about what they have planned to do for the people, but such things I am not seeing.⁵⁸¹

Currently the lack of information given out to the public and their exclusion from meetings is contributing to a break down in public council relations.

There is no cordial relationship between the council and the local people and why this is happening is because they do not invite people to their meetings. Sometimes they hardly call meetings at all; this is why the meetings are not cordial.⁵⁸²

Despite the negative feelings of some interviewees towards the council there is an awareness that the council is making some effort; 'I do not know the operation of it, but the way they are operating I can say is fine'.⁵⁸³ Whilst the PRSP states that political decentralisation has opened up space for political participation and public involvement in the decision making process, in general evidence suggests otherwise. However, there is a desire for 'Government to make the provision so that people can have a say in their local government, I would like to see power devolved to the local people, so they can have a say'.⁵⁸⁴ Contact with the council is further complicated by its hierarchical structure 'not everyone is in touch with the local council, there is very few, those who have connection'.⁵⁸⁵

⁵⁸¹ Interview with Male Tailor Group A, 8 July 2009

⁵⁸² Interview with Female Hairdresser Group A, 15 July 2009

⁵⁸³ Ibid

⁵⁸⁴ Interview with Male Teacher, Group A, 8 July 2009

⁵⁸⁵ Interview with Male Teacher Group A, July 8 2009

Findings from Group A indicate that the level of satisfaction with the performance of the local council is extremely low. Equally, the degree of interaction between the two sections of the community is minimal and heavily dependent on family ties. It would appear that the mechanisms for public involvement in local government have not been put in place, despite what is stated in the PRSP. Meetings do not seem to be held frequently and when they do occur sections of the community are excluded. This lack of interaction is contributing to ill-feeling and anger amongst members of Group A. This group has expressed a desire to become engaged in political debate in order to influence the decision making processes, as they feel that the decentralisation process has not benefited Pendembu.

5.2.1 Findings Group B Questions Three and Four

Findings from Group B provide additional information on the public-council relationship and the difficulties experienced in the decentralisation and public empowerment process of Pillar One. However, the findings show that certain aspects of the process have been successful, 'I am a bit happy with the way the local council is organised because at times they do bring things and say that it is not sufficient that is why they are not using it in the correct area but they are really bringing some development'.⁵⁸⁶

The capacity of the public to question the elders is limited as they are not allowed to attend particular meetings. Specifically, they argue that they are not allowed to attend meetings which are designed for elders as opposed to public meetings which cater for the general public.

⁵⁸⁶ Interview with Female Trader No 1 Group B July 17 2009

There are two meetings in the chiefdom, we have a public meeting that is for the general public and we have another meeting that they do not allow some people to go to. They only allow those in authority they being the chiefdom elders, who attend the most important meetings, they do not allow ordinary people to attend.⁵⁸⁷

Views expressed indicate that when benefit does arrive it is distributed in an unfair manner; those who are related or who have some form of relationship with those in authority are favoured. Corrupt distribution of benefit and the exclusion of members of the public who do not possess contacts demonstrate a breakdown in the public financial management process and the equitable distribution of resources. It also indicates the inability of the Anti Corruption Commission to monitor situations at a local level and the public's inability to hold the council to account for their actions. The unfair distribution of benefit is also likely to hamper small scale private sector development.

In these meetings so many promises, they do make, they say that they are coming with money, financial assistance to those who want to do business. So many other promises, such as bringing infrastructural development, but when this benefit comes we the poor people do not benefit from it. All they do is share it among those who are related to them, or those who are favoured by them. Those are the ones when the benefit comes they consider.⁵⁸⁸

The findings suggest that elements of the decentralisation process are functioning, as the democratic election of councillors has taken place. However the capacity of the councillors is a concern. 'They have leadership qualities, the development qualities they do not have'.⁵⁸⁹ The failure of the council to stimulate development is being held responsible for the social and economic stagnation since 2005.

⁵⁸⁷ Interview with Female Trader No 2 Group B, July 18 2009

⁵⁸⁸ Interview with Female Trader No 2 Group B, July 18, 2009

⁵⁸⁹ Interview with Male Trader Group B, July 17, 2009

We elected them to bring development to this community, they have done nothing, and we are confused with that we do not know why. The situation is so worse since 2005, maybe in bigger towns they are bringing development like in Kenema or the district headquarters town Kailahun. Maybe they are doing better there but here they are not doing anything for us.⁵⁹⁰

Group B indicates that there are two specific types of meetings; one for elders and one for the public and that this traditional arrangement is currently preventing the public from questioning the elders. The research reveals that the distribution of benefit, based on family ties has the potential to hamper private sector development and exacerbate the financial situation within poorer households. This group indicates that development has decreased since 2005 and that this may be due to the lack of development skills possessed by the authorities.

5.2.2 Findings Group C Questions Three and Four

The findings from Group C concur with the beliefs of Group A and B but contribute additional information on this subject. The findings show that the level of dissatisfaction and discontentment with the council's performance increases among the subsistence farmer interviewees. This group is attending meetings but there is a feeling that the meetings are being held for financial reasons only.

The time they feel that they can collect money from us, the time they feel that they can collect licence, it's time to collect rent it is time to collect tax this is the only time they call meetings.⁵⁹¹

The lack of physical evidence of development is affecting the views of Group C, as they are becoming disillusioned with dialogue and little action.

⁵⁹⁰ Interview with Female Trader No 2 Group B, July 18 2009

⁵⁹¹ Male Farmer No 2 Group C 4, 7 August 2009

I do attend these meetings, but always they keep on talking of development, development but we hardly see this development that they are talking about. So this has led me to become somewhat tired of attending these fruitless meetings. You go to these meetings, hear about development but you do not see these better things done.⁵⁹²

The lack of progress at meetings is supporting the view that the general performance of the council is in continual decline, 'I am not happy, because the local council is not working in the interest of the people, all they care for is themselves, so that is why I am not really happy, because people in the council are not really working'.⁵⁹³ The lack of consultation with the public is marginalising and restricting the economic and social mobility of the poor; 'I feel there is no unity. If there was unity it would involve the populace'.⁵⁹⁴ The counter argument presented is that some people are in contact with the council, but the conversation focuses on tax collection.

We do not have a difficulty in questioning the councillors or the authorities but we do not see it implemented. They do discuss about the budget, even this year they are emphasizing on the paying of tax. When we pay the tax they are coming to do something beneficial for us and yet still we are paying it, but they will deceive us again.⁵⁹⁵

Gender inequality within the decision making processes, is an issue raised by female farmers on account of their exclusion from a proportion of meetings. Female exclusion from meetings demonstrates the difficulties faced with implementing the gender equality elements of Pillar Three of the PRSP where '...the overall objective is to work towards gender equality and equity, empowerment as well as the promotion and the protection of human rights of women in the process of achieving poverty reduction and

⁵⁹² Interview with Female Farmer No 2 Group C 1, July 17, 2009

⁵⁹³ Interview with Female Farmer No 2 Group C2, 14 July 2009

⁵⁹⁴ Ibid

⁵⁹⁵ Interview with Male Farmer No 2 Group C3, 12 July 2009

sustainable economic growth'.⁵⁹⁶ The findings indicate the inherent difficulties of achieving these aims.

At times in the meetings not everything is being disclosed to the women and since our Paramount Chief is a man, the discussion will get to a certain stage, then they put stop to it and say the remaining discussion is only for men and not for women. They say the meeting can now stop and everyone can go home.⁵⁹⁷

Women are not the only group lacking a voice; the findings indicate the difficulties faced by young people. Pillar Three states that 'The overall objective in the medium term is to promote the development of youth and create the environment for their full participation in social and economic measures that affect them'.⁵⁹⁸ These objectives are encountering traditional obstacles. The inability of women and young people to take part in meetings, access information and express their views leaves them marginalised and disempowered.

I am not happy with the way our local council is organised because the youth are not considered, in their decision making. Some times when the youth talk, they say that the youth are challenging, and that they do not respect Elders.⁵⁹⁹

The findings indicate that there is a high level of discontentment between Group C and the council, as meetings are held irregularly and the discussion centres on tax collection. Crucially, the lack of development is fuelling a negative attitude towards meetings and an abandonment of dialogue. Evidence suggests that women and young people are being excluded and prevented from expressing their views at meetings, potentially restricting the economic and social opportunities of this group.

⁵⁹⁶ Government of Sierra Leone (2005), p. 105

⁵⁹⁷ Interview with Female Farmer No 1 Group C3, 22 July 2009

⁵⁹⁸ Government of Sierra Leone (2005), p. 102

⁵⁹⁹ Interview with Female Farmer No 2 Group C4, 5 August 2009

5.3 Findings Group A Questions Five & Six

Rationalisation of the tax system was a key component of Sierra Leone's fiscal strategy and critical to the success of the policies embedded in the PRSP. Revenue generation determines the capacity of the government to invest in private sector development and rural infrastructure and the amount of financial support provided to SMEs and micro finance projects; key objectives of Pillar Two. Equally, revenue generation is critical to the provision of services that are essential to the promotion of human development, the primary objective of Pillar Three. Chapter Three argues that an increase in taxation is a major contributing factor to the involvement of individuals in the shadow economy. As such questions were constructed to elicit the views of the interviewees on taxation, to assess its impact on their daily lives and how they feel the tax revenue is being utilised.

The initial findings from Group A reveal that the fiscal strategy of the PRSP has resulted in a one thousand percent increase in personal taxation for all members of the Public over the age of eighteen and a five hundred percent increase for business licenses.

Before this time we were paying 500 Leones for tax, but the tax has gone up to 5000 Leones per person, from eighteen years and above. Before this time we were paying 10,000 Leones for every shop but now as hairdressing saloon I am now paying 50,000 for a licence and also 5000 for a tax. The licence and the taxes that we pay are too much. If it happens that you pay bit by bit, they will not give you the strip of paper.⁶⁰⁰

The general consensus is that the current tax rate is exorbitant but necessary for development, 'I just pay because I love my country and my town that is why I want to see

⁶⁰⁰ Interview with Female Hairdresser, Group A, 15 July 2009

development'.⁶⁰¹ Willingness to pay tax indicates that this group has the capacity as well as the desire to partially operate within the formal sector.

Group A is adamant that the authorities should be questioned as to how public funds are being spent. The ability of the public to hold the council to account was a key priority for Pillar One; however evidence put forward demonstrates that the opportunity to question elders does not exist. Moreover the desire to strengthen public financial management by ensuring transparency and accountability, to assist in rural development remains unfulfilled.

I have not seen that process of questioning the council operating here, maybe it does happen but not to my knowledge. They are local people, it is really right to question them on issues like money that is sent by parliament for projects and for development and how it is being used, whether the money is really being used for the purpose that it has been given for. These are the questions that I would really like to ask, where is it going? These are the questions that the elders really need to be asked, but we are not allowed to ask.⁶⁰²

Evidence further suggests that there is no obligation on the part of the elders to inform the community as to how public funds are being spent; 'I am really confused I just hear of local council, but I have not seen any development. Asking them is a fruitless endeavour; they do absolutely nothing towards any development in the town'.⁶⁰³ Furthermore there is a suspicion that funds are not being distributed from Freetown, 'Well I cannot blame them maybe they are not getting the funding, people come down from Freetown and they say this is what we are going to do, if anything comes after that is fine'.⁶⁰⁴ There is an

⁶⁰¹ Interview with Female Hairdresser, Group A, 15 July 2009

⁶⁰² Interview with Male Teacher, Group A, 8 July 2009

⁶⁰³ Interview with Female Hairdresser, Group A, 15 July 2009

⁶⁰⁴ Interview with Male Teacher, Group A July 8 2009

underlying feeling among Group A that even after paying tax, development does not occur, thus indicating that the public have not been informed as to how the tax process operates.

That is the responsibility of every citizen to pay tax, I don't feel discouraged, but the only thing about it is the way the money is used. This is the only problem we have, so as we contribute this money, expecting the council or the government to use it in the best way possible. It is sad, that after everybody has paid that we are in the situation that we are not expecting to be in.⁶⁰⁵

Group A believes that there has been a significant rise in the tax rate and licence fee but despite this they are willing to pay and to engage in the formal economy as there is a consensus that taxation is required to assist in development. Evidence suggests that the council is not being held responsible for public financial expenditure as the opportunity to scrutinise their decisions does not present itself. There is a general feeling amongst this group that despite taxation the development situation remains largely unchanged.

5.3.1 Findings Group B Question Five and Six

Findings from Group B support those from Group A, but provide additional data on the negative impact of revenue generation. Specifically, the findings suggest that taxation is putting enormous financial pressure on the youth, many of whom are ex-combatants and who operate taxi services with motorbikes. Domestic revenue generation from licences and insurance has the potential to undermine employment opportunities for the youth, a key priority for Pillar Three.

⁶⁰⁵ Interview with Male Teacher , Group A, 8 July 2009

What I would really love to see changed is the Bike Rentals Association and the police and the authorities to stop pressuring the youth for a licence, they ask them to pay a huge amount. The youth engage on this in order to help themselves so that they will not go to the street and start stealing. It is only through this organisation that the youth get themselves employed. If the police are putting pressure on them the whole time getting them to produce a licence and to get insurance that will make the youth feel not so happy.⁶⁰⁶

The lack of opportunities to question the elders is compounded by the negative consequences when such an attempt is made. This factor indicates the existence of a traditional hierarchical structure that has significant economic and social control over life in the Township.

You do not question them, you can go and question and when you question them you get your own problem with them. They will not accept any challenge that you may direct at them, during consultation what they do is final, unquestionable.⁶⁰⁷

The fear to question the elders on issues of taxation and the use of public funds is contradicted by the fact that the public feel that the elders are the most reliable source of information. This factor questions the current success of government policies on public information and awareness, key components of Pillar One. This objective states that it is the government's '...desire to ensure that every citizen has access to timely, accurate and objective information on national issues'.⁶⁰⁸ Indications are that this is not happening 'they are still our leaders so we only get information if we go through them'.⁶⁰⁹

The findings from Group B demonstrate that financial pressure is being placed on youth, particularly those who operate taxis services and who must pay for licences and

⁶⁰⁶ Interview with Male Trader Group B, 17 July 2009

⁶⁰⁷ Interview with Female Trader No 2 Group B, 18 July 2009

⁶⁰⁸ Government of Sierra Leone (2005), p. 49

⁶⁰⁹ Interview with Female Trader No 1 Group B, 17 July 2009

insurance. The feeling is that this policy has the potential to cause anger amongst the youth and undermines PRSP employment policies. Group B support the argument that it is difficult to ask questions of the council and point out that if one does, their life can become uncomfortable within the township.

5.3.2 Findings Group C Question Five and Six

The economic position of full time subsistence farmers in Pendembu represents one of the most precarious of the three groups that were involved in this piece of the research. The findings from group C1 support those from the previous groups but provide additional insight into the impact of taxation. They indicate that the tax rate has increased since 2005 and the introduction of the PRSP, 'During the past years such taxes were not heavily levied on the people, from 2005 we now pay 5000 Leone'.⁶¹⁰ What these findings highlight is that the PRSP which was designed to reduce poverty, introduced a flat tax rate payable by all irrespective of their economic circumstances, 'be you old, young, rich or poor, the tax remains the same that is 5000 Leone'.⁶¹¹ In addition Group C is utterly ignorant as to how the taxation system operates and how it is contributing to development in their community, 'Everybody from 18 and above gives 5,000 the 5,000 that you pay where they take it I do not know because I am not being informed as to how these taxes that we do pay are used towards the development of the chiefdom'.⁶¹²

The application of a flat rate tax on the public regardless of their circumstances, is creating considerable anger and frustration among this group 'I do not feel happy about the fact that everyone pays the same amount, because the rich have many things, they have ways to get

⁶¹⁰ Interview with Female Farmer No 1 Group C1, 10 July 2009

⁶¹¹ Interview with Male Farmer No 1 Group C1, 16 July 2009

⁶¹² Interview with Female Farmer No 2 Group C1, 14 July 2009

this money, as opposed to the poor people and yet still we pay the same amount'.⁶¹³ The difficulties of raising money for tax purposes are immense when considered alongside the costs of operating an agricultural household. Every extra cost must be matched by increased effort, 'I really feel bad, because it is money, to get this money involves hard labour, so I do not feel happy'.⁶¹⁴

You need to eat you need to medicate yourself, you need shelter, you need to clothe yourself, all these things are all the other responsibilities at the house and they ask us to pay 5000 Leones which you cannot afford. So we are finding it difficult to live in this type of situation.⁶¹⁵

These findings provide concrete evidence that Group C is struggling financially with the increased tax burden and that this situation is exacerbated by a tax enforcement strategy which can restrict the movement of tax evaders.

If only they can reduce the money, because the money that we are paying is too much. If they reduce it to 2000 Leones it might be better. They threaten you, they ask you at checkpoints and if you do not have it they threaten you. So if they reduce it to that amount everybody can afford to pay. You need to produce the tax receipt at checkpoints, to say yes I am a tax payer.⁶¹⁶

The failure of the council to put in place the necessary mechanisms to ensure development and to explain the taxation process to the public is exacerbating a tense situation, and fuelling a negative attitude towards tax payment. The research found that the agricultural community assume that tax payment should be accompanied by physical evidence of development, 'I feel aggravated because I am giving this tax so that they can use it for our

⁶¹³ Female Farmer No 2 Group C 3, 25 July 2009

⁶¹⁴ Female Farmer No 2 Group C 4, 5 August 2009

⁶¹⁵ Interview with Female Farmer No 2 Group C3, 25 July 2009

⁶¹⁶ Ibid

own benefit. So I pay my tax and at the end of the day they are not using it for our benefit, so I am not happy, it is as if they are making a fool of me'.⁶¹⁷

The introduction of indiscriminate taxation policies into a subsistence farming community is impractical and increasing poverty amongst those solely dependent on subsistence agriculture for their livelihoods. This situation is further compounded by the non-delivery of the housing reconstruction objectives of Pillar Three. This has resulted in an increasing number of inhabitants per household, making the annual financial tax payment an immense domestic financial burden.

They are arresting people at check points, people who do not pay are arrested, the money is too much and the money we pay the council is too much per person. It is not easy to afford 5000 Leones especially in our traditional homes because we are not working and being paid, we are engaged in subsistence farming. We eat the food we are not selling it so it is very difficult to get the money. So if you have people in your house who number 25 or 50, and all of you are to pay 5000 each, it is a very big problem.⁶¹⁸

The negative impact of taxation on Group C combined with police harassment in their enforcement of the taxation system is nurturing a sense of disillusionment and despair and fuelling a negative attitude towards those in authority. These negative views only add to allegations of corruption. The suspicion is that those in authority are embezzling a percentage of the tax revenue and that these actions are partially responsible for underdevelopment within the township. Unfortunately these allegations of corruption, which are accompanied by feelings of distrust and anger, are eroding the communication channels between the two parties and contributing to disunity within the township; 'I feel bad because they collect taxes and do not put it in to good use, they just have the money

⁶¹⁷ Interview with Male Farmer No 2 Group C1, 13 July 2009

⁶¹⁸ Interview with Female Farmer No 2 Group C2, 14 July 2009

and use it the way that they want to. Sometimes they give some to the government and the remaining ones they put in their pockets'.⁶¹⁹

This is the reason why we react this way, they are not making good use of the money and they are using it for their own personal things. This is why the people continue not to give their support to the local council that is why they do not go to their meetings. That is why there is no interaction with them because anytime we ask questions or when they say anything they do not put it into implementation.⁶²⁰

The difficulties faced by Group C because of the taxation system could be partially alleviated if they were in a position to hold those in authority accountable for their actions. In this regard Group C is experiencing similar difficulties to those in Group A and B. Their efforts to hold the council accountable for its actions are failing; 'it is very right to question the council, even though we have that ideology, they do not give us the chance, they do not give us the ear to listen to whenever we want to ask them questions'.⁶²¹ There is a feeling amongst this group that those in authority do not wish to inform the public about the resources within their control. This would imply that they believe that those in positions of power are operating in a corrupt, covert manner.

