



# TECHNICAL ASSISTANCE REPORT

## SIERRA LEONE

### Governance and Corruption Diagnostic

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**Prepared By**

*David Robinson, Yao Deng, Andrew de Castro, Ibrahima Diarra (LEG), Natalie Manuilova, Dumisani Masilela (FAD), Jesper Berg (MCM)*

**Authoring Departments:**

**Legal Department**

**Fiscal Affairs Department**

**Monetary and Capital Markets Department**

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# Acronyms

ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AG	Auditor-General
AML/CFT	Anti-Money Laundering/Combatting Financing of Terrorism
BCPs	Basel Core Principles for Effective Banking Supervision
BOI	Board of Investment
BSL	Bank of Sierra Leone
BSD	Bank Supervision Department
BSRI	Bank Sustainability Rating Index
CAO	Chief Accounting Officers
CDD	Enhanced Customer Due Diligence
CIGAS	Computerized Integrated Government Accounting System
CIR	Centre for Investigative Reporting
CRM	Compliance risk management protocols.
CRO	Chief Risk Officer
DMA	Department of Management Audit
DoFP	Department of Fiscal Policy
DPF	Department of Public Finance
DSIBs	Domestic Systemically Important Banks
EITI	Extractive industries Transparency Initiative
EPF	Employee Provident Fund
ETF	Employee Trust Fund
FAD	IMF Fiscal Affairs Department
FCID	Financial Crime Investigations Divisions
FIU	Financial Intelligence Unit
FPC	Financial Policy Committee
FSA	Financial Service Association
FSD	Financial Stability Department
FSSR	Financial Sector Stability Review
GDA	Governance Diagnostic Assessment
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GVA	Total gross value added
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRG	Implementation Review Group
ISA	International Standards on Auditing
KMP	Key Management Personnel
LEAs	Law enforcement agencies
LEG	Legal Department (of IMF)
MCM	IMF's Monetary and Capital Markets Department

MER	Mutual Evaluation Report
MMDMC	Mines and Minerals Development and Management Corporation
MMMR	Ministry of Mines and Mineral Resources
MoJ	Ministry of Justice
MoF	Ministry of Finance
MoL	Ministry of Lands
MTEF	Medium-term Expenditure Framework
MTFF	Medium-term Fiscal Framework
MWF	Mineral Wealth Fund
NBFI	Non-Bank Financial Institutions
NIB	National Investment Board
NPLs	Non-performing loans
NRA	National Revenue Authority
OFISD	Other Financial Institutions Supervision Department
PBO	Parliamentary Budget Office
PEPs	Politically exposed Persons
PFM	Public financial management
PG	Procurement Guidelines
PIM	Public investment Management
PIMA	Public Investment Management Assessment
PIP	Public Investment Program
PPP	Public-Private Partnership
PSC	Public Service Commission
RAMIS	Revenue Administration Management Information System
RBS	Risk-Based Supervision
RAIC	Right to Access Information Commission
SAI	Supreme Audit Institution
SLBA	Sierra Leone Bar Association
SOEs	State-Owned Enterprises
SRP	Supervisory Review Process
STRs	Suspicious Transaction Reports
UNCAC	United Nations Convention against Corruption
UNCITRAL	United Nations Commission on International Trade Law
UNODC	United Nations Office on Drugs and Crime
WB	World Bank

# Preface

In response to a request from the Government of Sierra Leone, an International Monetary Fund (IMF) mission undertook a governance diagnostic assessment from February 10<sup>th</sup> to 21<sup>st</sup>, 2025. The mission was led by Mr. David Robinson and was comprised of Ms. Yao Deng, Mr. Andrew de Castro, Mr. Ibrahima Diarra, Ms. Natalie Manuilova, Mr. Dumisani Masilela, Mr. Jesper Berg. The mission was assisted by a short-term expert, Mr. Jamie Hitchen. The mission met with the Minister of Finance and his senior staff, the Governor, Deputy Governor and officials of the Central Bank of Sierra Leone, Ministry of Justice, Ministry of Lands, Office of Auditor-General, Office of the Attorney General, the Anti-Corruption Commission, Sierra Leone Revenue Administration, Customs, Right to Access Information Commission, the Ombudsman's Office, Financial Intelligence Unit, Banking Association, Ministry of Mines and Minerals, the National Minerals Agency and representatives of state and private banks. The mission also met with numerous members of civil society, the private sector and international partners working on governance and anti-corruption issues.

The report is based on information obtained during the February 2025 main mission. It does not capture any reforms that have been introduced since February 2025 save those referenced in footnotes.

The mission wishes to express its sincere appreciation for the excellent support and cooperation given by officials and staff of these various Ministries, Departments, and agencies. The mission is also grateful to civil society and staff of international partners for sharing information and providing valuable insights. The mission appreciates the support provided by Mr. Christian Saborowski (IMF Mission Chief for Sierra Leone), Mr. Aidar Abdychiev (Senior Economist in the Sierra Leone country team), Mr. Wayne Mitchell (IMF Resident Representative in Sierra Leone), Mr. Rashid Kargbo (IMF economist, Freetown office), Mr. Ilyas Tufan (FAD Resident Advisor in Sierra Leone) and other IMF staff including Mr. Robert Clifton (Senior Economist in the Sierra Leone country team) and Mr. Garth Nicholls (Senior Economist in the Sierra Leone country team). The mission is thankful for the administrative and technical contributions provided by Ms. Alexandra Rajs and for the overall guidance and advice provided by Mr. Emmanuel Mathias.<sup>1</sup>

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<sup>1</sup> This Governance and Corruption Diagnostic Report was provided with the generous financial support of the Government of Japan/Ministry of Economy, Trade and Industry. All analysis and conclusions belong to IMF staff only.

# Executive Summary

**At the request of the authorities of Sierra Leone, an interdepartmental (LEG/FAD/MCM) Governance and Corruption Diagnostic (GCD) mission was conducted during February 10th, 2025, to February 21st, 2025.** In line with the IMF's 2018 Framework on Enhanced Fund Engagement on Governance, the diagnostic assessment focused on corruption vulnerabilities and governance weaknesses linked to corruption in macroeconomically critical priority areas of: (i) fiscal governance; (ii) financial sector oversight; (iii) anti-money laundering and combating the financing of terrorism framework (AML/CFT); and (iv) Rule of Law. The GCD also assessed the effectiveness of the anti-corruption framework to address corruption risks in core state functions.

**Sierra Leone, a constitutional republic in West Africa, continues to grapple with the legacy of its civil war, which was rooted in governance and corruption failures.** The country, home to approximately 8.7 million people, lies between Guinea, Liberia, and the Atlantic Ocean, and gained independence from the United Kingdom in 1961. It operates under a presidential system with separate executive, legislative, and judicial branches. A brutal civil war from 1991 to 2002—marked by the destruction of much of the capital, Freetown—was later attributed by the Sierra Leone Truth and Reconciliation Commission (SLTRC) to systemic governance issues. While the SLTRC provided a well-regarded framework for reconciliation and reform,<sup>2</sup> persistent concerns remain that many of its key recommendations, especially those related to governance, have not been fully implemented.<sup>3</sup>

**After a strong post-conflict recovery, growth has slowed due to external shocks, weak institutions, and persistent governance challenges.** After the end of its civil war in 2002, Sierra Leone outperformed many of its West African peers, benefitting from innovative governance reforms and a commodity-fueled growth period in the 2000s.<sup>4</sup> However, institutional development lagged, undermined by high corruption and weak state capacity.<sup>5</sup> The 2014 Ebola outbreak, and later the COVID-19 pandemic, tested national resilience, but effective government-community collaboration and timely accountability interventions helped mitigate their impact. Despite a subsequent push for foreign direct investment, economic performance has since been constrained by global shocks, policy shortcomings, and governance weaknesses, resulting in low growth, high inflation, increased poverty, mounting debt vulnerabilities, and eroded foreign reserves.<sup>6</sup>

**Sierra Leone continues to face important governance challenges rooted in longstanding institutional and political dynamics.** The persistence of informal practices, politicized appointments,

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<sup>2</sup>[https://eprints.lse.ac.uk/60770/1/\\_lse.ac.uk\\_storage\\_LIBRARY\\_Secondary\\_libfile\\_shared\\_repository\\_Content\\_Ainley%2C%20K\\_Evaluating%20success\\_Ainley\\_Evaluating%20success\\_2015.pdf](https://eprints.lse.ac.uk/60770/1/_lse.ac.uk_storage_LIBRARY_Secondary_libfile_shared_repository_Content_Ainley%2C%20K_Evaluating%20success_Ainley_Evaluating%20success_2015.pdf)

<sup>3</sup>See for example Chapter 1 of Volume 2 - the Executive Summary of the final report. [https://www.sierraleonetrc.org/index.php/view-the-final-report/download-table-of-contents/volume-two/item/witness-to-the-truth-volume-two-chapter-1?category\\_id=12](https://www.sierraleonetrc.org/index.php/view-the-final-report/download-table-of-contents/volume-two/item/witness-to-the-truth-volume-two-chapter-1?category_id=12)

<sup>4</sup>[https://www.nber.org/system/files/working\\_papers/w18368/w18368.pdf](https://www.nber.org/system/files/working_papers/w18368/w18368.pdf)

<sup>5</sup><https://documents1.worldbank.org/curated/en/568691468298745300/pdf/9277702007Feb40q0Box0385367B0PUBLIC.pdf>

<sup>6</sup><https://www.imf.org/en/Publications/CR/Issues/2024/11/22/Sierra-Leone-2024-Article-IV-Consultation-and-Request-for-a-38-Month-Arrangement-Under-the-558772>



and elite networks has constrained the effectiveness and independence of key state institutions, including oversight bodies such as the anti-corruption commission and the judiciary.<sup>7</sup> Executive influence over appointments to ministries, departments, and agencies has, in some cases, raised concerns about the risks of institutional capture and uneven enforcement of accountability. Political transitions between major parties have at times reinforced a “winner-takes-all” dynamic, with changes in administration often accompanied by shifts in access to public resources and opportunities. These patterns can extend through public administration, where decisions on appointments and promotions may reflect political considerations rather than merit.<sup>8</sup> Similar challenges are observed in the private sector, where access to contracts or administrative processes is sometimes perceived as dependent on political connections or informal arrangements. The 2024 dismissal of the Auditor General, following scrutiny of executive expenditures, has prompted debate about the protection of independent oversight and the importance of safeguarding institutional checks and balances.<sup>9</sup> Civil society’s ability to engage in oversight and monitor government actions is constrained by limited transparency and the absence of effective, inclusive platforms for participation.<sup>10</sup>

**Hence, corruption remains a significant challenge to Sierra Leone’s efforts to achieve sustainable development and inclusive growth.** Institutional weaknesses, limited enforcement of the rule of law, and vulnerabilities in public procurement processes have contributed to inefficiencies in the allocation of public resources and have, at times, undermined public trust in government. These challenges constrain the fiscal space available for critical investments in health, education, and infrastructure, and limit the effectiveness of service delivery. For many citizens—particularly the most vulnerable—informal payments and barriers to accessing public services continue to pose a burden, with negative implications for equity and human capital development.<sup>11</sup> In the private sector, regulatory opacity concerns, perceived favoritism, and inconsistent enforcement of rules have discouraged investment and limited the potential for private sector-led growth. The extractive sectors, land allocation, and the judicial system appear to be among the main sources of corrupt rents. Of interest, the export value of extractives in 2023 was USD 1.2 billion compared with USD 48 million total revenues generated from the extractive sector that same year.<sup>12</sup>

**The authorities recognize that strengthening governance and tackling corruption are essential to achieving Sierra Leone’s development objectives.** The government has publicly reaffirmed its commitment to anti-corruption, with President Bio describing corruption as “an existential threat that must be confronted and defeated.”<sup>13</sup> The fifth National Anti-Corruption Action Plan (2024–2028) serves as a key pillar in this effort, identifying critical priorities; notably strengthening integrity management

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<sup>7</sup> Sotola, D & Kukutschka, R. 2023. ‘Overview of corruption and anti-corruption in Sierra Leone’. U4 Anti-Corruption Resource Centre. <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-sierra-leone-2023.pdf>

<sup>8</sup> See <https://bti-project.org/en/reports/country-report/SLE>

<sup>9</sup> [https://intosa.org/fileadmin/downloads/news/2024/2024\\_08\\_01\\_Sierra\\_Leone\\_AG\\_Removal\\_article.pdf](https://intosa.org/fileadmin/downloads/news/2024/2024_08_01_Sierra_Leone_AG_Removal_article.pdf)

<sup>10</sup> <https://bti-project.org/en/reports/country-report/SLE>

<sup>11</sup> See for instance Jalloh, A. 2022. “Sierra Leone education minister warns against bribery for admission ahead of new academic year”, Politico SL.

<sup>12</sup> <https://sleiti.gov.sl/wp-content/uploads/2024/12/Sierra-Leone-Final-EITI-Report-2022-23.pdf>

<sup>13</sup> [https://www.anticorruption.gov.sl/blog/anti-corruption-commission-sl-news-room-1/post/acc-presents-2023-annual-report-to-president-julius-maada-bio-at-state-house-1380?utm\\_](https://www.anticorruption.gov.sl/blog/anti-corruption-commission-sl-news-room-1/post/acc-presents-2023-annual-report-to-president-julius-maada-bio-at-state-house-1380?utm_)

committees, enhancing public access to draft legislation through a parliamentary portal, and improving transparency in the extractives sector through the enactment of the Sierra Leone Extractive Industries Transparency Initiative Bill.<sup>14</sup> Taken together, these initiatives reflect a growing recognition that credible progress in governance is vital for strengthening institutions, improving service delivery, and advancing national development goals.

**The diagnostic exercise highlights structural weaknesses in key state functions that continue to hinder sustainable economic development in Sierra Leone.** These findings point to broader governance challenges that must be addressed to maintain reform momentum. Core issues include the limited independence of key governance institutions and significant gaps in the legal and regulatory frameworks for managing and overseeing public resources. These weaknesses have allowed informal practices to flourish and have undermined the effectiveness of formal institutions. The absence of a clear, rules-based system for ensuring accountability and integrity has contributed to a perception of impunity for past misconduct, eroding trust in the public sector and raising concerns about limited access to fair and efficient dispute resolution mechanisms. The specific weaknesses identified during the diagnostic exercise are summarized below.

- ***The limited independence of oversight institutions critically undermines the effectiveness of the legal and institutional frameworks related to Anti-Corruption and Anti-Money Laundering (AML):*** Anti-corruption and AML frameworks are overall in place but require upgrades to address specific governance weaknesses and corruption vulnerabilities. The most significant governance weaknesses are demonstrated in the limited functional and financial autonomy of key oversight institutions, questionable appointment practices, the limited effectiveness of the access to information framework and poor transparency and accountability on the part of key institutions. Corruption vulnerabilities are exacerbated by the legacy of impunity, weak accountability frameworks, and sustained challenges in effective enforcement of anti-corruption laws. The absence of any risk-based approach to AML supervision is a profound governance weakness significantly elevating corruption risks, including for Designated Non-Financial Businesses and Professions (DNFBPs) that have been identified as being exposed to high-risks of laundering of criminal proceeds, including corruption.<sup>15</sup> Inadequate monitoring of politically exposed persons (PEPs), ineffective application of sanctions, minimal (and in some respects a total absence of) suspicious transaction reports (STRs), and limited resources to investigate and prosecute money laundering significantly increase corruption risks.

- ***Fiscal Governance weaknesses significantly heighten corruption risks.*** Due to the nature of corruption vulnerabilities in Sierra Leone, the GDA mission team focused on particular areas of fiscal governance: the mines and mineral sector, the oversight of State-Owned Enterprises (SOEs), PFM arrears, public investment management (PIM)<sup>16</sup>:

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<sup>14</sup> <https://www.anticorruption.gov.sl/slides/slide/nacs-strategy-2024-2028-final-458>

<sup>15</sup> [https://www.giaba.org/mutualevaluation/3448\\_sierra-leone-\(2024\)-4th-enhanced-follow-up-report.html](https://www.giaba.org/mutualevaluation/3448_sierra-leone-(2024)-4th-enhanced-follow-up-report.html)

<sup>16</sup> Note that tax policy – outside of that pertaining to the mines and minerals sector – was not identified in the scoping mission as a matter of critical importance and so is not considered (subject to the proviso) in this report.

- ***The Mining and Minerals sector governance is undermined by discretionary incentives and opaque contracts.*** Discretionary negotiations of fiscal incentives (tax concessions) are available for investors – also applicable to other sectors. These incentives are negotiated at government discretion and lead to challenges in revenue administration, significantly hindering revenue performance and leading to an elevated reliance on fees and trade taxes.<sup>17</sup> Existing mineral licensing and contracting practices create corruption vulnerabilities and lead to unfair revenue-sharing deals, allowing manipulation of contract terms that benefit private interests at the expense of the state revenues.
- ***Weak governance and financial losses in SOEs create fiscal burdens and corruption risks.*** Many SOEs operate at a loss, which strains public finances and limits government spending on essential services. Losses are primarily driven by quasi-fiscal activities delivered by SOEs and not (sufficiently) compensated by the budget. There is a high dependency on Government support which is unsustainable in the long term, and underperforming SOEs impose significant fiscal pressures on the public finance, diverting funds from essential public services and much needed infrastructure investment. Insufficient performance assessment frameworks for SOEs make it difficult to measure their effectiveness and efficiency, and a lack of transparency, dispersed and weak oversight, and political interference have plagued SOEs, creating corruption vulnerabilities and inefficiencies. SOE board appointments appear based on political preference rather than merit, which weakens their corporate governance fundamentals.
- ***Weak cash management and ad-hoc payment decisions heighten corruption risks in arrears clearance.*** While the Ministry of Finance adopted the Arrears Clearance Strategy and improved cash management practices, revenue collections remain insufficient for covering all necessary payments. There is no clear prioritization of payments, when many payments are “ad-hoc,” with decisions apparently made daily by MoF Leadership. This creates room for corruption in determining which suppliers and creditors get paid first. The mission noted corruption risks concerning the possible misallocation and diversion of funds: payments meant for clearing arrears may be redirected subject to politically motivated pressures; over-invoicing and embedded penalties inflate the amounts owed, allowing room for discretion, and creating corruption risk.
- ***Fragmented project selection and politicized budgeting undermine public investment governance.*** The absence of a unified project pipeline creates governance vulnerabilities as there is no comprehensive database that consolidates key information on public investments for prioritization and project selection decisions. There is no pipeline of appraised and prioritized projects and a lack of criteria to inform decision making. The mission also noted that current

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<sup>17</sup> During 2010-23, fiscal revenue receipts from the mining sector were relatively low (median of 0.9 percent of GDP) and volatile (a standard deviation of 0.4 percent of GDP). Since 2011, there has also been a noticeable downward shift in average fiscal revenues from the mining sector (Text Table 1). Two phases can be observed. First, during 2010 to 2014, mining revenues averaged about 1.5 percent of GDP, with a standard deviation of about 0.3. But following the Ebola crisis and other developments in the iron ore sector, average fiscal revenues from the sector declined by about half to represent 0.7 percent of GDP. In 2023, the sector contributed revenue of around 0.6 percent of GDP. This is below national expectations (IMF Selected Issues Paper 2024, Issue 322).

processes allow the circumvention of selection and appraisal requirements for some projects. Budgetary decisions appear politically influenced (especially in the roads sector), diverting funds from other critical projects, hindering balanced development.

- ***Deficient integrity management and outsourced valuation heighten corruption risks in revenue and customs administration.*** While the NRA Act compares well with good practice in countries that have adopted the semi-autonomous revenue administration model, the *de jure* and *de facto* positions appear quite different, with relevant provisions – particularly those concerning appointment of personnel – not followed. Integrity management is poor: the Revenue Internal Affairs Unit is heavily understaffed and poorly regulated, with no system to manage staff assets declarations, a critical function in revenue administration. The valuation of goods – a core Customs function – is performed by a private entity, which levies a fee to perform this function, which was increased from 0.5% to 1% of the value of the consignment without any consultation with stakeholders. This is a clear corruption risk.
- ***Governance gaps and limited supervisory capacity weaken financial sector oversight and transparency.*** While the legal framework for the BSL to conduct supervision is generally adequate, governance weaknesses still exist in many areas. BSL's *de facto* independence must be strengthened. It must promote collegial decision-making, better accountability and transparency, and the use of corrective and sanctioning powers. Certain elements of the framework for licensing and change of control should be strengthened. The regulatory and supervisory frameworks need to be improved for banks' corporate governance, transactions with related parties, and disclosure and transparency. The intensity of supervision is inadequate and may be challenged by high-level interventions. The governance of the state-owned banks and the APEX bank is problematic. BSL's capacity to supervise the AML/CFT area is limited. Also identified was the need to establish supervisory procedures to supervise and enforce banks' disclosure and transparency.
- ***Concerns about judicial integrity, contract enforcement, and property rights, particularly in land management, remain significant.*** Governance weaknesses associated with increased corruption risks are present in contract enforcement and the protection of property rights, constraining private sector development. Unclear allocation of property rights, and minimal progress in digitizing property records generate long-term legal disputes and encourage a resort to opaque means to influence dispute resolution. Corruption risks around land are particularly severe due to the combination of lack of clarity around titles and the absence of a meaningful property registry. Concerns about judicial integrity have grown, given incentives for private parties to use illicit payments to accelerate resolution of legal problems, opaque case allocation, use of 'contractual judges', and have focused attention on the need to strengthen the independence and competency of both the judiciary and the Judicial and Legal Services Commission.

**The report highlights immediate actions to address key corruption risks, alongside longer-term structural reforms essential to strengthen governance and enabling lasting change.** A list of

“priority” recommendations is provided below<sup>18</sup>. Addressing immediate risks, such as gaps in existing legal frameworks, they bring stronger impact on governance in Sierra Leone’s public sector. Each of the report’s subsections contain a more extensive list of recommendations, designed to achieve better governance that operates with integrity and in accordance with the rule of law.<sup>19</sup>

**Table 1. Priority Recommendations**

<b>Measure</b>	<b>Authority</b>	<b>Objective</b>	<b>Timeline<sup>[28]</sup></b>
1. Ensure MWF accountability by: (i) subjecting it to core Public and private sector legislation; (ii) merit-based appointment procedures for directors and MWF dividend policy; and (iii) publishing the FY24 audited financial statements.	MoF/MoJ	Strengthen accountability and transparency of fiscal governance	MT
2. Enhance disclosure of mining license application details, evaluation criteria, award justification, and independently audited production statistics including BO identification of all stakeholders in the mining sector.	MMMR	Strengthen Licensing and Contract Transparency	ST
3. Publish by end of fiscal year the Annual Report of the NAC/NAP (or progress reports on implementation from top 10 spending agencies/ministries).	ACC/MoJ	Improve transparency of ACC	MT
4. Enhance the asset declaration system to require: (i) online publication from asset declarations of PEPs; and (ii) risk-based verification of those asset declarations.	ACC	Strengthen accountability of officials	MT
5. Improve STR processes in the five banks with the lowest ratio of transactions to STRs; (ii) strengthen financial statements disclosure requirements; and (iii) strengthen BSL’s AML supervision of preventive measures applying to PEPs.	BSL/FIU	Strengthen accountability and transparency of fiscal governance	MT

<sup>18</sup> Note that the table is summarized for ease of reference. The full recommendations descriptions can be found in their respective sections below.

<sup>19</sup> The recommendations are classified as ST – Short Term to be implemented in up to six months or MT – Medium Term that may require 6-18 months. Comprehensively addressing governance weaknesses requires medium and long-term initiatives, significant resources and support from Sierra Leone’s international partners.

