

## How to Reduce Poverty in Sierra Leone

**By Mohamed A. Jalloh**

Any attempt to address the longstanding problem of poverty in Sierra Leone which does not start by identifying the reasons why our people remain dirt poor amidst abundant natural resources, will succeed only by sheer statistical accident. Therefore, our starting point must be to find an answer to the fundamental question: How did a country which is endowed with great mineral wealth end up depending on international aid for its small population's daily sustenance, with little hope for recovery during the average Sierra Leonean's lifetime? In order to answer this question, it is necessary to go back to an almost forgotten period when Sierra Leoneans enjoyed a comfortable standard of living.

Nearly fifty years ago, the newly-independent Sierra Leone was a peaceful tropical paradise with 24-hour electricity, running tap water, well-functioning schools and hospitals, and a disciplined civil service, police and army. Our country exported rice, diamonds, coffee, and other agricultural and mineral products which enabled us to import consumer goods, medicines, and other goods that most Sierra Leoneans could afford because our country was blessed with a stronger currency than the U.S. dollar. Then came the IMF and the World Bank in the 1970s to join the APC government of President Siaka Stevens in SL – and our once comfortable country promptly began its inexorable descent into the basement of the cellar of human development. That steep decline culminated recently in the cruelest irony and indignity of all -- Sierra Leoneans became notorious world-wide as the poorest people on earth.

Naturally, the clueless government of President Ahmad Tejan Kabbah, and his proudly self-proclaimed “faithful follower,” Vice-president Solomon Berewa, gleefully applauded this collective slap in the face of our once proud nation, as they shamelessly anticipated the predictable avalanche of foreign “aid” that would free their SLPP government from their long unfulfilled sworn obligation of harnessing SL’s own resources for the benefit of our long suffering people. How -- the nation wants to know -- did we come to this?

The origin of this wholly avoidable national calamity can be traced to an unwitting coincidence between the separate motives of the IMF and the World Bank, on the one hand, and of the successive governments of SL, on the other, starting with that of President Stevens and including the current SLPP government of President Kabbah. Among them, they have concertedly subjected the people of SL over the past 35 years to sustained attack from three separate, but mutually reinforcing, weapons of mass economic destruction, namely: Devaluation, foreign “aid,” and foreign trade.

Thirty-five years ago, the IMF and the World Bank embarked upon various loan programs targeted at the then-newly independent countries of Africa, including SL. The stated aim of those programs was to propel those countries into the age of industrialization and high standards of living. Today, hundreds of billions of dollars later, and despite untold hardships endured by ordinary people in recipient countries, most

developing countries, especially in Africa, are universally acknowledged to have lower standards of living now than thirty-five years ago.

Obviously, corrupt and incompetent leadership explains much of the abysmal poverty in many third world countries. Not so obvious, however, is the unwitting role of both the IMF and the World Bank in sustaining many a third world dictatorship. By lending billions of dollars to inept governments, particularly in Africa, the Fund and the Bank released those governments from the salutary necessity to harness and develop their own indigenous resources. Confident in their ability to borrow huge sums of money from an acquiescent IMF and World Bank, among others, third world despots felt no need to restrain either themselves, or their like-minded ministers and other cohorts, from plundering their own country's treasuries.

Evidence of pillage abounds: Our own country, Sierra Leone, despite marine and mineral exports estimated at more than \$200 million annually, is now dependent on World Bank loans, and British government and other foreign "aid," for monthly oil imports to keep vehicles and factories running in the country. Which raises a relevant question: How did the IMF and the World Bank come to be unwitting financiers of predictably moribund programs in so many third world countries, particularly in SL?

First, the criteria by which the performance of both the IMF and the World Bank was measured guaranteed that both institutions would promote quantity over quality in their loans to developing countries. Were the Fund and the Bank lending to private business organizations, instead of sovereign states, such a policy would have quickly mired them in severe financial distress.

However, unlike private commercial debt, loans to countries such as SL can be carried in the books of the Fund and Bank for many years after governmental default – since it is the country, and not its agent, the particular borrowing government, which is held liable for those debts. Consequently, both the IMF and the World Bank, on the one hand, and the borrowing SL government, on the other, assume little risk regarding IMF and World Bank loans. Predictably, this has led to a mutually reinforcing race to build up massive debts on SL, fueled by Fund and Bank loans.

The resulting unprecedented drain on SL's export earnings contributed significantly to the retrogression of our country's economy, particularly in the 1980s. Unfortunately, the adverse effects of that gargantuan debt burden were compounded by the results of the programs themselves financed by the debt build-up.

Thus, a second problem with IMF and World Bank lending to SL, which is also true for other African countries, is those Bretton Woods institutions' tendency to export traditionally successful Western economic policies to developing countries. By imposing upon developing countries like SL "conditionalities" which failed to be informed by the peculiarities of local economic conditions, the IMF, in particular, guaranteed the failure of consecutive programs predicated on those "conditionalities." The most dramatic

example of this misdiagnosis of the economic ills of our country is that widespread staple of IMF programs: Devaluation. It will be the subject of my next article.

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**Editor's Note:** Part of this article is adapted from the author, Mohamed A. Jalloh's essay, "Reforming IMF and World Bank Lending," published in New York in November 1993 by *African Profiles International*. Moh'm Jalloh, who is Sierra Leonean and lives in Maryland, USA, has had his views on economics and finance published multiple times since 1994 in *The Washington Post*, one of the two leading national newspapers in the USA. His first article in Sierra Leone, entitled: "Foreign Aid: A Curse or Blessing?" was published in the *We Yone* newspaper in 1979, within a year after he became the first Sierra Leonean to graduate with a B.Sc (Hons) Econ with a major in accounting from Fourah Bay College.