The councillors they do not want us to know what the project is, so that is why they do not call us to meetings. If there is any benefit or they gain anything from the implementation they won't inform us they want to use it for themselves.⁶²²

The impact of corrupt resource distribution increases the economic hardship on individual agricultural households particularly amongst the vulnerable. Key objectives of Pillar Three

⁶¹⁹ Interview with Male Farmer No 2 Group C2, 5 August 2009

⁶²⁰ Ibid

⁶²¹ Interview with Male Farmer No 2 Group C2, 5 August 2009

⁶²² Interview with Female Farmer No 2 Group C, 14 July 2009

included 'Improving the Quality of Life of the Vulnerable'.⁶²³ In particular these objectives were aimed at improving their position 'through their integration into society and the economy through access to productive social and economic resources'.⁶²⁴ Evidence from Pendembu demonstrates that these efforts are being hampered by the traditional hierarchical structure, which allows corrupt distribution of benefit.

They asked for all those who are vulnerable, those who are old age and disabled. You see money came to the Chiefdom and they said that those who are vulnerable should go to the Bari (Meeting Point). Those whose people are capable of assisting, those who are capable of doing it for themselves, they went there, as if they were bribed, those who were in great need the old ages, they were let down. They gave it to those whose children can assist them, whose children are able to take care of them, whose family are having money. So they left them out and took those whose parents are having money. They were even giving it to those who were not that much old.⁶²⁵

Blame for this corrupt behaviour is placed firmly with the Paramount Chief.

The people who came they were lodged at the Paramount Chiefs compound. So what the Paramount Chief says is what they work with. It was the time of the SLPP; it was during the campaign season, 2007 that was the time the money came.⁶²⁶

Corruption and embezzlement are also seen as the reasons for the failure of development projects to be completed.

⁶²³ Interview with Female Farmer Group C, July 14 2009

⁶²⁴ Ibid

⁶²⁵ Interview with Male Farmer No 1 Group C3, 25 July 2009

⁶²⁶ Ibid

Certain times people do undertake projects, but because of the mismanagement the projects only reach halfway and collapse, some only reach one year and then it collapses. Sometimes the estimates that they send to construct certain projects, like if you look at our market here the money that was given for market was not used appropriately. The contractor that came to construct our market building only completed half of it. The balance the remaining money was taken in different directions for their own use, by the construction man and the authorities.⁶²⁷

The findings from Group C show that the tax rate has increased since 2005 and that it is being levied on all those over eighteen years regardless of their financial means. Enforcement of the taxation system lies with the police and the finding show that this is being undertaken in a corrupt manner. Group C feels that the tax rate is excessive and that the revenue collected is not contributing to the development of the township. The tax burden for subsistence farming households is crippling on account of the large number of individuals per dwelling and the fact that they do not earn a regular wage, but instead consume what they grow. Allegations of corruption are directed at the authorities and are substantiated by the inequitable distribution of benefit and the failure to complete construction projects in the township. The daily lives of the interviewees could be improved if adequate and affordable quality services were provided, the extent to which this has been achieved is the subject of the following section.

5.4 Provision of services findings Groups A, B & C Question 7

The decentralisation process as outlined in Pillar One of the PRSP was designed to promote a ‘.... healthy competition among the local councils to encourage better

⁶²⁷ Interview with Male Farmer No 2 Group C4, 7 August 2009

performance in service delivery as well as innovation and learning'.⁶²⁸ It was argued that this would assist in creating '.... more job opportunities at the local level and in the medium term lay the foundation for effective community development and transformation'.⁶²⁹ These objectives were depended upon efficiency and equitable public financial management in the transfer of finance from central government to rural areas. To enable this required the creation of a '....transparent and equity-based formula grant system to allocate central government transfers across councils'⁶³⁰ which would '....improve equity in resource allocation and improve people's trust in the state'.⁶³¹

Health service provision findings Groups A & C

In order to determine whether public service provision is compounding or alleviating the financial burden on individual households, it was critically important for the research to assess the quality and affordability of public services currently provided in Pendembu. A key component of the Human Development Strategy of Pillar Three aimed to 'improve accessibility and affordability of health services to the population'.⁶³² Achieving this goal required focusing on specific areas including the provision of '....preventive care and treatment of communicable diseases that have an impact on others besides the individuals directly affected',⁶³³ such as HIV and malaria.

Efforts were made at '....improving the nutritional status of infants and young children, pregnant and lactating women',⁶³⁴ through the provision of '....feeding and

⁶²⁸ Interview with Male Farmer No 2 Group C4, 7 August 2009

⁶²⁹ Ibid

⁶³⁰ Government of Sierra Leone (2005), p. 81

⁶³¹ Ibid

⁶³² Government of Sierra Leone (2005), p. 98

⁶³³ Ibid

⁶³⁴ Ibid

maternal and child health programmes'.⁶³⁵ Primary and secondary level care were to be improved by '....decentralising the provision of basic services to the population',⁶³⁶ assisted by the '....devolution of functions to the newly elected District and Town councils'.⁶³⁷ Organisation and cooperation were essential, in order to '....strengthen some areas of tertiary care so as to ensure appropriate referral patterns and a continuum of care'.⁶³⁸ The goal was to provide a quality service '....that would ensure appropriate opportunities for training of health care and service delivery personnel'.⁶³⁹

The findings from Pendembu reveal that the healthcare decentralisation programmes are currently under-achieving. To date the services are inaccessible and the referral patterns to the larger urban centres contribute to the high cost of the service. There are no facilities in Pendembu for serious medical conditions. Options available to the public include travelling an expensive sixty four miles to Kenema or alternatively seventeen miles to Kailahun. In addition to the travel costs the interviewees highlight the fact that the cost of medication is beyond their reach.

It is appalling my mum in here is sick, she is suffering from Asthma, and also suffering from heart pressure. Nowhere in the town can you take her for treatment. Anywhere you go they tell you a price of a drug you cannot afford, that is why we go to Kailahun which is far away from here or we go to Kenema it is very costly.⁶⁴⁰

Indications are that the quality of medical staff and preventive healthcare currently being provided is also deteriorating 'In the past the hospital use to have good doctors, but now there are no good doctors and in fact there are no beds for sick people to lie in, mosquitoes

⁶³⁵ Ibid

⁶³⁶ Government of Sierra Leone (2005), p. 99

⁶³⁷ Ibid

⁶³⁸ Ibid

⁶³⁹ Ibid

⁶⁴⁰ Interview with Male Teacher No 2, Group A, 20 July 2009

always flourish in the rooms'.⁶⁴¹ Indeed the insanitary conditions of healthcare facilities are a concerning aspect of the findings. Overall the findings show that the high cost and poor quality of healthcare together with unhygienic and insanitary conditions are fuelling tension and anger.

Take the hospital for example, the health sector, when women go there to give birth, you pay 50,000 if you give birth to a baby boy, and about 45,000 if it is a girl. The place is dirty; the place is not conducive for this purpose; no tent, no good health, no water, no medicine. They do not give anything, they just give birth like that and you stay until you pay your 50,000 and your woman is discharged. If you go there you will not stay there for a minute, the place is stinking.⁶⁴²

Provision of electricity and sanitation findings Groups A B & C

In addition to the poor quality of the healthcare is the total absence of any source of electrical power other than that provided by private generators; consequently '...the community is still in darkness'.⁶⁴³ It was stated in the PRSP that the '...immediate objective is to continue to expand and strengthen the decentralised network of facilities for the delivery of safe drinking water and the improvement of sanitation in both urban and rural areas'.⁶⁴⁴ Whilst non- governmental organisations have assisted, where the government has failed, in improving the supply of water through the construction of water pumps, these supplies are currently inadequate.

Previous governments applied their own efforts, there are pumps. Oxfam came and constructed some pumps, we are blessed we have clean water around, but that is not sufficient. Taking into consideration the growing population it is so

⁶⁴¹ Interview with Female Farmer No 1 Group C3, 25 July 2009

⁶⁴² Interview with Male Farmer No 1, Group C3, 25 July 2009

⁶⁴³ Interview Female Farmer No Group C 2, 25 July 2009

⁶⁴⁴ Government of Sierra Leone PRSP (2005), p. 100

alarming in this part of the country, so we need more services.⁶⁴⁵

Notwithstanding the beneficial work carried out by NGOs, there is a sense of disappointment with these organisations. It is felt that that their stay in Pendembu is always temporary and that this undermines possible development:

Sometimes when the NGOs come, they do not stay here, they move to the other towns like Daru or Kailahun. They do not have time to stay here and find out what our problems are so this is why up to date Pendembu is behind.⁶⁴⁶

Interestingly the water service was of high quality prior to the intrastate conflict; ‘....they should try and rehabilitate the water works that was here, we had one of the best water supplies in the district before the war’.⁶⁴⁷ Despite this there is a feeling that the ‘.....present government has applied efforts to make sure that the people get clean water and to construct these facilities, they are trying anyway’.⁶⁴⁸ The ongoing maintenance of these facilities and the cost of treating the water is an added financial burden on the populace.

The government or the council did help, and we did have pumps, but thieves came and took the head of the pump and then they came and took the whole top structure and carried it to sell in Guinea or Liberia. So now we do not have good water and even the wells that have been dug, to get the chlorine to treat the water is difficult.⁶⁴⁹

⁶⁴⁵ Interview with Male Teacher No 1, Group A, 20 July 2009

⁶⁴⁶ Interview Male Farmer No 2 Croup C 4, 5 August 2009

⁶⁴⁷ Interview with Female Trader No 1 Group B, 17 July 2009

⁶⁴⁸ Interview with Male Teacher Group A, 20 July 2009

⁶⁴⁹ Interview with Male Farmer No 1, Group C 3, 25 July 2009

Water facilities do not exist in all sectors of the township and in these areas the public are forced to use natural sources; 'our pumps they are damaged we have to go to the stream to get water to drink'.⁶⁵⁰

Reconstruction of housing findings from Group C

A large proportion of dwellings in the township suffered structural and fire damage during the intrastate conflict, as a result individuals have been left with no alternative but to revert to traditional construction methods. Many of the overcrowded houses are now constructed of a wattle and clay structure, which are not only unhygienic due to the lack of ventilation, but deteriorate rapidly in the rainy season. To overcome the housing crisis, Pillar Three of the PRSP included objectives to '.....provide affordable finance through micro finance institutions aimed at self help housing construction'⁶⁵¹ and '....housing estates for all income levels nationwide thereby providing employment opportunities for the youth'.⁶⁵²

Indications are that these programmes are not being implemented.

The main gap, the main problem, here since the war in 1991 so much destruction that has made the town to go backwards and up to now the town is still backward. If we look at the government sector there is no help to be felt. We live under certain conditions in fact we do not call it a house they were demolished and destroyed since the war. So these are the certain things that have led the town to be outdated the town is not up to date like it was during those days.⁶⁵³

⁶⁵⁰ Interview with Female Farmer No 2 Group C3, 25 July 2009

⁶⁵¹ Government of Sierra Leone (2005), p. 100

⁶⁵² Ibid

⁶⁵³ Interview with Male Farmer No 1 Group C 1, 25 July 2009

Pillar Three also includes an objective to provide ‘...affordable building materials and to provide the enabling environment for the construction of low cost housing by low income families and the poor’.⁶⁵⁴

Since 2005 the situation has not improved, if you look at our thatched houses, our structures they are not in good order, in fact we are now worried, because we are now getting the rains. When it is raining we sleep under these tattered houses. It would be good if they could supply us with Zinc and other building materials.⁶⁵⁵

The reality is that individual households are carrying the financial burden of housing reconstruction. In 2006 the council promised to supply zinc, to construct our houses but they did not. The women themselves constructed their own houses. The government also promised to register the broken houses and assist in the construction of those houses, but they have not done that.⁶⁵⁶

The lack of government assistance towards housing reconstruction contributes to a sense of neglect and embarrassment at the backwardness of the township amongst the inhabitants of Pendembu.

Our houses that we sleep under even the zinc if you look at it is tattered, if you look at the rafters they are made from sticks. If you look at them they are rotten so it is like we are in darkness they have done nothing for us.⁶⁵⁷

Provision of Education Findings Group C

Education is identified as an area that is exacerbating the financial pressure on individual families. The importance of education to the inhabitants of the township is demonstrated by

⁶⁵⁴ Government of Sierra Leone PRSP (2005), P. 100

⁶⁵⁵ Interview with Female Farmer No 1 Group C 2, 24 July 2009

⁶⁵⁶ Interview with Female Farmer No 1 Group C 3, 25 July 2009

⁶⁵⁷ Interview with Female Farmer No 2 Group C3, 25 July 2009

the manner in which they categorise it alongside hunger, as one of the primary concerns of daily life ‘problems like talking of hunger and on education, specifically that our children will be educated in the future so they can take care of us in our old age’.⁶⁵⁸

Sierra Leone operates a 6-3-3-4 educational system, with six years spent in primary school followed by three years in a junior Secondary School (JSS3) at the end of which the student sits the BECE (Basic Education Certificate Examination). On completion of the BECE the student has the option of a further 3 years in Senior Secondary School (SSS) followed by the WASSCE (West African Senior School Certificate) examination. Alternatively the student can spend three years in vocational or technical school. Finally, if finances allow the student has the option of four years in a university or a polytechnic. The overall objective of the education policy of Pillar Three of the PRSP ‘...was to promote basic education for all Sierra Leoneans’.⁶⁵⁹ Currently the public carry the financial burden of this goal.

Out of five children, the first son went as far as SSS 3 and sat his WASSCE and now he is at home doing nothing. I have not got the money to send him to college and the girl has just sat her BECE and will be in the SSS level next year. The others are in primary and I need to take care of all of them. If I add up how much it costs me per year for education, excluding those in primary school, I would calculate that I spend up to one million Leone per year (\$290.00) as there is one about to go to University and there is one in secondary school in Kenema. That is not part of the lodging or the rent for the house, only the school expenses are up to one million.⁶⁶⁰

It is stated in the PRSP that the government is ‘currently providing financial support to all girls who get into junior secondary school in the North and Eastern provinces where access

⁶⁵⁸ Interview with Male Farmer No 4 Group C4, August 4 2009

⁶⁵⁹ Government of Sierra Leone PRSP (2005), p. 96

⁶⁶⁰ Interview with Female Farmer No 2 Group C3, 25 July 2009

for girls is comparatively low'.⁶⁶¹ However the research reveals that junior secondary schools are still demanding fees for females at this stage in their education.

Certain things they talk of, such as free education for girls and still they demand school fees from female school children who are in school. Female school children still have to pay them. A female child in examination class when they are in form 3, the government is supposed to pay their charges, yet they still request charges from us.⁶⁶²

Findings from groups A, B and C indicate that that the PRSP is currently failing to ensure provision of good quality, affordable services. The quality and accessibility of the healthcare system is limited and the cost of referrals, medicine and the use of facilities is beyond the means of many households. There is a complete absence of any source of electricity in the township. Water services vary in the township with some sectors utilising open wells and pumps whilst others are forced to get their water from streams. Treatment of the water with chlorine is an extra financial burden on households. Government funded housing reconstruction has not occurred and the public are financing their own construction projects, to escape from structurally unsound, overcrowded and unhygienic war damaged properties. The costs of education particularly for large families, places an enormous financial burden on households. These combined financial pressures are forcing individuals to avail of unregulated money lending facilities.

What I am saying, now we are working every day we need to eat something so life must go on, but the money that we are working for is not coming on time and you need to eat. So I have to go in search of a loan, and give an assurance, that at the end of the month, when salaries are available I will pay it back. By the time the salaries are available at the bank you begin to think of paying peoples debts.⁶⁶³

⁶⁶¹ Government of Sierra Leone PRSP (2005), p. 97

⁶⁶² Interview with Male Farmer No 1 Group C1, 13 July 2009

⁶⁶³ Interview with Male Teacher Group A, 20 July 2009

5.5 Provision of employment and private sector development findings Groups A, B & C

It was essential that the employment situation in Pendembu be assessed given the high probability that unemployment increases the financial hardship within households. A key objective of Pillar Two and Pillar Three was to promote youth employment by putting in place mechanisms that would attract foreign direct investment. Pillar Three stated that ‘All productive infrastructure, private and tertiary sector programmes for poverty reduction give priority to employment and the income needs of young men and women in urban and rural areas’⁶⁶⁴ and that ‘...in every sector, government will promote labour intensive methods of implementing its programmes’.⁶⁶⁵ Furthermore it stated that the unemployed and unskilled youth were to be trained ‘...including former demobilised combatants, in the informal sector system linking them to job opportunities in the private and public sector’.⁶⁶⁶ The research reveals that the unemployment crisis is classed by the inhabitants as one of the major problems facing those in Pendembu; ‘...there are no jobs, people are just hanging around the town, with no job for them’.⁶⁶⁷ The findings indicate that the loss of the SLPMB in 1988 has had a devastating and lasting economic and psychological impact on the public both from an agricultural and employment perspective as the ‘SLPMB was employing between 500 -1000 workers’.⁶⁶⁸ The wish is that ‘...they should rehabilitate our former SLPMB where they were buying produce so the youth can become engaged in work’.⁶⁶⁹

The research found that in 2008 the Swiss based Cocoa private firm BIO UNITED, was established in Pendembu. This firm epitomizes the type of foreign direct investment that the government of Sierra Leone sought to attract through the PRSP. The firm gathers cocoa

⁶⁶⁴ Government of Sierra Leone PRSP (2005), p. 102

⁶⁶⁵ Ibid

⁶⁶⁶ Government of Sierra Leone PRSP (2005), p. 103

⁶⁶⁷ Interview with Male Farmer No 2 Group C3, 19 July 2009

⁶⁶⁸ Interview with Male Farmer No 2 Group C1, 13 July 2009

⁶⁶⁹ Interview with Male Farmer No 2 Group C2, 5 August 2009

from the surrounding areas and after sorting and drying the product it is exported in its raw unprocessed state from Freetown harbour. It would appear that the loss of the SLPMB has been partially compensated for by the arrival of a foreign firm, indicating that the PRSP objective of ‘improving the climate for private sector development’,⁶⁷⁰ has been achieved.

Employment opportunities at the firm are limited with intense competition for positions.