6. Strengthen AML/CFT supervision for dealers in precious metals and stones.	FIU	Enhance AML supervision	ST
7. Publish the names of the 10 spending agencies with the lowest level of competition on procurement tenders (for contracts above a specified value).	MoF	Enhance transparency in fiscal governance	ST
8. Eliminate the appointment of contractual judges and require publication of JLSC recommendations and the reasons supporting them.	JLSC/Office of President	Strengthen judicial independence and rule of law	ST
9. Publish a list of all tax exemptions (including the monetary value), and strict criteria for granting additional exemptions.	MoF, NRA	Improve revenue transparency	MT
10. Create a recommendation body for leadership positions of the Supreme Audit Institution (the Auditor General's Office), the Central Bank, the Anti-Corruption Commission, the Head of the Judiciary, and the Mineral Wealth Fund, that includes: (i) the recommendation of candidates based on published criteria; (ii) the publication of reasons for recommendations; (iii) the involvement of civil society and independent experts with international experience.	MoJ/MoF/JLSC	Enhance oversight and transparency of senior officials' appointments	MT
11. Develop and implement multi-criteria analysis to guide project prioritization and selection; formalize and publish the National PIM Operational Manual and projects prioritization criteria and involve the Cash and Debt Management Committee in decision-making for settling the budgeted arrears.	MoF	Enhance transparency of public investment management	MT
12. Enhance BSL's mandate as a banking supervisor including its independence in practice, to strengthen and promote collegial decision-making, to improve oversight of banks' accountability, disclosure and transparency, and its use of corrective and sanctioning powers.	BSL	Strengthen financial sector oversight	MT

# Section I. Nature and Severity of Corruption and Governance Vulnerabilities

**1. Corruption has been a serious issue in Sierra Leone for decades, persistently hindering post-conflict recovery and economic development.** Sierra Leone's critical governance and corruption vulnerabilities are closely associated with unequal distribution of benefits, particularly in gold and diamond extraction and trade.<sup>20</sup> Such economic inequality led to accumulated frustration among the excluded people and contributed to the outbreak of the civil war (1991-2002).<sup>21</sup> In the post-conflict period, the government has taken important steps to improve the anti-corruption framework, but corruption remains and poses daunting challenges. A study on the cost of corruption presented to the ACC in 2019 illustrates that the volume of corruption for the period of 2016 to 2018 ranges between 10.45 to 15.9 trillion old Leones (SLL).<sup>22</sup> (458 million USD to 698 million USD), higher than the combined revenue of 8.8 trillion SLL for these three years.<sup>23</sup> At the minimum, an average of 12.7 percent GDP was lost to corruption on an annual basis, critically hampering economic growth.<sup>24</sup> In this regard, the deleterious impact of corruption contributes to economic instability in Sierra Leone by reducing tax compliance and undermining investor confidence. Such instability further increases the perceived risks for lenders and pushes up borrowing costs, potentially resulting in higher debt levels detrimental to fiscal sustainability.

**2. Public trust in institutions has been challenged by strong perceptions of corruption, potentially intensifying social unrest.** According to the latest Afrobarometer, around 50 percent of respondents have noted either a significant (41.1 %) or mild (9.7%) increase of corruption.<sup>25</sup> Despite ongoing efforts to tackle corruption, Sierra Leone's score in the Corruption Perception Index (CPI) has recently declined from 35 to 33 (out of 100).<sup>26 27</sup> There is also a general distrust of the justice and revenue collection sectors (e.g., judges and magistrates, police, tax officers, etc.).<sup>28</sup> External economic shocks, combined with pervasive corruption, lack of accountability and the rule of law, and inefficiencies of the public administration, have resulted in a tremendously challenging socioeconomic environment.<sup>29</sup>

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<sup>20</sup> See for example the Executive Summary of the findings of the Sierra Leone Truth and Reconciliation Commission: [https://www.sierraleonetrc.org/index.php/view-the-final-report/download-table-of-contents/volume-two/item/witness-to-the-truth-volume-two-chapter-1?category\\_id=12](https://www.sierraleonetrc.org/index.php/view-the-final-report/download-table-of-contents/volume-two/item/witness-to-the-truth-volume-two-chapter-1?category_id=12)

<sup>21</sup> Ibid.

<sup>22</sup> The currency of Sierra Leone was redenominated in 2022 from the 'old Leone' (SLL) to the new Leone (SLE), at a rate of SLL1000 to SLE 1. For the remainder of this report, the SLE currency will be referenced.

<sup>23</sup> <http://anticorruption.gov.sl:8069/blog/anti-corruption-commission-sl-news-room-1/post/key-highlights-of-the-study-on-the-cost-of-corruption-in-sierra-leone-2016-2018-313>.

<sup>24</sup> Ibid.

<sup>25</sup> <https://www.afrobarometer.org/online-data-analysis/> (data collected in 2022 and released in 2023).

<sup>26</sup> It remains better than the score in 2018. <https://www.transparency.org/en/countries/sierra-leone>.

<sup>27</sup> See IMF Policy on the use of third party indicators: <https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/11/22/pp101217use-of-third-party-indicator>

<sup>28</sup> <https://www.afrobarometer.org/online-data-analysis/>.

<sup>29</sup> 2024 BTI report.



Unaddressed corruption may further induce political antagonism and aggravate social unrest, particularly in the post-conflict context. The Sierra Leone's Medium-Term National Development Plan 2024 – 2030 (MTNDP) specifically highlights that trust in public institutions has been challenged by perceived widespread corruption, nepotism, and political patronage.<sup>30</sup>

**3. The authorities acknowledge the negative impact of corruption in eroding economic growth and stability.** According to the MTNDP, the authorities note that corruption and illicit financial flows remain a challenge to the effective and efficient functioning of the government and a threat to the socio-economic growth, development, and stability of Sierra Leone.<sup>31</sup> An inverse correlation between the incidence of corruption and the likelihood of steady economic growth driven by investor confidence is also highlighted in the MTNDP. In this context, the Plan highlights that the empirical evidence suggests “fighting corruption and illicit financial flows at all levels is crucial for alleviating extreme poverty and boosting private sector growth and development”.<sup>32</sup> However, the Plan itself identifies tackling corruption as a ‘mammoth’ task.<sup>33</sup> In addition, the National Risk Assessment on AML/CFT risks (NRA) in 2017 highlights that corruption is considered widespread, endemic and prevalent in Sierra Leone, with the public sector corruption identified as the major profit generating crime and one of the biggest threats.<sup>34</sup> The Auditor-General also identified a handful of irregularities with financial impacts within the public sector, some of which are associated with corruption.<sup>35</sup> In 2023, the irregularities with ministries and departments amounted to 152.6 million SLE (6.7 million USD), raising a serious concern over corruption exposure and damage.<sup>36</sup>

**4. Several governance indicators illustrate the level of corruption in Sierra Leone.** Over the past decade, the country has shown some improvement in certain global indicators, but gains have not been linear.<sup>37</sup> Despite a relatively steady performance in more recent years, a slight downward trend has been spotted in several sub-indicators pointing to a deterioration in the level of corruption. For instance, the Worldwide Governance Indicators (WGI) showcase a drop for control of corruption in Sierra Leone from -0.51 (2018) to -0.57 (2023), indicating the severity of corruption in Sierra Leone.<sup>38</sup> The WJP Rule of Law Index, particularly the sub-index “absence of corruption”, also shows a decline of Sierra Leone’s score from 0.36 (2021, 2022, 2023) to 0.35 (2024), slightly below the regional average (0.38).<sup>39</sup> The Ibrahim Index for African Governance (IIAG) shows an overall improvement on the anti-corruption index

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<sup>30</sup> [Sierra Leone's Medium-Term National Development Plan 2024 – 2030](#).

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

<sup>34</sup> [https://www.giaba.org/mutualevaluation/3448\\_sierra-leone-\(2024\)-4th-enhanced-follow-up-report.html](https://www.giaba.org/mutualevaluation/3448_sierra-leone-(2024)-4th-enhanced-follow-up-report.html)

<sup>35</sup> <https://website.auditservice.gov.sl/wp-content/uploads/2023/12/Annual-Report-on-the-Account-of-Sierra-Leone-2021.pdf>.

<sup>36</sup> <https://website.auditservice.gov.sl/wp-content/uploads/2024/12/2023-AGs-REPORT-Final-2-12-24.pdf>.

<sup>37</sup> The better performance may link with the improved institutional score vindicated by the development of a legislative amendment or a new mechanism, with the real impact on changing corruption dynamics remaining to be gauged. Despite the improvements in the fight against corruption in the last decade, sustaining these gains has not always been linear, with improvements coinciding with changes in government, but fading over time.

<sup>38</sup> The score range for control of corruption is from -2.5 to 2.5 (the lower the worse).  
<https://www.worldbank.org/en/publication/worldwide-governance-indicators/interactive-data-access>.

<sup>39</sup> [WJP Rule of Law Index | Global Insights](#).



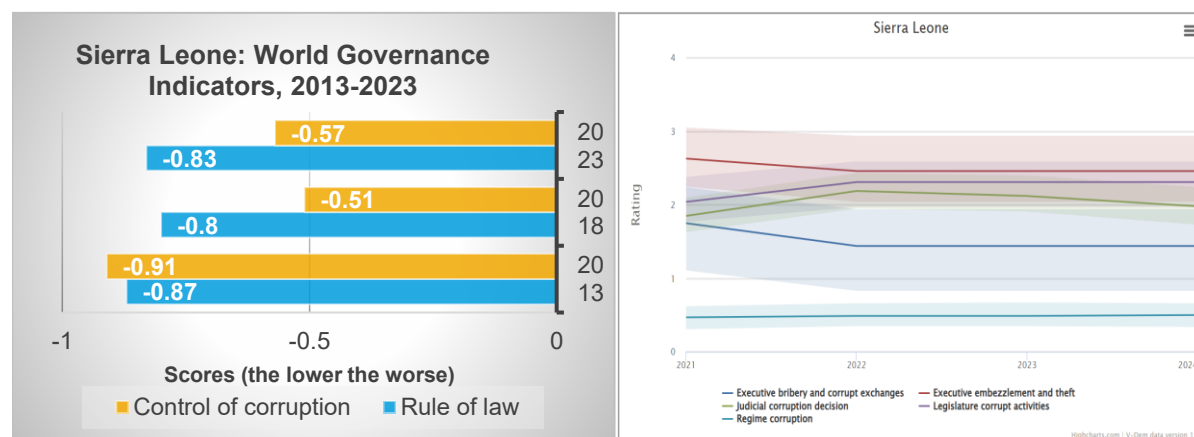
from 2014 to 2023, but it has declined from 49.1 (2018) to 43 (2023).<sup>40</sup> More specifically, the sub-indices on anti-corruption mechanisms, public procurement procedures, and public perception of anti-corruption are the three indicators with the most dramatic decline. While noting the increase of Sierra Leone's CPI scores from 30 (2018) to 35 (2023) as highlighted by the authorities, there has been a decline in 2024.<sup>41</sup> Within the V-Dem indicator (Variety of Democracy), the executive bribery and embezzlement sub-indices note a decline in 2022 and then maintain the same level.<sup>42</sup> In contrast, the judicial corruption sub-index indicates an improvement in 2022 but then keeps a deterioration.<sup>43</sup> The legislature corruption sub-index has maintained a steady score since 2022.<sup>44</sup>

### Box 1. Sierra Leone's Performance in Corruption Indicators



IIAG Sierra Leone corruption data (2014-2023)

Transparency International Corruption Perception Index



<sup>40</sup> The Ibrahim Index of African Governance (IIAG) is a tool that measures and monitors governance performance in African countries. In the IIAG, country performance in delivering governance is measured across four key components that effectively provide indicators of a country's 'Overall Governance' performance, including Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity and Human Development. The overall governance score for Sierra Leone remains above regional average for Western Africa.

<sup>41</sup> Ibid. The score has dropped to 33 from 35 in 2024.

<sup>42</sup> [https://www.v-dem.net/data\\_analysis/CountryGraph/](https://www.v-dem.net/data_analysis/CountryGraph/). The executive bribery sub-index has declined from 1.75(2021) to 1.44(2022). The executive embezzlement sub-index has declined from 2.63(2021) to 2.46(2022). The sub-indices range from 0 to 4.

<sup>43</sup> [https://www.v-dem.net/data\\_analysis/CountryGraph/](https://www.v-dem.net/data_analysis/CountryGraph/). The judicial corruption sub-index indicates an improvement in 2022 (from 1.85 to 2.19) but then keeps a deteriorated trend (2.12 in 2023 and 1.98 in 2024). The sub-index ranges from 0 to 4.

<sup>44</sup> Ibid. The legislature corruption sub-index indicates an increase in 2022 (from 1.85 to 2.31) but then keeps a deteriorated trend (2.12 in 2023 and 1.98 in 2024). The sub-index ranges from 0 to 4.

**5. The particular features of Sierra Leone’s economy have given rise to, or mutually reinforced, corruption vulnerabilities, creating a vicious cycle between insufficient governance and economic structural weaknesses, as well as limited state capacity.** These economic features include, inter alia, strategic importance attached to the mining sector, inadequate oversight, and governance of SOEs, weak public investment management, predominant position of the informal economy, amongst others. Weak rule of law, characterized by a judiciary that lacks independence, a lack of security in real property rights characterized by poor land registration infrastructure and corruption in land management as well as linkages with other organized crimes also contribute to the problem.

**(i) Strategic importance attached to the mining sector.**

- Mining has been a significant driver and mainstay of the economy, characterized by large-scale production of various mineral resources (iron ore, gold, diamonds, rutile, bauxite and coltan in particular).<sup>45</sup> The Mining sector is dominated by private investors, with no state participation until 2023. This sector plays an important role in the economy, contributing some 7 percent of GDP and 80 percent of goods exports, but only employs about 2.84 percent of the labor force, given its capital-intensive nature.<sup>46</sup> Inbound investors hold most of the large-scale mining licenses in Sierra Leone and the fiscal terms of their operation are determined by individual agreements signed with the government. As of June 2024, there were 21 active large-scale mining licenses. But most minerals are exported with little processing or local value addition.
- The country also has a large artisanal mining sector focused primarily on the production of rough diamonds and gold. Artisanal mining is a significant source of employment and artisanal miners in Sierra Leone were estimated to represent about 2.6 percent of the labor force in 2019, accounting for up to 40% of mining production and employing over 300,000 people).<sup>47 48</sup> Most artisanal miners operate independently, without the support of cooperatives. There are an estimated 700 active sites in the country, of which 485 mine diamonds and 200 gold.<sup>49</sup> In 2021, artisanal mining represented 42 percent of the total export value for gold, 33 percent for diamonds, and 59 percent for columbite-tantalite ore (coltan). Informality in the mining sector poses significant corruption risks.<sup>50</sup> But the lack of regulation and poor monitoring leaves the sector vulnerable to illegal extraction, with lost revenue and illicit movement of funds arising from artisanal extraction estimated to reach 558

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<sup>45</sup> <https://eiti.org/countries/sierra-leone>.

<sup>46</sup> Mobilizing Mining Revenue in Sierra Leone (IMF), <https://www.elibrary.imf.org/view/journals/002/2024/322/article-A001-en.xml#A001fn1>.

<sup>47</sup> Sierra Leone Artisanal Mine Policy 2018: <https://www.nma.gov.sl/wp-content/uploads/2019/05/Artisanal-Mining-Policy-for-Sierra-Leone.pdf>.

<sup>48</sup> SLEITI report, 2019

<sup>49</sup> SLEITI report, 2019

<sup>50</sup> Mobilizing Mining Revenue in Sierra Leone (IMF), <https://www.elibrary.imf.org/view/journals/002/2024/322/article-A001-en.xml#A001fn1>.

million USD per annum between 2006 and 2016.<sup>51</sup> (in 2024 the total transfers to and from Sierra Leone using SWIFT amounted to approximately 20 billion USD). Significantly, between 2009-2018, Sierra Leone had one of the highest 'value gaps' (the difference in value between trade reported bilaterally with other countries) globally, representing 35% of total trade value and averaging 82 million USD per annum.<sup>52</sup> Compounding this, it has been estimated that more than 50% of Sierra Leone's diamonds are smuggled out of the country through suspicious deals that involve artisanal miners, intermediaries and officials.<sup>53</sup>

- Although the sector has been in decline recently, the extractive industries remain among the highest risk areas for corruption. The potential for large profits makes these industries particularly attractive for undue influence on policymaking and corrupt activities associated with vested interests.
- Despite measures taken to enhance transparency in issuing mining or exploration permits, the weaknesses in several processes, including the absence of accurate statistics on production, create opportunities for rent-seeking, such as the wide use of a first-come-first-serve method over competitive bidding for granting permits; freezing or renegotiation of concessions and disputes with companies;<sup>54</sup> and community opposition to mining projects.
- Land issues can also complicate the commercial viability of production, compounded by the opaque and deficient land registration system in Sierra Leone (see section on the rule of law). There have been several corrupt incidents involving nepotism, 'kickbacks', and bribery in the mining sector.<sup>55</sup>

## **(ii) Inadequate oversight and governance of SOEs.**

- With the substantial state participation and intervention in the strategic sectors, SOEs play an essential role in Sierra Leone's economy.<sup>56</sup> Though privatization efforts are ongoing, the progress has been slow due to vested interests and structural limitations, with key sectors of the economy remaining under state control or heavy state influence.<sup>57</sup> According to the authorities, sub-optimal

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<sup>51</sup> 2023 U4 Corruption Brief : <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-sierra-leone-2023.pdf>; Mobilizing Mining Revenue in Sierra Leone (IMF), <https://www.elibrary.imf.org/view/journals/002/2024/322/article-A001-en.xml#A001fn1>. Some of the most lucrative mining sites are in remote areas which hampers the monitoring and regulation of mining activities. This remoteness, combined with the high-value nature of the gold and diamonds and capacity constraints in key agencies, create opportunities for under-reporting of production and illicit export, generating loopholes for corruption.

<sup>52</sup> Global Financial Integrity, 2021 'Trade Related Illicit Financial Flows in 134 developing countries': <https://gfinintegrity.org/wp-content/uploads/2021/12/IFFs-Report-2021.pdf>

<sup>53</sup> <https://www.occrp.org/en/feature/duplicity-and-destitution-how-sierra-leones-artisanal-diamonds-fail-to-benefit-local-communities#:~:text=Exploitation%20Fuels%20Diamond%20Smuggling&text=According%20to%20one%20estimate%2C%20betwe en,inadequate%20wages%20in%20the%20sector>

<sup>54</sup> Ibid. In 2019, the government cancelled or suspended the licenses of some large mining companies for failure to comply with statutory obligations, leading to a halt to iron ore output.

<sup>55</sup> Global Investigations Review (2023), 'Three charged in UK over Sierra Leone mining bribes', <https://globalinvestigationsreview.com/article/three-charged-in-uk-over-sierra-leone-mining-bribes> .

<sup>56</sup> [BTI 2024 Sierra Leone Country Report: BTI 2024.](#)

<sup>57</sup> Ibid. The overwhelming number of SOEs, such as the Sierra Leone National Shipping Company, the Guma Valley Water Company, the Sierra Leone Postal Services and Sierratel, are still wholly under government control.

performance, poor service delivery and weak corporate governance practices have continued in SOEs owing to the lack of effective oversight and limited capacity.<sup>58</sup> These deficiencies create room for rent-seeking and corrupt conduct. In this sense, the authorities highlighted a need to improve SOEs' governance, accountability, transparency, and disclosure practices.<sup>59</sup>

- SOE board appointments appear often based on political preference rather than merit, which weakens their corporate governance fundamentals. A lack of transparency, dispersed and weak oversight, and political interference have plagued SOEs, opening room for corruption vulnerabilities and inefficiencies.
- A recently launched Mineral Wealth Fund (MFW), in nature a SOE, may face similar challenges in maintaining transparency and accountability. The authorities aimed to avoid turning this Fund into a vehicle for elite enrichment by engaging a third-party to manage the MFW under the Board's guidance. The mission could not identify the sector expertise and professional qualification of this third party. The Board appointment process for professional and independent members and management is opaque and may be subject to political influence;
- State-owned banks, such as the Rokel Commercial Bank and Sierra Leone Commercial Bank appear to have been increasingly pressured to provide the government with loans to meet its recurrent expenditure obligations or pay off mounting energy debts, increasing risk of non-performing loans and bank failures, along with reduced economic efficiency and potential for corruption.<sup>60</sup>

**(iii) Weak public investment management, particularly in the context of emphasizing infrastructure construction.**

- The MTNDP attaches a strategic importance to infrastructure construction, particularly by strengthening transportation systems across the country, which is one of the five national goals ('Big Five Game Changers'). The infrastructure sector is typically vulnerable to corruption.<sup>61</sup> The MTNDP also points to endemic corruption as a key challenge to maintaining cost for road projects.<sup>62</sup> Weaknesses in public investment management process combined with lack of prioritization for investment projects raise concerns around the degree of discretion in selecting projects and allocation of budget funding.

**(iv) Weak Rule of Law.**

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<sup>58</sup> Ministry of Finance of Sierra Leone, [State Ownership and Governance Policy for State-Owned Enterprises](#) (2022).

<sup>59</sup> Ibid. According to the Ministry of Finance, "most SOEs are making significant losses and some are even at the brink of collapse, a situation, if left unchecked, could challenge government's fiscal stability", [Financial performance of state-owned enterprises 2014-2018](#) (2022).

<sup>60</sup> The mission heard this independently from several sources in Freetown.

<sup>61</sup> World Bank (2020) [Confronting Corruption Risk in Sectors and Functions](#).

<sup>62</sup> [Sierra Leone's Medium-Term National Development Plan 2024 – 2030](#).

- The structure of the judiciary significantly inhibits its independence, leading to unpredictability of outcomes in legal disputes, creating doubts over the ability of the state to enforce contracts, and so discouraging investment (both domestic and foreign). Poor land management, including pervasive corruption in relation to both the freehold tenure in the Western Area and land under customary law, result in weak security of real property rights, impacting investor confidence.

**(v) Predominant position of informal economy.**

- Sierra Leone has 86 percent of its workforce in the informal sector, mostly engaged in petty trading and agriculture.<sup>63</sup> This sector is particularly prone to petty corruption and has a higher tolerance for corrupt practices. In a survey study conducted by the Ministry of Finance in Sierra Leone, two-thirds of the respondents interviewed have claimed that “it is very difficult to do business in the informal sector without giving bribes to some law enforcement agents”.<sup>64</sup> Several studies have found that reduction of corruption can mitigate the extent of shadow economy and boost productivity growth.<sup>65</sup>

**6. Noting the necessity of tackling corruption and strengthening governance, the authorities have developed a series of initiatives in recent years. President Bio has made strong anti-corruption pledges since he took office in 2018.** He has underscored that corruption not only stalls economic development but also serves as a national security threat.<sup>66</sup> Several commendable steps have been taken (see section II). For example, the Anti-Corruption Act 2008 (ACA replacing the ACA 2000) was further amended in 2019, and the Anti-Corruption Commission (ACC) was granted broad power to prevent, investigate, prosecute, and punish corrupt practices. A specialized anti-corruption court (i.e., the Anti-Corruption Division of the High Court) was also established to fast-track the adjudication of cases relating to corruption and other financial and economic crimes. However, critical challenges persist due to the ineffective implementation of laws and policies.

**7. The mission notes that the selection and appointment of public officials could benefit from more transparent and participatory processes to ensure integrity and effectiveness of public institutions.** The appointment and removal of most senior positions are decided by the President with limited pre-selection and scrutiny, including for oversight bodies, SOEs and their Boards. The current process appears linked with the election cycle and political affiliation<sup>67</sup> and may inadvertently encourage appointed individuals to prioritize short-term personal gains over long-term reforms within the MDAs, potentially impacting the integrity and effectiveness of public institutions. Consequently, there is a risk that illicitly obtained wealth could be laundered through poorly regulated venues,<sup>68</sup> exploiting ineffectiveness in the AML/CFT framework. The influence exerted by senior officials can sometimes extend to middle and

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<sup>63</sup> <https://www.uncdf.org/article/7372/sierra-leone-boosting-entrepreneurs-skills-with-financial-and-digital-literacy-trainings>.