I went to be enrolled so that I would be enrolled for picking of cocoa, picking the bad from the good seed so at the end of the day I could get something. However I was let down I had no one to recommend me at the company. All they look at is your educational background and who is behind you and who is to recommend you.⁶⁷¹

Findings also show that the wages from this firm are inadequate,

My wife is paid monthly, she works for the day they mark her and then she comes back. It is really not enough, having to take children to hospital when they fall sick and feeding the home.⁶⁷²

A key element of the privatisation process comprised within Pillar Two was the development of micro finance, to encourage economic growth and generate employment particularly amongst women. The aim was ‘...to integrate micro finance into the formal financial system and facilitate the provision of viable and sustainable micro finance services to low income households’.⁶⁷³ The findings indicate that this process is no longer attractive to some women ‘we talk of micro finance, they do assist women through loans, but now changes have started occurring, the interest is too much, that is why I do not work

⁶⁷⁰ Government of Sierra Leone PRSP (2005), p. 87

⁶⁷¹ Interview with Female Farmer No 2 Group C 3, 25 July 2009

⁶⁷² Interview with Male Teacher Group A, 8 July 2009

⁶⁷³ Government of Sierra Leone PRSP (2005), p. 93

with micro credit anymore'.⁶⁷⁴ Through Pillar Two it was envisaged that the distribution of micro finance would be conducted in a 'transparent and accountable manner so as to foster economic activity, boost real incomes and reduce poverty'.⁶⁷⁵ Evidence suggests that the distribution of micro finance is occurring in a corrupt and inequitable manner.

Like the micro credit, when they give to people who are in the capacity to share it among women to do business, they look at the faces and related family members and some women are left out. If there is anything to be shared equally among people, they just share it among family members.⁶⁷⁶

Although employment opportunities for women are limited, there is a real desire amongst them to gain employment or become engaged in an economic activity so that they can contribute financially to the running of the household. The fact that women want to work indicates that the empowerment element of Pillar Three may be contributing to a change in women's perspectives on and expectation of their economic role and position.

This opportunity is not there, if such opportunities existed, where women could go and work and after every month they gained a salary, they will really benefit, they will assist the husband in terms of educating the children. They will also feed the family; they will clothe the family, in terms of medicine they will assist. If this opportunity is available in our chiefdom, well then this abject poverty that we find ourselves in will be eradicated.⁶⁷⁷

Despite the lack of full time employment opportunities for women, indications are that the position of women in society has altered due to the intrastate conflict. Women are now actively engaged in roles which were once the preserve of men and are in fact now the dominant sex in certain sectors of business.

⁶⁷⁴ Interview with Female Hairdresser Group A, 15 July 2009

⁶⁷⁵ Government of Sierra Leone PRSP (2005), p. 93

⁶⁷⁶ Interview with Female Farmer No 1 Group C3, 22 July 2009

⁶⁷⁷ Interview with Female Trader No 3, Group B, 18 July 2009

To be very frank women are the best business people, at the moment, because before the war, men were good business people, but many men were killed in the war. The women were left with no husbands to take care of them, so instead it has been an exchange, instead of women being women; they are now men for men. They do everything that men do in terms of development. They have now put their foot into the foot of men, they are now taking the whole responsibility because they are left with no husbands, so they do all the work at home that their husbands were to do⁶⁷⁸

Women maintain a portfolio of business activities ‘women in this country do not rely on one business they do various types of business just to survive, just even to feed themselves and the families at home. So they are not really doing only one business at the moment’.⁶⁷⁹ The financial demands within individual households combined with the lack of employment opportunities place some women in vulnerable and precarious economic positions. As a result some are forced to engage in prostitution in order to survive.

This is why we see young girls all the time moving from one man to another, they do not have one job to do. If women are engaged in having self employment this type of prostitution will be minimised, but because women are not in full time employment, that is why you see them moving from one point to the next. If they are engaged in working they will not involve themselves in such life.⁶⁸⁰

The dearth of employment opportunities also impacts on the male population resulting in anti social and criminal behaviour,

The activities that the youth are engaged on, since there are no job opportunities are stealing and breaking and entry. When they see you in a good dress, they try to imitate you, to also get the same dress. In order to do this they will steal at night time and since there are no social areas and places to socialise, they follow young women and the result is teenage pregnancy.⁶⁸¹

⁶⁷⁸ Interview with Female Trader No 3 Group B, 18 July 2009

⁶⁷⁹ Ibid

⁶⁸⁰ Interview with Female Hairdresser Group A, 25 July 2009

⁶⁸¹ Interview with Male Farmer No 2 Group C 3, 19 July

The findings from the three groups reveal that unemployment and the resulting financial hardship is a major cause for concern in Pendembu. Its source is directly attributed to the closure of the SLPMB in 1988. Indications are that foreign direct investment has only partially made up for the loss of the SLPMB. There is growing evidence to suggest that women are involved in numerous forms of business and are engaging in roles that were once carried out by men. However the severe shortage of employment is forcing some women into prostitution. Unemployment is widespread amongst males and this has been identified as a major factor leading to antisocial and criminal behaviour.

5.6 Gender equality and the Child First Policy Findings A B & C

The promotion of a Child First' Programme and gender equality were additional objectives of Pillar Three. Success of these objectives was reliant on certain aims within Pillar One being met, in particular 'Reforming the Judiciary and Tackling Human Rights Abuses'.⁶⁸² Pillar Three states that '.... child poverty issues are urgent human development priorities that should be addressed in order to break the cycle of violence and build the foundation for lasting peace in Sierra Leone'.⁶⁸³ It also state that the 'Government fully appreciates the challenges women face at household level and in the community in accessing protection and justice, social and economic opportunities and in seeking overall advancement'.⁶⁸⁴ Whilst laudable in their aims some of these objectives had the potential to exacerbate financial hardship, specifically, the introduction of laws restricting child labour and compulsory education. On the other hand the removal of barriers to female employment could alleviate financial difficulties.

⁶⁸² Government of Sierra Leone PRSP (2005), p. 81

⁶⁸³ Government of Sierra Leone PRSP (2005), p. 103

⁶⁸⁴ Government of Sierra Leone PRSP (2005), p. 104

There are laws in the community here like talking of children's rights, women's rights these laws are very much effective in the community. They teach us and warn us how to take care of children and what are the rights of children. Also they tell us the about rights of women and how women should work in the community with men and the responsibility of the children in the home. The 50/50 bill that they spoke about in the parliament it is also effective in the Pendembu community that the men should work side by side with the women in the community.⁶⁸⁵

The research reveals that new laws to protect the welfare of children have attracted criticism. It is felt that the laws are not being enforced and in any case there is agreement that children need to be chastised, as they are required to assist in domestic and agricultural work.

When we talk of the rights of the child and we talk about women's rights, these rights are there. We talk about them but the implementation is lacking. On the other side certain laws talking about the rights of a child; currently we are not happy with it. The child may feel that when we talk about the rights of a child the child will not have obligations or the child is not having responsibilities. All they believe is that you should not flog the child that has made some of the children to disobey their parents because of the wrong information on these laws.⁶⁸⁶

Whilst the lives of the majority of the population in Pendembu is extremely difficult from both an economic and social perspective, their traditional position within society leaves women more disadvantaged than men. As any barriers that restrict the capacity of women to engage in employment or that place them in a secondary position have the potential to exacerbate domestic finances, the research sought to investigate how men view the role of women in the economy. It was found that male views on female employment can be

⁶⁸⁵ Interview with Female Farmer No 1, Group C1, July 10, 2009

⁶⁸⁶ Interview with Male Farmer No 1 Group C1, 25 July, 2009

divided into three specific categories. First there is a fear that the power structure within the household may alter as a result of female engagement in full time employment.

Women should not all the time gain full employment and leave the men behind we need also to have men among them, because sometimes women are short tempered and the women cannot organise, as good as the men can organise. So it is good that whenever there is women there is men among them to see that things move along. If you put women at the front all the time, they will try to dominate in the end.⁶⁸⁷

Second men recognise that women experience difficulties gaining employment because of cultural and traditional barriers. They also recognise that the attitude of women has altered and they are making a concerted effort to become economically independent.

To say that women could gain full time employment is really difficult, because the number of literate women that we have is so low. Sometimes they are afraid, they do not even have the confidence to show up for this employment. So I cannot say that I am impressed, but I am very close to being impressed because they have got their awareness. Even those who are not educated today they are striving to learn one or two things, so at the end of the day, they can do something. They realise that to rely on their husbands for everything is a whole lot of bother.⁶⁸⁸

Third the findings reveal that financial hardship leads to domestic violence and that women who are not contributing to the household finances are at greater risk, thus indicating that domestic and agriculture work is not as highly appreciated as work that brings in money.

⁶⁸⁷ Interview with Male Farmer No 1 Group C2, 16 July 2009

⁶⁸⁸ Interview with Male Teacher Group A, 8 July, 2009

Yes it would be fine if women gain full time employment, because if women are working there would be no quarrelling at the house. They will assist their husbands in the upbringing of the family. Their husbands will not always beat them, and say you always stay at home and eat, you do not do anything and you do not help in the upbringing of the family.⁶⁸⁹

Whilst there is a facility in the township for victims of domestic violence even these services are not free. 'There are laws in place in Pendembu that if you flog your wife or your husband, the law will deal with you, we have the Family Support Unit'.⁶⁹⁰ 'When you quarrel when you fight, you get to the police you will spend money'.⁶⁹¹

The findings reveal that traditional laws are still very much in use particularly those which affect young women.

One practice that people have here, one traditional practice, is forced marriage. When a parent gives birth to the child and she is in her early teenage years, they know who the daughter is going to marry, even one the daughter does not like. They are willing to give her as a free gift it is called (armadi) free gift. You do not give birth to a child and then go and offer her to someone, as opposed to the type of person that she wants to fall in love with. You decide on the behalf of the daughter and you just send her into marriage, all she does is encounter problems there.⁶⁹²

Although the public are aware of equality laws, their enforcement is particularly difficult in the domestic sphere.

⁶⁸⁹ Interview with Female Farmer No 1 Group C 4, 5 August 2009

⁶⁹⁰ Interview with Male Farmer No 2, Group C2, 5 August 2009

⁶⁹¹ Interview with Female Farmer No 2 Group C3, 25 July 2009

⁶⁹² Interview with Male Teacher Group A, 8 July, 2009

The rights of women are always spoken about; it is just that men are headstrong. When they talk about the rights of women, we are still being suppressed in the corners. They continue to discipline us and still try and suppress us. They do this until women cannot withstand it any longer but pack and go. Some men do flog their women at home.⁶⁹³

Despite the rhetoric of gender equality policies, the findings indicate that the position of many women has changed very little and that they are still heavily involved in domestic work and that traditional laws are providing barriers to their progress. There is recognition that the road to female equality will be achieved through education,

Up to date although there are laws that talk for women, but they are still engaged in the house cooking, taking care of children and doing domestic work. Although the law is in operation, not all women have that right, because of their educational standard. It would be fine if women were given that right. I would be happy, if all women have equal rights. It is not easy for women to do certain jobs that men do, it is only on the educational line that women become ministers and hold key positions in government. In our local homes and local tradition women cannot climb palm trees, cannot brush swamp and cannot fell trees, when they see a woman climbing a palm tree they summon you to court, if you climb a tree you challenge a man.⁶⁹⁴

The methods used by women and men to overcome economic and social challenges are analysed in the following Chapter 6.

⁶⁹³ Interview with Female Farmer No 1 Group C3, 22 July 2009

⁶⁹⁴ Interview with Female Farmer No 2 Group C2, 14 July 2009

Conclusion

This chapter puts forward the findings from the first round of interviews conducted in Pendembu a Border Community in the Kailahun district of Sierra Leone. It seeks to investigate a number of key areas to determine if PRSP policies are creating conditions which could entice individuals from this community into a shadow economy. To assist in achieving this objective this chapter investigates the degree to which PRSP policies have alleviated or exacerbated domestic financial positions. It was anticipated that once these findings were established the methods adopted by the interviewees to overcome any obstacles faced would be investigated in more detail through a second set of interviews. It was envisaged that the second round of interviews would provide more in depth information on the shadow economy.

In order to assess the current performance of public sector governance, public financial management and decentralisation aims of Pillar One of the PRSP, the initial area of focus of this chapter is the strength of the relationship between the border community and Freetown. In order to examine the decentralisation and empowerment elements of Pillar One, the chapter seeks to investigate the performance of the local council and its relationship with the public. The chapter examines the impact of the PRSP fiscal strategy in order to test the extent to which local government has been empowered and the ability of the public to hold the authorities accountable for the use of public funds. To examine the success of the human development component of Pillar Three, the provision of services in Pendembu is examined. The capacity of the public to access these services required an investigation into the employment opportunities within the township. This allowed for an assessment of the objectives of Pillar Two, specifically the provision of conditions for private sector development and foreign direct investment. Finally this chapter considers the

subject of gender equality and Child First Programmes to determine the position of women and children in society and how their position impacts on household finances.

The findings reveal that the relationship between the border community and Freetown is structurally weak and this factor is closely related to the condition of the Pendembu- Kenema road. Feelings of neglect resonate from this community, attributed to what is perceived as a lack of decentralisation from Freetown. The poor road and the strength of the Sierra Leone currency are identified as factors that are fuelling a cross-border trade with Guinea. In addition the findings reveal that the public's exploitation through a police shadow economy and by external traders is exacerbating the financial hardship of the interviewees, thus further increasing the incentive to trade with Guinea. These factors highlight the structural weaknesses within Pillar One of the PRSP to strengthen public governance through decentralisation and public financial management. Evidence suggests that efforts to reform the public sector with the aid of the Anti Corruption Commission are failing to have a positive impact.

Programmes to develop rural infrastructure comprised within Pillar Two are also under achieving. The research reveals that the level of public satisfaction with the council is low, meetings are not held on a regular basis and contact with the council is heavily dependent on family ties. The desire amongst the public to engage in public debate exists, however the opportunity does not. The inability of the public to hold those in authority accountable for their actions has led to inequality in benefit distribution and strong allegations of corruption. There is significant evidence to show that the problem of underdevelopment within the township has not improved since 2005. The position of women and young people is worse as there are indications that they are being marginalised during the meeting process. Their marginalisation has the potential to restrict the economic

and social opportunities available to them, hampering the success of the human development element of Pillar Three.

The research reveals that the fiscal strategy of the PRSP has resulted in an exorbitant increase in personal taxation and licences. Whilst there is a willingness within certain sections of the community to pay these taxes, there is a corresponding desire to question those in authority on how tax revenue and public funds are being spent. Worryingly there is a complete lack of understanding as to how the taxation process functions with many of the interviewees expecting development to occur once tax payment has been made. The tax increase is making the financial situation of subsistence farmers untenable as they consume what they grow and are not involved in paid employment. Their situation is greatly exacerbated on account of the large number of individuals per household. The findings reveal that increased taxation is fuelling feelings of anger within the subsistence farmer group. These feelings of anger are accompanied by allegations of corruption directed at the elders due to inequitable distribution of benefit and incomplete development projects. These factors highlight further weaknesses of public financial management and the ACC.

The findings further indicate that the provision of services is inadequate and unaffordable. The cost of medication and referrals combined with inadequate facilities are additional factors nurturing tension within the township. Water facilities vary throughout the township with the public availing of inadequate Government and NGO constructed pumps as well as open wells. Where facilities do not exist natural sources are utilised. The cost of treating water is an extra financial burden on the populace. Government housing reconstruction has not occurred since the ending of the intrastate conflict and the cost of house construction is being met by individual families. Education, particularly secondary level, is placing an immense financial burden on individual families. The failure to provide

adequate, affordable services demonstrates the fact that the human development aims of Pillar Three have not been realised.

Unemployment is widespread in the township and has been attributed to the closure of the SLPMB, an essential service to the farming community. The situation has been partially alleviated by the employment provided by foreign direct investment, thus indicating the partial success of Pillar Two objectives. Women want to become engaged in employment outside of the domestic and agriculture sphere, however opportunities are limited. Their position within society has altered since the end of the intrastate conflict and they are now involved in the business sector. The unemployment crisis is being blamed for female prostitution and male antisocial behaviour.

Whilst the public are aware of new laws introduced to bring about gender equality and the rights of the child, they are not being enforced within the township. Women's economic progression is continuing to experience cultural and educational obstacles. Promotion of children's well-being and education has cost implications for the family. The financial demands on households together with the weaknesses of the PRSP outlined in this chapter are exacerbating the financial hardship within individual households. The relationship of these factors with the shadow economy is now analysed in the following chapter 6.

Chapter Six: The Analysis

Life is a risk, no matter how you live your life it is a risk. Now if you have a good amount of money paid for in barter, or 5 gallon tubs of oil you will get a very good price for it in Guinea. In Sierra Leone the demand is not that high. What will you do? You will go to Guinea, go through that risk sell your oil, get your money and come back. If you stay doing nothing it is another risk, because if you stay at home, fold your arms and put it between your legs it is another risk, at the end of the day you die with hunger.⁶⁹⁵

The dialogue above gives a vivid depiction of the lifeline that cross-border trade offers to the inhabitants of Pendembu. It provides an economic alternative and the opportunity to generate revenue which does not exist in Sierra Leone. Building on this argument this chapter provides an analysis of the findings from Chapter Five and utilises information and arguments from previous chapters in order to test the hypothesis, that policies of the 2005 PRSP are exacerbating domestic finances in the border town of Pendembu and making a cross-border shadow economy an attractive financial option.

Achieving this objective requires an analysis of the variables outlined in Chapter One under Categories One and Two. It is important to highlight that there is a large degree of interplay between the variables and it is therefore not always possible to examine each category separately. The initial analysis of Section 6.1 focuses on Variable One and Two from Category Two in order to examine how local cross-border, ethnic and family ties together with the geographical location of Pendembu could possibly be responsible for a cross-border shadow economy.

The analysis in Section 6.2 examines the lack of funding attached to the PRSP and the likely impact of this on reform and policy implementation. The consideration of

⁶⁹⁵ Interview with Male Farmer No 2 Group C1, 14th of July 2009

Variable One of Category One concentrates on the subject of low public sector wages, the relationship of this to police corruption and the inability of the ACC to address the situation. The impact of this activity on the public also requires an examination of Variable Three of Category Two which considers the economic role and status of women in Pendembu.

Examining the implications of PRSP policies and their impact on the population would be incomplete without an analysis of the social environment in which they were introduced. The question is whether the social environment affects the equitable distribution of resources within the township. This analysis forms Section 6.3, where two variables are considered namely; Variable four Category Two which focuses on the role and economic dominance of the local elite within the township and Variable Two Category One which considers benefit distribution to rural areas. It is considered that inequitable division of resources in a way that lacks transparency could potentially be impacting on a cross-border shadow economy.

Consultation with the public prior to the implementation of PRSP policies is necessary to ensure their success. Attempts to implement inappropriate and poorly formulated policies could undermine the poverty reduction capacity of the PRSP and the economic and social opportunities for the public which are critical in this regard. In turn the success of the peace-building process could be threatened. Section 6.4 therefore examines Variable Three Category One which focuses on the increase in taxation and how this may be affecting households. Variable Five Category Three focuses on the opportunities to evade taxation by examining the subject of a porous border. It is believed that the interplay of these two variables could be making the cross-border shadow economy an attractive option.

The provision of good quality affordable services to help lift households out of poverty was a key objective of Pillar Two of the PRSP. It is felt that the failure to provide adequate services in the post-conflict environment is likely to hamper the peace-building process and cause even greater hardship. Section 6.5 examines the provision of services by investigating Variable Four Category One. In addition Variable Four Category Two is analysed to assess the possible reasons for the absence of NGOs within the township. The failure to provide good quality, affordable and accessible services together with the absence of an NGO may create circumstances which make involvement in the shadow economy a necessity.

Finally Section 6.6 considers the impact of foreign direct investment, private sector development and poor infrastructure in Pendembu. This section examines Variable Five Category One which considers how the PRSP has accommodated FDI through the provision of an attractive taxation environment which potentially limits revenue generation for the Sierra Leone exchequer. This section also analyses Variable Six Category One which concentrates on the inability of FDI to fully compensate for the closure of the state owned SLPMB by providing sufficient employment in Pendembu. Poor infrastructure can hamper private sector development and this section examines through Variable Six Category Two, whether this is the case in Pendembu. A combination of these many factors may result in a cross-border shadow economy.

To achieve the above objectives, Section 6.1 examines the key factors which accommodate cross-border trade and make it common practice in the research area. This involves examining cross-border family and economic ties that exist between Pendembu, Guinea and Liberia and which predate the PRSP process, but which facilitate cross-border trade. The geographical location of the township in relation to the border and the impact of

the intrastate conflict on cross-border ties are also examined to assess whether these factors contribute to the cross-border shadow economy.

A key objective of Pillar One was reform of the public sector. Section 6.2 examines the success of this strategic objective. The analysis examines the failure of the government to increase public sector wages and how this may be contributing to corrupt behaviour among the Sierra Leone Police Force which the ACC is failing to address at a local level. In order to assess the impact of the SLP's activities on the public, this section investigates the changing status and economic role of women within the township and how SLP activities are contributing to their involvement in a cross border shadow economy

Section 6.3 analyses the type of environment that the PRSP was introduced into and argues that the current socio-political environment in Pendembu is a continuation of the patron-client relationship that manipulated neoliberal policies during the structural adjustment era as discussed in Chapter Three. Although a concerted effort has been made to empower local communities through Pillar One, the investigation considers the failure of democratic elections to eliminate the traditional patronage based system. The investigation examines how this system undermines PRSP policies because of how benefit distribution is used to garner political support. This analysis also focuses on the ACC and examines its impact at a local level.

Empowering local communities through decentralisation included providing local authorities with the capacity to generate revenue. Section 6.4 analyses the impact of this programme. It argues that the taxation process, as it currently stands, is regressive and that subsistence farmers in particular are struggling to pay. The section concludes that not only is the tax process unfair and placing enormous financial pressure on the agricultural community but that it is weakly enforced on the border.

Adequate service provision should assist in alleviating poverty within the township. Section 6.5 analyses the extent to which this has been achieved. Specifically it examines the elders' stance that improvements have indeed been made in the provision of services, contrary to the evidence provided in the findings. It is argued that the absence of an NGO in the township is possibly linked to the threat that such an organisation would pose to the traditional power structure within the township.

The final section 6.6 focuses on how the PRSP has accommodated foreign direct investment. To achieve this objective it examines Bio United, an international cocoa firm currently in operation in Pendembu. This section examines the low tax contribution paid by this firm at a local and at a national level. Equally this section examines how this firm has failed to provide sufficient employment opportunities to fully compensate for the loss of the SLPMB. High interest rates on micro finance loans for private sector development are investigated and an assessment of this phenomenon's contribution to cross-border trade is made. The section also analyses the way in which FDI has occurred despite the absence of an adequate road infrastructure. The poor road has otherwise lead to local farmers being paid low prices for their produce by external traders providing an additional motivation for individuals to trade with Guinea and Liberia.

To support the analysis process this chapter utilises additional interview material from a second round of interviews. This involved re-interviewing interviewees once specific categories had been identified from the first round of interviews. This allowed the existing arguments within the findings to be strengthened and for further issues to be investigated which would not have arisen had only one set of interviews been used. To achieve this, the grounded theory process suggests moving outside the chosen sample if deemed necessary. This strategy was adopted in this piece of work.

6.1 Cross-Border Ethnic Ties and the Geographical location of Pendembu.

Before an analysis of the findings to assess the relationship between the PRSP, the interviewees and a cross-border shadow economy is undertaken, it is necessary to establish the social and economic ties that connect Pendembu with the neighbouring countries and which on their own facilitate cross-border trade irrespective of any policy implications of the PRSP. Examining these links involves an analysis of Variables One and Two from Category Two. This provides an essential foundation and explanation as to why individuals from this border community embark on cross-border trade.

Pendembu's geographical location of close proximity to the Guinea and Liberian borders has led to an intricate communication network of cross-border family and economic ties, which form the bedrock of cross-border trade in the area. This tri-country network was strengthened following increased contact between the inhabitants of the three countries, during the intrastate conflict. Goodhand has argued that war can change borderland peoples' perspective of the border as '....the legitimacy of the border is called into question as peoples' mental maps and 'check points' change'.⁶⁹⁶ Moreover war may 'empower borderland groups to challenge the border'.⁶⁹⁷ The 1991-2002 intrastate conflict changed cross-border trade, as those from the Mandingo and the Fullah tribes, who prior to the conflict traditionally dominated the cross-border trade, were joined in the post-conflict era by those from the Mende and Kissi tribes, leading to a proliferation of cross-border trade post 2002.

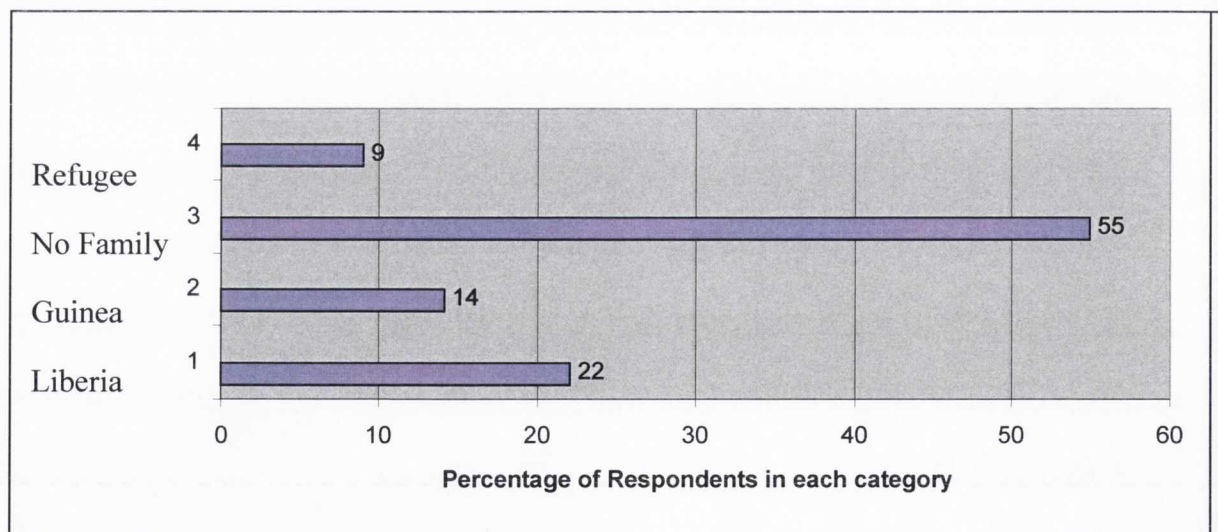
⁶⁹⁶ Goodhand (2008), p. 239

⁶⁹⁷ Ibid

Before this time the Fullah and the Mandingo were in trade they were well known, as traders, they were more involved in trade in this country as a whole. During the rebel war some tribes went to Guinea and they saw the way the trade was going on, so they themselves practiced trading, from Guinea. The Mende and the Kissi's they were good planters they were always involved in planting cacao, coffee and oil palm plantations. They were working in the bush they were not involved in trade. When they went to Guinea, they involved themselves in trade and that is why today many of them have become traders.⁶⁹⁸

The bar chart below represents the social and economic connections that the first group of twenty two interviewees have with Guinea and Liberia. From the first sample of interviewees it was established that a total of 9% had spent time in one of these two countries as a refugee during the intrastate conflict. 55% maintained they had no relations in Guinea or Liberia. 14% indicated that they currently have family members in Guinea and 22% of the interviewees have family members in Liberia.

Title: Relationship of Interviewees with Liberia and Guinea.



Source: Information taken from Second Round Interviews within the sample of 22 interviewees.

⁶⁹⁸ Interview No 9 Second Round with Male Farmer No 1 Group B, August 22, 2009

From the data gathered it was possible to establish that 45% of the interviewees had either spent a period of time in Guinea or Liberia or have family connections there. Of the 55% percent who stated that they have no relatives in either of these two countries, 27% stated that they regularly trade with Guinea and are from the Mende tribe. Of the 45% who stated that have relations or have spent time in Guinea or Liberia, 20% stated that despite their familial ties they are not engaged in cross-border trade. It is thought that those with relations in these countries were more cautious than those without to be implicated with cross-border trade.

Overall 72% of the interviewees had either an economic, social or refugee connection with either Guinea or Liberia. The key point to highlight from this data is that a web of cross- border family connections and trading exists between these three countries and that this predates the PRSP process. The intrastate conflict increased the exposure of individuals within these three countries to each others' culture and economies. This factor is important to explain the motivations for individuals to engage in cross-border trade. It demonstrates that the support mechanisms of family connections are in place to accommodate it. The familiarity of the interviewees with Guinea or Liberia is further helped by their multilingual capabilities.

The sense of nationalism expressed by the interviewees indicates that they feel emotionally connected to Freetown, if not physically because of the poor infrastructure. However there is evidence to support the argument that a number of the interviewees feel that the bond between Pendembu and Guinea and Liberia is greater than that with Freetown on account of the geographical location of this border community.

We are family and related with the people in Sierra Leone, but relationships exist more between the people of Liberia and Guinea and we the people who are so close to the boundary. They are so close you know, than that person that is so far away. These people that are close to us at the boundary we do business transaction with them we are friendlier and related with them.⁶⁹⁹

Equally there is evidence to suggest that social tensions exist between the Pendembu community and those in the western areas of Sierra Leone. These factors further solidify the cross-border bonds and affinity.

People in Bo and onwards, in fact, they sometimes try and suppress our own children that go there to University, in order to achieve. So because of this reason we are more closely related to the people in Guinea and Liberia than our own real Sierra Leoneans that are living here.⁷⁰⁰

Crucially there is a strong social and natural attraction for members of this community to conduct cross-border trade with Guinea and Liberia. When trading across the border there is a sense amongst the participants that Guinea, Liberia and Sierra Leone are all the one country, despite the colonial boundaries that were drawn through tribal chiefdoms. Jackson argues that colonialism ‘...advanced a process of overlaying fixed state boundaries on an open-fluid pre-existing set of politics and ethnic identities’.⁷⁰¹ This factor may well account for the lack of recognition of the physical border.

Those that are in Kailahun doing trade with Guinea they also feel that Kailahun and Guinea are towns within the same country. They do not feel like it is cross-border trade, they just feel like they are doing it within a country, they never feel that they are in one country or being in another country. They are familiar with the system they can go there easily do their trade and return.⁷⁰²

⁶⁹⁹ Interview No 17 Second Round with Male Farmer No 2 Group C4, 25 August 2009

⁷⁰⁰ Interview No 17 Second Round with Male Farmer No 2 Group C4, 25 August 2009

⁷⁰¹ Jackson (2008), p. 275

⁷⁰² Interview No 67 Second Round with Male Trader, 25 September 2009

The combination of these cultural, economic and social ties, some of which were strengthened by the intrastate conflict, in themselves without consideration of government policies provide a plausible explanation for border trade. The relationship of Variables One and Two from Category Two to the hypothesis is that they are contributory factors to the border people of Pendembu engaging in cross-border trade. The following Section 6.2 examines a combination of variables from Category One and Two on public sector pay, police corruption and the changing status and economic role of women and how these combined factors may be impacting on a cross-border shadow economy.

6.2 Public Sector Salaries Police Corruption and the Changing Role of Women.

The funding available for implementation of the PRSP was vital to the overall success of the programme. The IMF indicated that ‘...out of the US\$1624 million required to fund the PRSP, commitments were only US\$ 929 million creating a funding gap of US\$ 695 million’.⁷⁰³ From the outset the gap between available funding and that required was a considerable obstacle to the success of the 2005 PRSP.

The primary objective of Pillar One was the Promotion of Good Governance Peace and Security with democratic elections and institutional reform representing key milestones in achieving this. According to Fukuyama, neoliberal conditionalities require a strong, efficient and competent public sector to assist in the liberalisation and deregulation process. ‘A review of the civil service and pay structure’,⁷⁰⁴ formed part of the PRSP reform programme, however it was dependent on ‘....technical and financial support from the donors’.⁷⁰⁵ This shows that the strategic objectives of the PRSP were not just financially

⁷⁰³ International Monetary Fund Poverty Reduction Strategy Paper-Progress Report (2008), p. 13

⁷⁰⁴ Ibid

⁷⁰⁵ Government of Sierra Leone PRSP (2005), p. 80

dependent on external assistance but also technically, calling into question the ability if any for the parties to the PRSP to engage on a level playing field.

The findings show that the SLP represent a nexus between the public sector wage reform programme, the border peoples and the cross-border shadow economy. In order to analyse this relationship, Variable One from Category One and Variable Three from Category Two is examined.

The findings have indicated that the SLP are extorting money from the public at checkpoints along the Pendembu-Kenema route, the Dandu Crossing point with Guinea and to a lesser extent on the Pendembu-Kailahun route. The exploitation forms part of a criminal police shadow economy, which has been identified as a factor influencing the decisions of individuals to trade with Guinea and Liberia. The activities of the SLP mirror those of the “sobel” that exploited the public during the intrastate conflict and as such are a continuation of a war-time shadow economy. These acts suggest that the process of personal accumulation has continued into the peace time era supporting Cramer’s argument that the ‘war economy (itself shaped by specific pre-war processes and structures) will shape the peace’.⁷⁰⁶

Most importantly SLP exploitation of the public is extremely likely to be understood in the context of their inadequate wages and the inability of the government to generate finance to fund the PRSP. The current monthly wages for the SLP are ‘\$44 for junior offices, \$73 for middle ranking and \$117 for senior officers’.⁷⁰⁷ This view is corroborated by that of Hanlon and Ebo who hold that low public sector wages is a contributory factor to corrupt behaviour within the public sector and is likely to contribute to distrust between the security forces and the public.

⁷⁰⁶ Cramer (2008), p. 133

⁷⁰⁷ Telephone interview with trainee teacher Nasiru Cole 31 August 2011

It is not allowed it is against the law they are not supposed to do it but when salaries are not equivalent, to what you spend, there is a tendency to become corrupt, the salary structure is just too bad. So if your salary cannot feed you for the month then you are prone to corruption. It is a form of corruption when you take money from the driver and allow them to go. You do not even check things in the vehicle, maybe they have arms and ammunition, you do not know but just because the driver has shaken hands they let them go, as long as you have got your 5,000 Leones you let them go.⁷⁰⁸

The activities of the SLP are very possibly compounding the already dire financial position of the agricultural community, exacerbating the financial hardship within individual households and hampering local investment 'If you are now going to Kenama to buy your goods to bring it here for sale they take extra money from what you have, because you have the intention to buy your goods'.⁷⁰⁹ The failure of the government to increase public sector pay to living wage levels suggests that the neo-liberal fiscal policy of public sector wages kept within the confines of the budget, introduced under the I-PRSP and recommended by proponents of the liberal peace, has continued under the PRSP Programme.

The ability of individual officers of the SLP to operate in such a manner with absolute impunity, suggests that the problem of corruption is both endemic and condoned in the SLP and possibly elsewhere in the public sector. It is for example unlikely, that junior officers of the SLP could behave in such an overt corrupt manner, without the knowledge of their superiors.

Representatives of government officials that are sent to put stop to such things, when they come they are bribed, or when they are bribed they, seal their mouth. They say nothing, when they return they say the work is done that is what they do. If it

⁷⁰⁸ Interview No 39 Second Round Male Teacher, 2 September 2009

⁷⁰⁹ Interview No 44 Second Round with Female Trader No 1 Group B, 6 September 2009

is a lie why do the police receive extra from the drivers and no action is taken.⁷¹⁰

A further explanation for the corrupt behaviour of the SLP is that they may identify themselves as an elite group within society. There is a strong possibility that there is subjective sense of group based injustice and that they feel justified in their actions as members of the security force whose position in society is not reflected in their pay packets. The absence of police checkpoints, combined with better infrastructure may be a further incentive for individuals to trade with Guinea.

Immediately you cross the border checkpoint into Guinea you are free there are no areas where they ask you to pay money within the country. It is only the matter of entering into the country that they might ask you, to pay a custom fee. When you get to the country you can freely move with your goods and the road condition there is very good.⁷¹¹

The budgetary constraints which have hampered public sector reform call into question Sierra Leone's capacity, through its PRSP to implement a coherent poverty reduction strategy as part of the peace-building process. It also offers an explanation for the endemic corruption within the public sector. The inefficiency and corruption that the IMF attempted to eradicate through the PRSP and institutional reform, is struggling to achieve positive results. The situation highlights the structural weakness of the institutions and would suggest that Fukuyama's and Paris's recommendations to strengthen public sector institutions as part of the state building process have yet to be realised.

The pay structure is bad, there is no incentive. There is a public service programme in operation that is to take care of pay promotion and recruitment so that whoever goes for retirement takes retirement, because there are a lot of ghost workers in the system. Government is in dilemma, it is under pressure to increase wages but at the same time it has ghost workers within the system.⁷¹²

⁷¹⁰ Interview No 17 Second Round with Male Farmer No 1 Group C4, 25 August 2009

⁷¹¹ Interview No 49 Second Round, with Male Trader, 10 September 2009

⁷¹² Interview with Banguara, government economic adviser on PRSP 14 October 2009

The failure to ensure adequate wages for public servants as part of the peace-building process highlights Mac Ginty's argument that the post-conflict environment is often frozen rather than transformed and that the quality of life and welfare of the public may not improve.

The exploitative behaviour of the SLP is also a sign that the ACC, a vital element of the PRSP and a corner stone of the Good Governance Programme is struggling to protect the public from corrupt public servants at a local level. The World Bank has argued that the public's access to institutions is of critical importance when striving to further individual human rights objectives. Evidence from Pendembu would suggest that the public is unable to neither access legal services nor voice their views on the behaviour of the SLP. The inability of the public to file complaints and seek legal redress supports Sriram's view that the public are unaccustomed to this formal western style judicial process.

The failure of the ACC to tackle an exploitative criminal police shadow economy at the Dandu crossing point with Guinea is fuelling an irregular cross-border shadow economy, 'the custom people are taking excess amount of money from them, so instead of paying they decide to take another route to Guinea whereby they will not pay that custom'.⁷¹³ The failure to increase police pay a key group vital to the peace-building process supports Richmond's argument of the contradictory nature of the liberal peace. It claims to emancipate and yet fails to address key areas such as public sector wages leading to corruption and extortion. Whilst an increase in public sector wages would not eliminate corrupt practices amongst the SLP it could possibly reduce them. Failure to address inadequate pay will ensure that corruption will continue to flourish in the public sector and

⁷¹³ Interview No 11 Second Round with Male Farmer No 2 Group C2, 22 August 2009

that a cross- border shadow economy, facilitated by cross-border family and economic ties, will continue.