<sup>64</sup> [The Informal Sector in Sierra Leone: Agriculture, Agro-processing, Fisheries and Petty Trading. 2023. Research and Delivery Division, Ministry of Finance, Sierra Leone.](#)

<sup>65</sup> [Economic Issues No. 30 -- Hiding in the Shadows: The Growth of the Underground Economy.](#)

<sup>66</sup> [bio-120818.pdf](#).

<sup>67</sup> The mission team learned that the senior officials of key MDAs and other bodies have often been removed with the change of government.

<sup>68</sup> such as casinos, high-end hotels, and petrol stations.

lower levels of institutions. The recruitment and promotion processes for middle-ranking personnel often lack transparency, which may allow management to favor loyalty and reinforce the practice of *sababu*.<sup>69</sup>

**8. The business community has expressed concerns over the business environment potentially influenced by patron-client relationships, particularly in the context of a cultural tolerance to corruption.**

The mission was informed that private entities may seek to align with political elites in practice to secure business opportunities and obtain favorable conditions (e.g., expedited approvals and sole-source licenses). These connections can sometimes be established through political financing or, in some cases, unethical practices (such as offering bribes, ‘kickbacks’, or shares in investments). “Pop-up businesses” may also emerge to take advantage of short-term economic gains.<sup>70</sup> These practices have negatively impacted the business environment in Sierra Leone, potentially disincentivizing investment and distorting the level playing field. The mission also learned obstacles encountered by investors in their operation, such as discretionary increases in custom duties, stalling shipments, selective enforcement of tax audits, duplicated fees, and arbitrary termination of lease agreements. In addition, the general acceptance of corruption as an indispensable cost of doing business, including through informal kickbacks and collusion, tends to reinforce corruption in Sierra Leone.<sup>71</sup>

**9. Poverty, entrenched nepotism and weak integrity have resulted in different manifestations of corruption.**<sup>72</sup>

The authorities have noted the pervasiveness of corruption in Sierra Leone in their National Risk Assessment (NRA) (2017), said to be driven by ‘entrenched nepotism’ and ‘patronage networks’ and has eroded trust in the public sector.<sup>73</sup> Over the past decade, there has been a chain of corruption cases involving both senior and middle/low ranking officials, including a former President.<sup>74</sup> Pursuant to the Corruption Perception Survey (2019), poverty is ranked as the main cause of corruption (70%), followed by greed (69%), lack of integrity (59%) and low salaries (54%).<sup>75</sup> The survey result illustrates the nature of corruption in both transactional and high-level manifestations. Poor households are generally inclined to resolve issues through informal networks, increasing their exposure to petty corruption and suggesting tolerance for the corrupt practices.<sup>76</sup> In comparison, the high attribution of

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<sup>69</sup> Sababu is defined as a useful person able to redistribute resources, including access to employment opportunities, within his or her networks. Enria, L. 2015. ‘Love and Betrayal: The political economy of youth violence in post-war Sierra Leone’. *Journal of Modern African Studies* 53 (4), p 643.

<sup>70</sup> The mission team was informed that a handful of these businesses emerge after each transfer of power and operate for the duration of the regime, due to their closeness or direct connection to it, but when their party loses power, they may quickly close and leave the country.

<sup>71</sup> See Reno, W. 1995. *Corruption and State Politics in Sierra Leone*.

<sup>72</sup> Both high-level and petty corruption.

<sup>73</sup> MTNDP, [https://moped.gov.sl/wp-content/uploads/2024/08/Final\\_Sierra-Leone-MTNDP-2024-2030-1.pdf](https://moped.gov.sl/wp-content/uploads/2024/08/Final_Sierra-Leone-MTNDP-2024-2030-1.pdf); <https://www.qiaba.org/Frame/pdfviewer%7C%7Cb2e5b53626b043ad8a9d50c13f09e7297058050a0b4b0300f16952f714db8%7C%7CSierra%20Leone%20-%204th%20Enhanced%20FUR.pdf>.

<sup>74</sup> <https://www.barrons.com/news/s-leone-ex-President-ordered-to-pay-15mn-in-corruption-case-2759c209>.

<sup>75</sup> [Corruption perceptions survey report 2019](#).

<sup>76</sup> Sierra Leone has one of the highest poverty rates globally – 56.8% of the population are living below the national poverty line. [The Informal Sector in Sierra Leone: Agriculture, Agro-processing, Fisheries and Petty Trading. 2023. Research and Delivery Division, Ministry of Finance, Sierra Leone.](#)



corruption to greed and lack of integrity indicates a distinction between “corruption out of necessity” mostly for lower-level officials with minimum salaries and “corruption out of greed” involving high-level officials associated with political interests.<sup>77</sup> For the former, the police, public health centers,<sup>78</sup> and public schools have been perceived as the most corrupt public institutions providing basic services to ordinary citizens.<sup>79</sup> For the latter, a key area for diversion of public funds to private use by senior public officials is through the award of procurement contracts, where the procurement rules can be bent to extract rents, especially for high value contracts.<sup>80</sup>

**10. Despite the overarching challenges, some institutions like the ASSL and ACC have made efforts to perform their mandates.** Previously lauded as ‘one of the most effective institutions in Sierra Leone’ (by the current administration when in opposition) and acknowledged internationally as a highly effective supreme audit authority, the ASSL has enjoyed an excellent reputation.<sup>81</sup> It plays a pivotal role in the fight against corruption by ensuring transparency and accountability in the management of public resources. For example, during the Ebola and COVID-19 crises, the ASSL conducted audits (including real-time) of emergency responses, identifying weaknesses in internal controls and ensuring the proper use of emergency funds and resources. The annual audit reports have also flagged several irregularities, such as “ghost workers”.<sup>82</sup> The ACC maintains a collaboration with different agencies, such as the ASSL and NPPA, in strengthening accountability mechanisms and supporting the prosecution of corrupt practice.<sup>83</sup>

**11. However, the autonomy of these institutions may be undermined by political influence,** particularly exemplified by the deficiencies in the appointment and removal of senior officials of these bodies (see section II). The suspension and removal of the former Auditor General and her deputy has raised serious concerns both domestically and internationally.

**12. Inadequate checks and balances can weaken the rule of law and diminish scrutiny, creating loopholes for corruption.** A trend analysis illustrates a declining level of public trust over the past 15 years in Parliament (34%) and the Judiciary (36%).<sup>84</sup> Due to the lack of financial and operational

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<sup>77</sup> [Corruption perceptions survey report 2019](#).

<sup>78</sup> In 2020, the Afrobarometer survey data found that 50% of citizens had to pay a bribe, give a gift, or do a favour to get the health care they needed, with underprivileged groups particularly likely to be victimized by the need to pay a bribe to obtain care.

<sup>79</sup> Ibid;

<sup>80</sup> The National Anti-Corruption Strategy 2024-2028 (NACS) emphasizes that procurement processes and procedures have been flouted or circumvented by several MDAs and Local Councils.

<sup>81</sup> The former Auditor General served as the Chairperson of the African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E) and was Vice-Chair on the Board of the INTOSAI Development Initiative (IDI). Indeed, when in opposition, the SLPP (the President's political party) had lauded the actions of the Auditor-General referring to the Audit Service as ‘probably Sierra Leone’s most effective institution.’

<sup>82</sup> 2022 Audit Report of Sierra Leone.

<sup>83</sup> [Audit Service Sierra Leone Signs MoU with Anti-Corruption Commission – Audit Service Sierra Leone](#). Article 126A (1) of the ACA provides that where the ACC Commissioner has reason to believe that a contract, to which a public body is a party, is not in the national interest, the Commissioner may, in concurrence with the Chief Executive Officer of National Public Procurement Authority, issue a directive in writing, to the public body, directing not to proceed with the contract.

<sup>84</sup> Institute for Governance Reform (IGR), [Overcoming state underperformance: how incentives can accelerate growth and stability in Sierra Leone \(2025\)](#).

autonomy, Parliament and the Judiciary have been perceived as becoming increasingly influenced by the executive branch, making these institutions vulnerable to political influence and misconduct.<sup>85</sup> Such weaknesses further render relevant institutions to exercise little scrutiny or oversight of executive appointments, contracts, and agreements, contributing to the country's losses in large economic transactions and reduction of domestic revenue.<sup>86</sup> According to the Afrobarometer (2022), almost 70 percent of respondents hold that the Members of Parliament (MPs) have failed to perform their jobs and over 85 percent of respondents believe that the MPs have been involved in corruption, to various extents.<sup>87</sup> While a perceived high-level of corruption and a lack of human and material resources limit the effectiveness of the judicial system at all levels,<sup>88</sup> the appointment, suspension and removal process of the Chief Justice (CJ) is essentially controlled by the executive branch,<sup>89</sup> potentially compromising the rule of law. These deficiencies may perpetuate vested interests, damage trust in the rule of law and weaken the credibility of public institutions.

**13. The nature of corruption is further aggravated by inadequate law enforcement.** Constraints of resource and human capacities in the ACC and the ACD of the High Court contribute to delays in enforcement of corruption cases. Additionally, the insufficient autonomy and accountability of the justice sector compound the impunity of corruption. For example, there is a general perception of biased prosecution of corruption cases, inclining to protect “sacred cows”.<sup>90</sup> Pursuant to the Corruption Perceptions Survey, 69.7 percent and 60.2 percent of the respondents respectively perceive politicians and top government officials as the main “sacred cows”, indicating a high-level of impunity for political corruption.<sup>91</sup> In this context, the initiation of corruption inquiries leading to the indictment of several former high-ranking government officials has sometimes been perceived as politically motivated. The more recent wide use of the Non-Prosecution Policy by the ACC, despite its effectiveness in recovering assets, also poses fundamental challenges to the rule of law and due process (see section II).<sup>92</sup>

**14. Corruption in Sierra Leone is a complex issue that necessitates a holistic approach to reduce structural vulnerabilities, minimize incentives, and drive behavioral change.** Such efforts often involve collaboration between the public and private sectors, as well as civil society organizations and media. Corruption is not just a matter of individual misconduct but is deeply embedded in systemic interactions across various sectors. Such vulnerabilities in key state functions that link with corruption will be closely examined in the next sections of this report. Public behavior can transform significantly when there is strong societal pressure and engagement, coupled with effective collaboration across

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<sup>85</sup> [IGR Launches Incentive Program to Boost Judiciary and Parliamentary Performance.](#)

<sup>86</sup> Institute for Governance Reform (IGR), [Overcoming state underperformance: how incentives can accelerate growth and stability in Sierra Leone \(2025\).](#)

<sup>87</sup> <https://www.afrobarometer.org/online-data-analysis/>.

<sup>88</sup> Ibid; Sotola, D & Kukutschka, R. 2023. 'Overview of corruption and anti-corruption in Sierra Leone.' *U4 Anti-Corruption Resource Centre*.

<sup>89</sup> Same as the procedure for the Auditor General according to the Constitution.

<sup>90</sup> [BTI report of Sierra Leone 2024.](#) “Sacred cow” is one of the more popular phrases in discussions about corruption in Sierra Leone. It could point to people's perception of impunity when they assert the existence of sacred cows in the country.

<sup>91</sup> <https://slobserver.org/wp-content/Library/200401%20CARL%20-%20Corruption%20perception%20survey.pdf>.

<sup>92</sup> [Global Organized Crime Index Sierra Leone \(2023\).](#)



accountability agencies. In Sierra Leone, positive experiences in ensuring integrity of emergency responses demonstrate that efforts to fight corruption can be effective, particularly through linking various sources with transparent practices and enhancing oversight and monitoring, fostering a culture of accountability, integrity, and public participation that contributes to sustainable development.

## Section II. Fiscal Governance

### A. Background

**15. This chapter examines governance challenges in managing public finances, with a focus on gaps that are associated with corruption risks.** Strong fiscal governance, supported by a sound public financial management (PFM) system, is an important foundation for integrity, transparency, and accountability, all of which help reduce corruption vulnerabilities. This section focuses on key PFM areas where governance weaknesses create distinct corruption risks. This emphasis should not detract from the overall understanding that a strong PFM system helps to reduce corruption and other fiduciary risks. Therefore, the targeted PFM reforms in Sierra Leone should proceed as outlined, with an overall aim to improve public finances, as well as ultimately lead to narrowing corruption vulnerabilities.

### B. Mining Sector Governance Vulnerabilities

**16. Since independence, Sierra Leone's extractive and minerals sector has been a cornerstone of its economy, retaining significant potential to increase its contribution to the country's economic growth.** The mining sector is underpinned by substantial reserves of iron ore, diamonds, gold, rutile, and bauxite. The country is also conducting exploration activities to develop its petroleum sector. The mining sector plays a key role in the country's economy, accounting for up to 70 percent of total exports. However, it employs only about 1 percent of Sierra Leone's official labor force,<sup>93</sup> with mineral resource revenues fluctuating around 1 percent of GDP, as compared to 20 percent in Guinea or 57 percent in Liberia (Table 2), and average contribution to budget revenues standing around 5.5 percent over the past decade (Figure 1).<sup>94</sup>

Table 2. Selected Countries' Mining Sector Indicators by EITI (2022 reporting year)				
Country	Contribution to GDP ↓	Contribution to Government Revenues	Contribution to Exports	Contribution to Employment
Republic of the Congo	60%	71%	98%	0.3%
Liberia	57%	17%	99%	0.5%

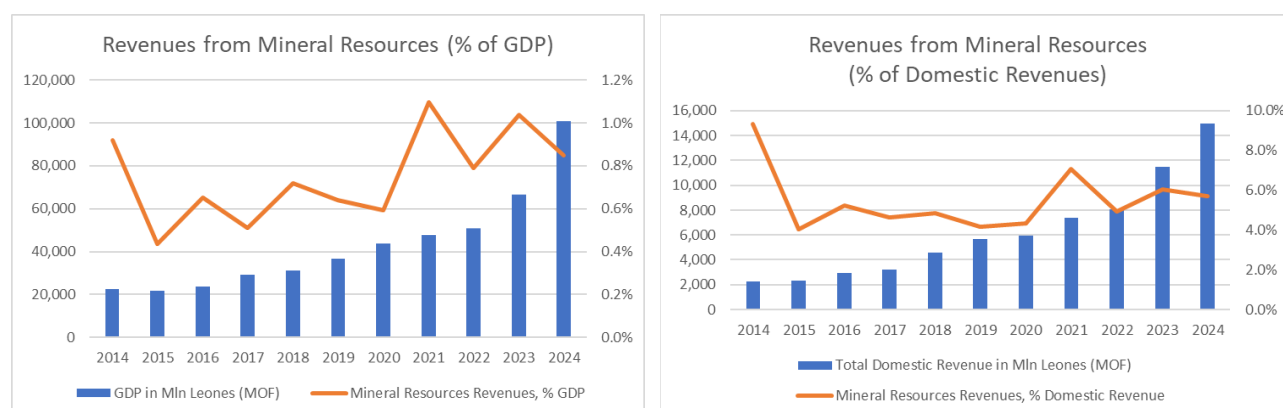
<sup>93</sup> With 'artisanal mining accounting for some 300,000 people <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-sierra-leone-2023.pdf>

<sup>94</sup> Note the significant estimated revenues lost from illegal mining activity (\$US 558 million per annum) - <https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-sierra-leone-2023.pdf>

Guinea	20%	17%	92%	6.6%
Democratic Republic of the Congo	14%	46%	99%	24.8%
Ghana	11%	15%	67%	2.0%
Zambia	9%	44%	72%	2.4%
Sierra Leone	1%	11%	61%	1.0%

Source: Country Pages at EITI.org based on the data reported by respective countries and reconciled with the EITI.

**Figure 1: Mineral Resource Revenues Contribution to the Economy (2014-2024)**



Source: MOF General Purpose Financial Statements for the Financial Year Ended 31 December 2023.

**17. Since 2014, Sierra Leone has been compliant with the Extractive Industries Transparency Initiative (EITI).** Since 2008, the government's effort to enhance governance through improved transparency and accountability in the extractive sector have led to gradual improvements in the mining sector legislation, which now defines resource ownership rights, obligations, and responsibilities at all stages of natural resource development. The country produced its first reconciliation report in 2010 and became an EITI compliant country in 2014. In 2022, the EITI Board concluded that Sierra Leone had achieved a high overall score (87.5 out of 100 points) in EITI implementation.

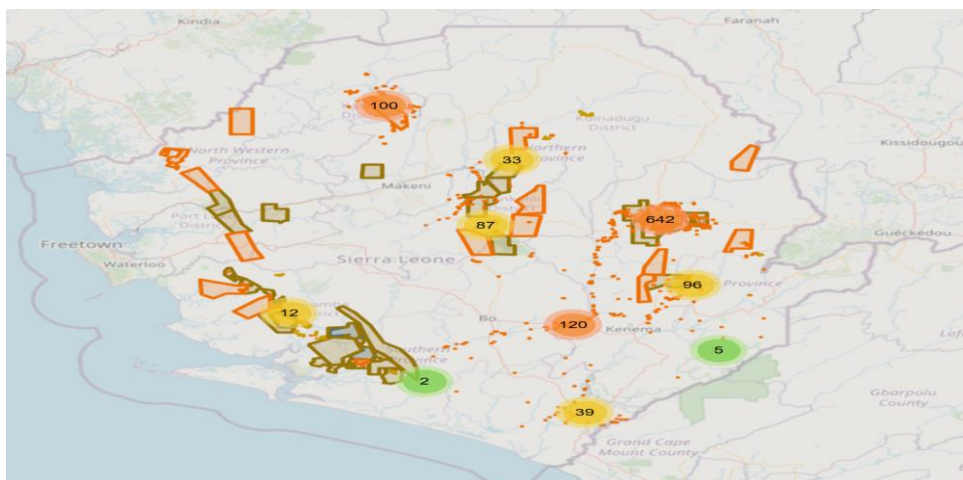
**18. The country had used the EITI to engage with local communities and drive reforms in the mining sector.** Sierra Leone's EITI membership has facilitated the regular publication of detailed reports on mining revenues and activities, with the most recent reconciliation published for

2022-2023.<sup>95</sup> The efforts to improve mining sector transparency and accountability are ongoing and will require further steps to ensure that revenues from natural resources are managed responsibly, benefiting the broader population, and fostering trust among stakeholders.

**19. The Sierra Leone Ministry of Mines and Mineral Resources (MMMR) and the National Minerals Agency (NMA) are responsible for regulating and overseeing the country's mineral sector.** The MMMR formulates policies, grants licenses, and supervises the sector's governance under the Mines and Minerals Development Act of 2023. The NMA, established under the National Minerals Agency Act of 2012, ensures compliance with mining laws, promotes investment, and manages mineral rights. Key responsibilities include monitoring exploration and extraction activities, enforcing environmental and safety standards, preventing illegal mining, and facilitating exploration investments and activities by overseeing the collection and storage of all geoscience information.

**20. The digitalization of the NMA operations played a significant role in improving transparency in allocation and management of mineral resource rights in recent years.** The NMA operates an online geoscience data portal that contains the data of the National Airborne Geophysical Survey (2018), and an interactive map of available minerals and current rights allocation (Figure 2). The same website discloses large-scale active mining agreements, which is good practice as per the IMF Fiscal Transparency Code.<sup>96</sup> Although the information on beneficial ownership of the present license holders is not complete (e.g., final beneficiary data), the work in this area is ongoing. In addition, the NMA runs an online license application process that can be tracked through all stages by applicants through their individual cabinets. These are all the right steps towards increasing transparency of the mineral rights allocation and management.

**Figure 2: Minerals Map Dashboard**



Source: NMA Repository (<https://sierraleone.revenuedev.org/map>)

<sup>95</sup> <https://eiti.org/documents/sierra-leone-2022-2023-eiti-report>

<sup>96</sup> Fiscal Transparency Code, Pillar IV <https://www.imf.org/en/Topics/fiscal-policies/fiscal-transparency>

**21. The legislative framework around the mining sector has progressively improved over the past decade.** Key legislation governing the extractives sector includes: (i) the Mines and Mineral Development Act (2023); (ii) the Extractive Industries Revenue Act (EIRA 2018); (iii) the Public Financial Management Act (2016); as well as secondary legislation detailing implementation and enforcement of the respective acts; and respective laws governing sector regulators. In addition, several acts are in place to ensure environmental protection and engagement with the local communities.

**22. Despite the recent progress, several gaps remain in mining sector governance that stem from varying degrees of discretion embedded in the existing legislative framework and its implementation.** Such gaps were identified in the license allocation process, negotiations of contract terms, tracking of mineral resource revenues, and disclosure of beneficial ownership, and illicit export/illegal trade linked to artisanal mining. Similar vulnerabilities were also identified in the 2022-2023 Sierra Leone Extractive Industries Transparency Initiative (SLEITI).

**23. The Mines and Minerals Development Act establishes several types of mineral rights and governs the licenses allocation process in Sierra Leone.** The following types of mineral rights are available for mining: (i) reconnaissance, (ii) exploration, (iii) artisanal, (iv) small-scale, and (v) large-scale mining licenses.<sup>97</sup> Additional types of licenses are issued for dealers and exporters. All types of licenses are issued by the Minister of Mines upon the recommendation of the NMA Board, while artisanal mining licenses are processed and issued by NMA's regional offices. All information on active licenses, including artisanal, is available at the NMA Online Repository.

**24. Diamond and gold mining in Sierra Leone is predominantly conducted by artisanal and small-scale miners.** At end 2023, the number of artisanal rights allocated for mining diamonds and gold were 268 and 80 licenses, respectively (Table 3). Such licenses are exclusively available to Sierra Leonean citizens or cooperatives wholly composed of citizens. Artisanal mining contributes substantially to the country's mineral exports. However, the formalized industrial mining presence remained limited, with only a few companies holding large-scale mining licenses. Moreover, gold and diamond mining are primarily conducted in remote areas, complicating trade and sector oversight.

Table 3. Active Mining Licenses by Type and Mineral (as of 31 December 2023)			
License Type	Mineral	Number of Active Licenses	Notes
Artisanal Mining License	Diamonds	268	
	Gold	80	
	Columbite	4	

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<sup>97</sup> <https://eiti.org/documents/sierra-leone-2022-2023-eiti-report>

Small Scale Mining License	Mixed*	41	incl. 18 for gold and diamonds
Large Scale Mining License	Mixed*	21	incl. 6 for gold and diamonds
Exploration License	Mixed*	10	incl. 6 for gold
Mining Lease	Mixed*	3	incl. 1 for diamonds

\* "Mixed" refers to multiple minerals. Specific breakdowns are not detailed individually.

Source: Sierra Leone Extractive Industries Transparency Initiative Report (SLEITI, 2023)

**25. While official production and export data are collected, much of the sector still operates informally, posing a challenge to transparency and governance.** The artisanal operations often lack access to capital, technology, and formal markets, leading to inefficiencies and lost revenue potential for both the miners and the government. Per some estimates, lost revenue and illicit movement of funds were estimated to reach 558 million USD per annum between 2006 and 2016, the bulk of which arises from the extractive industries and artisanal mining in particular.<sup>98</sup>

**26. Over the past decade, reforms have been introduced to improve regulation and oversight in the mining sector, but key challenges remain.** The implementation of the Mining Cadastre Administration System (MCAS), and the adoption of the key legislation, including the EIRA (2018) and the Mines and Minerals Development Act (2023), form the foundation of the institutional changes aimed at enhancing licensing, revenue tracking, and compliance. Despite these reforms, the artisanal segment continues to face challenges related to enforcement of mining standards and growing the share of legal and fair trade of precious stones and metals. The number of licenses issued for artisanal diamond and gold mining remained high in the past five years, reflecting sustained activity. However, EITI data reconciliation shows persistent gaps between declared production and actual exports, indicating limited improvement in traceability and governance outcomes. For example, in 2022 alone, total mining exports reported by the NMA were 937 million USD, whereas the mining companies reported a value of 995 million USD, a difference of 58 million USD<sup>99</sup>. In 2023, the difference between reported total production value by NMA (1.2 billion USD) and mining companies (1.4 billion USD) was 200 million USD.<sup>100</sup>

**27. To address persistent inefficiencies and governance gaps in diamond and gold mining, several targeted measures could be considered by the GoSL.** These could include further formalization of artisanal mining and fair trade through improved access to finance, expanding capacity

<sup>98</sup> Global Financial Integrity 2021, <https://gfinintegrity.org/report/trade-related-illicit-financial-flows-in-134-developing-countries-2009-2018/>

<sup>99</sup> EITI reports – Sierra Leone – 2023 - <https://sleiti.gov.sl/reports/>

<sup>100</sup> [SLEITI Reports | Transparency in Sierra Leone's Extractive Industries](#)

for monitoring and enforcement of mining regulations, and enhancing coordination among regulatory bodies. For example, the GoSL could consider introducing a centralized marketing and sales platform to help artisanal miners access fair and competitive trade terms, enhance traceability, and stabilize prices—drawing on Botswana’s experience with centralized diamond marketing. Adoption of digital traceability tools and investment in infrastructure such as assay labs and secured trading centers could also help reduce illicit trade. Strengthening transparency in revenue collection and allocation through consistent EITI reporting and community engagement should remain a priority to ensure that mining contributes effectively to Sierra Leone’s economy.

**28. Implementation of open tendering is yet to be introduced for license applications and mineral rights allocation.** The Mines and Minerals Development Act (2023) establishes a structured process for granting mining licenses through a first-come-first-served and public tender mechanism. The mission was informed that the public tendering is not yet utilized, and all licenses are allocated based on a first-come-first-served basis. This mechanism reduces competitiveness of the process, allowing for considerable discretionary power in the allocation of licenses, which can increase the risk of favoritism in resource allocation and lead to bribery. As per the IMF Fiscal Transparency Code,<sup>101</sup> resource rights should be allocated through an open and transparent process. The SLEITI Report also emphasizes the necessity for transparent and accountable processes in awarding mining licenses and permits. Therefore, it is critical that open tendering be introduced as soon as practical.

**29. Large degrees of discretion in negotiating terms of mining licenses weaken governance in the extractive sector and lead to multiple fiscal regimes, which are difficult to monitor and enforce.** Most mines operating in Sierra Leone have negotiated their own contract terms, which are incorporated into mining license agreements. There are two approaches to the fiscal regime for raising mining revenue in Sierra Leone - the EIRA 2018, and recent practice. Recent practice relies mainly on direct negotiations with investors on mining license agreement terms - for non-fiscal fees between the investors and the MMMR, and for fiscal revenues – with the MOF. This degree of discretion creates corruption vulnerabilities and leads to unfair revenue-sharing deals, allowing manipulation with contract terms that benefit private interests at the expense of the state revenues.

**30. The authorities have recently made progress in reducing discretion over fiscal revenues from the mining sector.** The Tax and Duty Exemption Act of 2023 was amended by the Finance Act of 2025<sup>102</sup> which eliminated the option to negotiate exemptions from corporate income tax and withholding tax for any new investments, as well as for existing investment agreements where such exemptions come to expire. This is a move in the right direction that will, over time, increase fiscal revenues from the mining sector and create more equitable treatment for investors.

**31. Another factor that impairs the mining sector transparency and contributes to sustaining the existing governance gaps is insufficient disclosure of beneficial ownership, and artisanal gold and diamond production.** The government faces challenges in regulating the artisanal sector and ensuring compliance with fiscal, environmental, and social standards. Some of the most lucrative mining

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<sup>101</sup> Fiscal Transparency Code, Pillar IV <https://www.imf.org/en/Topics/fiscal-policies/fiscal-transparency>

<sup>102</sup> Finance Act 2025, paragraph 15.

sites are in remote areas which hamper the monitoring and regulation of mining activities. The mission was informed by the NMA that they cannot effectively identify license applicants' beneficial owners due to the low capacity of its staff and lack of access to critical global platforms that allow tracking of corporate and private owners.<sup>103</sup> The absence of an effective beneficial ownership disclosure mechanism<sup>104</sup> can conceal conflicts of interest and facilitate corrupt practices. The remoteness of sites, combined with the high-value nature of the gold and diamonds and capacity constraints in key agencies, create opportunities for under-reporting of production and illicit export.

**32. Weak capacity to track and monitor mineral revenues was also identified as a constraint.**

The NRA Extractive Industry Revenue Unit (EIRU) manages the handling of all extractive-industry related taxes but faces acute capacity constraints with only six staff. This is compounded by the lack of digital solutions for reporting such revenues. Without improvements in tracking and management of mineral revenues, funds may be misappropriated or diverted, reducing the benefits to local communities and the nation.

**33. Sierra Leone's cooperation with the EITI has played a key role in reforming the mining sector.** This cooperation continues to serve as a platform for improving disclosure of mining contracts and streamlining revenue payments. Sierra Leone EITI (SLEITI) is currently working to advance beneficial ownership disclosure and strengthen accountability at the subnational level by clarifying payment streams, expected revenue and recipients of subnational revenues. Addressing these vulnerabilities is critical to attracting responsible investments and maximizing public benefits from the extractive sector.

Table 4. Recommendations		
Measure	Authority	Timescale
<b>Enforce Open, Competitive Bidding for Mining Licenses:</b> define the "strategic" minerals, as per the Mines and Minerals Development Act of 2022, invoking the need to conduct open tendering for awarding licenses for such minerals.	NMA/MoF	ST
<b>Dispense with Mining Contract Negotiations:</b> phase in the EIRA 2018 application for all new mining contracts to grow the mining revenues, move away from project level negotiations and remove discretion in investors' treatment.	NMA/MoF	ST
<b>Strengthen Licensing and Contract Transparency:</b> Introduce full disclosure of mining license application details, evaluation criteria, award justification, and publication of all allocated mining contracts, as	NMA/MoF	MT

<sup>103</sup> Special Issues Paper "Mobilizing Mining Revenue in Sierra Leone" (IMF, 2024).

<sup>104</sup> As discussed in Section III. Anti-Money Laundering.



promulgated by the IMF Fiscal Transparency Code and EITI principles. Publish all mining license contracts for public scrutiny. <sup>105</sup>		
<b>Strengthen the beneficial ownership disclosure mechanism for mining companies:</b> Implement a mandatory public disclosure for beneficial ownership of mining companies to prevent shell companies and hidden ownership by officials, in line with international standards. <sup>106</sup>	NMA/FIU	MT

### C. State Intervention in the Mining Sector: Mineral Wealth Fund

**34. Presently, Sierra Leone’s mining sector is operated by private sector investors with no state ownership.** All mines are operated by private companies, with state intervention limited to 10 percent free carried interest in new companies registered to operate in the mining sector. The mission was informed that the GoSL, through the Sierra Leone Mines and Minerals Development and Management Corporation (‘The Corporation’) and in collaboration with the Office of the Attorney General, was in the process of activating the 10 percent free carried Interest in mining companies. However, as of the mission conclusion, there were no instances when this free carried interest was yet activated by the GoSL.

**35. Looking to assert the state’s strategic interest in the mining sector and to grow its contribution to the budget, the government has established a dedicated state-owned corporation.** The Corporation was established in 2023 with the Sierra Leone Mines and Minerals Development and Management Corporation Act, enacted by the Parliament. The Corporation is tasked with negotiating mining agreements both domestically and internationally, prioritizing ventures with other governments, and aiming to maximize returns from mineral exploitation. By its own Act, the Corporation is established in a comparable way to any other budget entity, and is funded by budget appropriations, although it is also allowed to borrow funds directly<sup>107</sup>, presenting fiscal risks to the public finances.

**36. The Corporation is structured as a body corporate aiming to deliver on its mandate via a fully owned Mineral Wealth Fund (MWF), and its subsidiary joint ventures have yet to be established.** The Corporation will conduct mining activities through the MWF, the subsidiary established under the Companies’ Act (2009) as a limited liability company wholly owned by the Corporation. The authorities plan to organize further mining operations via establishing individual joint ventures under the MWF, as per future agreements with interested investors, prioritizing foreign governments and foreign mining SOEs as the priority investor group, and open to other investors’ interest. The Corporation is operational and is subject to all public financial management laws and annual audit by the Audit Service

<sup>105</sup> Also, Recommendation 2.4 in the 2022-2023 Report of the Sierra Leone Extractive Industries Transparency Initiative (SLEITI).

<sup>106</sup> FATF Standards and EITI Principles.

<sup>107</sup> Direct borrowing by the Corporation is subject to Section 108 of the Public Financial Management Act 2016 (as amended), which requires approval of the Minister of Finance for all budget entities wishing to borrow.

Sierra Leone. The MWF is not yet operational, conducting preparatory works for future mining operations and finalizing its corporate structure.

**37. The Corporation and the MWF were allocated assets by the Sierra Leone Parliament and operate solely within the limits of these allocated assets.** The mission was informed that the Corporation was allocated an identified land plot with substantive iron ore deposits, and the adjacent railway to deliver the ore to the port for further export out of the country. The rest of the mining sites in the country operate under the existing legislation, with no aim to undermine their ongoing contracts, or take over the sites already held by other investors. In this sense, the State does not appear to be in competition with private investors or seeking to impose its policies over the existing contracts or frameworks.

**38. Several corporate governance and accountability pre-conditions must be met to ensure the State's strategic interest in the mining sector contributes appropriately to public wealth.** It is good practice that any State involvement in natural resources and wealth management adheres to the high standards of corporate governance and transparency, given the wealth at stake. These practices usually rely on the following: (i) the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2024, revised); (ii) the Santiago Principles or Generally Accepted Principles and Practices (GAPP); and (iii) the IMF Fiscal Transparency Code<sup>108</sup> on OECD and IMF Fiscal Transparency Code). The government's majority ownership of the Corporation and the MWF, along with the commercial nature of their operations, classifies them as SOEs<sup>109</sup> that should be fully accountable to Sierra Leone's existing legislative frameworks and requirements. The Corporation is a public entity which receives appropriation by Parliament and is fully subject to PFM laws, SOE laws, and Audit laws, and the MWF as the Corporation's subsidiary should be subject to the same laws and regulations.

**39. The present corporate structure of the Corporation and the MWF are set in the legislation, with most respective appointments to these bodies already made.** The Corporation Board consists of nine members (see Table 5), six of whom represent institutions and are already appointed. Three other Board members of good repute and proven integrity are yet to be appointed by the President of the country.<sup>110</sup> The MWF Board is provided for by its Articles of Association, and also consists of nine members: (i) Minister of Finance; (ii) Minister of Mines and Mineral Resources; (iii) & (iv) two persons from among Sierra Leoneans who are experienced business executives with proven ability in corporate governance, and finance; (v), (vi), (vii) three individuals nominated by the MountView Konzern Management Services Company ('MountView'); and (viii), (ix) two independent directors (see Table 5).

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<sup>108</sup> <https://www.imf.org/external/np/fad/trans/Code2019.pdf>

<sup>109</sup> IMF defines public corporations, otherwise known as state-owned enterprises (SOEs), as commercial entities owned or controlled by the government (IMF, 2014 and 2016). OECD defines SOEs as enterprises, in which the state exercises ownership or control if their purpose and activities, or large parts of their activities, are of an economic nature. This covers all legal forms, including joint stock companies, limited liability companies, partnerships limited by shares, and statutory corporations established through specific legislation. (OECD, 2024).

<sup>110</sup> Sierra Leone Mines and Minerals Development and Management Corporation Act (2023).

The absence of detailed mechanisms for proper selection of non-statutory board members leaves open the possibility of politically motivated and sub-optimal candidates entering future Boards.<sup>111</sup>

Table 5. Board Composition of the Corporation and the MWF	
Corporation	MWF
<b>Six</b> Government Representatives ( <i>ex-officio</i> ): (i) Minister of Finance; (ii) Minister of Mines and Mineral Resources; (iii) Attorney General; (iv) Minister of Environment and Climate Change; (v) Minister of Lands Housing and Country Planning; (vi) Governor of the Bank of Sierra Leone	<b>Two</b> Government Representatives ( <i>ex-officio</i> ): (i) Minister of Finance; (ii) Minister of Mines and Mineral Resources
<b>Three</b> members appointed by the President. Qualification requirements: good repute and proven integrity	<b>Two</b> members appointed by the President. Qualification requirements: Sierra Leoneans citizens, experienced business executives with proven ability in corporate governance, and finance.
	<b>Three</b> members appointed by MountView No qualification requirements.
	<b>Two</b> independent members. No qualification requirements.

Source: Mission, based on the Sierra Leone Mines and Minerals Development and Management Corporation Act (2023), and the MWF Articles of Association (2024).

**40. To ensure that the Corporation and the MWF's corporate governance arrangements are more closely aligned to good practices, the Boards' composition, as well as directors' selection and appointment need to be strengthened.** Recognized best practices<sup>112</sup> call for SOE boards to have

<sup>111</sup> After the first draft of this report, the Mission was informed that the Minister of Finance (in accordance with new IMF program commitments) will submit to Cabinet for approval a Cabinet Paper for the review of the appointment process of non-statutory board members in the Corporation and the Fund to ensure good governance, merit-based nomination and professionalism.

<sup>112</sup> The OECD Guidelines on Corporate Governance of SOE (2024, updated) are well-recognized international benchmark of best practices in the corporate governance of SOEs.

the necessary authority, competencies, and objectivity to conduct their functions of strategic guidance, risk management oversight, and monitoring of management of SOEs. In general these principles require: (i) clearly defining the boards' mandate to provide strategic guidance and bear the ultimate responsibility for the entities' performance; (ii) insulating boards from political interference through the inclusion of professional independent members; (iii) introducing transparent merit-based selection of professional board members carried out by a collegial body (such as a nomination committee); (iv) establishing open and transparent selection of executive management to be appointed by and accountable to the boards; (iv) implementing performance monitoring systems that directly link executive management remuneration to financial performance, and (v) ensuring timely audit by the Auditor General with full disclosure of its audit results to the public and the Parliament.<sup>113</sup>

**41. The government can better equip both Boards by introducing a transparent, merit-based nomination process and clear qualification requirements for professional directors.** The mission understands that the number of statutory or *ex-officio* members on both Boards (the Corporation and the MWF) is predetermined, justified by the strategic role of state participation in the mining sector. However, the selection criteria and nomination process for professional and independent board members remain insufficiently defined. Both the Corporation and the MWF would benefit significantly from clear merit-based criteria for appointing professional and independent members. In addition to the existing requirements, such criteria should include a clear definition of independence, relevant professional and/or sector expertise, and minimum years of experience in these fields. In addition, it will be critical to establish a transparent, merit-based nomination and appointment process. This should be conducted by a collegial body, such as a nomination committee, to identify the best candidates for the President to appoint.<sup>114</sup>

**42. Currently there are no specialized Board committees envisaged by the Corporation or the MWF—contrary to good practice that calls for establishing at least audit and nomination committees.** Good practice is for these committees to be chaired by a qualified independent board member. The remuneration and nomination committee should consist of a majority of independent members, and the audit committee fully composed of independent members – all with appropriate expertise. Both Boards would substantially benefit from establishing these two committees, while also considering other committees qualified to guide both Boards on sector specific issues. Good practice also suggests that membership overlaps across board committees should be kept to a minimum.<sup>115</sup>

**43. Executive management of the MWF was outsourced to a third-party management services provider.** The MountView Konzern Management services company was awarded a 10-year contract<sup>116</sup> to provide all management and operational services on behalf of the MWF shareholder – the Corporation.

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<sup>113</sup> After the first draft of this report, the mission was informed that the Minister of Finance (in accordance with new IMF program commitments) will submit to Cabinet for approval a Cabinet Paper for the review of the appointment process of non-statutory board members in the Corporation and the Fund to ensure good governance, merit-based nomination and professionalism.

<sup>114</sup> After the first draft of this report, the mission was informed that the Minister of Finance (in accordance with new IMF program commitments) will submit to Cabinet for approval a Cabinet Paper for the review of the appointment process of non-statutory board members in the Corporation and the Fund to ensure good governance, merit-based nomination and professionalism.

<sup>115</sup> After the first draft of this report, the mission was informed that Specialized Board Committees for both the Corporation and the Fund will be established.

<sup>116</sup> With an option to extend the existing contract for two consecutive five-year terms.

The contract covers all activities of the MWF, as well as joint ventures to be established under its mandate to conduct mining activities with foreign governments and other investors. The mission was informed that the selection process was conducted under the PPP Law. However, the mission did not have access to information that would allow it to confirm whether the competitive and transparent procedures required by Part VII of the PPP Law were fully adhered to.<sup>117</sup> The selection of MountView Konzern Management and a due diligence report were approved by the Cabinet, with its Management Services Agreement ratified by the Sierra Leone Parliament.

**44. Open and competitive selection of the MWF executive management is crucial for ensuring the highest level of professionalism, and their accountability to the Boards and to Sierra Leone government.** The importance of executive management in any SOE cannot be overstated. International experience shows that a well-qualified executive management team with strong sector expertise and a solid track record of good governance can build effective processes, improve operational performance, conduct responsible financial management, and attract investment. In contrast, politically motivated or opaque appointments create governance weaknesses, increasing the risk of corruption, inefficiencies, and conflicts of interest, ultimately undermining public trust, investor appetite, and economic stability. In the current circumstances, when both Boards lack professional representation and expertise to monitor the MWF's management service company conduct and operations, the performance framework for MountView must be strengthened and vigorously monitored by government.

**45. The GoSL should establish key performance indicators (KPIs) for MountView and ensure their monitoring as soon as possible.** Although MountView is not receiving compensation until mining operations begin, it is crucial for the GoSL to hold it accountable to the terms of the management services agreement. This agreement appropriately includes an annual performance review based on KPIs set by the MWF Board within the business plan.<sup>118</sup> However, these indicators have not been developed or are not publicly available, reducing the accountability of the MWF. In addition, MountView has been conducting its mandate since January 2023, but has not yet prepared financial statements as of the date of this report, and their performance review has not yet taken place. Therefore, the MWF Board should require MountView to report on their implementation without delay and establish this practice as a regular exercise to maximize the benefits of this arrangement for the nation.<sup>119</sup>

**46. The potential fiscal revenue stream from the MWF's mining activities is already subject to constraints.** This is because: (i) the existing framework agreement<sup>120</sup> between the MWF and China Overseas Engineering Group Co. Ltd grants joint venture operations under the agreement full tax exemptions and fiscal incentives available in Sierra Leone, largely reducing fiscal revenues potential; and (ii) another revenue source—dividend payments—are capped by the MWF Articles of Association at an amount recommended by its Board of Directors, which severely limits the GoSL's role in setting dividend expectations. Developing the Dividend Policy for the MWF could be used to establish the minimum

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<sup>117</sup> Public Private Partnership Act (2014), Part VII Competitive Selection Process and Award Proceedings.

<sup>118</sup> Management Service Agreement, Paragraph 4.3.1.

<sup>119</sup> After the first draft of this report, the mission was informed that Key Performance Indicators for MountView are being formulated by the Board of the MWF which will be implemented to regularly review MountView's performance.

<sup>120</sup> Framework Agreement between MWF and China Overseas Engineering Group Co. Ltd. (2024).

expected revenues from the MWF and its joint ventures.<sup>121</sup> Meanwhile, these existing limitations pose risks to MWF's contribution to the state budget and restrict overall revenue potential. At the same time, both - the Corporation and the MWF - are authorized to borrow and obtain guarantees, exposing the government to fiscal risks and contingent liabilities. This combination of limited revenue potential and unlimited risks from future borrowings is not conducive to building public wealth or maximizing fiscal returns from the mineral sector.

**47. The PFM Act does help mitigate some of these risks and the MFW should comply in full.**

The PFM Act subjects the MWF to a dividend policy to be designed and approved by the MOF, which can set the returns to Sierra Leone notwithstanding other provisions. The PFM Act, and its underlying regulations, have other benefits for the MWF governance framework, including the approval of financial and investment plans, financial targets, approval of borrowings and guarantees as a fiscal risk management measure for the MOF, and importantly, approval of dividend policy. For this to take effect, no legislative change is needed as the MWF already falls under the PFM Act (as defined in its Part I).

**48. If the MWF establishes joint ventures with interested investors, it is critical that these are entered into and monitored by qualified experts.** When the time comes, it is critical to ensure that qualified professionals who are engaged in structuring joint ventures have proven skills in legal and financial matters, as well as experience with the mining sector and international negotiations. These skills are needed to analyze project alternatives and make strategic investment decisions. The engagement of professional transaction advisors or independent review by a third party could also be warranted. For example, the government of Botswana engaged high level external expertise (legal, technical, financial) at the time of the Pula Fund's inception to match the resources available to its private sector partner at the time.<sup>122</sup> The mission was not initially able to meet with the MountView management and obtain their views on the MWF's progress, or gauge the MountView expertise in the mining sector, their experience in similar ventures or in other countries.<sup>123</sup> In a virtual meeting held after the mission, all of these issues were addressed satisfactorily.

**49. Reflecting its critical role in contributing to Sierra Leone's wealth, it is recommended that the MWF is made subject to core public sector and private sector legislation.** This recommendation is based on the complex combination of factors inherent in the SOE's structure and mandates, and its operating at the borderline between public and private sector regulations. Governance gaps are typically more prominent in high-value sectors, such as mining, and in certain areas of operations that create room for discretion or allow weaker accountability. It is recommended that the MWF is subjected to the PFM Act (2016), and the upcoming SOE Bill, once it is enacted by Parliament. Other important legislation, such as ACA, should also be applied to both entities as relevant. This is in addition to their compliance with the Companies' Act (2009). This will help align the legislative requirements with good practices in SOE board composition and qualification, financial reporting and disclosure requirements, internal controls, and audit procedures. In combination, these requirements will help ensure the MWF's adherence to the core set of

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<sup>121</sup> After the first draft of this report, the mission was informed that the MWF is currently formulating a Dividend Policy to ensure significant fiscal revenues to Government (in accordance with new commitments in the IMF program)

<sup>122</sup> Please refer to the IMF PFM Blog: [Management of Botswana's Diamond Revenues](#)

<sup>123</sup> After the mission

PFM regulations applicable to other SOEs and acknowledging its contribution to the strategic development objectives of Sierra Leone.