It would be advantageous if you have relations in either of the two countries, because they know the secret of the country and they can assist you when you get there in terms of lodging. It is very simple they can lodge you and they can assist you to do your trade in Guinea.⁷¹⁴

The time of year can be critical. ‘The dry season is the best season to do business with a border country, because you can easily walk in the river to the country and get your goods, so during the dry season people are more engaged on this trade’.⁷¹⁵ Those who travel the official route and go through the Sierra Leone customs, are required to have appropriate identification and documentation. Interestingly, the use of the official route is also dependent on cross-border contacts.

I am involved in the Guinea trade I have a friend a Fullah that friend brings the goods from Guinea. I cross the river, I pay customs and everything, then he hands the goods to me, to sell. Later I send message that I am at the border, so the Fullah comes and receives his money my own profit is left to me.⁷¹⁶

This strategy reduces costs as the interviewee is required only to reach the Guinea border and not required to travel into the interior of Guinea. They then benefit financially from the sale of the produce either in Kailahun or Pendembu. An alternative option involves circumventing the customs checkpoint which is referred to as using ‘...the bypass’,⁷¹⁷ and acquiring forged documents in Guinea. This method reduces the costly fees on the Sierra Leone side by circumventing the Sierra Leone checkpoint.

They use bypass because they do not have the complete documents. In Guinea they meet with some of the bosses they will make documents for them. When they return, they will use the main road where they will now come through the

⁷¹⁴ Interview No 31 Second Round with Female Trader, 28 August 2009

⁷¹⁵ Interview No 19 Second Round with Female Farmer, 25 August 2009

⁷¹⁶ Interview No 30 Second Round Male Farmer No 2 Group C3, 28 August 2009

⁷¹⁷ Interview No 37 Second Round Male Farmer, 31 August 2009

custom area in Guinea with the full documentation from the Guinea authorities. They present it at the border to the Sierra Leoneans those are the methods at times to use for the bypass.⁷¹⁸

Whilst opportunities to use this method are numerous, as the border between Guinea and Sierra Leone is porous, local knowledge of the area is critical. The total number of illegal routes used includes ‘about 75 crossing points from Koindu to Sanduru’.⁷¹⁹ When using ‘the bypass’ one should travel lightly:

Small scale business is what we call quick movement rather than those who buy goods in bulk. It is more advantageous for those who buy goods in small quantities, easing their movement between the two countries.⁷²⁰

Alternatively one can travel under the cover of darkness and avoid the custom fee and police extortion. Night-time operations are particularly risky, however these are risks individuals are willing to take to maximise profit and avoid contact with the SLP.

When travelling at night you first have to pray to God, because it is really a risk. Travelling at night carrying your goods to Guinea you go where the police normally sit. Sometimes you will not meet them there you will easily pass into Guinea and have your goods sell it and come back again here. You do not have to pay extra money on your way, so that is one advantage.⁷²¹

Promoting individual human rights was identified by Doyle as an essential requirement for peace and a key objective of Pillar One and Pillar Three. The actions of the police can be seen as running contrary to this objective. It is apparent from the findings that women’s attitudes towards work have changed as they now possess a desire to become engaged in paid work outside of the domestic and agricultural spheres. This change in attitude arises from their dire need to help alleviate the financial hardship within the household. The opportunity however to gain paid employment outside of the informal

⁷¹⁸ Ibid

⁷¹⁹ Interview No 30 Second Round Male Farmer No 2 Group C3, 28 August 2009

⁷²⁰ Interview No 41 Second Round Male Teacher Group A, 2 September 2009

⁷²¹ Interview No 44 Second Round with Female Trader No 1 Group B, 6 September 2009

sector is limited; moreover women continue to experience traditional barriers when seeking employment. This despite government claims that it would ‘...promote labour intensive methods’,⁷²² in agriculture and rural infrastructure as part of its youth employment strategy.

The findings also indicate that the break-up of the family unit caused by the war, has contributed to increased female responsibilities as the intrastate conflict has altered the family structure through death and separation. Furthermore women indicate that they are now aware of their rights within the community and that this awareness has been greatly assisted by legislation, suggesting that Pillar Three objectives on gender equality and empowerment have had a measure of success. It would appear from the findings that the convergence of these factors is responsible for female dominance in small scale trade and their widespread participation in cross-border trade.

Importantly women possessed a greater degree of freedom than men during the intrastate conflict. This experience has been instrumental in altering women’s views regarding their position within society and their involvement in internal and cross-border trade. This development supports Cramer’s argument that conflict may ‘...generate new experiences of labour force participation for women’.⁷²³

Women came into business through the war, during that time women were moving freely through the country, they were not harassed once they had their ID card they were moving fast. Women are attractive at that time when they see a man they would say you are in one faction, being a rebel a soldier, or a Kamajor. This is the reason women were involved in these business transactions, from one point to another, one group to another from this country to another country. This is why today, women are so many in trade.⁷²⁴

The type of harassment that men endured during the war continues to occur at the cross-border checkpoint at Dandu.

⁷²² Government of Sierra Leone PRSP (2005), p. 102

⁷²³ Cramer (2008), p. 123

⁷²⁴ Interview No 28 Second Round with Male Carpenter, 28 August 2009

They feel that men are carriers of all the dangerous things, in terms of war and men are involved in so many unlawful issues, men are very strong, women are innocent, for this reason women are very active, in this cross- border trade.⁷²⁵

This ongoing harassment of men by the SLP is an influencing factor on their economic decisions.

He will leave me and I will cross, a man now, sometimes they will even put you in a cell if you do not have the documents. They will ask you a series of questions if you do not have the documents. That makes most of the men to forget about the business they just leave it in the hands of the women.⁷²⁶

Men are interrogated more than women at the border checkpoint and this is a further factor that accounts for female dominance in cross-border trade. It is important to stress that whilst Pillar Three objectives on gender equality and empowerment have had a measure of success that this alone does not account for the engagement of large numbers of women in cross- border trade.

Women are aware that they will not be searched to the same degree as men.

Looking at the percentage of women and men, the majority are women, the heaviest percentage go to Guinea and the men go to Kenema and Freetown. The reason for this is that women can wrap up easily women can infiltrate easily, and go do their trade through the cross border because of their relationship or their friendliness.⁷²⁷

The obstacles of harassment, interrogation and searches encountered by men together with the awareness that women will not encounter these to the same degree is influencing gender relations as women are now either volunteering or being utilised specifically for illegal cross- border trade. This may be placing women in a vulnerable

⁷²⁵ Interview No 13 Second Round with Female Farmer No 1 Group C3, 24 August 2009

⁷²⁶ Interview No 40 Second Round with Female Teaching Assistant, 2 September 2009

⁷²⁷ Interview No 62 Second Round with Female Farmer, 23 September 2009

position as their capacity to cross the border with relative ease increases the probability that they will be utilised as couriers of illegal goods in order to generate profit.

I use to do the gold dust business, from Pendembu to Liberia; you buy a gram here for ten thousand when you get to Monrovia you sell it for twenty dollar. We the women it is very simple I just make it very small, so no officer will set eyes on it. When I get it I have to put it on my breast or wrap it up in my handbag so you cannot see it, it is not noticeable it is invisible.⁷²⁸

Female dominance in small scale cross-border trade provides further opportunities for SLP exploitation. A percentage of women are engaging in sexual relationships with SLP officials in order to facilitate the cross-border trade process. This factor may account for the fact that women are frequently exempt from customs payment.

If I was engaged everyday using the same route, everyday using the same crossing point, to make things simple what I would do is have a boy friend at the place. So when I get there it is very simple maybe I will spend the night there for that boyfriend before I go to purchase my goods. Let us say that you have come in contact with the boss at the border, you are in love with one of the big bosses. If you get there nobody asks you, as you step in all the guards will hold on to you, they will respect you, nobody will try and stop you. Straight away march to the bus, you get your discussion and you are gone. Out of 100% of women 50% may engage in that kind of way.⁷²⁹

Despite the potential profit to be made from trading with Guinea the fact that women engage in this practice highlights the scope of the SLP to exploit them and lengths to which they will go to maximise that profit. Equally it supports Pankhurst's argument that in the post-conflict period violence against women often continues '.... above the level of pre-conflict violence'.⁷³⁰ In addition the need for women to engage in this practice supports Richmond's argument on the lack of opportunities that emerge under the liberal peace process and the fact that the local voice often remains unheard. Harassment of both sexes

⁷²⁸ Interview with Female Trader Kenema August 7 2009

⁷²⁹ Interview No 15 with Female Hairdresser Group, August 25, 2009

⁷³⁰ Pankhurst (2008), p. 32

has the potential to increase the size of the cross-border shadow economy as individuals choose to circumvent the checkpoint to avoid exploitation and payment.

The inability to reform the public sector through the PRSP and the ACC's failure to protect the public at a local level have allowed SLP corrupt activity to continue unabated and undermine the good governance, institutional reform objectives and the poverty reduction capacity of the PRSP. Failure to address the issue of low public sector wages has fuelled an SLP criminal shadow economy which financially exploits the public. The predatory nature of the police activity is a continuation of a military shadow economy that exploited the public during the intrastate conflict. Crucially the corrupt police activity is creating conditions which are fuelling an irregular shadow economy as individual traders seek to evade payment of customs taxes. The cross-border economic and social ties that predate the PRSP support both the legal and illegal trade and are key components which enable the process to function.

Women's involvement in cross-border trade can be attributed to their changing status within society, increased human rights awareness, the extreme poverty within households and the fact that they are subject to less harassment by the SLP than their male counterparts. The failure to reform the public sector through the PRSP and the ACC's inability to operate effectively at a local level is currently undermining individual human rights which are an essential requirement for peace. These failures allow women to be sexually exploited, generate anger amongst men and increase the possibility that both sexes will circumvent SLP checkpoints to avoid this treatment. This exploitation by the SLP limits male opportunities to trade and restricts their capacity to generate finance in an environment with limited employment opportunities.

The analysis of section 6.2 shows that Variable One Category One which focuses on low public sector wages, police corruption and the inability of the ACC to function effectively at a local level could be a contributory factor in the involvement of the public, particularly women in a cross-border shadow economy. However this variable cannot be examined in isolation but must be examined in conjunction with Variable Three Category Two which considers the changing status and economic roles of women in Pendembu, which can be attributed to the intrastate conflict, a lack of employment, the extreme hardship and poverty within households and the growing awareness amongst women of their rights within society. Accessibility of resources and the availability of economic opportunities are critical factors as to whether an individual will engage in a shadow economy. The extent to which these exist in Pendembu is discussed in the following section

6.3 Patron-client Relationship and the Distribution of Benefit to Rural Areas

Empowering local communities through decentralisation was a key objective of Pillar One. Electing local officials democratically and the facilitation of public participation in the decision making processes were key milestones in this regard. Democratic elections have been identified as an important element of the liberal peace-building process and were identified by Doyle as an essential tool to assist in the construction of republican governments and to improve accountability and transparency. The democratic election of the Paramount Chief in Pendembu during the paramount chief restoration programme in 2002/2003, suggests that decentralisation and the liberal peace process has had a measure of success.

I went into that election, the procedure is if the candidate does not get 5% first round they do not go into the second round. In the first round I got 177 votes as I think there were five or six of us. The second round based on simple majority I got 565 votes. The man who came second got 137 so I had an absolute victory hands down victory. So I became Paramount Chief of

this Chieftom and I have embraced everybody. Once one contests an election and you win there is no need to have badness for anybody.⁷³¹

The findings suggest that the use of a democratic electoral process does not guarantee the removal of traditional hierarchical systems based around family ties. These findings support Kahn's argument that 'competition, transparency and electoral contests do very little to undermine the dominance of patron-client politics and the informal networks mediating the exercise of power'.⁷³² The introduction of the PRSP into a patron-client environment could undermine the externally imposed policies of the liberal peace process and repeat the manipulation of neoliberal policies which characterised the structural adjustment programmes of the 1980s and the 1990s. The following section considers this position and analyses Variable Two Category One and Variable Four Category Two to assess their impact if any on the hypothesis.

Currently a hierarchy exists within the Township. Those in the higher echelons of this society have created and nurtured a structure that perpetuates their positions and potentially restricts the upward economic and social mobility of others. The elite feel that their position affords them superior status within the township.

I am a councillor, I come from a Ruling House, the Kutubu House, and here in this Chieftom we have two councillors. We have six sections within this chieftom and I control four of them. They are my subjects in the four sections. The Paramount Chief controls the entire Chieftom.⁷³³

Viewing the public as subjects, questions the ability of the councillor to effectively represent and be representative of the public at districts headquarter meetings in Kailahun. This factor may have social, political and most importantly economic implications for the

⁷³¹ Interview with Paramount Chief, 30 September 2009

⁷³² Kahn (2005), p. 714

⁷³³ Interview with Councillor No 1, 30 September 2009

public and could account for the poor public-council relationship that exists in the township. This unequal relationship may also account for the difficulty the public have in questioning the Council.

Decentralisation was designed to empower communities and allow them to hold local councils accountable for their decisions. There is no evidence from the findings that would suggest that the public are in a position to hold the council accountable for their decisions as the opportunity to question them seldom arises. The inability of young people and women to express their views at meetings undermines the growth of good civil society and prevents the circulation of information, which according to Paris is important for good governance, poverty reduction and to prevent the potential exacerbation of the post-conflict environment that may occur as a result of political liberalisation. In the absence of locally printed information 'If the news paper is published in 2009 by the time it gets here it is 2010, unless people carry them here from Bo or Kenama'.⁷³⁴ , control of information strengthens the power of the elite over the community, reinforces the patron-client relationship and perpetuates an environment of suspicion and lack of trust.

The authorities are not too transparent; here they play their cards very close to their chests. The other thing is we discriminate as long as you do not belong to the ruling family sometimes even if you are important in the community people will not look at you. They rely more on the Ruling Family if they are from that house they have permission.⁷³⁵

This situation also nurtures an environment of envy 'we do not love one another here we have that PHD syndrome (pull him/her down) whenever somebody wants to climb up, there are people there to control them'.⁷³⁶

⁷³⁴ Interview No 18 Second Round Male No 2 Group C 4, 24 August 2009

⁷³⁵ Interview No 39 Second Round with Male Teacher, 31 August 2009

⁷³⁶ Ibid

The existence of a traditional hierarchical structure allows the liberal peace objectives to be co-opted. The findings indicate that when benefit has come to the township it has been distributed in an inequitable fashion to those favoured by the elders. The infrequent public meetings, the dearth of information, the lack of constructive dialogue and the reluctance on the part of the elders to discuss issues openly with the public, maintain this inequitable relationship.

The position of the elders as the allocators of benefit may be responsible for the reluctance of the public to question their decisions. The findings show that some believe that Freetown may not be sending any benefit and this may be responsible for the lack of development in the Township. Additional research indicates that benefit has arrived and was distributed unfairly.

The housing materials that came here, the people who needed the housing did not get it; they did it through politics, local politics. That was the time they elected the Paramount Chief, those who were supporting him they got their houses, those who were not supporting him they lose.⁷³⁷

The findings indicate that elite accumulation and unfair distribution of benefit for political gain occurred during the recent 2007 elections. This supports Mac Ginty's argument that local elite have the capacity to co-opt the liberal peace process. The elite in Pendembu have embraced liberal democratic processes but continue to operate a patron-client relationship and accumulate resources to bolster their political position in a manner reminiscent of the Steven's regime of the 1980s.

The unequal distribution of benefit further supports the argument that the ACC is unable to operate effectively at a local level and that efforts to strengthen public financial management have been woefully inadequate. These inadequacies support Paris'

⁷³⁷ Interview with Councillor No 1, 30 September 2009

recommendation that political liberalisation should be delayed until institutional strengthening has taken place. Contrary to Jalloh's claim that the 2007 elections are a sign of Sierra Leone's progress in building democracy, the findings from Pendembu suggest that although democratic elections have occurred, political support was gained in a corrupt manner through the patron-client relationship where benefit was accumulated and distributed for political support.

Those who do not support the elders may find themselves economically and socially isolated. Such isolation may compel individuals to deploy an alternative strategy to compensate for the inequitable distribution of resources. The existence of a patron-client system may leave those excluded to behave out of necessity in a similar corrupt manner. Operating in a similar manner could involve relying on ethnic contacts and engaging in the shadow economy.

The issue of corruption, its incidence translates to even the ordinary man becoming also corrupt because he is going to find a coping strategy given the situation, for him to make ends meet, legally or illegally. So it becomes a way of life with him.⁷³⁸

The PRSP process is predicated on the existence of democratic institutions, probity and open accountability, without which efforts to ensure sound public financial management will fail. The current political structure in Pendembu has been based on democratic principles and superficially it would appear as though the elections have been successful and have assisted in the peace-building process. However democratic elections have not done away with the patron-client structure. It remains and is contributing to disunity and a breakdown in communication on account of the reluctance of the elders to engage in meaningful dialogue. The unfair distribution of resources calls into question any progress towards decentralisation and efforts to improve public financial management. The inability

⁷³⁸ Interview with Bangara Government Economic Adviser on PRSP 15 October 2009

of the public to express their objections to what is happening and to seek legal redress through judicial review of council decisions is a further indication that at a local level access to justice remains an aspiration. Those without connections to the elite and who as a result are excluded from benefit distributions may out of necessity engage in a cross-border shadow economy. The analysis therefore suggests that Variable Two Category One and Variable Four Category Two have the capacity to exacerbate already strained domestic finances and make involvement in the shadow economy an attractive option.

Section 6.4 Revenue generation and porous borders

The delegation of substantial expenditure and revenue generation functions to local councils was a key part of the decentralisation process. It also formed part of the PRSP macroeconomic and structural reform process, as ‘sound fiscal policy lies at the core of the government’s economic reform effort’.⁷³⁹ It was necessary to increase revenue in order to decrease external borrowing. The taxation regime implemented in Pendembu mirrors a western-style system, which relies heavily on personal taxation. This section focuses on Variable Three Category One which examines the subject of increased taxation within the township. It also focuses on Variable Five Category Two to consider the difficulties of tax enforcement on a porous border. It is believed that a combination of these factors could impact on the hypothesis and contribute to a cross-border shadow economy.

Two contrasting views on taxation emerged from the findings. A proportion of the interviewees, specifically professionals and traders, expressed a willingness to pay their dues provided the revenue generated is used judiciously. Conversely subsistence farmers consider a tenfold tax increase an unbearable financial burden. Their difficulty in paying any kind of tax arises from the fact that they consume a large proportion of what they grow

⁷³⁹ Government of Sierra Leone PRSP(2005), p. 60

and their involvement in the cash economy is minimal. The financial burden is also immense on households containing a large number of members over the age of eighteen.

The willingness to pay tax is greatly dependent on whether the system is perceived as being fair and just. It could be argued from the findings the current taxation regime being imposed in Pendembu is inequitable. Subsistence farmers perceive themselves as a group who are being unfairly treated. This perception of unfairness may be sufficient grounds for them to grant themselves licence to engage without remorse in a cross-border shadow economy to generate additional income.