Table 6. Recommendations		
Measure	Authority	Timescale
<b>Establish Clear Criteria for Professional Board Members:</b> define clear merit-based criteria for appointing professional and independent members to include a clear definition of independence, relevant professional and/or sector expertise, and minimum years of experience in these fields to equate to that of their foreign partners. Open the MWF board positions to foreign nationals to expand the pool of qualified and experienced candidates.	MoF	ST
<b>Develop and publish Transparent, Merit-Based Nomination and Appointment Process for Professional Independent Board Directors:</b> establish and disclose a transparent, merit-based nomination and appointment process to be conducted by a collegial body, such as a nomination committee, to identify the best candidates for the President to appoint.	MoF	ST
<b>Develop and approve a performance management framework for MountView that includes:</b> the MWF Board to develop a comprehensive management framework and KPIs for MountView and require MountView to report to the MWF Board on their performance against these KPIs. Establish this practice as a regular exercise to maximize the benefits of his arrangement for the national development.	MoF	ST
<b>Develop and Approve the MWF Dividend Policy:</b> develop a MWF dividend policy that ensures that fair share of the MWF and its joint ventures' profits are directed towards the state budget as per GoSL expectations.	MoF	ST
<b>Publish the Corporation and the MWF annual audited financial statements:</b> enforce the existing legislative requirements by ensuring timely publication of the financial statements for both – the Corporation and the MWF – as soon practical. Once their audit is complete, update the published information with the audited financial statements.	MoF	MT



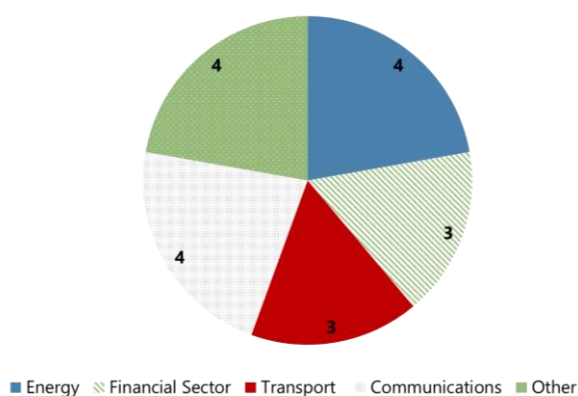
<p><b>Ensure MWF Transparency and Accountability by Subjecting Them to Core Public and Private Sector Legislation:</b> ensure that both entities are subject to the public sector legislation, such as PFM Act (2016), ACA (2008), and the upcoming SOE Bill once enacted by the Parliament. This is in addition to the MWF compliance with the Companies' Act (2009). Financial and investment planning, financial reporting, and audit requirements must be adhered to fully pursuant to the PFM Act and the Companies' Act.</p>	MoF	ST
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## D. Oversight of State-Owned Enterprises

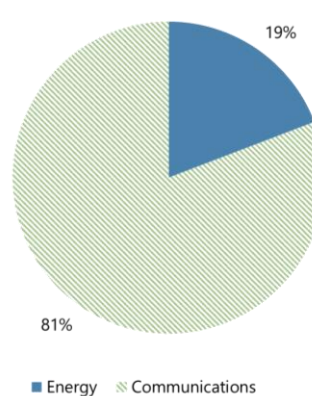
50. **Sierra Leone's SOEs continue playing a pivotal role in various sectors of the nation's economy, operating across multiple sectors, such as banking, utilities, transportation, and communications.** The government maintains majority ownership in eighteen of these enterprises (see Figure 3), underscoring their strategic importance to national development. In recent years, important reforms have been initiated to enhance SOEs performance and accountability. A management and structural review of Ministries, Departments, and Agencies (MDAs), including parastatals and SOEs, has been undertaken to propose necessary strategic alignments. A legislation update is also underway, with the new SOE Governance Bill undergoing revisions before Parliament's approval. These initiatives aim to improve governance and efficiency within SOEs, aligning them more closely with national development objectives and good corporate governance practices.

**Figure 3: Number of Majority Owned SOE and Sector Share of Total Outstanding Debts**

**Number of Majority Owned SOE**



**SOE Debt per Sector (Percent of Total)**



Source: MOF Report on Outstanding Loans.



**51. Sierra Leone operates a decentralized SOE ownership system, which suffers governance gaps arising from fragmented oversight and lack of enforcement of financial discipline.** The MoF carries the ownership function for the state-owned banks and is responsible for coordinating the SOE budgeting process, setting SOE dividend policies (for banks only), and monitoring the fiscal risks arising from SOEs. The National Commission for Privatization (NCP) conducts the ownership function for non-financial SOEs, sharing this responsibility with responsible line ministries. This fragmentation in ownership creates governance gaps and limits oversight effectiveness. A new draft SOE Governance Bill has been prepared and proposes to establish a new SOE Ownership and Governance Commission to exercise the state's ownership function including and overseeing governance and performance of the non-financial SOEs.

**52. Weak corporate governance practices among SOEs heighten corruption vulnerabilities due to insufficient independence and professionalism within their boards.** The effectiveness of the SOE boards is crucial for the overall performance and their ability to oversee operations of the SOEs. An existing concern for SOEs in Sierra Leone is that SOE boards are dominated by government officials that are appointed by virtue of position, and not merit or skill sets. Selection and appointment procedures are weak and lack clear professional qualification criteria to select the best talent to SOE boards. This led to excessive representation of politically appointed board members eroding corporate governance fundamentals, risking ineffective management and suboptimal decision-making. It is vital to allow professional independent members to enter SOE boards to contribute their sector expertise for well-informed decision-making and ensuring that the governance structure of SOEs is resilient against corruption vulnerabilities.

**53. The level of transparency and disclosure by Sierra Leone's SOEs remains critically low, contributing to significant governance gaps.** This has contributed to significant governance gaps in the SOE sector, keeping current financials and key facts unreported for extended periods. Lack of transparency has led to opaque partnership arrangements, such as those involving the State Lottery, where private sector partnership failed to deliver expected benefits, instead exposing the government to financial liabilities, and reputational risks. Without enhanced transparency, robust oversight, and merit-based leadership, SOEs will continue to struggle with inefficiencies, burdening the budget and broader economy.

**54. Transparency deficits in SOE financial reporting pose major risks to fiscal discipline and increased susceptibility to fraudulent activities.** Weak financial reporting practices, coupled with delays in the submission and auditing of financial statements of SOEs, hinder effective oversight and monitoring. Many SOEs fail to submit their annual financial statements on time, with some not submitting them at all. While a legal framework mandates monthly and quarterly SOE reporting, compliance remains weak due to limited institutional capacity, weak accounting systems, and financial constraints that limit timely audits. As a result, the MoF struggles to conduct timely financial oversight and manage fiscal risks. This is especially critical as SOEs' loans have reached US\$36.5 million at the end-2023, with heavy concentration in two major SOEs. Additionally, the absence of a performance monitoring framework and lack of an integrated digital solution further complicate fiscal risk management, allowing inefficiencies to persist unchecked.

**55. Many SOEs in Sierra Leone operate at a loss and rely heavily on government support, which significantly strains public finances and can conceal fund misuse and overspending.** A notable example is the Electricity Distribution and Supply Authority (EDSA), which heavily depends on the national budget due to a mismatch between its buying and selling tariffs, coupled with substantial technical and commercial losses. EDSA's inability to cover its operational costs without government assistance led to a subsidy of SLE 729.6 million in 2022, with an additional SLE 274.6 million allocated in the first half of 2023, adding to the already outstanding arrears of US\$39 million as of June 2023.<sup>124</sup> The MOF estimates that over 60 percent of SOEs suffer from high deficits, low profitability, significant liabilities, tight liquidity, leading to insolvency risks. The root causes of these financial strains include undertaking quasi-fiscal operations without adequate government reimbursement, lack of performance monitoring frameworks and weak corporate governance structures, which further exacerbate inefficiencies. These inefficiencies and reliance on budget support create significant room for misuse of funds, and other corruption vulnerabilities, including settling the accumulated arrears.

**56. Moreover, SOEs heavily depend on government support and bailouts, a situation which is unsustainable in the long term.** This dependency creates a perpetual cycle of reliance that imposes additional fiscal pressures, diverting critical funds away from essential public services and necessary infrastructure investments. The absence of an effective price adjustment mechanism that reflects current production costs further exacerbates operational losses, particularly in energy SOEs. Additionally, the lack of a clear dividend policy restricts potential financial contributions from more profitable SOEs, such as state-owned banks, thereby limiting their ability to support the broader fiscal framework. Addressing these issues is crucial for enhancing the efficiency and sustainability of SOEs in Sierra Leone and ensuring they can contribute positively to the national economy without imposing undue burdens on public resources.

**57. To address these challenges, the government has initiated reforms to strengthen SOE governance and accountability.** The PFM Act (2016) and underlying regulations are the cornerstone of SOEs' financial accountability, regulating SOEs' financial reporting and publication requirements, and introducing fiscal oversight over SOEs. The upcoming SOE Governance Bill aims to close the remaining gaps in the SOE frameworks with the introduction of enhanced SOE performance monitoring, improving financial reporting and disclosure requirements, and strengthening SOE corporate governance practices. Effective financial and fiscal oversight by the MoF is critical to restoring fiscal discipline, mitigating corruption risks, and ensuring sustainable operations.

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<sup>124</sup> MOF Fiscal Risks Statement (2024).

Table 7. Recommendations		
Measure	Authority	Timescale
<b>Adopt the SOE Governance Bill:</b> this Bill fills the gaps in strengthening the SOE ownership and corporate governance, effectively supplementing the PFM Act (2016).	MoF	MT
<b>Professionalize SOE Corporate Governance:</b> introduce clear selection criteria to appoint qualified professionals to SOE boards based on transparent recruitment processes. Introduce clear qualification criteria to include the relevant sector experience, legal or financial expertise, and define independence requirement. Ensure board independence with clear separation from political influence.	MoF	ST
<b>Enforce Mandatory Reporting and Audit Deadlines:</b> enforce the existing legislation as to SOEs financial reporting, disclosure, and audit requirements. Introduce penalties for non-compliance, such as freezing government funding to SOEs (subsidies, loans, guarantees, other financial support), or introducing individual penalties to the senior management of SOEs that fail to meet reporting deadlines. This will create strong incentives for timely reporting.	MoF	ST
<b>Introduce Performance Monitoring Systems:</b> approve the SOE Reporting, Monitoring and Evaluation Framework that establishes clear KPIs for SOEs (building on IMF advice) to regularly assess SOEs performance to ensure they meet their objectives, operate within budget, and contribute positively to the economy. Link board and executive performance to timely and accurate financial reporting, offering performance-based incentives for compliance, as practiced in Singapore.	MoF	MT
<b>Analyze and Quantify Quasi Fiscal Activities:</b> conduct a detailed analysis of public service delivery to quantify the quasi-fiscal activities delivered by SOEs. Based on this analysis, the MoF is to identify a system-wide stocktaking of critical public services and quantification of their costs to the Budget. These eventually will need to be reimbursed to SOEs from the State Budget and allow SOEs to operate on a for-profit or break-even basis.	MoF	MT
<b>Digitalize SOE Reporting and Disclosure:</b> invest in development and launch of an automated platform for SOE financial reporting to reduce manual delays and track submissions in real-time (Annex I). Mandate SOEs to submit their quarterly and annual financial statements electronically to MoF, enabling early detection of fiscal risks before annual audits.	MoF	MT

## E. Expenditure Arrears

**58. Budget credibility remains an ongoing challenge, exacerbated by a lack of timely approval of credible fiscal frameworks and lack of firm expenditure ceilings.** The misalignment between government policies and budgetary allocations leads to deviations from the initial budget figures. These weaknesses in budget preparation and resulting frequent in-year budget adjustments lead to significant budget overruns by certain sectors such as Defense, Police and Roads. This often leads to the accumulation of expenditure arrears, particularly in other sectors that do not receive similar prioritization treatment during the in-year reallocations and execution.

**59. The accumulation of expenditure arrears has become a persistent feature of Sierra Leone's public finances.** To address this GoSL issued an Arrears Clearance Strategy for the years 2020-2025, with a revised strategy adopted in 2023 for the period covering 2023-2028, which captures verified arrears pre-July 2023. Despite this, expenditure arrears continue to accumulate annually with some portion cleared at the beginning of the new fiscal year using budget funds from the new year distorting budget planning and execution.

**60. Expenditure arrears are often a product of governance weaknesses in the PFM cycle and a high degree of discretion in prioritizing certain payments over the others.** The combination of arrears accrued pre-2018 (legacy arrears) and accumulation of new arrears result from severely constrained liquidity, both create a cycle of growing arrears that hinder effective fiscal management. Analysis by the World Bank highlights how arrears can create complex governance issues, by introducing administrative discretion into PFM cycle. Cash constraints lead to funding rationing and decision-making that involves a significant degree of discretion to determine which obligations to settle and in what sequence. This creates opportunities for corruption, as different interests attempt to influence the prioritization of the settlement of delayed payments.<sup>1</sup>

**61. In Sierra Leone arrears are comprised of “legacy” arrears accumulated pre-2018 verified by the Auditor General, and new arrears that are being accumulated year to year since 2018 and up to date.** The “legacy” arrears were verified by the Auditor General at SLE 3.2 billion (about USD 320 million, or 10 percent of GDP at the time), out of which SLE 536 million were settled between 2020-2022.<sup>2</sup> New post-2018 arrears continue to grow year to year with no tracking system in place to control these commitments. The Revised Arrears Clearance Strategy (2023-2028) indicates that accumulated arrears reach SLE 1.7 billion as of June 2023, exclusive of outstanding cheques. The failure of the 2020-2025 Arrears Clearance Strategy was primarily attributed to the COVID-19 pandemic, but also to lack of financing, and rejection of a proposed discount by vendors.<sup>3</sup> For the updated 2023-2028 Arrears Clearance Strategy to succeed, steps must be made to reduce the existing discretion in arrears settlement and improve cash management practices.

**62. Cash management practices reveal a large degree of discretion in prioritization of payments.** Currently, due to liquidity constraints, decisions regarding payment priorities are made daily by the MOF leadership<sup>4</sup> to determine which creditors are paid first. All payments authorized for processing via the normal cash management process are matched with daily cash availability, and only selected payments are made. Under this practice, some payments may be prioritized over others bypassing the prioritization process without clearly defined criteria and documentation of the decisions.

**63. In addition, some transactions are conducted outside of the established cash management process.** The Financial Secretary (FS) letters serve as priority cheques circumventing the Integrated Financial Management Information System (IFMIS) and further distort the established cash management procedures by creating opportunities for discretionary prioritization. The practice of using FS letters complicates the payment process and undermines control in public financial management, creating opportunities for certain sectors or vendors to receive preferential treatment over the rest of the public sector payments.

**64. The Cash and Debt Management Committee could play a bigger role in the implementation of the Arrears Clearance Strategy.** The ongoing process of arrears settlement could benefit from structured decision making by the established Cash and Debt Management Committee. According to its Terms of Reference (2021), the Committee has been given the mandate for overseeing the management of and reporting on public debt issues (including arrears), developing and maintaining an accurate database of domestic arrears (including accumulated interest), tracking payments, and reporting on current balances of arrears across Ministries, Departments and Agencies. The Committee is also tasked with producing a quarterly report on the arrears clearance process and submitting the report to the Minister of Finance for approval and publication. Currently, these roles are not performed fully and effectively by the Committee.

**65. Lack of transparency in accumulation and settlement of public sector arrears contributes to hindering their timely and orderly reduction.** While pre-2018 arrears have been verified by the Auditor General, there is no up-to-date registry of all outstanding arrears. Lack of a comprehensive digital tracking system severely limits the ability to prioritize clearances effectively, allowing for the continued accumulation of arrears without proper oversight. Digitalization of the arrears tracking and linking such registry with the broader IFMIS can significantly enhance the process efficiency, transparency and reduce existing vulnerabilities.

Table 8. Recommendations		
Measure	Authority	Timescale
<b>Develop and Implement Transparent Prioritization of Payments:</b> develop a clear, rules-based approach to prioritization and ranking of settling the arrears for both – “legacy” and newly accumulated.	MoF	ST
<b>Remove Excessive Discretion in Decision Making on Payments:</b> involve the already existing Cash and Debt Management Committee in the decision-making process for settling the budgeted arrears – both, “legacy” and newly accumulated.	MoF	ST
<b>Manage the Flow of New Arrears:</b> develop commitment control mechanism to ensure that MDAs do not enter into new financial obligations without confirming that funds are available in the budget, following the committed principle of “Not in Budget, No Funding.” Enforce penalties for	MoF	ST

unauthorized spending to ensure enforcement and accountability at all levels.		
<b>Implement Digital Arrears Tracking Systems:</b> invest into a digital solution for Arrears Profiling System to capture all types of arrears as defined in the PFM Act (2016) to improve tracking, reporting of all arrears and their details, including beneficiary details, amounts owed, and payments made. Consider introducing a real-time commitment tracking to prevent overspending.	MoF	MT
<b>Initiate Disclosure and Reporting of Arrears:</b> prepare comprehensive reports on arrears and their status to be included as part of the Budget Execution Reports. This will allow real-time monitoring by the accountability institutions and civil society groups to monitor arrears clearance.	MoF	ST

## F. Public Investment Management Gaps

### Weaknesses in Public Investment Management

**66. Public investment management is generally vulnerable to corruption risks for several reasons.** According to the World Bank,<sup>125</sup> corruption vulnerabilities in public investment management (PIM) have particularly serious implications for low-income countries where infrastructure investment represents a higher share of GDP and institutional structures may be less robust to address the challenge. Key factors contributing to corruption include inadequate project preparation and selection, weak price forecasting, limited competition, and poorly designed tenders. These issues often lead to excessive time and cost overruns, inadequate maintenance, and low-quality project outcomes. This all impacts negatively on economic growth and poverty alleviation.

**67. The shortcomings in public investment management operate in a systematic way resulting in loss of efficiency in public investment and creating vulnerabilities to corruption.** In Sierra Leone, these shortcomings include weaknesses in project appraisal and selection, use of uncompetitive procurement practices at times, limitations in multi-annual budgeting, the possibility of project abandonment and sub-standard assets quality. These all result in budget overruns in capital budget and a loss of efficiency in public spending. At the same time, expenditure arrears occurring in public investment projects and challenges in sequencing arrears payment represent additional vulnerabilities posing risk of corrupt practices.

**68. Sierra Leone authorities are committed to addressing the weaknesses and gaps identified by the Public Investment Management Assessment (PIMA) and Climate PIMA.**<sup>126</sup> Over the past four years, notable improvements in the design of PIM institutions were made with the approval of the National

<sup>125</sup> World Bank (2020) *Confronting Corruption Risk in Sectors and Functions*

<sup>126</sup> Public Investment Management Assessment (PIMA) completed in 2020; Climate PIMA completed in 2024  
<https://infrastructuregovern.imf.org/content/PIMA/Home/Region-and-Country-Information/Countries/Sierra-Leone.html>.

Public Investment Policy in 2021,<sup>127</sup> which now incorporates mainstreaming of climate and gender parameters, and the development of the Pre-investment Guidance Manual in 2022, which sets out the requirements for the preparation, submission, screening, evaluation, and selection of project proposals. Other key improvements include:

- Extension of the Public Investment Program (PIP) to include a list of capital projects for local councils for publication in the annual budget;
- Promulgation of the 2020 Public Procurement Regulations, which among other things set the threshold and procedures for managing contract modifications and introduce coordination between the MOF and the National Public Procurement Authority (NPPA);
- Development of the roads project database with major projects' parameters for the 2025 Sierra Leone Roads Agency PIP resulting in preparation and publication of comprehensive roads budget as the 2025 Budget Annex;
- Establishment of the National Monitoring and Evaluation Agency (NAMEA) to lead monitoring and evaluation of the Medium-term National Development Plan, including all public sector programs, covering both - government and donor funded projects; and
- Ongoing development of the Public Investment Management Information System (PIMIS), implemented by the GoSL with support from the World Bank.

**69. Despite the recent progress, considerable gaps remain in some PIM institutions, while the implementation practices remain weak.** One of the serious gaps is the absence of a comprehensive project database that can consolidate key information on public investments to aid decision making on prioritization and selection of projects for inclusion in the unified pipeline and the budget, and their subsequent monitoring. Different ministries, departments, and agencies (MDA) hold differing information in line with their mandates undermining effective coordination of PIM across the government. There is no unified pipeline of appraised and prioritized projects, and clear criteria to inform decision making is absent. Failure to prioritize projects resulted in a PIP that includes too many projects for which there is insufficient funding, thus resulting in underfunding and consequently cost overruns on the capital budget. Key recommendations made by the IMF's PIMA (2020), which were updated during C-PIMA (2024) remain valid and should be implemented promptly.

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<sup>127</sup> Updated in 2024 to include gender and climate parameters.



**Table 9. Recommendations to strengthen the PIM framework, as per 2024 C-PIMA<sup>128</sup>**

Measure	Authority	Timeline
Create a centralized database for all public investments, including PPPs and SOEs, that are both state and development partner-funded and incorporate multi-year contracts and commitments. This should be accessible to the MOF and NAMEA and inform budget decision-making.	MoPED	ST
Undertake a comprehensive review of all projects underway and in the pipeline and ensure that only appraised projects are included in the PIP and selected for funding.	MoPED	MT
Overhaul the PIP annex that is included in the budget documents so that it is comprehensive and includes information on total costs, multiyear commitments, project duration, and total variations.	MoPED	ST
Ensure commitment and payment controls are applied by enforcing the provisions of the Public Financial Management Act (2016) on excess spending.	MoPED	ST
Develop and implement multi-criteria analysis to guide prioritization and selection of projects in the PIP.	MoPED	ST
Develop the planned asset register and update maintenance manuals to ensure critical infrastructure (energy, transport, communications, health, and education) is resilient to governance vulnerabilities and climate change.	MoPED	MT
Gradually incorporate climate vulnerability analysis into asset registries that are being developed and include quantitative analysis of both long-term and discrete fiscal governance risks (such as risks to specific infrastructure-providing SOEs and PPPs) of climate change in the Fiscal Risk Statement.	MoPED	MT

**70. Fragmentation in the PIM cycle, and the absence of standardized criteria for project prioritization weaken investments implementation in Sierra Leone.** Due to the absence of a unified

<sup>128</sup> Source: Climate PIMA completed in 2024

project pipeline, project selection remains fragmented with investment choices often influenced by factors outside of economic rationale, giving prioritized treatment to certain sectors over the others (such as roads). Project selection and appraisal mechanisms remain inconsistent, with feasibility studies and cost-benefit analyses not systematically applied, allowing circumvention of appraisal requirements. This approach diverts resources from other priority projects and creates room for discretionary resource allocation. The authorities are developing a national PIM Operational Manual, however, as of the date of this report it is at the drafting stage and pending for formalization.

**71. The weak link between the annual budget appropriations and multiannual investment commitments leads to projects underfunding and amplifies the discretion in the allocation of funds.** The envelope for domestic capital expenditure is typically set as a residual amount after factoring in the recurrent budget expenditures. Multi-year commitments of all ongoing investment projects are not considered during the finalization of the macro-fiscal framework that sets overall ceilings for the annual budget. There is no evidence that multi-year commitments are collected and tracked by the MOF and included in the multiyear commitments on the part of the state budget. This gap, combined with failure to prioritize projects, results in a PIP that includes too many projects for which there is insufficient funding, thus resulting in underfunding, discretion of funds allocation, and consequently cost overruns on the capital budget.

**72. Contract cost estimates are frequently inflated to account for payment delays and inflation, increasing the risk of cost overruns and misuse of funds.** Potential contractors become aware of the risk of payment arrears and ‘bid-up’ the cost of contracts to reflect a risk premium. The pressing problem of arrears raises risks of corruption, or the perception of corruption, through a large degree of discretion in the selection of which creditors to pay and in what order. In addition to expected payment delays, a history of rising inflation causes potential bidders to further inflate contract costs. Moreover, contracts are often amended during implementation, creating further opportunities for potential funds misuse. In 2022, cost overruns for all contracts (goods, services, works) reviewed by the NPPA reached 74 percent.<sup>129</sup> The central government’s weak capacity to assess technical and financial appraisals further exacerbates these vulnerabilities, which is expected to improve with the roll-out of the NAMEA. Both contract management and procurement issues were identified as irregularities by the State Audit Service, including instances of assets not delivered against executed contracts.<sup>130</sup>

**73. Procurement reforms are progressing, but enforcement gaps and implementation challenges continue to allow inefficiencies and favoritism.** The latest report by the NPPA<sup>19</sup> indicates a gradual increase in competitive contracting, while non-competitive procurement practices persist due to resistance to transparency and competitive methods, and limited capacity of staff within procuring MDAs. Other challenges hampering further progress in public procurement stem from delayed payments to suppliers and build-up of arrears, discrepancies between planned and executed procurement activities, variations between contract award and completion values, and the overreliance on Request for Quotation (RFQ) method.