At the centre of the inequality of the taxation regime lies the regressive non means tested flat tax, which all individuals over the age of eighteen must pay. Over-dependence on income poverty as the primary measure of poverty is a criticism which has been levied at the PRSP process. Ironically it would appear that even this unbalanced measure was disregarded in Pendembu when the flat tax was imposed. The degree to which the public was consulted prior to it being implemented and the manner in which the PRSP is partnership based and a representation of civil and private society are in question.

The failure to differentiate between the incomes of professionals, traders and subsistence farmers, questions the legitimacy of the poverty reduction ability of the PRSP and indicates that the endorsed fiscal strategy is primarily concerned with raising revenue rather than introducing a fair taxation regime. Most importantly the regime supports Richmond's argument of the importance afforded to neo-liberal policies to the detriment of the local voice in the peace-building process.

Overly optimistic growth projections based on fiscal revenues is a further weakness of the PRSP. This emerged in 2008 when fiscal performance was not as strong as envisaged '....due to a fall in domestic revenues, higher than expected budgeted

expenditure and delays in the disbursement of external budgetary support'.⁷⁴⁰ The IMF attributed the decline of domestic revenue '.... to the under-assessment of most tax payers, and weak enforcement against defaulters'.⁷⁴¹

To address the shortfall, the IMF recommended, that the government increase domestic revenue collection by '(i) establishing a domestic tax department, as a vehicle for achieving integration of domestic tax collection (ii) integrating administration of the GST (Goods and Services Tax) into the large tax payer office, (iii), enforcing tax legislation to eliminate discretionary duty waivers and tax exemptions and reduce tax evasion and (iv), intensifying field audits and enforcement of the payment of tax arrears'.⁷⁴² This taxation strategy supports Richmond's and Philip's argument that institutional reform is being implemented to accommodate neo-liberal policies. The programme would ensure that tax departments are consolidated, tax evasion addressed and the payment of tax enforced. Crucially, the IMF failed to make reference to an income assessment programme that would assist in alleviating the regressive nature of taxation on individual households and assist in the alleviation of poverty.

The decline in domestic revenue was attributed to tax evasion and under-assessment as opposed to the public's inability to pay, suggesting that the IMF lacks understanding of the type of subsistence household that the Sierra Leone government is attempting to tax. In addition the need to increase and broaden the tax base in an environment where already a significant section of the community struggles to pay, indicates the fiscal difficulties faced by the government and its need to satisfy the economic policies of external observers. The fact that the government faces difficulties in implementing its own tailored taxation programme, capable of reflecting the subsistence nature of many households, questions the

⁷⁴⁰ IMF Sierra Leone Poverty Reduction Strategy Paper Progress Report (2008), p. 26

⁷⁴¹ International Monetary Fund Country Report No 08/250 (2008), p. 27

⁷⁴² International Monetary Fund Country Report No. 10/15 (2010), p.10

degree to which the PRSP is country owned. The unsuitable taxation strategy also support Richmond's argument that the liberal peace process often ignores local culture as the limited revenue generating capacity of indigenous subsistence bush farming practices were not considered when the taxation regime was designed.

The IMF diagnosis and the taxation regime implemented, represents a deviation from Lal's proposed strategy, which recommended the taxation of the capital intensive sector during the liberalisation process. The PRSP has rejected this strategy and is thereby driving households into deeper levels of poverty, undermining human rights and development objectives and reducing the public's capacity to afford vital services. These factors may attract individuals into a cross-border shadow economy.

We are doing this cross border trade in order to sustain our life as the government is not in place to assist us, and ease some of the difficulties that we experience. So that is why, if the government is not happy, we will not stop we will continue to do this in order to upgrade our life standard.⁷⁴³

Embezzlement of tax revenue and corrupt behaviour among Pendembu's elite were issues that emerged in the findings and held responsible for the lack of development as well as the failure of development projects. This belief supports Brancati's argument on fiscal decentralization in weak democracies, where regional governments may not distribute funds to the general population.

Feelings of discontentment with the taxation regime are further compounded by the fact that the SLP are the enforcers of the system. This undermines individual human rights, provides a legitimate reason to construct checkpoints, instils fear in the public and weakens public confidence in the taxation process. Furthermore, it creates what Mac Ginty has described as intergroup tension and contributes to the public's disconnection with a

⁷⁴³ Interview No 10 Second Round Male Trader, 14 August 2009

government which has chosen to use a corrupt police force to assist in the implementation of a PRSP policy.

The use of checkpoints as a tax enforcement method limits the mobility of those who have not paid. This factor may increase the attraction of Guinea as a trading partner on account of the smaller number of checkpoints between Pendembu and Kailahun. For individuals who have not paid their tax liability circumvention of the Dandu crossing point is a necessity. As tax enforcers the SLP are afforded an additional opportunity to supplement their wages, as non payment of tax can be overlooked for a sum of money.

The checkpoint is there and there is a mutual understanding, between the driver and the police. That is why you can see a lot of commercial vehicles, commercial bikes, running up and down without proper registration numbers, no insurance and so on. At every gate a police man knows my licence, knows my ID card but at the gate what am I going to do. I produce my 2,000 Leones then the road is free for me.⁷⁴⁴

The rigorous taxation enforcement on the Pendembu-Kenema highway contrasts with inadequate enforcement on the borders with Guinea and Liberia. The number of SLP personnel on the chiefdom border is insufficient to prevent illegal cross-border trade. So that communities in rural areas benefit from institutional strengthening, decentralisation has been recognised as an important part of the peace-building process by Bigombe, Collier and Sambanis. Decentralisation of the police force was part of this strategy with the establishment of provincial and district security committees however these are clearly insufficiently resourced as the border remains porous. Observation in Bomaru in July 2009 revealed four SLP members, patrolling an area of vast dense rainforest.

The police concentration, you have police less than twelve maybe less than ten here, to cover this whole Chiefdom. In Bomaru, where you have the boundary there you have less

⁷⁴⁴ Interview with Agricultural Adviser 23 August 2009

than six; those numbers are too small, for them to control those loopholes.⁷⁴⁵

The PRSP fiscal strategy comprises a revenue generation programme which is exacerbating the financial difficulties of the most vulnerable in Pendembu. The IMF argues that the taxation strategy has underachieved, that tax evasion needs to be dealt with more robustly and the tax base broadened to generate additional revenue. There is an apparent lack of understanding on the part of the IMF and the Sierra Leone government on ability of the public to meet these taxation demands. Currently, the public are unclear as to how the taxation process works and how the revenue generated is spent, as the elders are not communicating this.

The use of the SLP to enforce tax payment demonstrates that the treasury is underdeveloped and lacks personnel. The deployment of the SLP is fuelling anger and tension and leading to the public's disconnection with government. Payment of taxes is rigidly enforced along the Pendembu-Kenema route, however along the border with Liberia it is not because of the abundance of bush footpaths and a lack of SLP personnel. Taken together these factors increase financial hardship and make involvement in a cross-border shadow economy an attractive option. It may therefore be said that Variable Three Category One related to the PRSP considered alongside Variable Five Category Two may potentially impact on the hypothesis. The provision of good quality, affordable services would alleviate hardship and reduce the need to engage in a cross-border shadow economy. The following section 6.5 will analyse the extent to which this has been achieved.

⁷⁴⁵ Ibid

Section 6.5 Service provision and the patron-client relationship.

Decentralisation was designed to make local councils enablers and providers of a number of vital services. The attainment of human rights and development, primary aims of Pillar Three and necessary requirements for peace, are predicated upon the public's ability to access such services.

The findings reveal that the lack of good quality, accessible and affordable services is causing even greater hardship within individual households. This matter can be linked to the PRSP but also to the local patron-client relationship. It is argued that the lack of services in Pendembu may be understood in terms of the absence of NGOs because of the possible threat that they pose to the position of the elite within the township. The findings are contrary to the position of the elders who maintain a positive view of service provision, possibly to demonstrate their capacity to implement development programmes. Building on this argument, the following section analyses Variable Four Category One and Variable Four Category Two to assess their impact on the hypothesis.

The findings reveal that the quality of primary, secondary and tertiary health care being provided in Pendembu is woefully inadequate. Unhygienic conditions, expensive medication, poorly trained staff and expensive referral procedures, are currently forcing individuals into debt every month. This assessment supports Mac Ginty's argument that the liberal peace often fails to provide adequate public goods for those in post-conflict environments. The government's inability through the PRSP to provide affordable, accessible healthcare in Pendembu means the public must rely on herbal remedies from their natural environment or they are compelled to sell agricultural produce which would normally be used for sustaining the household.

We talk of the hospital, if there are no services here, we live on our native herbs and if there are services but not enough in terms of medicine, we farm. What we get from our farm is what we sell to buy medicine, for our children if they are sick or if even we are sick'.⁷⁴⁶

This negative assessment of health care provision contrasts with that presented by the Paramount Chief who argues that the quality of health care has improved and the public can access affordable medication locally.

When you consider the health sector, we have the community health centre here and we also have Catholic Relief Service (CRS). The Ministry of Health under the Sierra Leone government has also trained nearly one hundred traditional birth attendants that assist in those hospitals and those health centres. In terms of drugs I cannot say that there are sufficient drugs in the hospitals, but I think there are drugs that are affordable and accessible in the community.⁷⁴⁷

This positive view of the improvements in the quality of medical staff together with the affordability and accessibility of medication would suggest that the public are being catered for. In reality however medical staff '...prescribe medication that is not available in the hospital',⁷⁴⁸ and the medication that is available is potentially dangerous '...are out of date some of the drugs are not up to date, even to get some of the drugs for certain illnesses it is very difficult'.⁷⁴⁹ The inability of the Sierra Leone government to provide adequate medical supplies and the public's ignorance as to which if any medical resources are actually reaching Pendembu is contributing to a cross-border shadow economy in medical supplies,

Certain medicines that are smuggled into the country, they do not expose it. It is in the corners or the hidden places. They will only expose those that are from within this country. So when a

⁷⁴⁶ Interview No 3 Second Round Male Farmer No 2 Group C1, 4 August 2009

⁷⁴⁷ Interview with Paramount Chief, 30 of September 2009

⁷⁴⁸ Interview with Youth Chairman, 5 October 2009

⁷⁴⁹ Ibid

buyer comes they will just go into the hidden room and take those tablets from Guinea, because if they see it is unlawful.⁷⁵⁰

The alternative to Guinea is to source medical supplies in Kenema ‘... in order to bring simple drugs to Pendembu’.⁷⁵¹ Sourcing medication in Kenema can result in the medication costing more because of the corrupt activities of the SLP on route. Equally no guarantee exists that utilising the cross-border shadow economy from Guinea will result in a reduced price for medical products by the time they arrive in Pendembu

The elder’s positive portrayal of the health service is repeated with the water supply which the findings indicate are poorly maintained and expensive as the public are obliged to purchase chlorine in order to cleanse the water. The view of the Paramount Chief is that ‘...there are six quarters in this Township almost all the quarters have piped pump water you compare that to Kailahun you do not have any piped water there’.⁷⁵²

It emerged from the findings that education is placing enormous financial pressures on individual families. The Paramount Chief was particularly evasive on the issue of the financial costs of education ‘...although education is free it is not cheap, there are certain things that you have to buy’.⁷⁵³ Despite the acknowledgement that education plays a vital role in poverty reduction the government can ill-afford to provide affordable education. Furthermore the difficulties faced by teachers highlights how certain parts of the decentralisation process have not been fully implemented and are placing extra financial burdens on the public ‘we go to Kenema to get salaries and that costs a lot of money back and forth, the road is bad you take the risk especially during the rainy season when

⁷⁵⁰ Interview No 26 Second Round with Female Farmer, 28 August 2009

⁷⁵¹ Interview with Youth Chairman, 5 October 2009

⁷⁵² Interview with Paramount Chief, 30 September 2009

⁷⁵³ Interview with Paramount Chief, 30 September 2009

sometimes the road is almost impassable so it affects us'.⁷⁵⁴ Crucially cross-border trade is generating revenue to fund education.

More women are involved in this cross border-trade because women have many responsibilities. There are certain women they are not with husband and they have children to take care of. They have children who are going to school in bigger towns and they need to pay school fees.⁷⁵⁵

The presence of an NGO in Pendembu could contribute to the provision of services. However the findings show that NGOs do not spend sufficient time in Pendembu to assess the social and economic difficulties of the township. Their absence as been attributed to the elders' negative attitude to outsiders.

Most of the NGO workers did not stop here to establish their offices in Pendembu, they passed through to Kailahun because the leaders did not give them chance to break here, to stop here. They were discouraging them the time they came to establish their offices here. They do not want it good for other people they only like it good for themselves.⁷⁵⁶

In contrast the Paramount Chief stated that his relationship with NGOs was good and that he was instrumental in gaining NGO assistance in the reconstruction of war damaged houses in 2002 and when he was elected leader in January 2003.

There were very few houses that were not tampered with, when I came into power. Immediately after my election because of my relationship with NGOs and other functionaries, developmental programmes, I lobbied NGOs to ensure that they bring in some shelter programmes.⁷⁵⁷

The chief further stated '....that there was a lot of beneficiaries in that respect';⁷⁵⁸ however the analysis has suggested that those who benefited from construction materials were those who provided political support to the Paramount Chief.

⁷⁵⁴ Interview No 39 Second Round with Male Teacher, 2 September 2009

⁷⁵⁵ Interview No 18 Second Round Female Trader, 24 August 2009

⁷⁵⁶ Interview No 40 Female Teaching Assistant, 2 September 2009

⁷⁵⁷ Interview with Paramount Chief, 30 September 2009

⁷⁵⁸ Ibid

In stark contrast with Kailahun and Kenema there is no resident NGO in Pendembu, this may be understood in terms of the patronage system that exists in the township. Patronage is built on a foundation of corruption and flourishes in an environment of inequality, interrelationship and interdependency and is intensely suspicious of outsiders. Outsiders, particularly NGOs may threaten the patron-client relationship as NGOs are likely to distribute benefit indiscriminately to the public irrespective of their political background. As such they may inadvertently pose a political risk to the position of the Paramount Chief.

The actions of the Paramount Chief support Mac Ginty's argument that resistance to the liberal peace can occur and result in the peace becoming '...hybridized'.⁷⁵⁹ Non cooperation is based on '...a calculation that life would be easier without the entanglements that exposure to liberal internationalism might bring'.⁷⁶⁰ The outcome in Pendembu is that the public may have to rely on their coping strategies and may have to source building materials in Guinea or Liberia.

There are a lot of goods that they are not getting around here. Let me say some people are now engaging in this border business, these building materials, when they need these things they go to Guinea and Liberia.⁷⁶¹

The failure to provide affordable, good quality, accessible services for the public is potentially creating further hardship and poverty increasing the likelihood that individuals will engage in the cross-border shadow economy. Evidence from the analysis suggests that the public are compensating for the lack of healthcare supplies by purchasing illegally smuggled medical produce from Guinea. Furthermore women are engaging in cross-border trade to generate capital to finance their children's education.

⁷⁵⁹ Mac Ginty (2010), p. 402

⁷⁶⁰ Ibid

⁷⁶¹ Interview No 38 Second Round Male Trader, 1 September 2009

Those that go to Guinea to do their business will not help to develop this country. It is just that people do not want to go bed hungry, so they strike hard to do this for their little children, so that they can assist the family in terms of clothing, feeding and education.⁷⁶²

The failure to provide adequate services in the township cannot be attributed to the shortcomings of the PRSP alone. Local factors may also be responsible. The presence of a full-time NGO in Pendembu would go far to help alleviate the poor quality and cost of services. The threat that an NGO may pose to the patron-client relationship may account for their absence from the township. It was envisaged that FDI and private sector development would provide an additional source of revenue for the treasury, assist in the provision of services and address the unemployment crises through investment. These factors may be hampered by poor infrastructure. The following Section 6.6 examines the variables related to these issues.

6.6 Foreign Direct Investment, Private Sector Development and poor Infrastructure

Pillar two of the PRSP focused on providing an attractive environment for foreign direct investment which has been identified by the World Bank as an essential prerequisite for economic growth and poverty reduction. FDI is dependent on free trade, a factor which Doyle identified as an essential requirement for lasting peace between liberal states. In turn both FDI and free trade are dependent on institutional reform, particularly in the legal sector, to allow for the incorporation of firms and to facilitate business transactions through contracts.

Currently, Sierra Leone operates an ‘open legal regime for the entry and establishment of foreign investment’.⁷⁶³ This regime was greatly supported by the 2004 Investment Promotion Act which aimed to ‘....facilitate registration of business

⁷⁶² Interview No 26 Male Farmer No 1 Group C1 28 September 2009

⁷⁶³ United Nations Investment Policy Review of Sierra Leone (2010), p. 25

enterprise’,⁷⁶⁴ assist ‘...investors in obtaining permits’,⁷⁶⁵ ‘.... provide information to potential investors,’⁷⁶⁶ and to ‘....assist potential investors in identifying joint venture partners in Sierra Leone’.⁷⁶⁷ FDI can bring external capital, access to external markets and provide an invaluable source of revenue, which can be used to provide essential public services as part of the peace-building process. In order to examine how FDI may impact on the hypothesis this section examines Variable Five Category One, which considers how the PRSP has accommodated external investment through low export levies. Variable Six Category One is analysed to examine how the PRSP process has been unable to generate employment through foreign direct investment particularly for men. Finally, this section analyses obstacles to growth in the township, by examining Variable Six Category Two which focuses on poor infrastructure and external trader exploitation.

The findings have shown that FDI arrived in Pendembu with the Swiss owned organic cocoa firm Bio United which is part of a larger cocoa firm Bio Lands International. This firm is jointly owned by Swiss cocoa and manufacturing giant Barry Callebaut. To accommodate private firms such as Bio United, Pillar Two, by continuing with the neoliberal process of liberalisation provided an attractive taxation environment. The PRSP states that:

export duties are eliminated and a duty drawback system introduced for exports. The income tax regime now includes a provision for a more generous depreciation schedule and the corporate rate of tax has been reduced, trade and exchange rate systems are liberalised.⁷⁶⁸

The attractive tax environment is reflected in Bio United’s tax contribution to the local area and the treasury ‘.... In Pendembu they ask us to pay a Chiefdom tax, last year this was

⁷⁶⁴ Government of Sierra Leone, Investment promotion Act (2004), p. 3

⁷⁶⁵ Ibid

⁷⁶⁶ Ibid

⁷⁶⁷ Ibid

⁷⁶⁸ Government of Sierra Leone PRSP (2005),p. 92

50,000 Leone which is about \$30 when we come to the export level at Freetown port they say you have to pay a levy which is 2.5%'.⁷⁶⁹

Imposing a minimal 2.5% export levy requires Sierra Leone to generate revenue from alternative sources and accounts for the IMF's recommendation to broaden and expand the domestic tax base. The lack of revenue generated from FDI potentially impacts on the capacity of the government to provide good quality, affordable services and reform public sector wages as part of the peace-building process. Low public sector wages have been attributed as partially responsible for the SLP's exploitation of the public in section 6.2. A low export levy rejects Lal's recommendation to tax the capital intensive sector to assist the public through the liberalisation process. Solá Martín's research on Sierra Leone reinforces this assessment and points out that in the mining sector '....only meagre revenue from gold and diamonds has been diverted into social programmes'.⁷⁷⁰

Elite accommodation and cooperation with Bio United assisted in the establishment of the firm and supports Mac Ginty's argument that aspects of the liberal peace can be embraced by local actors.