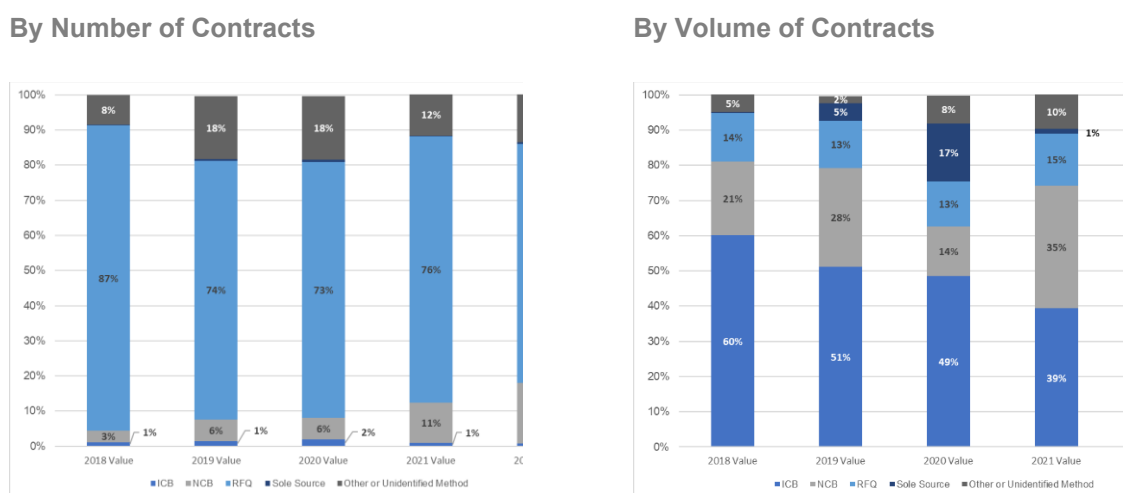
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<sup>129</sup> 2022 Annual Public Procurement Compliance Assessment Report (NPPA).

<sup>130</sup> Auditor-General’s Annual Report for the 2023 Financial Year.

**74. More progress is required to increase the use of competitive procurement methods to ensure value for money, improve the efficiency of public spending, and reduce opportunities for corruption.** Among all contracts analyzed by the NPPA, the RFQ method was most utilized by the MDAs at 68 percent of all contracts by number. Competitive methods, such as International Competitive Bidding (ICB) and National Competitive Bidding (NCB), accounted for only 18 percent of all contracts by number, but 63 percent by volume, which is an improvement compared to prior years (Figure 4). The NPPA efforts should continue to promote the use of competitive procurement methods and ensuring full compliance with the procurement laws and regulations by the MDAs.

**Figure 4: Methods of Public Procurement (Percent of Total, 2018-2022)**



Source: 2022 Annual Public Procurement Compliance Assessment Report (NPPA).

**75. Despite improvements in the institutional arrangements for public procurement in general, challenges remain regarding effective implementation of these reforms.** Addressing these challenges will require: (i) improving the quality and use of the procurement plans, (ii) minimizing the use of less competitive methods and ensuring full compliance to the procurement laws and regulations, (iii) ensuring a better linkage between cash availability and procurement planning to reduce the costs overruns and build-up of associated arrears, (iv) accelerating the roll out of the Electronic Government Procurement (eGP) system, and (v) building capacity of public sector procurement specialists at all MDAs.

**76. Project monitoring and evaluation continue to face technical and capacity challenges that undermine investment efficiency and conceal inefficiencies, allowing governance weaknesses to persist.** Irregular and weak monitoring of investment projects implementation and their completion can conceal inefficiencies or irregularities, preventing timely corrective actions and creating room for corruption. In Sierra Leone, implementing MDAs lack technical capacity for proper monitoring of ongoing construction, which may lead to sub-optimal results and create corruption vulnerabilities in the projects implementation. The recent establishment of the NAMEA should assist with more professional monitoring and evaluation of the investment projects under the Medium-term National Development Plan (MTNDP), including all public sector programs for all government and donor funded projects.

**77. Sierra Leone should address the PIM cycle governance weaknesses to boost investment efficiency, support fiscal discipline, and reduce corruption risks.** Key reform actions should focus on improving project selection, cost control, procurement integrity, and monitoring mechanisms. All projects implemented directly by the government, as well as under PPPs and by SOEs, should be included and prioritized in the unified pipeline. Clear criteria should be established for appraisal and prioritization to enhance transparency and evidence-based decision-making. Strengthening compliance and enforcement in project selection and appraisal, particularly in politically sensitive sectors like roads, will ensure balanced resource allocation. Implementing stricter cost assessment mechanisms and enhancing the MDAs' capacity to challenge technical and financial appraisals will mitigate cost inflation and reduce fiscal risks from SOEs and PPPs. Procurement reforms should prioritize reducing non-competitive methods of contracting, enforcing competitive bidding, and improving contract oversight to minimize irregularities and corruption risks. Expanding monitoring and evaluation capacity, including through the NAMEA, will help detect inefficiencies and enforce accountability in project implementation.

Table 10. Recommendations		
Measure	Authority	Timescale
<b>Establish a Unified Public Investment Database:</b> invest into a centralized project pipeline to consolidate information on all public investments, including PPPs and SOEs. This database must include appraised and prioritized projects, providing decision-makers with clear criteria for selection. Ensure comprehensive data integration to improve transparency and strategic allocation of resources.	MoF	MT
<b>Introduce Standardized Project Selection and Prioritization, Formalize PIM Operations Manual:</b> develop and implement multi-criteria analysis to guide prioritization and selection of projects for funding and implementation; formalize and publish the National PIM Operational Manual, as indicated by the NPIM Policy; publish the Manual and projects prioritization criteria to insulate budgetary decisions from political influence and to ensure balanced funding allocation.	MoF	MT
<b>Strengthen Appraisal Capacity and Contract Management:</b> continue building technical capacity at NAMEA, MOF, MoPED and other MDAs to enable them to challenge providers' cost assumptions and financial project appraisals to prevent inflated costs and reduce fiscal risks. Include contingent liabilities from public investments implemented through PPPs and by SOEs into investment planning.	MoF/MoPED/ NAMEA	MT
<b>Enforce the Use of Competitive Procurement Methods, Strengthen Contract Oversight:</b> strictly enforce procurement	MoF	ST

regulations to minimize irregularities such as payments for undelivered goods and missing documentation. Promote the use of competitive procurement methods (ICB and NCB) to promote competition, ensure value for money, and reduce corruption vulnerabilities.		
<b>Enhance PIM Cycle Transparency:</b> publish reports on investment planning, procurement, and project execution. Launch eGP to enable and facilitate real-time publication of contract awards, project statuses, and financial reports to increase transparency of public investments, and reduce corruption risks.	MoF	ST
<b>Strengthen Monitoring and Evaluation Practices:</b> strengthen project monitoring and evaluation at all project stages by NAMEA to detect inefficiencies and reduce corruption vulnerabilities. Continue capacity-building programs to equip NAMEA and MDAs with the technical expertise necessary for effective project implementation oversight.	MoF/ NAMEA	ST/MT

## Section III. – Revenue Administration – Tax and Customs

**78. This section assesses the governance framework for revenue administration in Sierra Leone.** It discusses major governance issues identified under various sub-headings, identifies key vulnerabilities to corruption and ends with recommendations. An important early observation is that it has been some time since the National Revenue Administration of Sierra Leone underwent an independent assessment of its operations. This assessment is usually conducted using the Tax Administration Diagnostic Assessment Tool (TADAT). The last completed TADAT for Sierra Leone was conducted in September 2016, which is eight years ago. Many reforms have been implemented since and there is a pressing need to conduct a repeat assessment to assess, in more detail, the authorities' adherence to good practice.<sup>131</sup>

### A. Governance of National Revenue Administration

**79. The National Revenue Authority (NRA) Act of 2022 sets the context for revenue administration governance in Sierra Leone.** The Act sets up the NRA to be a semi-autonomous entity, with its own legal personality and powers to sue and be sued<sup>132</sup>. It clearly identifies the key role players and outlines their roles and powers. It establishes, among others: (i) the powers of the President, subject to Parliament's approval, to appoint the NRA Board and the Commissioner General (CG); (ii) the powers of the NRA Board to appoint two deputy Commissioner Generals (DCG); (iii) The powers of the CG to, subject to Board approval, appoint the Commissioners, Deputy Commissioners, Assistant Commissioners, Directors, Deputy Directors, Assistant Directors, and the Head of Internal Audit; and iv) The powers of the CG to appoint other staff below the levels outlines above, without deferring to the Board. While the Act attempts to specify the qualifications required for the CG position, which are the same as those required for DCG, these remain quite broad.

**80. While the NRA Act is clear on the roles and responsibilities, recent developments indicate that there is poor adherence to its provisions.** The mission was informed that the appointment of the current DCGs was managed outside the provisions of the Act, with the President appointing them instead of the Board. Consultations with NRA also revealed that while the organization has clear human resources management policies, including a recruitment policy, it is not uncommon to get lists of individuals to be employed by the authority from high-ranking individuals in the country. This practice exposes the organization to the risk of engaging people that may not have the required capacity, who may also be beholden to the individuals that facilitated their employment and therefore prone to integrity lapses to benefit them.

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<sup>131</sup> After the first draft of this report, the mission was informed that a TADAT assessment had been conducted in July 2025, though not yet finalized.

<sup>132</sup> NRA Act, Part II, Section 2(2)

**81. While target setting is a critical aspect of the revenue administration model that Sierra Leone has adopted, the semi-autonomous revenue administration model, it is important to put in place the necessary structures to avoid any governance vulnerabilities.** Like most, if not all countries that have adopted this model of revenue administration, the Ministry of Finance has retained the target setting mandate. This has been reinforced by the objective articulated in the recently launched medium-term revenue strategy, where Sierra Leone intends to increase the revenue to GDP ratio to 20% in the medium term, which results in some particularly challenging annual revenue targets for the NRA<sup>133</sup>. The NRA's efforts are commendable in that they have come very close to meeting these challenging targets, with 2024 returning a 99.1 % collection against target. It is, however, important to make sure that the NRA does not find itself in a situation where it compromises fairness in its pursuit of these targets. While targets may themselves create a corruption risk, SLE's tax to GDP ratio is low (at 14.8% in 2024). This suggests there is room for improvement, which is not inconsistent with the revenue targets set. It is critical to make sure that the Ministry of Finance's capacity to forecast the revenue collection is strengthened, while avoiding associated corruption risks. Furthermore, NRA must be provided with adequate resources and tools, in particular IT systems, to continue to pursue good international practice in performing their duties.

## **B. Accountability and Integrity of the Human Resource**

**82. While the Internal Affairs Unit has been established in line with the NRA Act, it is poorly capacitated to effectively perform its function.** The NRA Act provides for the establishment of an Internal Affairs Unit (IAU), which is mainly tasked with the investigation of corruption cases and the management of staff asset declarations upon acceptance of employment. The Unit has been established and is operational. While the organogram reflects that it is supposed to have a staff complement of 20, It currently boasts a strength of only five, which is a quarter of the establishment. With this complement they are only able to investigate very few cases and prioritize the administrative ones. They rely heavily on the ACC, particularly for more complex cases, which border on criminality. There is, however, no guideline set either for the referral of these cases to the ACC or for feedback to be given to the IAU. Most often than not, the ACC gets to learn about NRA criminal investigations through whistleblowers. In the last three years, IAU has referred two such cases and has received feedback on one, which the ACC chose to settle through recovery and agreed a payment plan with the suspect. No feedback has been received on the other case. It is critical that this relationship be formalized, and a guideline developed, which will specify the nature and gravity of allegations that require immediate referral to the ACC and those that can be managed internally by the IAU. In terms of the latter cases, the guideline should specify how long it should take to reach a ruling or make a referral to the ACC. It should further specify a feedback mechanism to enable NRA to effectively process the implicated staff without appearing to condone their behavior by allowing them to continue in their positions.

**83. The Unit does not yet perform the asset declaration function due to the absence of a secure IT platform to manage staff asset declarations.** Section 38 of the NRA Act stipulates that "Every person who accepts a letter of appointment from the Authority shall submit to the head of the

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<sup>133</sup> Though it is worth noting that the MoF and the NRA consult one another in the exercise of this mandate.



internal affairs division a declaration of assets in the form specified by the Authority”. Due to capacity gaps, the IAU does not enforce this provision. They cited the absence of an IT system that can guarantee the security of this sensitive information. They currently rely on the national policy for assets declaration, which is administered by the Anti-Corruption Commission. While the ACC indicated that they are monitoring this closely for all MDAs, the IAU has no access to their systems and therefore no way to make sure that every member of staff complies with this provision of the Act. A formal agreement between the parties granting access to this information to the IAU would go a long way to support their enforcement efforts. There is a need to acquire the required IT platform to enable the unit to perform its duties fully.

### C. Management of Tax Exemption

**84. Amendment of the Tax and Duty Exemptions Act through enactment of the Finance Act 2025 has reduced corruption vulnerabilities associated with tax exemptions.** Section 6 of the Tax and Duty Exemptions Act 2023 empowered the Minister of Finance to negotiate all exemptions on behalf of the state. The mission was informed that the enactment of Finance Act 2025<sup>134</sup> eliminates the option to negotiate exemptions from corporate income tax and withholding tax for any new investments, as well as for existing investment agreements where such exemptions come to expire. This is a move in the right direction that will, over time, increase fiscal revenues and bring about more transparency.

**85. While the Duty and Waiver Committee plays a vital gate keeping role in ensuring transparency, there is a need to involve a wider group of stakeholders in the design of tax concessions.** The committee meets every Tuesday and Thursday to consider waiver applications and advise the Minister. This committee comprises staff from legal affairs, the multilateral projects division, fiscal risk, revenue and tax policy and the budget bureau. There is, however, a concern that the design of some of the legislated concessions are poorly designed and that there is a general lack of effective monitoring of their implementation, which often creates opportunities for abuse. Many of these concessions are designed by the Ministry of Finance with no input from critical stakeholders, including the NRA. This results in some legal provisions not being implemented or enforced. The Ministry should ensure involvement of all critical stakeholders in the design of tax concessions and should develop systems to monitor the use of these incentives by beneficiaries to ensure that they are used as intended.

**86. Publication of a tax expenditure report would go a long way to bring transparency and discipline in the management of tax exemptions in Sierra Leone.** While Section 6 (1)(b) of the Tax and Duty Exemptions Act compels the Minister for Finance to submit negotiated agreements to Cabinet and Parliament for ratification, there are several other exemptions that are not covered by this provision. These also have the effect of eroding the country’s revenue base and must be closely monitored. To assist with this function, the Ministry of Finance has established the Duty and Waiver Committee, which comprises of the Legal Department, the Multilateral Projects Division, the Fiscal Risks Division, the Revenue and Tax Policy Division and the Budget Bureau. While this goes a long way to safeguard against any malpractice, it would help if the NRA compiled and published a comprehensive tax

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<sup>134</sup> Finance Act 2025, paragraph 15.

expenditure report annually. Currently NRA only compiles customs-related tax expenditures. To achieve this, the NRA needs to collect information on the laws and regulations governing each tax expenditure, including any changes over time. This should be followed by compilation of a list of the tax expenditures to be analyzed, including deductions, credits, exemptions, and preferential rates. An estimation of the revenue loss associated with each tax expenditure should be made using historical data, surveys and studies and/or economic modelling. To support effective policy formulation, the economic and social impact of each tax expenditure must be assessed and presented in an organized manner.

#### **D. Resilience of Core Business Systems and Processes to Corruption**

**87. The NRA has made considerable efforts to improve domestic revenue collection over the years through implementation of important administration reforms and acquisition of new tools.** Following the acquisition of the new Integrated Tax Administration System (ITAS), NRA has endeavored to promote full utilization of the existing system capability while continuing to develop other modules. They have further endeavored to develop interfaces with other internal systems to support compliance management. Currently ITAS is integrated with ASYCUDA World and the 'Data Warehouse'. An important interface with the Electronic Cash Register (ECR) system is currently being tested.

**88. The NRA needs to continue to improve its IT platforms to eliminate vulnerabilities to corruption and close compliance gaps.** Currently several critical compliance management activities are not supported by the IT platform in use. The ITAS does not facilitate automatic payments of taxes. It is also not interfaced with critical systems like the National Minerals Agency's licensing system, the Bank of Sierra Leone, the Integrated Financial Management System, the National Investment Board, and the National Public Procurement Agency, to name a few. These interfaces would go a long way to make sure that NRA strengthens its compliance drive and closes opportunities for corruption.

**89. The heavy reliance on commercial off-the-shelf systems (COTS) constrains the NRA from effectively adapting to the ever-changing policy environment.** While it is common for developing countries to prefer COTS, for the simple reason that it is costly for them to attract and retain the skills required to support a strong IT function, there is a need for NRA to endeavor to strike an effective compromise between cost effectiveness and agility. While there may be other reasons for non-implementation of some policy measures by NRA, including skills gaps, their inability to configure the IT systems plays a significant role. It is therefore critical that an effective balance is attained, where they obtain the source code to be able to effect periodic adjustments in line with policy changes while still benefiting from the upgrades provided by the vendors.

**90. The availability to taxpayers of information and guidance from the tax administration is critical for transparency and the promotion of voluntary compliance.** To ensure that taxpayers know exactly what is expected of them, revenue administrations provide information to them in a variety of ways. One way of disseminating this critical information, which also ensures that there is consistent treatment of taxpayers, is the issuance of practice notes and public and private rulings. Issuing private and public rulings in tax administration is essential as it provides clarity and guidance on the interpretation of tax laws, helping taxpayers comply with regulations while ensuring consistent application of tax policies by authorities. The NRA has not developed a mechanism to issue these rulings, which means each case

is ruled upon individually. This introduces the risk of similar cases having different outcomes, which could damage the organization's reputation.

**91. In addition to bringing about resource optimization, the use of risk-based compliance management helps to foster trust between the revenue administration and taxpayers.** By focusing on high-risk areas, tax authorities can allocate resources more efficiently, enhancing overall operational effectiveness. Targeting specific risks helps in increasing compliance rates among taxpayers, as resources can be directed toward those most likely to misreport or evade taxes. NRA is in the process of developing their compliance risk management framework. Currently they rely on some partially automated methods to design their interventions and to identify taxpayers for audits. Full automation of this process would help ensure that the Authority and taxpayers reap the full benefits.

**92. While the mission confirmed that the NRA is audited regularly by the office of the Auditor General (AG), the AG confirmed that he is currently embarked on an initiative to introduce performance audits for all their auditees.** Performance audits play a crucial role in enhancing the effectiveness and efficiency of organizations. By systematically evaluating the NRA's operations, performance audits would hold management accountable for the use of resources and the achievement of objectives. They would also provide an independent assessment that identifies areas for improvement, thereby promoting transparency and fostering public trust. Additionally, they would contribute to better risk management by pinpointing inefficiencies and compliance issues, allowing the organization to proactively address potential problems. It is therefore recommended that the NRA, as a critical state entity, is prioritized in this endeavor by the AG.

## **E. Vulnerability of the Customs Function**

**93. While the Customs department has fully rolled out the ASYCUDA World system, which is operational in all their sites, its potential is not being maximized.** ASYCUDA World is web-based, enabling traders to declare their goods before they arrive at the port, and allowing the Customs authorities to perform their risk assessment and document checks, facilitating consignment processing decisions. Gaps in the systems' use in Sierra Leone are exposing revenue collection to corruption risk. The ability to allow traders to pre-declare their goods before they arrive at the port allows Customs to eliminate interaction between the trader and the officer assessing the declaration. System users commonly establish a centralized processing unit that conducts risk-based assessments and directs the officers at the entry point, and consignment treatment. NRA has not activated the pre-declaration functionality of the system, which causes goods to be declared upon arrival at the port. They also have port-based teams processing the declarations, facilitating interaction with the trader or the freight forwarder, creating corruption risk.

**94. While freight forwarders are pleased with the ASYCUDA World system, they identified vulnerabilities in goods processing.** Being web-based, ASYCUDA World requires a strong electricity supply and reliable internet access. Sierra Leone has electricity supply challenges, with frequent and long-lasting service disruptions. This also means no internet access, making declaration processing difficult. The non-enforcement of the pre-declaration facility in the system reportedly results in some goods leaving the controlled area without being fully processed and released by Customs, in collusion with Customs officers. Additionally, some Customs officers run freight forwarding businesses and

compete directly with private freight forwarders - a clear conflict of interest, exposing the administration to revenue leakages, addressable through enforcement of a strict code of conduct.

**95. While the NRA expresses satisfaction with the functioning of the ASYCUDA World system, they have no way to measure customs performance to determine customs efficiency and detect integrity lapses.** ASYCUDA World manages and facilitate trade. It does not, however, deliver performance measurement, though a performance management module to the system called the ASYCUDA System for Performance Management (ASYPM) exists. This is a valuable tool for promotion of integrity within Customs. The NRA should acquire and adopt it.

#### Box 2. Benefits of ASYPM

- Interrogates the database and facilitates data mining for Customs management.
- Offers a 'data and customs procedure' consistency crosscheck to Customs management.
- Data readily available for studying operational trends and enabling decision-making.
- Increased monetary value of corrections made by examiners.
- Identify staff needing to improve their capacity and performance.
- Increased compliance by consignors with Customs requirements.

Source: UNCTAD and WCO

**96. The involvement of International Trade Services (ITS), a private entity, in customs administration is not consistent with good practice.** The Customs Act 2011 empowers the Commissioner General to examine goods and process declarations covering the said goods at the various entry points of the country. The agreement with ITS, which is signed by the Ministry of Trade and Industry, bestows the same authority on them. Their website indicates that they do destination inspections, scan the consignments to assess risks, value, and classify the goods. Pursuant to this intervention, they proceed to issue Classification and Valuation Certificates. ITS proceeds to charge the trading community a declaration and processing fee for this service, which is determined as a percentage of the value of the consignment being processed. Initially this fee was fixed at 0.5 percent and was later increased to 1 percent without any justification and consultation with stakeholders. Despite this intervention by ITS, Customs still performs its own processes as the authority that is legally empowered to do this and does so independently from ITS. This results in the goods clearing process being unnecessarily prolonged with no value added.

**97. The lack of integration of the ASYCUDA World system with those of major stakeholders at the country's ports is a major corruption risk.** Currently the Customs system is not interfaced with systems used by ITS, Bolorie (the private company that runs the seaport), shipping agencies and the Ports Authority. This means that each entity only sees what has been entered into its own system with no way of cross-checking and verifying the information. This opens a big opportunity for traders, freight forwarders, and officers to game the system. There is evidence that there are discrepancies in the values

used for the final clearance of goods. While ITS continues to be a player in this process, it is critical that their systems are integrated with the Customs systems, and a clear process is agreed. It is urgently required that the NRA commissions a comparison of the Customs Valuation Certificates issued by both parties to determine whether there are any discrepancies. It is recommended that at the end of the current contract, ITS be removed from this value chain and Customs be fully capacitated to perform this work.

**98. The proliferation of private sector entities involved in public sector functions is a source of concern. It was observed that ITS came into the picture a while back, when pre-shipment inspections were common.** This was phased out and replaced by the destination inspection system in 2009. Unfortunately, not enough attention was paid to the fact that this is now inviting them into the space occupied by Customs, which is a government function enshrined in law. This resulted in the wrong Ministry, the Ministry of Industry and Trade, taking the lead role in the contracting process. Because the nature of the work is continuous, several difficult considerations need to be made, such as the procurement process, the contract terms, performance monitoring, and management. It is recommended that Sierra Leone refrains from hiving off public sector functions to the private sector as this opens opportunities for corruption. The focus should rather be on building the capacity of the responsible government agencies.