Bio United told me that they wanted to infiltrate the other communities so I wrote a letter to all my sections to tell them about Bio United and that they should allow them to operate in all of their sections and all of their towns for they have come to help the farmers.⁷⁷¹

This argument is supported by Solá Martín whose research on the mineral area of Kono in Sierra Leone indicates that Chiefs as 'custodians of the land, use their prerogatives to go into mining agreements with foreign companies',⁷⁷² often to benefit themselves.

⁷⁶⁹ Interview with Agricultural Coordinator Bio United, 15 September 2009

⁷⁷⁰ Solá Martín (2009), p. 301

⁷⁷¹ Interview with Paramount Chief,

⁷⁷² Solá Martín (2009), p. 304

The distribution of micro finance to women to assist in private sector development at a local level was an important objective of Pillar Two. The findings indicate that women are using this finance to engage in cross-border trade.

Women are given micro credit assistance that is why women are involved in type of business. Even myself I am involved in that micro finance assistance that they give us. We use that micro finance to do that trade with Guinea.⁷⁷³

Evidence from the findings reveals that some women are reluctant to engage in this process because of the high interest on loan repayments. These findings correspond with Bateman's research which argues that Micro Finance Institutions are aware of the profits generated from cross-border trade. These institutions wish to increase their profits and this is '....achieved by inflating their interest rates'.⁷⁷⁴

Micro finance is designed to encourage economic growth through business establishment in the local economy. The use of this capital to purchase cheap goods in Guinea, which are sold at a profit in Pendembu, may not be of benefit to the local economy.

If you are going into Guinea you have your palm oil and you carry it, you sell it at a high price so you are going to buy their goods at a cheaper rate. When you bring those goods to Pendembu you sell them and you will get a lot of profit. If you are carrying your palm oil to Kenema for sale, people will try to buy it from you at a low cost and when you sell it you will not get a high profit.⁷⁷⁵

The actions of the SLP on the Pendembu-Kenama route, the high interest rate repayments on loans together with the porosity of the border leaves little alternative but every incentive for women to trade for profit with Guinea.

That is why most people refuse to trade in Kenema or Kailahun, because let us take it this way if you go and have this micro loan and you are working with it that is people's

⁷⁷³ Interview with Female Farmer No 2 Group C2, 5 August 2009

⁷⁷⁴ Interview with Female farmer No 2 Group C2, 5 August 2009

⁷⁷⁵ Interview No 44 Second Round with Female Trader No 1 Group B 6 September 2009

money. If you are spending it all the time, on government issues all the time on the road, the money will finish.⁷⁷⁶

Pillar Two stated that the improvement of the road network was necessary to attract ‘... foreign, local and private investments in agriculture’.⁷⁷⁷ The findings indicate that the development of infrastructure between Pendembu and Kenema has not occurred. The poor road is contributing to a sense of despair and is partially responsible for what the people of Pendembu believe is a weak relationship between the township and Freetown. The interviewees’ cynicism on the future prospects of the Pendembu-Kenema highway, contrast with the optimism of the Paramount Chief:

Talk about major roads trunk roads from Kenema to Pendembu the contract has been awarded I want to thank his Excellency the President and the Government for awarding that contract. The road construction will come into effect in October 2009. I think that it will attract investors. Commercial vehicles will easily drive from Kenema to Pendembu.⁷⁷⁸

Construction of the Pendembu-Kenema route is dependent on external finance and currently ‘... no work has commenced on this route’.⁷⁷⁹

Serious negotiations are going on to pick up other roads, including the ones from Kenema to Koindu, Kenema to Kailahun, and the roads to Liberia and the feeder roads are also being taken up. We are seeing a promising leadership, but it is a lot of money. One kilometre of all weather trunk roads is huge money but it is all about determination and registering with our development partners.⁷⁸⁰

The reconstruction of this highway is important for the peace-building process and to move towards ‘disenclavisation’,⁷⁸¹ of the Kailahun district. The physical danger of travelling this route and its inaccessibility during the rainy season fosters feelings of disconnection between the public and the government that commenced with the closure of the Freetown-

⁷⁷⁶ Interview with Female Farmer No 1 Group C2, 19 July 2009

⁷⁷⁷ Government of Sierra Leone PRSP (2005), p. 87

⁷⁷⁸ Interview with Paramount Chief, 30 September 2009

⁷⁷⁹ Telephone Interview with Nairu Cole, 30 September 2011

⁷⁸⁰ Interview with Banguara Government Economic Adviser on PRSP, 16 Oct 2009

⁷⁸¹ Jackson (2008), p. 278

Pendembu railway and the SLPMB. Disenclavisation through road construction could assist the peace-building process by physically reconnecting the districts.

As the area is traditionally associated with the SLPP party and not the APC which is currently in power, a belief is held that Freetown is partially responsible for the failure of the PRSP, the poor road and general neglect of the Kailahun district as a whole. These feelings suggest that a dialogue between Pendembu and Freetown about the financial constraints in implementing the PRSP have not taken place. The lack of dialogue reinforces Richmond's argument that the liberal peace focuses on high level dialogue on peace-building issues and ignores the local voice.

The PRSP has not been successful in Pendembu, the reason why is this part of the country, the Kailahun district, you the white people should know how this country is being run. Everything in this country is based on politics. We in the Kailahun district, we are normally known for the SLPP, go to the Temne line they are known for the APC so we have that difference.⁷⁸²

Four wheel drive vehicles or large trucks, can be driven on the Pendembu- Kenema highway, however these vehicles are normally only available to NGOs and large private sector firms, such as Bio United. Undertaking this route is an enormous challenge for individual farmers and because they cannot access markets for their produce they are open to exploitation by external traders. The poor road condition is limiting the choices and opportunities available to farmers from the amount of produce that they grow, to their ability to transport this produce, through to the prices that they are offered by external buyers.

Our farm products that we harvest, if traders come, due to all the activities that they undertake, transportation and issues at the checkpoint, when they come any price that they ask for our product we accept it. If we do not accept, the products will get

⁷⁸² Interview with Councillor No 1, 30 September 2009

rotten and we will make a loss. So what they say is what we sell our products on because we do not want to lose our products by them rotting.⁷⁸³

Taken together these factors may account for cross-border trade with Guinea to generate profit from the sale of agricultural produce

Bio United claims to have offered farmers an alternative to accepting the extortionate prices offered by external traders. During the rainy season external traders would supply a quantity of rice to farmers and in return would demand twice the value of the rice in cocoa ‘.... So farmers had to do work and pay them, they were never free from their debt’.⁷⁸⁴ Bio United has adopted a new strategy, it is ‘pre financing farmers giving them some money to help them brush their farms’,⁷⁸⁵ farmers are not required to pay ‘....interest on these loans.’⁷⁸⁶ The firm advises farmers that they ‘sell your cocoa to us we pay you on the existing price and you then give us our money back’.⁷⁸⁷

Bio united claims to provide farmers with a fair price for their produce ‘....we give 2100 Leone’s (48 cent) per pound for cocoa so most of our competitors had to rise up their price’.⁷⁸⁸ However this price does not match what was offered by the SLPMB, ‘We now have got Bio United and they are not paying the actual price that the SLPMB was paying’.⁷⁸⁹ The current arrangement has indebted farmers to Bio United as they are compelled to sell their produce to this firm. The firm has arguably monopolised the market as it is now purchasing produce from ‘23,000 farmers in the Kailahun, Kono and Boidu area’.⁷⁹⁰

⁷⁸³ Interview No 19 Second Round with Female Farmer 25 August 2009

⁷⁸⁴ Interview with Agricultural Coordinator Bio United, 15 September 2009

⁷⁸⁵ Interview with Agricultural Coordinator Bio United, 15 September 2009

⁷⁸⁶ Ibid

⁷⁸⁷ Ibid

⁷⁸⁸ Ibid

⁷⁸⁹ Interview with Female Farmer No 1 Group C3, 25 July 2009

⁷⁹⁰ Interview with Agricultural Coordinator Bio United, 15 September 2009

The findings indicate that the closure of the SLPMB had a negative psychological and economic impact on the community. The closure of this firm contributed to unemployment (particularly male) in the township. Most importantly Bio United has not fully compensated for the loss of this employment as it is currently employing '21 full-time and 91 part-time staff',⁷⁹¹ as opposed to '....79 full-time and 215 part-time',⁷⁹² with the SLPMB. The wages are inadequate '....with full time staff being paid \$1.50 per day and casuals \$1.25 for a nine hour day with a one hour break'.⁷⁹³

The PRSP employment objectives included '....capacity-building and training for unskilled or semiskilled and unemployed youth, including former demobilised combatants, in the informal sector and linking them to job opportunities in the private and public sectors'.⁷⁹⁴ However, to date these opportunities have not arisen as '....economic growth in the country has not led to the creation of a significant number of jobs in the formal sector'.⁷⁹⁵ A local survey carried out in September 2011 found that there were '....896 young people unemployed in Pendembu',⁷⁹⁶ and a total '3650 in the upper Bambara chiefdom'.⁷⁹⁷

Badmus and Ogunmola have argued that the World Bank has assisted the peace-building process in Sierra Leone through their Economic Recovery and Support Fund, which involved training ex-combatants with the necessary skills to allow them to reintegrate back into society. These programmes are unlikely to succeed if there are no job opportunities available at the end of the programmes.

⁷⁹¹ Telephone interview with Nasiru Cole, 2 September 2010

⁷⁹² Ibid

⁷⁹³ Ibid

⁷⁹⁴ Government of Sierra Leone PRSP (2005), p. 103

⁷⁹⁵ Cubitt (2011), p. 9

⁷⁹⁶ Telephone interview with Nasiru Cole, 17 September 2011

⁷⁹⁷ Ibid

Some of the youth were in school when the war broke out. They joined the rebel forces they fought for eleven good years. At the end of the day nothing came out of it only destruction. Some of these boys have now become men. When the DDR programme came about some of them were enrolled in skills training centres. When they finished their training after the six month programme they were given start up kits. Most of them sold those kits now they are crying they do not have jobs. They were big men during the war. They do not want to go through the hard way to earn money they want that easy way.⁷⁹⁸

Pugh has raised the question based on research in Bosnia Herzegovina ‘... whether a reliance on export-led growth to satisfy market demands for cheap resources is an optimal economic strategy for an economically underdeveloped and weak state emerging from conflict’?⁷⁹⁹ This question is equally applicable to Sierra Leone. Neo liberal strategies encouraging FDI have not compensated for the loss of the SLPMB. The lack of an industrial base and preservation of a low export levy on commodities restricts the capacity of the government to generate sufficient revenue from this sector. Evidence from Pendembu suggests that neo-liberal strategies appear contradictory and unsuitable for a post-conflict environment as recommendations to increase and broaden the tax base are implemented while measures to provide employment in the formal sector continue to flounder.

While it is almost impossible to link neo-liberalism to a cross-border shadow economy in Pendembu, there is a strong argument to suggest that is not providing opportunities for the public to emerge from this process. Local factors need to be considered; the poor road, high interests rates charged to women in the micro finance sector and the low prices offered to local farmers for their produce may all increase the likelihood that individuals will engage in a cross-border shadow economy to generate income. The analysis suggests that the local voice on peace-building issues is being

⁷⁹⁸ Interview with Paramount Chief 30 September 2009

⁷⁹⁹ Pugh Cooper and Goodhand (2004), p. 168

ignored and that Richmond's call for a post-liberal agenda that is participatory, locally owned, self sustaining and emphatic could very well assist the people of Pendembu.

Conclusion

The goal of this chapter was to test the hypothesis that 2005 PRSP policies are exacerbating domestic finances in the border town of Pendembu and therefore making involvement in a cross-border shadow economy an attractive option. Achieving this objective involved an analysis of the variables that were outlined in Chapter One in Category One and Two. King, Keohane and Verba have highlighted that we will never know a causal inference for certain, and on the basis of the analysis it would be incorrect to state unequivocally that PRSP policies are exacerbating domestic finances and contributing to a cross-border shadow economy when there are a host of local factors that could equally be responsible for individuals engaging in this process. These factors are summarized below.

The first area of analysis 6.1 focuses on the cross-border economic and social ties that exist between people in Pendembu, Guinea and Liberia. This section analyses Variable One and Two Category Two by examine the contribution that the geographical location of the township and the intrastate conflict play on cross-border trade. The pre-existence of these connections may accommodate a cross border-shadow economy. The second area of analysis 6.2 focuses on the budgetary constraints of the PRSP and how this may influence the activities of the SLP and women in the cross-border shadow economy. The section examines Variable One Category One which concentrates on low public sector wages, police corruption and the inability of the ACC to address this situation locally. The second area of analysis in this section focuses on Variable Three Category Two which considers

the changing status and economic role of women and how SLP activity is impacting on their involvement in the cross-border shadow economy.

Section 6.3 continues the process of examining variables related to the PRSP in conjunction with local variables that could impact on the hypothesis. Specifically it examines Variable Four Category Two and focuses on the role and economic dominance of the elite by paying particular attention to benefit distribution within the township. In addition Variable Two Category One is examined which considers benefit distribution to rural areas. Section 6.4 focuses on an analysis of PRSP fiscal policy and examines Variable Three Category One to assess the impact of increased taxation on the public. This examination is important to assess the degree to which the public were consulted prior to the completion of the final draft of the 2005 document. Variable Five Category Two which focuses on the subject of a porous border is investigated. It is considered that the combination of increased taxation and border porosity may potentially impact on the hypothesis.

Improving service provision was a central goal of Pillar Three of the PRSP and is a vital element in a post-conflict environment to help alleviate the everyday difficulties of those emerging from the traumatic experiences of an intrastate conflict. It is considered that expensive, inaccessible services may potentially exacerbate the post-conflict environment.

Section 6.5 examines this issue by analysing Variable Four Category One. In addition the impact of local factors on service provision are assessed, specifically the role of the local elite. This required an analysis of Variable Four Category Two. The final area of investigation Section 6.6 focuses on the contribution that FDI makes to Sierra Leone and Pendembu and how it may be impacting on the hypothesis. The initial analysis focuses on Variable Five Category One to examine how the PRSP has accommodated FDI through

low export taxes. The analysis of Variable Six Category One was undertaken to assess whether the PRSP through FDI has alleviated the unemployment situation in Pendembu. The local variable examined in this section is Variable Six Category Two, which centres on the poor road condition and its impact on Pendembu traders. It is considered that this factor may hamper private sector development and hence impact on the hypothesis.

The analysis of these individual factors indicates that the inhabitants of this border community participate in cross-border trade on account of pre-existing family and economic ties that exist between the three countries of Guinea, Liberia and Sierra Leone. Most importantly some of the inhabitants of Pendembu feel that they have more in common with their neighbours in Guinea and Liberia, because of family and trading connections and the close proximity of the township to the border, than their fellow countrymen in Bo and Freetown. Cross-border trade has increased as a result of the intrastate conflict. Traditional traders such as the Fullah and Mandingo have now been joined by the Mende who were exposed to these trading patterns during the conflict. These factors which pre-date the PRSP may accommodate a cross-border shadow economy.

Section 6.2 argues that the failure of the PRSP to reform the public sector and provide a living wage to public servants leads to exploitative, corrupt behaviour amongst officers of the SLP. It also indicates that public sector wages have been restricted within the fiscal confines of the budget as recommended by proponents of the liberal peace. The SLP's to exploitation of the public points to the inability of the ACC to function effectively at a local level. Importantly the population's reaction to the SLP's activities is to choose to trade with Guinea and Liberia on account of the reduced protocol on the Pendembu-Kailahun route. This section further argues that the SLP's exploitative activities are undermining the human rights objectives of the PRSP. The fact that men are harassed more than women at SLP checkpoints has resulted in women becoming widely involved in small

scale trade. Whilst subject to less harassment than men, women are nonetheless exposed to sexual exploitation and have become involved in the criminal aspect of the cross-border shadow economy. It is important to point out that female involvement in cross-border trade cannot solely be attributed to progress in gender equality, when clearly male harassment at checkpoints may be powerful influencing factors. Variable One Category One may impact on the hypothesis by creating greater financial hardship, however this variable cannot be looked at in isolation as Variable Three Category Two must also be taken into consideration as a factor that may play a role in a cross-border shadow economy.

As it could impact on the success of PRSP policies it was important that the social and political environment that the PRSP was introduced into was analysed. The analysis in Section 6.3 argues that despite holding democratic elections the political structure in Pendembu remains based on a patron-client relationship. This relationship may explain the unequal distribution of benefit which has taken place in the township. This factor suggests that the political structure that manipulated neoliberal policies during the 1980s and 1990s continues to operate at a micro level in Pendembu. This unequal distribution of benefit further demonstrates the weakness of the ACC to monitor the distribution of benefit and would suggest that public financial management needs considerable improvement at a local level. Unequal distribution of benefit is highly likely to exacerbate the financial hardship of those who are excluded. Crucially these individuals may have little alternative but to behave in a similar corrupt, dishonest manner, which may include engaging in a cross-border shadow economy. Variable Two Category One and Variable Four Category Two may be contributory factors in a cross-border shadow economy.

Section 6.4 analyses Variable Three Category One to assess the impact on the public of the PRSP revenue generation strategy. The analysis indicates that the revenue generation element of the PRSP, which is part of its overall fiscal policy, is inequitable and

has deviated considerably from the strategy put forward by Lal. The tenfold personal tax increase together with the absence of a means-testing programme questions the poverty reduction capacity of the PRSP. Moreover it questions the degree to which the public were consulted as part of the peace-building process by the architects of the PRSP as evidently subsistence farmers are finding the increase in taxation financially unbearable.

Crucially, the taxation strategy has underachieved, which according to the IMF can be explained by underassessment and tax evasion as opposed to the inability of the public to pay. The negative impact of the taxation regime is further compounded by the use of the SLP as a tax enforcement body. This has created a negative view of taxation and weakens public trust in the government. The porosity of the border makes tax collection a difficult task and is an invitation for a cross-border shadow economy. Variable Three Category One may potentially exacerbate financial hardship, but Variable Five Category Two may equally be a factor that entices the public into a cross-border shadow economy.

Section 6.5 focuses on the provision of services in the township and investigates the conflicting views on this subject. Specifically, it examines how the views of the elders on service provision contrasts with that of the findings. The analysis reveals that in the absence of good quality, affordable medical services the interviewees rely on herbal remedies from the natural environment or sell produce earmarked for domestic consumption to pay for healthcare and medicines. The shortage of medical supplies is supplemented by products brought across the border from Guinea. In addition educational costs are being met by the revenue generated from cross-border trade. It is suggested that the complete absence of an NGO in the township can be explained by the threat that such an organisation would pose to the elite and the status quo of the patron-client relationship. This demonstrates how the elite can reject aspects of the liberal peace. It would therefore

be incorrect to state that the lack of services may be contributing to a cross-border shadow economy when the behaviour of the local elite may be just as responsible.