## **F. Vulnerability of Revenue in the Extractive Industry**

**99. Efforts by FAD to assist NRA to improve capacity to collect revenue from the extractive industry are progressing slowly.** Pursuant to the realization that the extractive industry is critical for domestic revenue mobilization, Sierra Leone sought and obtained assistance from FAD to develop special legislation to address revenue from it. This resulted in the promulgation of the Extractive Industry Revenue Act of 2018. While progress is being made in implementing this legislation, it is generally slow. A critical institution for effective implementation of the EIRIA is the Extractive Industry Revenue Unit (EIRU). NRA has established the EIRU within its Large Taxpayer Office and is proceeding to train the staff. It is, however, currently constrained because it is staffed by only five people, including the head of the unit. The Unit's work is further limited because the NRA is still in the process of developing the IT platforms required to support it. Outstanding work includes the incorporation of royalty returns and fiscal exemptions. There is also no interface with the National Minerals Agency to electronically capture the licensed miners. This has resulted in the EIRU relying on manual processes and focusing only on the larger mining operations and the abandoning of the monitoring of artisanal mining.

**100. NRA has considerable challenges monitoring gold exports.** Until recently, when the first large scale gold mine, the Baomahun Gold Project, was launched, Sierra Leone's gold was mainly conducted by artisanal miners. EIRU conceded that they have considerable difficulties in monitoring the exportation of gold. This is mainly because in addition to the fact that they do not keep formal records, this activity takes place close to the country's borders with neighboring Guinea and Liberia. The gold is then exported through entry points where the NRA does not have a presence. They therefore rely on the NMA to assist with this activity. The absence of a formal mechanism to drive this arrangement means that Sierra Leone will continue to lose revenue through the smuggling and undervaluation of gold. It is recommended that the NRA and NMA collaborate to devise a comprehensive strategy to improve the monitoring of the artisanal miners.

**101. NRA needs to urgently fully implement Safe Harbor to stem the loss of revenue in the mining sector.** According to an FAD Technical Assistance report compiled in December 2023, analysis of historical shipments by two large- scale iron ore mines in Sierra Leone shows that the industry consistently reported prices below the Safe Harbor for the period reviewed. They were therefore advised to implement the Safe Harbor to curb this problem. While the Safe Harbor does not specify every possible adjustment, it is a reasonable proxy in the case no information is provided by taxpayers, which is usually the case with mine operators in Sierra Leone. After verifying that the legal basis exists and that it is consistent with existing mining lease agreements, the NRA issued a public notice on the implementation of the Safe Harbor guidelines for iron ore pricing in December 2024.

**102.** While the guidelines have been developed, with FAD's assistance, these have yet to be published, but are already being used by the NRA team, seemingly without too many problems. There is a need to publish the guidelines.

Table 11. Recommendations		
Measure	Authority	Timeline
<b>Conduct and finalize a TADAT reassessment</b> to establish NRA's adherence to good international practice in tax administration.	NRA	ST
<b>Adhere to the National Revenue Act in the appointment of staff</b> of the Authority to avoid the complications associated with patronage.	NRA	ST
<b>Capacitate the Internal Affairs Unit</b> by staffing it adequately and acquiring the IT platform to facilitate execution of their mandate.	NRA/MoF	MT
<b>Formalize the relationship between IAU and the Anti-Corruption Commission</b> to facilitate effective and transparent handling of corruption cases in NRA	NRA/ACC	ST
<b>Update the NRA Code of Conduct</b> and enforce it to curb malpractice such as the ownership of freight forwarding agencies by Customs staff.	NRA	ST
<b>Integrate the NRA's ITAS with third party data sources</b> , particularly the National Investment Board and the National Mining Agency to broaden the tax base.	NRA/NIB/NMA	MT
<b>Strengthen collaboration between NRA and NMA</b> and devise a comprehensive strategy to improve the monitoring of the exportation of gold	NRA/NMA	ST

<b>Capacitate the NRA's Extractive Industry Revenue Unit</b> and give them full authority to value all minerals being exported.	NRA	MT
<b>Compile and publish a comprehensive tax expenditure report annually to bring about transparency.</b>	NRA	MT
<b>Implement ASYCUDA Performance Management</b> to monitor the system's performance	NRA	ST
<b>Mandate the pre-declaration of goods</b> and establish a central processing unit away from the entry point	NRA	ST
<b>Mandate the comparison of customs clearance values issues</b> by ITS to those of the Customs Department in the short term.	NRA/Customs	ST
Upon expiry of the current contract, <b>revisit the involvement of Integrated Trade Services in the performance of core Customs functions.</b>	NRA/Customs	MT



## Section IV. Financial Sector Oversight

### A. Background

**103. Financial sector oversight (FSO) in this report considers the governance of the supervisory authority, the Bank of Sierra Leone (BSL), and the supervisory oversight of banks' corporate governance and other related areas, with emphasis on those governance weaknesses that can increase vulnerability to corruption.**<sup>135</sup> The governance framework for FSO is drawn from the relevant Basel Core Principles for Effective Banking Supervision (April 2024) (the BCPs), which are the international standard for banking supervision. The governance diagnostic assessment in this area builds on previous IMF assessments, including the Financial Sector Stability Review (FSSR) 2020, and information gathered in technical assistance missions on banking regulation and supervision.<sup>136</sup>

**104. In 2020, the IMF made the FSSR of the banking and non-banking financial sector of Sierra Leone, which resulted in several recommendations that have been partially implemented since.** The recommendations covered these areas: i) the legal basis for regulation and supervision; ii) the organizational structure of supervision at the BSL; iii) the supervisory framework and approach; iv) the supervisory oversight of commercial banks and other financial institutions. Key issues included the low capacity of the BSL to conduct supervision, absence of core prudential regulations and requirement, issues related to state-owned banks and the governance problems related to APEX bank that serves both as a parent bank and as a supervisor for several smaller financial institutions.

**105. In recent years, progress has been made in relation to the legal basis for regulation and supervision - new prudential regulations have been issued, but more work is needed, and the intensity of supervision continues to be inadequate.** The authorities have amended both the BSL Act and the Banking Act, and the primary legislation provides a good basis for conducting more effective supervision. In addition, several guidelines have been issued, although more are needed. There is also a need to develop more internal operational procedures, and the intensity<sup>137</sup> of supervision needs to be increased, particularly in the areas of corporate governance and transactions with related parties.

### B. Overview of the Financial Sector and Ongoing Reforms

**106. The Sierra Leone banking sector dominates the financial sector assets, and the two state-owned banks are the largest banks.** There are 13 banks<sup>138</sup> in Sierra Leone. In addition, there are many smaller non-bank credit institutions, such as community banks, deposit-taking microfinance institutions, financial service associations, and exchange bureaus, which are supervised either directly or indirectly by the BSL. The capital ratios of the banks average more than 40 percent, but this reflects the dominant share of zero risk-weighted government bonds in assets. The NPL ratio has on average declined to less than 10 percent over the last year. Around half of deposits are denominated in foreign currency.

**107. Banks earn a high return on investing in treasury bills and lend little to the rest of the economy.** Treasury bills with a maturity of 365 days give a yield of more than 40 percent. This compares to interest rates on loans of around 20 percent and savings deposits of a few percent. The treasury bill rate seems high given that inflation has reduced to 13 percent.<sup>139</sup> Credit to the rest of the economy is limited to 4 percent of GDP. Thus, there is only a limited contribution of the financial sector to financing new investments that can generate growth.

**108. Credit is also limited because of challenges in the legal system, the arrears of the Government to the private sector and the lack of confidence in contracts granted by the Government to the private sector, including mining contracts.** Foreclosures take between five to 10 years, according to the banks. Government arrears to private sector contractors have resulted in losses for banks, including contributing to the negative equity in one bank. Banks are reluctant to lend to mining companies as they have experience with mining contracts being cancelled, including when the Government changes. The challenges in the legal system therefore link closely into other issues raised in this report, including property rights, the functioning of courts, public sector expenditure management, and mineral rights.

**109. The two state-owned banks had a large amount of non-performing loans but were recapitalized by the Government some years ago.** They are subject to the same regulation and supervision as other banks, and they are profitable. The boards of the state-owned banks have a mixture of board members representing the Government and board members that are not affiliated with the Government.

**110. The APEX Bank<sup>140</sup> acts as a bank and supervisor for 17 community banks and 59 financial service associations (FSA).** The biggest of the community banks has a balance sheet of 33 m. L (or 1.5 m. USD). The community banks and FSAs are present in 80 locations and play a key role in rural areas.<sup>141</sup>

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<sup>135</sup> The authorities were helpful in discussing the issues. However, the mission team only received answers to the forwarded questionnaire toward the end of the mission and many of the requested documents have yet to be received. This may be reflected in the text.

<sup>136</sup> The IMF Long-term experts (LTX) for Sierra Leone and AFW2 have been providing regular technical assistance in strengthening banks' regulatory framework, risk-based supervision, and capacity building.

<sup>137</sup> During the GDA mission, it was found that the BLS has carried out few on-site inspections recently.

<sup>138</sup> 2 state-owned banks, in which the government is the majority shareholder, 2 domestic privately owned banks and 9 foreign banks, most of which are separately capitalized subsidiaries of large Nigerian banks.

<sup>139</sup> Sierra Leone: 2024 Article IV Consultation and Request for a 38-Month Arrangement Under the Extended Credit Facility-Press Release; Staff Report; Staff Statement; and Statement by the Executive Director for Sierra Leone. After the first draft of this report, inflation has reduced to 7%, while the rate of Treasury Bills for 365 days has reduced to 15.7 percent.

<sup>140</sup> Apex was licensed as a wholesale bank under OFSA in 2014 to provide banking and technical services, and first-level supervision on behalf of BSL, for CBs and FSAs, with the aim of improving their operational and financial efficiency.

<sup>141</sup> Members buy shares in FSAs and can then borrow four times the amount of their shares. The APEX bank finance the remaining ¾ of the loans through funds obtained from IFAD. IFAD has provided more than 50 mill. USD in funds. The FSA take cash of their members into safe custody, which is not considered a deposit. The community banks are licensed deposit takers. They are regulated under a separate guideline but can do almost what a commercial bank can do.

**111. The supervision of the financial system is split between the Banking Supervision Department (BSD), the Financial Stability Department (FSD), and the Other Financial Institutions Supervision Department (OFISD).** There are 36 FTE in the Banking Supervision Department, and 17 in FSD. The OFSID has nine staff members. There are plans to buy a technical solution that will ease the reporting burden and improve analysis of reported data.

**112. Work is on-going on the implementation of certain elements of Basel II and III and this is likely to be a significant burden on the BSL, limiting its capacity to conduct core supervision if resources are not increased.** The BSL will spend substantial resources on this in the course of 2025 and likely subsequent years. The capacity of both the BSL and the banking system in Sierra Leone is limited. There is a risk that too few resources are left for ordinary banking supervision resulting in governance weaknesses.<sup>142</sup>

**113. The biggest financial stability risk is the large holding of government securities by the commercial banks, but there are also other both overdue and potentially upcoming issues related to capital levels and approval of FX loans.** The large holdings of government securities represent a potentially increasing sovereign-bank nexus, and it also inhibits the function of commercial banks as providers of credit to the rest of the economy.<sup>143</sup> There is one bank that for a long time had negative equity and discussions are ongoing on a possible resolution.<sup>144</sup> Recent legislation allows banks to grant foreign exchange loans, but few have started doing it.<sup>145</sup> Guidelines require that the BSL adopt a 'no objection' approach, which raises potential questions.<sup>146</sup>

### C. Governance of Supervisory Agency

**114. The legal framework for BSL to conduct supervision is generally adequate, but the hierarchy of BSL's multiple objectives have not been established.** The Bank of Sierra Leone Act of 2019, subsequently amended in 2023, states as one of four objectives that the central bank shall contribute to fostering and maintaining a stable financial system. The three other objectives are issue and manage the currency of Sierra Leone, price stability, and support the economic policy of the Government. There is no hierarchy among BSL's objectives. The financial stability objective is too broad and does not explicitly state the banking supervision mandate as required by the BCP. The BCP requires that the primary objective of banking supervision should be to promote the safety and soundness of banks and

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<sup>142</sup> the BSL should take a proportionate approach to implementing new features of the Basel framework, cf. the Basel Committee's report on proportionality (<https://www.bis.org/bcbs/publ/d534.htm>). The BSL should implement the features that will benefit the stability of the banking system.

<sup>143</sup> Cf. Article iv report, <https://www.imf.org/en/Publications/CR/Issues/2024/11/22/Sierra-Leone-2024-Article-IV-Consultation-and-Request-for-a-38-Month-Arrangement-Under-the-558772>

<sup>144</sup> Cf. Article iv report.

<sup>145</sup> GUIDELINES ON LENDING IN FOREIGN CURRENCY BY COMMERCIAL BANKS, 2024.

<sup>146</sup> The foreign exchange loans are a risk that could become important if it takes off. The illiquid foreign exchange loans are financed by liquid foreign exchange deposits. A run on foreign exchange deposits could expose the banks to both market risks and liquidity risks. The BSL cannot act as a lender of last resort of foreign exchange.

the banking system, and that other objectives in relation to supervision (e.g., development objectives) should be subordinate to avoid the risk that the objectives are skewed. The Act states that the bank shall license, register, and supervise financial institutions, as well as resolve financial institutions (these powers are covered in detail in para 116). The BSL is the resolution authority for banks and has a wide range of powers to resolve a bank, including bail-in of liabilities.

**115. The legal framework is supportive of the independence of the BSL but further enhancing it in practice is particularly important due to the challenges related to supervising state-owned banks.** The BSL Act states that the central bank shall be autonomous and that members of the board shall not take instructions from any person or body. The Executive management consists of a Governor and two Deputy Governors; one of which is responsible for financial stability and financial supervision. In addition, there are six non-executive board members. Both the executive board members and the non-executive board members are appointed by the President for a fixed term (5 years for Governor and Deputy Governors, 3 years for non-executive board members), and they can be reappointed once. They can only be removed for reasons laid out in the Act. However, a past BSL Governor was relieved of his duties without public disclosure of the reasons. Members of Parliament, employees of institutions regulated by the BSL, a functioning member of a political party, or public officers cannot be appointed to the board. Further enhancing the BSL's independence in practice is particularly important due to the challenges related to supervising state-owned banks, which are the largest banks in Sierra Leone, and so where the risk of government interference is highest.

**116. It is important to further promote collegial decision making.** According to the BSL Act, the Governor has all the operational responsibilities in relation to banking supervision, including issuing and revoking licenses, issuing cease and desist powers, instructing any supervised entity, and imposing administrative penalties. The BSL's board has the responsibility to control and oversee the BSL, and, among other things, approve its budget. The board also approves the secondary legislation for financial institutions, including supervisory guidelines. In practice, the board also approves important supervisory decisions. In implementing the BSL Act, a Financial Policy Committee (FPC) has been established and advises on policy issues relating to financial stability, micro and macroprudential supervision, and resolution and financial market infrastructures. The FPC is chaired by the Governor, and its members include the two Deputy Governors and relevant department heads. It is important to further promote collegial decision-making to ensure that decisions are more broadly based and clearly define the decision-taking bodies for all licensing, regulatory and supervisory decisions, considering the significance of the issue.<sup>147</sup>

**117. The BSL has established rules to prevent conflicts of interest.** The BSL Act contains provisions on conflict of interest that address relevant aspects. The Act also contains a provision limiting the Board and staff's responsibilities to cases of intentional wrongdoing or gross neglect. Senior staff at the BSL have a one-year cooling off period before going on to positions in supervised entities. There is a limited turnover of supervisory staff. The primary legislation includes legal protection for the supervisor.

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<sup>147</sup> BCP CP2 requires that the supervisor has effective internal governance and communication processes that enables timely supervisory decisions to be taken at a level appropriate to the significance of the issue.

**118. The accountability and transparency framework related to banking supervision has scope for improvements.** The BSL submits periodic reports on the state of the economy to the Minister of Finance, and these reports are published within three months.<sup>148</sup> The Minister can also request information on the certain functions of the BSL, though not information related to the banking supervision function. The BSL publishes a financial stability report; the latest version is dated 2023. However, the BSL does not publish its supervisory objectives and priorities, nor information about the discharge of its duties in relation to those objectives. The supervisory framework has not been disclosed, and not all secondary legislation and guidelines are up to date on the website. The BSL does not publish information on the banking system in aggregate as required by the BCP. Greater transparency will give improved scrutiny of performance by interested parties outside of the BSL.<sup>149</sup>

**119. The Banking Act of 2019 gives the BSL a wide range of powers to function as a supervisor.** The Banking Act gives the BSL powers and establishes high-level requirements for banks' licensing, corporate governance, transactions with related parties, capital and reserves, liquidity, ownership and control, restrictions on lending, supervision and control, resolution, receivership and liquidation, accounts and audits, and sharing information with other supervisors. The Act also contains fit and proper requirements for both banks' executives and non-executive board members. The identified shortcomings related to the implementation of these provisions are provided in paragraphs below.

**120. The BSL has issued several guidelines<sup>150</sup> underpinning the Banking Act, however, there is still substantial work to do in implementing specific elements.** The BSL needs to work on developing certain guidelines and internal procedures that implement the guidelines. The BSL has moved to risk-based supervision. However, the framework needs further development.<sup>151</sup>

**121. The APEX bank has limited capacity to function as a supervisor of the FSAs and community banks and continues to suffer from governance problems.** The APEX bank has delegated responsibility to supervise both the FSAs and the community banks. The APEX Bank has nine board members, two of which come from FSAs and two of which come from community banks. The costs of supervision are substantial. NPLs are already high, and most loans are uncollateralized. The implementation of new accounting standards will result in large write downs. There is limited oversight by the BSL on how the APEX bank conducts its' supervisory functions, but the general view is that the supervision is insufficient. The board of the APEX bank including representatives of the institutions

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<sup>148</sup> [https://bsl.gov.sl/MPR\\_Current.pdf](https://bsl.gov.sl/MPR_Current.pdf)

<sup>149</sup> The latest Financial Stability Report has been updated to 2024, wherein aggregated data on the Banking System is published in line with the Basel Core Principles.

<sup>150</sup> The guidelines, which have the status of regulations and the supervised institutions must obey them, include: i) Guidelines for the operations of other deposit taking microfinance institutions; ii) Guidelines on lending in foreign exchange currency by the commercial banks; iii) Guidelines on enterprise risk management for commercial banks; iv) Guidelines on credit risk management for commercial banks; v) Requirements for the licensing of commercial banks; vi) Guidelines on corporate governance; vii) Prudential guidelines for commercial banks.

<sup>151</sup> The mission was subsequently informed that the Risk Based Supervision Framework has been updated in line with best practice of the WAMZ Member Countries, including cyber security, IT risks, and climate risks.

the APEX bank supervises represents a governance problem. All these issues were highlighted in the FSSR report, but the BSL has not implemented any reforms in this area.

#### **D. Banks' Licensing, Fit and Proper, Transfer of Significant Ownership, Major Acquisitions**

**122. The legal basis for licensing decisions has been strengthened, but operational procedures should be established.** The BSL issued a guideline on requirements for licensing in 2020. The guideline specifies the information to be provided by a commercial bank applying for a license. There is a minimum requirement for current paid in capital and a license fee. The Banking Act sets out time requirements for the BSL to respond to licensing applications. The mission was unable to see any BSL internal operational procedures for the assessment of applications and making licensing decisions: operational procedures will help setting uniform standards. The BSL has received three applications since 2020, and it is still in process. No licenses have been revoked, but one foreign bank has sold its franchise to another foreign bank.

**123. The BSL has the legal basis for taking decisions on 'fit and proper', and there is a draft guideline.** The Banking Act specifies five general criteria, including "any other criteria that may be stipulated by the central bank". The draft guideline specifies several criteria, including experience, reputation, conflicts of interest and independence of mind, time commitment, collective suitability, and financial integrity. There are requirements for years of experience for both the CEO and executive directors. The BSL can conduct interviews to assess fit and proper. The mission was unable to see any BSL internal operational procedures specifying how to manage an application.

**124. The BSL has the power to take decisions on transfer of significant ownership, but certain elements need to be strengthened.** The Banking Act contains a provision that prior written approval by the BSL is required for acquiring a significant share in a bank or financial holding company. The Banking Act does not specify criteria for the decision, and specifically it does not list fit and proper test of the acquirer, including beneficial owner, as a criterion. The Banking Act defines controlling interest and significant ownership. The BSL has the power to annul such transactions. The Banking Act sets no time limit for the response of the BSL. The mission was unable to any internal operational procedures for the assessment and decision-making process regarding the transfer of significant ownership. The BSL has taken three decisions in this area over the last three years, and in no cases rejected a transfer of significant ownership.

**125. The BSL approves mergers and certain acquisitions.** The Banking Act contains a provision that prior written approval by BSL is required for any merger and certain acquisitions, including transactions in the financial group that the bank is part of. There are no requirements for approval of acquisitions of other banks unless it is in the form of a merger. International standards (BCP CP7) require that the supervisor must have the power to approve or reject all major acquisitions or investments. The BSL shall in its decision include the impact on the stability of the financial system, but also whether the transaction is in the public interest. The Banking Act sets a time limit for the response of the BSL. There are no internal operational procedures for decisions on mergers and major acquisitions.

## E. Corrective and Sanctioning Powers

**126. The BSL has powers to address problems in the financial sector, including revoking a license, but there is no specification of a general supervisory ladder for applying corrective and sanctioning measures.** The Banking Act gives the BSL powers to react under a wide range of circumstances, including failure to comply with the Banking Act or other regulations issued under this act, as well as more generally conducting its business in a manner considered unsafe by the BSL. For the reaction of the BSL, it also includes a wide range of supervisory measures, from a warning to revoking the bank's license, issuing fines, and taking such further action as the BSL considers necessary. However, the mission was unable to see any internal operational procedures that clearly define the application of appropriate corrective and/or sanctioning actions in response to the issue, including for taking escalated supervisory actions for unreasonable delay in the bank's actions and long-lasting issues. As in other areas, operational procedures will help setting uniform standards. The BSL does not publicly disclose the applied enforcement measures. However, the banks must include the enforcement measures in their annual report, with the caveat that these reports are not systematically published, cf. paragraph 61.

## F. Corporate Governance, Related Parties and Disclosure

**127. There is a regulatory framework for corporate governance of financial institutions, but the implementation should be further enhanced.** Guidelines on corporate governance were published in 2023. Corporate governance is defined as the allocation of responsibilities by which the business and the affairs of a bank are conducted by its board and senior management. The guidelines draw from documents issued by the Basel Committee, the G20/OECD, and the National Corporate Governance Code. The framework covers key aspects, including the responsibilities of the board, corporate culture and values, oversight of senior management, committees, conflict of interest, senior management, role of the CRO, and internal audit. There is also a section on the composition of the boards. The 'duty of care' and 'duty of loyalty' are defined in the guidelines. All banks are required to have a code of conduct. The implementation of these guidelines is at an early stage and should be further enhanced as corporate governance is important in ensuring that banks are managed in an orderly way.

**128. The BSL has started supervising banks' corporate governance.** The mission was not provided with any manual for supervising governance policies, processes and practices, and their implementation. There is scope for rolling the supervision of corporate governance out more widely and with a focus on core issues.



**129. The Banking Act includes the definitions and many restrictions on transactions with related parties, but the regulatory and supervisory frameworks should be enhanced.** The Banking Act contains a definition of related parties and provisions on loans to related parties. However, the definition of related party transactions is too narrow: “loans to related parties” cover only credit exposures (on-balance sheet and off-balance sheet). This definition does not include many dealings such as service contracts, asset purchases and sales, construction contracts, and lease agreements; derivative transaction; borrowings, including deposits from related parties; and write-offs (as defined in BCP footnote 57). The Banking Act requires that loans to related parties must not be given on preferential terms, they are more restricted in size than the restrictions on single exposures, and they require special board approval. The bank is obliged to report loans to related parties to both the board and the BSL. Write-offs on any exposure require both the approval of the board and the BSL. The Governance guidelines include provisions on how to act if there is a conflict of interest. It would be beneficial to operationalize all requirements for transactions with related parties in the secondary legislation. State-owned banks' exposures to state-owned enterprises (SOEs) are not considered exposures to related parties. While SOEs may not be subject to the related party limit, state-owned bank's transactions with SOEs<sup>152</sup> should respect typical qualitative<sup>153</sup> requirements of related party transactions. The banks report loans to parties related to the BSL and on on-site inspections they are subject to scrutiny. There are no internal operational procedures on the supervision of transactions with related parties. It is important to increase supervisory intensity of on-onsite inspections to comprehensively assess transactions with related parties to reduce the risk that bank resources are misappropriated.