The final section 6.6 focuses on the impact of FDI, a key objective of Pillar Two. The analysis centres on Bio United, a foreign owned firm in the research area, to demonstrate the extent to which FDI may impact on the hypothesis. The analysis argues that the PRSP continues to utilise neo-liberal strategies and has preserved an attractive tax environment, by sustaining a low export levy of 2.5% to accommodate the export of cocoa. The low revenue generated from the export sector potentially limits the capacity of the government to reform the public sector and provide adequate public sector wages and services as part of the peace-building process. The low revenue generated from the export sector may account for the need to increase and broaden the domestic tax base. Crucially Bio United, whose establishment was accommodated by the local elite, has not fully compensated for the job losses that occurred with the closure of the SLPMB. Increasing domestic taxation whilst simultaneously failing to provide jobs, suggests that the neoliberal strategy is contradictory and inapplicable in a post- conflict environment. Local factors including the poor road, high interest payments on micro finance loans and exploitation by local traders are hampering local private sector growth. These local factors may potentially impact on the hypothesis. FDI may not directly affect the hypothesis but based on the analysis it appears to have limited capacity to entice individuals out of the shadow economy and provide them with employment in the formal sector.

Conclusion

The aim of this thesis was to investigate whether a relationship exists between the 2005 PRSP, the border community of Pendembu and a cross-border shadow economy with Guinea and Liberia in West Africa. In order to answer this research question the thesis set out to test the hypothesis that 2005 PRSP policies are exacerbating domestic finances in the border township of Pendembu and making involvement in a cross-border shadow economy an attractive option. It is held that achieving this objective would assist in the furtherance of knowledge on border communities in post conflict Sierra Leone.

The research has argued that individuals from the township of Pendembu engage in cross-border trade on account of the myriad of economic and social ties that exist with the peoples of Guinea and Liberia. These ties predate the 2005 PRSP and have arisen naturally by virtue of the geographical location of the township, inter-marriages and tribal connections that transcend existing colonial boundaries. These pre-existing cross-border ties were further reinforced following the movement of refugees from Pendembu to neighbouring countries during the intrastate conflict. Taken together, without reference to any other considerations, these factors provide a sound reasoning for past and future cross-border trade and may go so far as to lay the foundation for a cross-border shadow economy.

The research has argued that individuals are engaging in cross-border trade because of the activities of the SLP. Corruption appears to be endemic within the SLP, with unequivocal evidence that they are engaging in a predatory style shadow economy by extorting money from the public on the Pendembu-Kenama route and at the Dandu crossing-point with Guinea. PRSP strategic objectives to reform public sector pay have been shown to be purely aspirational. Budgetary constraints mean that public pay is not at living wage levels, which may provide an understanding for the SLP's behaviour. A

funding deficit hampers public sector governance and institutional reform and undermines Pillar One and liberal peace objectives.

The PRSP should be implemented through a partnership of key stakeholders, who engage with each other as equals, financial dependency however suggests that the relationship between the debtor country and lenders is potentially unequal and represents a continuation of the neo-liberal process of debtor dependency reminiscent of the structural adjustment era.

The fact that the SLP's activities continue unchallenged suggests that the public's access to justice is limited and that in general they struggle to contribute to the peace-building debate. This would indicate that their individual human rights are not being respected and that fear and uncertainty continue to be part of everyday life in post-conflict Pendembu. SLP behaviour towards the public accentuates the weakness of state institutions, as government fails to protect its citizens as part of the peace-building process and reinforces the IMF's prognosis that the ACC is underachieving. Economically the SLP's actions hamper trade with Kenema, local private sector development, internal trading networks and restrict the economic freedom and choice of the public by erecting obstacles to market accessibility. Taken together these factors may exacerbate domestic finances.

The government's failure, through the PRSP, to address inequalities in Pendembu society and monitor the activities of the SLP demonstrates the inter-dependency of the PRSP pillars. Specifically, PRSP policy objectives will inherently underachieve if key institutions such as the ACC are unable to provide support for their implementation at a local level. This factor highlights the need for strong state institutions that are both

sensitive and knowledgeable to local issues to ensure that rural borderland communities are incorporated into the peace-building process.

It would be incorrect to attribute the involvement of women in a cross-border shadow economy solely to the inability to increase public sector wages. The research has revealed that because men are harassed more than women by the SLP at the border checkpoints, women are dominating small scale trade with Guinea and Liberia. Women are now more aware of their individual rights as their status and economic position has altered as a result of legislative changes and the intrastate conflict. This enhanced economic status combined with their increased financial responsibilities, may increase the likelihood that they engage in a cross-border shadow economy to generate profit.

The implementation of PRSP policies into an environment that continues to be structured on patronage, risks policy manipulation and subversion in a fashion similar to the structural adjustment programmes of the 1980s and 1990s. The current patron-client relationship in Pendembu nurtures corruption and is creating a dependency on the elite. Accumulation and distribution of benefit by the elite in exchange for political support is contrary to the good governance objectives of Pillar One and the democratic beliefs of the liberal peace. Accumulation and distribution of benefit for political gain suggests that the patron-client relationship that was endemic prior to the intrastate conflict is alive and well in Pendembu. Continuation of this process risks weakening public financial management objectives and confirms the dangers of political liberalisation prior to institutional strengthening as resources distributed from Freetown, fail to filter down to the most needy. Inequitable resource distribution fosters tension and anger and has the capacity to exacerbate the financial situation within individual households and possibly make involvement in the cross-border shadow economy a necessity for those who are excluded from benefit distribution.

The inability of the ACC to scrutinise benefit distribution and empower the public to hold the elite accountable for the inequitable distribution of benefit profoundly undermines the poverty reduction objectives of the PRSP. The public's inability to question those in authority due to fear would suggest that public empowerment through decentralisation has not fully occurred. The fact that accountability, probity and fairness have not followed democratic elections shows that democratisation goals of the liberal peace-building project to promote such outcomes can be quickly replaced and subverted by traditional ruling methods once a political position is secured. The use of western democratic processes in post-conflict traditional societies as part of the liberal peace process may therefore fail to improve the welfare of the vulnerable and the poor. Inequity in resource distribution has prevented members of the public from engaging in private sector development and has restricted their economic opportunities. Therefore inequitable distribution of benefit by the elite could contribute to the exacerbation of domestic finances and possibly make involvement in the cross-border shadow economy a necessity.

It is stated in the PRSP that fiscal policy was of central importance to macroeconomic stability. Consequently a concerted effort was made from the conception of the PRSP process in 2001 to increase and expand the tax base through increases in value added tax and domestic taxation. The thesis has argued that increases in domestic taxation represent an inequitable strategic objective of the PRSP which have the capacity to exacerbate domestic finances within overcrowded households and subsistence farming communities. This taxation regime has been introduced into a subsistence environment where the public lack understanding of the process. At the core of the problem lies the non means-tested flat tax, which is payable by all those over the age of 18. Rather than taxing the export capital intensive sector the Sierra Leone government has chosen to tax the most

vulnerable in society, which questions the validity of the poverty reduction agenda within the PRSP and its contribution to the peace-building process.

The lack of transparency in the taxation process once again highlights the low level of public empowerment that has accompanied decentralisation and democracy building. Specifically they lack the ability to question those in authority on the levels of tax revenue collected and how it is spent. The lack of information in the public domain challenges the view of the IMF that the Medium Term Expenditure Framework has improved due to public involvement in the budget process and weakens the overall peace-building process.

The use of the SLP as a tax enforcement body reinforces the belief among Pendembu residents that Freetown is unaware and unwilling to address the everyday difficulties that they are encountering. It fails to instil public confidence in the taxation process and reinforces the belief that the government is unwilling to address the endemic corruption in the public service. Most importantly the use of the SLP as part of the revenue strategy justifies the construction of checkpoints and provides an opportunity to extort the public for financial gain. The process is currently instilling fear in the public who now associate non payment of tax with imprisonment.

Using the SLP as part of the PRSP revenue generation strategy is a further indication that the structures and mechanisms for an efficient equitable taxation process have not been established. Its use demonstrates the lack of a coherent taxation strategy as the government lacks in-depth knowledge on the economic circumstances of individuals within the township, as the majority operate in the informal sector. It further suggests that the economic structure of Pendembu society may be unsuitable for a formal taxation strategy and demonstrates the financial predicament of the government who must generate maximum revenue from a limited subsistence base.

The limited revenue generation capacity of rural Sierra Leone was a factor that the architects of the PRSP document would have been aware of. Its representation as a critical element for PRSP success questions the over-arching theme of country ownership. Its inclusion as a key requirement for macroeconomic stability strengthens the argument that the document was created with the view to getting debt relief rather than the actually executing the policies comprised within. The emphasis on macroeconomic stability signifies the importance of neo-liberalism within the PRSP and the position of this ideology within the peace-building process at the expense of the welfare of the public. Increases in government regulation have been identified as a key factor that may entice individuals into a shadow economy. The current PRSP taxation process is possibly providing conditions which may attract individuals into a cross-border shadow economy.

In addition to increased domestic taxation as a possible reason for a cross-border shadow economy is the porosity of the border itself. The research has revealed that the opportunity for the authorities to assess payment of tax on the Pendembu-Kenema route does not present itself on the border with Guinea and Liberia. The porosity of the poorly secured border with an abundance of bush footpaths provides the opportunity for non payment of customs tax and presents a physical attraction for a cross-border shadow economy.

Service provision was critical to ensure the success of the human development objective of Pillar Three and for the promotion of individual human rights. Decentralisation with direct and enabling service provision functions devolved to local councils was key to achieving this objective. However the analysis has argued that affordable, good quality, accessible services are currently not available in Pendembu. The lack of good quality accessible healthcare, together with the cost of medication is currently contributing to a cross-border shadow economy in medical supplies. Furthermore the cost of education is

leaving some women with little option but to engage in cross-border trade to finance their children's education. These factors would suggest that budgetary constraints mean that the provision of good quality, affordable services in Pendembu will not be achieved through the PRSP. The presence of an NGO could potentially alleviate the shortages in service provision. However, the research has argued that their absence may be attributed to the hierarchical structure within the Township and its capacity to resist external actors. The ability of the elite to resist external organisations demonstrates how the liberal peace process can be rejected if it poses a threat to traditional hierarchical structures.

Creating and sustaining an environment attractive to FDI was a key objective of Pillar One and critical to the success of private sector development objectives of Pillar Two. It was shown that FDI has arrived in Pendembu through BIO UNITED. The arrival of this firm to an isolated border community is an indication that the PRSP has been successful in providing the conditions to attract external investment into the cocoa trade. It is also a sign that law reform programmes designed to allow the incorporation of firms and facilitate business transactions through a law of contract are achieving positive results.

FDI provides an ideal opportunity to generate revenue in order to subsidise the wages of workers through liberalisation as part of the peace-building process. However, the Sierra Leone government, through the PRSP, has chosen an alternative strategy. It has facilitated FDI through the neo-liberal condition of liberalisation by preserving, in this case of BIO UNITED, a low export levy of 2.5% for cocoa which is below the standard rate of 3% for raw materials. The contribution to the Sierra Leone economy is limited as the company does not specialise nor does it manufacture the commodity and it is unlikely to contribute to the establishment of an industrial base. The decision facilitates the continuation of merchant capitalism, but must be understood in the context of the lack of an industrial base and also Sierra Leone's reputation as a post-conflict environment.

The firm's provision of loans to farmers highlights the lack of banking facilities in this area but also contributes to their indebtedness. The prices offered to local farmers are said to be less than what was provided by the SLPMB and the firm has failed to fully compensate for the loss of employment experienced by the closure of this state firm. Local elite accommodation of the firm demonstrates how aspects of the liberal peace can be accepted particularly when there is a potential for financial gain from the arrangement. Equally the presence and impact of this firm in Pendembu supports the arguments of the liberal peace critics that institutional reform has been primarily designed to benefit the market, to ensure that investments prosper rather than improving the welfare of the people.

The inability of BIO UNITED to provide employment and to make a substantial contribution to the exchequer reinforces the argument that dependency on export led growth is potentially unsuitable for a post-conflict environment. A co-operative system owned and run by local farmers could provide an alternative to FDI and potentially assist the peace-building process by uniting and empowering the local community. The PRSPs accommodation of foreign direct investment despite the limited revenue from this sector may reduce the finance available for services and public sector reform and therefore potentially exacerbate domestic finances. What is evident from Pendembu is FDI's inability to provide widespread employment in the formal sector in the short-term which may be a reason for the public to depend on the cross-border shadow economy to compensate for the lack of employment.

The capacity of the private sector to develop in Pendembu is severely hampered by the poor infrastructure linking the township with Kenema. The route is navigable by BIO UNITED transport but not so easily by individual farmers. Unable to access markets to sell their produce diminishes their economic opportunities and leaves them open to exploitation by external traders. Equally, the decisions of women to use micro credit to carry out cross-

border trade have been partially attributed to the poor road and the losses incurred on this route in addition to the high interest payments. The inability of local farmers to overcome the infrastructural challenges, in contrast to FDI, reinforces the argument that under the liberal peace the difficulties of everyday life fail to improve for the general public.

The peace-building process in Sierra Leone has failed to commence the disenclavisation of the Kailahun district and address the negative impacts of the SLPMB and the Freetown-Pendembu railway closures. The regeneration of the Pendembu-Kenema route or the Freetown-Pendembu railway line would strengthen the ties between the border community and the interior of the country. Equally a state run environmentally sensitive infrastructural project could assist in the alleviation of the unemployment situation in the township, whilst simultaneously ensuring minimum damage to the environment. The longer Pendembu remains physically isolated the greater the feelings of anger and despair towards Freetown and the greater the possibility that individuals will choose to trade with Guinea and Liberia.

Dependency on the export of raw commodities and the sustainment of minimal export levies will ensure continued dependency on external finance. The lack of an industrial base and efforts to initiate one by the Sierra Leone government and the international community results in the continuation of merchant capitalism and the dearth of revenue within the Sierra Leone economy. The failure of the 2005 PRSP to reduce poverty in Pendembu whilst accommodating neo-liberal requirements as part of the peace-building process would suggest that the government's priority is to satisfy IMF and the World Bank demands. Attributing the cross-border shadow economy to PRSP policies alone would be incorrect when there are a host of local factors that could equally be responsible for individuals engaging in this activity. The government's inability to provide services and employment through the PRSP and its dependency on FDI and the market to

generate economic growth is unlikely to improve the welfare of the public and help lift them out of poverty. These factor may well result in the public continuing to use the cross-border shadow economy as their own poverty reduction and survival strategy in post-conflict Sierra Leone.

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Interviews conducted in Dublin and London

Honohan, Patrick Professor (Economics Department/ Institute of International Integration Studies Trinity College Dublin) Currently Governor of the Central Bank of Ireland 24 April 2008 Dublin.

Toronka, Ali (Trade Affairs Officer, Sierra Leone High Commission London) 14 March 2008 London.

Starcken, Fr Brian Starcken CSSp Holy Ghost Order, 22 March 2008 Dublin.

Interviews Conducted in Freetown and Kailahun Sierra Leone

Banguara, Siaka (Government Economic Adviser on Poverty Reduction Strategy Paper) and Lecturer at Fourah Bay University 14th October 2009 Freetown.

Parish Priest Kailahun, Fr Nathaniel, 18 July 2008 Kailahun.

Academics Consulted on Border Communities

Taylor, Lawrence, Professor (Department of Anthropology, National University of Ireland Maynooth)

Interviews Conducted in Pendembu First Round June-August 2009.

- 1 Interview with Female Hairdresser Group A, 15 July 2009
- 2 Interview with Male Tailor Group A, 8 July 2009
- 3 Interview with Male Teacher Group A, 20 July 2009
- 4 Interview with Female Trader No 1 Group B, 17 July 2009
- 5 Interview with Male Trader No 1 Group B, 17 July 2009
- 6 Interview with Female Trader No 2 Group B, 18 July 2009
- 7 Interview with Female Farmer No 1 Group C1 10 July, 2009
- 8 Interview with Male Farmer No 1 Group C1 13 July, 2009
- 9 Interview with Male Farmer No 2 Group C1 13 July 2009

- 10 Interview with Female Farmer No 2 Group C1 14 July 2009
- 11 Interview with Male Farmer No 1 Group C2 16 July 2009
- 12 Interview with Male Farmer No 2 Group C2 19 July 2009
- 13 Interview with Female Farmer No 1 Group C2 24 July 2009
- 14 Interview with Female Farmer No 2 Group C2 19 July 2009
- 15 Interview with Male Farmer No 1 Group C3, 25 July 2009
- 16 Interview with Female Farmer No 1 Group C3, 22 July 2009
- 17 Interview with Female Farmer No 2 Group C3, 25 July 2009
- 18 Interview with Male Farmer No 2 Group C3, 19 July 2009
- 19 Interview with Female Farmer No 1 Group C4 2 August 2009
- 20 Interview with Female Farmer No 2 Group C4 5 August 2009
- 21 Interview with Male Farmer No 1 Group C4 4 August 2009
- 22 Interview with Male Farmer No 2 Group C4 7 August 2009

Interviews Conducted Second Round August –October 2009

1. Interview with Female Trader Kenema 7 August 2009
2. Interview No 3 Male Farmer No 2, Group C 1, 4 August 2009
3. Interview No 9 with Male Farmer No 1 Group B, 22 August 2009
4. Interview No 10 Male Trader 22 August 2009
5. Interview No 11 Male Farmer No 2 Group C2, 22 August 2009
6. Interview with Agricultural Adviser 23 August 2009
7. Interview No 15 Female Hairdresser Group A 25 2009
8. Interview No 13 Female Farmer No 1 Group C3, 24 August 2009
9. Interview No 16 Male Farmer No 1 Group C4 25 August 2009
10. Interview No 17 Male Farmer No 2 Group C4, 24 August 2009
11. Interview No 18 Female Trader 24 August 2009
12. Interview No 19 Female Farmer 25 August 2009
13. Interview No 26 Female Farmer 28 August 2009
14. Interview No 28 Male Carpenter 28 August 2009
15. Interview No 30 Male Farmer No 2 Group C3, 28 August 2009
16. Interview No 31 Female Trader 28 August 2009

17. Interview No 37 Male Farmer 31 August 2009
18. Interview No 38 Male Trader 5 September 2009
19. Interview No 39 Male Teacher 10 September 2009
20. Interview No 40 Female Teaching Assistant 12 September 2009
21. Interview No 41 Male Teacher Group A, 12 September 2009
22. Interview No 44 Female Trader No 1 Group B, 14 September
23. Interview No 49 Male Trader, 16 September 2009
24. Interview with Agricultural Coordinator Bio United, 15 September 2009
25. Interview No 62 Female Farmer 23 Sep 2009
26. Interview No 67 with Male Trader, 25 September 2009
27. Interview with Paramount Chief Pendembu 30 September 2009
28. Interview with Councillor No 1, 30 September 2009
29. Interview with Youth Chairman 5 October 2009
30. Interview with Nasiru Cole Trainee Teacher/Researcher 2 September 2010
31. Telephone interview with Nasiru Cole Teacher/Researcher 17 September 2011

Further Research in Shadow Economies

A further area for cross border shadow economy research in the Kailahun district is what appears to be a large scale cross border shadow economy in cocoa. Specifically cocoa is transported at night from Ivory Coast and Liberia into Sierra Leone through Koindu and Pendembu. This activity was observed whilst conducting research in Pendembu in 2009.