**130. There are certain standards set for banks' disclosure and transparency, but the actual implementation is lacking, and the regulatory framework should be further strengthened.** The Banking Act includes certain standards for banks' disclosures. It is required that the financial statement be published no later than 3 months after the end of the financial year. However, many banks do not do this, nor do they publish other information. International standards<sup>154</sup> requires that the banks disclose, among others, material information on the bank's objectives, organizational and governance structures and policies, major share ownership, and related party transactions, and compensation practices. There is no requirement in the legislation for the BSL to review and enforce disclosure standards. The mission was shown no internal operational procedures on the supervision of bank disclosures.

## **G. Abuse of Financial Services**

**131. The nature of economic activity in Sierra Leone exposes the country to risks in relation to the abuse of financial services, and the BSL's capacity to supervise this area is limited.** The BSL has 2 FTE allocated to AML/CFT supervision. FATF/GIABA published a mutual evaluation of Sierra Leone in 2020, which concluded that there was a moderate understanding of the ML/TF risks Sierra Leone faces. It is important to improve off-site and on-site supervisory methodologies for AML/CFT.

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<sup>152</sup> Resolving Opaque Bank Ownership and Related-Party Exposures (Box 6.)

<sup>153</sup> This includes ensuring that these transactions are conducted on an arms' length basis, avoid conflicts of interest, and are approved and monitored by the banks' boards.

<sup>154</sup> BCP CP 28 and BCBS Corporate Governance Principles for banks (Principle 12)

## H. Recommendations

Table 12. Recommendations		
Measure	Responsible Entity	Timeline
<p>1.Improve accountability and transparency of the supervision function (both BSL and OFISD) through additional disclosures.</p> <ul style="list-style-type: none"> <li>• Publish supervisory objectives and priorities, and, at least annually, report on actual regulatory and supervisory activity, including corrective and sanctioning actions.</li> <li>• Regularly publish information on the banking system in aggregate</li> <li>• Take action to ensure that all secondary legislation and guidelines are up to date on the website.</li> <li>• Disclose information about the supervisory framework on the website.</li> </ul>	<b>BSL</b>	<b>ST</b>
<p>2. Develop disclosure and transparency requirements for banks. Establish supervisory procedures to supervise and enforce banks' disclosure and transparency. Take actions to ensure all banks disclose their annual reports.</p>	<b>BSL</b>	<b>MT</b>
<p>3.Modernize the framework for the suitability assessment of banks' major ownership, including beneficial owners, board members, and senior management. Amend Banking Act to enhance fit and proper criteria for acquirers of significant ownership or controlling interests.</p>	<b>BSL</b>	<b>MT</b>
<p>4. Develop internal operational procedures for licensing, transfer of significant ownership, major acquisitions, supervisory processes, application of corrective and sanctioning powers, to facilitate/supervise the implementation of laws and regulations.</p>	<b>BSL</b>	<b>MT</b>
<p>5.Increase supervisory intensity of on-site inspections, including comprehensive assessments of banks' corporate governance and transactions with related parties. Develop secondary legislation and supervisory procedures for banks' transactions with related parties.</p>	<b>BSL</b>	<b>ST</b>
<p>6. Amend the BSL Act to explicitly state that the BSL's primary objective of banking supervision is to promote the safety and soundness of banking systems following the appropriate hierarchy of i) price stability; ii) financial stability; and iii) supporting government economic policy.</p>	<b>BSL</b>	<b>MT</b>

7. Enhance supervisory independence in practice by adding more safeguards related to supervision of state-owned banks.	<b>BSL</b>	<b>ST</b>
8. Further promote collegial decision-making and clearly define the decision-taking bodies for all licensing, regulatory and supervisory decisions, accounting for the significance of issues.	<b>BSL</b>	<b>MT</b>
9. Enhance BSL's AML/CFT supervisory function by: i) increasing resources dedicated to AML/CFT supervision and capacity building. ii) improving off-site and on-site supervisory methodologies for AML/CFT.	<b>BSL</b>	<b>MT</b>
10. Reform the oversight of community banks currently under the supervision of the APEX bank.	<b>BSL</b>	<b>MT</b>
11. <b>Establish</b> a legal requirement that the reason(s) for removal of the BSL Governor is (are) publicly disclosed.	<b>BSL</b>	<b>MT</b>

## Section V: Rule of Law

### A. Background

**132. Rule of law is one of the state functions identified under the Fund's *Framework for Enhanced Fund Engagement for Addressing Governance Vulnerabilities* in member countries.**<sup>155</sup>

The Rule of law is defined by the equal and proper application of the law to all, and the adherence to due process in enforcing the law. A strong Rule of Law regime therefore improves confidence in investing in-country with a level of certainty that rights will be protected and enforced. It encourages private sector mobilization, fluidity of the credit market and stimulation of international investment. This section assesses the legal and institutional mechanisms for the enforcement and protection of the rule of law, focused on the protection of contractual and property rights, and identifies corruption vulnerabilities in the system. This section considers the justice sector as the branch of government that settles disputes over contracts and property.

**133. As assessed by international indicators, the rule of law has been on a downward trend in Sierra Leone in the past few years.**<sup>156</sup> In the sub-sector on “constraints on government powers” the Rule of Law Index of the World Justice Project (WJP), which includes measures on how effectively the judiciary and the legislature checks and limits the power of the executive, the country has been on an 8-year downward trend. In the latest report, Sierra Leone scored below the regional average on the ability of the judiciary to limit powers of the government, and the ability of the government to sanction officials for misconduct in the latest report. The country is also on a 2-year downward trend on regulatory enforcement, scoring below regional average on all sub-factors, including due process in expropriation.

**134. Several of these findings were already noted by the Truth and Reconciliation Commission when it assessed the primary causes for the civil war.**<sup>157</sup> The subordination of the judiciary to the executive, the lack of security of tenure of judges, the appointment of contractual judges, the wide discretion in the assignment of cases and the lack of civil society representation in the selection process for judges were identified as sources of discontent that led to the civil war.<sup>158</sup> However, the framework remains largely the same as it was prior to the conflict.

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<sup>155</sup> Review of implementation of the 2018 Framework for Enhanced Fund Engagement on Governance. (2023, April 11). IMF. <https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/04/11/Review-of-Implementation-of-The-2018-Framework-for-Enhanced-Fund-Engagement-on-Governance-532166>

<sup>156</sup> <https://worldjusticeproject.org/rule-of-law-index/country/2024/Sierra%20Leone/>

<sup>157</sup> “The judiciary was subordinated to the executive, parliament did little more than ‘rubber-stamp . . .’” *Sierra Leone TRC - Volume Three A, Chapter two*. (n.d.). <https://www.sierraleonetrc.org/index.php/view-report-text-vol-3a/item/volume-three-a-chapter-two>

<sup>158</sup> Ibid.

## B. Judicial Integrity

**135. Creating a solid foundation for an independent judiciary is critical to the protection of economic rights<sup>159</sup> and the enforcement of the rule of law.** Judicial independence must be guaranteed by the state.<sup>160</sup> Judicial independence is manifested through different measures that protect the judge from external considerations and pressure. Judges that are free from influence, pressure, fear of retribution and have security of tenure are more inclined to decide based solely on established facts solely and the law thereby promoting the rule of law. Considerations such as professional indebtedness, fear of termination, and incentives (i.e., promotions, assignment of cases) can affect the ability of a judge to rule in accordance with law. Even if they are in fact not affected, the mere perception of bias already erodes faith in the judicial system and the rule of law in general.

**136. Perception of corruption in the judiciary has been improving over the past decade.** An Afrobarometer survey in 2022 shows that the judiciary had the steepest decline in corruption perception over the past decade, with 34% of respondents considering that judges and magistrates are mostly corrupt, and 55% considering some judges and magistrates corrupt. Notwithstanding, this still amounts to 89% of respondents who believe that there is some form of corruption in the judiciary.

**137. Integrity in the judiciary remains a serious concern.** The framework of the judicial system, including the appointment system, case assignment system, and the backlog in the disposition of cases all contribute to the integrity vulnerabilities in the judiciary. The mission also learned that political interference, abuse of authority and bribery are prevalent in the judiciary.

**138. Members of the court are under the investigative jurisdiction of the Anti-corruption Commission.** However, it has only charged one judge for corruption since its creation, and the Judicial Legal Service Commission (JLSC) has yet, to its knowledge, investigated a judge concerning bribery or corruption-related conduct. The ACC has expressed reluctance to investigate them as they feel there is perhaps a higher evidential bar to be met, to avoid being seen to be interfering in the judicial process.

**139. Civil society and business representatives express serious concerns about bribery in the judiciary, while authorities are generally dismissive.** The Anti-corruption Commission nor the Judiciary consider that bribery is prevalent in the judiciary. Civil Society and the business sector are of the opposite view. Sources in the business sector indicated to the mission that corruption in the judiciary is among the reasons ethical businesses avoid resolving conflicts through the judicial system. Many say they prefer to settle their disputes outside of the court system.

### Appointment of Judges

**140. The appointment process in the judiciary is indirectly, but firmly, within the sphere of influence of the President.** This creates an imbalance between the separate government powers in favor of the President. Although the independence of the judiciary is mandated by Section 120 (3) Act No.

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<sup>159</sup> Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance (2023) p. 43.

<sup>160</sup> UN Basic Principles on the Independence of the Judiciary (1985).

6 of the 1991 constitution, Sierra Leone's judiciary is vulnerable to influence of the executive branch of government, particularly the President. Section 135 (1) (2) states that appointments to the Chief Justice position as well as all other judges of the Superior Court of Judicature are made by the President, upon the "advice" of the JLSC and "subject" to the approval of Parliament. However, the President is not bound by the advice of the JLSC, and parliament rarely exercises its right to review Presidential appointments. This effectively gives the President an unrestricted prerogative in appointing members of the judiciary.

**141. The JLSC, the constitutional commission tasked to submit recommendations for appointment to judicial positions and the promotion and disciplining of judges is not an independent institution.** It is composed of the Chief Justice, as the chairperson, the most senior justice of the Court of Appeals, the Solicitor-General, the chair of the Public Service Commission, a practicing counsel from the Bar Association, and two non-lawyers. All ad-hoc members are appointed to their position by the President, and the bar association representative and the non-lawyer representative are directly appointed by the President with a term of three years.

**142. The JLSC's accountability is exclusively to the President.** As a constitutional commission, its actions are protected from being questioned in any legal proceedings.<sup>161</sup> They are not answerable for their actions which cannot be challenged (save for constitutionality) by civil society or government agencies in court. The President, however, has the right to dismiss the appointed members for inability to discharge the functions of the office or for misconduct.<sup>162</sup> The President also has the power to dismiss the ad-hoc members albeit through a different process as discussed below.

**143. The President is also allowed to re-appoint members of the JLSC.** Despite the term limits for the appointed members of the JLSC, the constitution allows for re-appointments.<sup>163</sup> It does not limit the number of times a person can be re-appointed under the provision. As such, members reaching the end of their term who are interested in maintaining their position are still vulnerable to the influence of the President. Those with intentions of a long-term appointment are not incentivized to make fully independent decisions. This provision applies to ad-hoc members whose position is established by the constitution as well.

**144. The JLSC does not serve as an added layer in the judicial selection process.** The constitution envisions the key role of the commission as an advisory body to the Chief Justice in the performance of his administrative functions.<sup>164</sup> It also provides that it serves such other functions as provided by the Constitution and laws. Advising the President on the selection of members of the judiciary is among these additional roles. The JLSC also advises the President on the appointment of the Solicitor General and the Director of Public Prosecution.

**145. This lack of independence is not merely a result of the political economy but by design of the constitution.** The Electoral Commission, the Political Parties Registration Commissions, the

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<sup>161</sup> Sierra Leone Constitution, Section 164.

<sup>162</sup> Sierra Leone Constitution Section 140 (3).

<sup>163</sup> Sierra Leone Constitution Section 160 (1).

<sup>164</sup> Sierra Leone Constitution Sec. 140(1).

Attorney-General and the Minister of Justice (in so far as their actions related to public prosecutions), and the Auditor-General are all mandated by the Constitution not to be “subject to the direction or control of any person or authority”.<sup>165</sup> However, there are no similar provisions for the JLSC.

**146. Participation by civil society in the appointment process is very limited.** Applications to judicial positions are not published by the JLSC and there are no opportunities for citizens to be heard on the qualifications of candidates or to raise objections to their application. The two lay members of the JLSC are appointed by the President and may not necessarily be representative of civil society. There appears to be minimal involvement from persons or organizations that are not subject to the President for their position. The involvement of civil society in the selection process is not unprecedented. Sierra Leone conducted consultations (albeit informal) during the selection process for its nominee to the International Criminal Court. More than 20 civil society organizations were consulted.<sup>166</sup>

**147. The Parliamentary right to disapprove of the Presidential powers is rarely exercised.** In at least one instance, the mission learned, an appointee to the high court served for two years before finally appearing before Parliament (his appointment was approved despite strong objections from the public to his qualifications). As discussed in an earlier chapter, Sierra Leone’s parliament suffers from issues of independence which affects its ability to exercise its oversight functions.

## Contractual Judges

**148. The practice of appointing so-called “contractual judges” undermines judicial integrity.** The Constitution allows the President to bypass the usual parliamentary approval process by appointing a judge on a contractual basis who has already attained the age of retirement or the age at which he/she is required to vacate office. The contracts of those judges are subject to renewal by the President. The appointment is valid until revoked by the President. In essence, those judges effectively serve at the discretion of the President with no security of tenure. The Parliamentary check on the Presidential prerogative to appoint is also by-passed if the President re-appoints a justice or judge on this basis. This arrangement is available for judges in any position including Justices in the Supreme Court. It has been common practice in Sierra Leone for the President to exercise this power.

**149. This mechanism undermines judicial independence on two fronts.** First, it disenfranchises Parliament from its function as check and balance against the power of the President. Second, because the contractual judges serve at the pleasure of the President and do not have a security of tenure, the President is able to exert influence over their functions under threat of their livelihood. This creates an imbalance between the three branches of government where Parliament is unable to vet the appointments of the President, and the Judiciary is unable to exercise independence from the executive.

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<sup>165</sup> Section 32 (11), 34 (5), 66 (8), 119 (6).

<sup>166</sup> Information and commentary from the Republic of Sierra Leone on the existing procedure for Nomination of Candidates for Appointment to the highest Judicial Office, as required by article 36(4)(a)(i) of the Rome Statute of the International Criminal Court. (2022)



## The Chief Justice

**150. The position of the Chief Justice is also potentially vulnerable to the influence of the President.** The Chief Justice is appointed by the President, upon the advice of the JLSC and subject to the approval of the Parliament. The retirement age for the Chief Justice, and all other judges is 65 years of age. However, the 'contractual judge' arrangement discussed above applies to the Chief Justice and other High Court justices as well, meaning they may continue in their position, at the discretion of the President.

**151. Security of tenure is among the pillars of an independent judiciary.** The security of tenure of the Chief Justice is undermined by the 'contractual judges' arrangement – which includes the position of Chief Justice – meaning in effect that the Chief Justice may sit at the discretion of the President.

**152. The Chief Justice may be removed from office though the judgement of a tribunal consisting of members all appointed by the President.** To initiate the removal a Chief Justice from his position, the President must first receive a petition and establish a tribunal consisting of 3 Supreme Court Justices or legal practitioners otherwise qualified to be appointed in the Supreme Court and 2 more members who are not members of parliament or legal practitioners. All members are Presidential appointees. There are no precautions in place to ensure the neutrality or independence of the tribunal. Grounds for the removal are not specified in the Constitution.

**153. The Chief Justice is removed from office when the tribunal recommends his or her removal subject to the approval of 2/3 majority in Parliament.** In theory, this should provide the Chief Justice with a layer of protection from one branch of government. However, in practice, this may not necessarily be the case. The recent removal of the Auditor-General, with the recommendation of the tribunal and the approval of Parliament show that this hurdle can still be overcome by political forces.<sup>167</sup>

**154. The Constitution also allows the President to suspend the Chief Justice on his own volition provided that the case has already been referred to the tribunal.** This suspension is valid until revoked by the President or until the tribunal recommends in favor of the Chief Justice. Because the tribunal is not constrained to resolve the issue within a specified period, the suspension can in effect be perpetual or until the retirement age of the Chief Justice, so long as the Tribunal does not conclude its investigations. Because Parliament does not have the power to rule on the suspension, this creates yet another avenue for executive influence over the judicial sector.

**155. This imbalance of power as a minimum affects the perception of the rule of law in Sierra Leone.** The Chief Justice and the judiciary's ability to serve as a branch of government that checks the power of the Executive and ensures that it remains within the confines of law is compromised under the threat of suspension without need for justification. Notably, the mere possibility of suspension or removal from office already has a chilling effect. Also, in at least the past two Presidential transitions, the Chief

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<sup>167</sup> Section 119 (9) of the Constitution states that the removal of the Auditor-General shall follow the same procedure as the removal of a judge in the Superior Court, and not the Chief Justice. However, the only significant difference is in the composition of the tribunal where 5 members, including 3 Supreme Court Justice (or qualified as such) and two lay persons must preside, instead of just three lay persons.

Justice resigned shortly after the assumption of office of a new President, allowing the President to appoint his own Chief Justice, further consolidating power in the executive.

## Assignment of Cases

**156. The system for assignment of cases is prone to corruption and efficiency risks.** The judiciary does not have a system for the assignment of cases. The Chief Justice is solely responsible for assigning cases to judges within the tenured judicial system. There are no written procedural rules in place for the assignment of cases to judges. Neither is there a prescribed deadline for which cases must be assigned to a judge. The only limitation to the assignment of cases is that assignment of cases to specialized courts such as the Anti-corruption Court or the Fast Track Commercial Court must be within their jurisdiction. However, there have been instances where specialized courts were assigned cases outside of their jurisdiction as well. This mechanism potentially allows the Chief Justice to wield major influence not only in how cases are assigned, but also how and when cases are resolved. In principle, this may allow the Chief Justice to exert influence over judges through the ability to assign, for example, high-profile or desirable cases to judges. Because certain types of cases may improve a judge's chances of promotion, and certain cases may prove lucrative, the discretion in the assignment of case must be limited to avoid the perception of irregularities. The mere possibility raises legitimate questions concerning the integrity of the process, and so potentially of the judges themselves.

**157. The limitation of discretion, or the transparency of procedure, in the assignment of cases is a reasonable indicator of an independent judiciary.** In Sierra Leone, the system – whether de jure or de facto – is neither transparent nor absent a wide discretion. A formal procedure for assigning cases, which minimizes (if not removes) discretion and considers caseload and other reasonable considerations (such as skill set, experience/seniority). would allow for a fairer and more transparent system.

## Case Backlog

**158. Case backlogs are acknowledged by the judiciary.** Judge's caseloads are, in their own words "beyond human understanding".<sup>168</sup> This is attributable to several different factors. The lack of resources (including human capital), the absence of a reliable case management system, the absence of punitive measures for slow case disposition and incentives for corruption within the system all contribute to a backlog of cases.

**159. The Constitution provides that court decisions must be rendered not later than three months after the conclusion of trial.**<sup>169</sup> However, there is no legal redress or remedy if this period is exceeded. The Constitution also protects judges of the superior courts from any suit arising out of the performance of his or her duties. Moreover, reports of delays in the trial stage are rampant.

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<sup>168</sup> Observer, I. (2025, March 2). *4 Judges Assigned to Deal with Over 174 Cases*. Independent Observer. <https://independentobserver-sl.com/2025/03/02/4-judges-assigned-to-deal-with-over-174-cases/>

<sup>169</sup> Section 120 (16) of the Constitution applies only to courts established by the Constitution. It excludes magistrate courts and local courts.

**160. Very limited data was provided by the authorities, and public access to the same is similarly difficult to find, limiting the ability to assess the efficiency of the judiciary.** However, this is also emblematic of the resource challenges faced by the institution. Case data is manually collected and collated and is not readily available. The judiciary also has a manual case management system, despite the prior creation of a digital case management system. The Chief Justice is unable to determine case load and case disposition rate, without the ability to efficiently assign cases.

**161. The World Justice Project Rule of Law index show a 3-year downward trend for Sierra Leone on civil justice.** The index measures ease of access to resolution mechanisms for civil disputes, including affordability, integrity, timeliness, and enforcement of decisions. A similar trend is also apparent in regulatory enforcement.

**162. Delays in the disposition of cases create corruption risks.** Difficulties in securing timely resolution to cases incentivizes corrupt actors and discourages litigants from going through the legal system to resolve their disputes.

**163. The government has identified initiatives to address case backlogs.** Through the objective of increased equal Access to Justice Sector Reform Strategy (2024-2030) the government aims to address backlog of cases through improving infrastructure (creation of court buildings, mediation centers), increasing workforce (recruitment of judges, magistrates, and support staff) and improving its case-management system. There are also plans to provide more training for judges and prosecutors to improve judicial service delivery and in enforcing the rule of law. Supervisors are also planned to be assigned to different courts to expedite trials.

### Assignment of Cases

**164. The system for assignment of cases is prone to corruption risk and contributes to case backlogs.** The judiciary does not have a system for the assignment of cases. The Chief Justice is solely responsible for assigning cases to judges within the tenured judicial system. There are no written procedural rules in place for the assignment of cases to judges. Neither is there a prescribed deadline for which cases must be assigned to a judge. The only limitation to the assignment of cases is that assignment of cases to specialized courts such as the Anti-corruption Court or the Fast Track Commercial Court must be within their jurisdiction. However, there have been instances where specialized courts were assigned cases outside of their jurisdiction as well. This mechanism potentially allows the Chief Justice to wield profound influence not only in how cases are assigned, but also how and when cases are resolved. In principle, this may allow the Chief Justice to exert influence over judges through the ability to assign, for example, high-profile or desirable cases to judges. Because certain types of cases may improve a judge's chances of promotion, and certain cases may prove lucrative, the discretion in the assignment of case must be limited to avoid the perception of irregularities. The mere possibility raises legitimate questions concerning the integrity of the process, and so potentially on the judges themselves.

**165. There is no mechanism to ensure that cases are assigned within a limited period.** In 2023, after a change in leadership in the judiciary, at least 500 cases were discovered to have remained unassigned for several years. This problem of delays is also reflected in the views of government agencies with pending cases in the judiciary.

**166. The limitation of discretion, or the transparency of procedure, in the assignment of cases is a reasonable indicator of an independent judiciary.** In Sierra Leone, the system – whether de jure or de facto – is neither transparent nor absent a wide discretion. A formal procedure for assigning cases, which minimizes (if not removes) discretion and considers caseload and other reasonable considerations (such as skill set, experience/seniority). would allow for a fairer and more transparent system.

### **C. Contract Enforcement**

**167. The Fast Track Commercial Court (FTCC) was created as a special court for commercial matters including contract enforcement within a certain criterion.** It is a division of the High Court that has original jurisdiction over several commercial cases, including governance of business entities, disputes over Le 50,000,000 (approximately \$2,200) and above involving commercial arbitration, enforcement of foreign awards, banking, and mortgages securities. “Assessors”, non-lawyer subject-matter experts, sit together with judges in the court and give expert non-binding advice and guidance on commercial matters. Although the participation of Assessors is not mandatory in commercial cases, the rules provide that at least two assessors specifically knowledgeable on the matter at hand shall participate when required by the presiding judge.

**168. Entering alternative dispute resolution processes is mandatory before pre-trial and the FTCC is required to complete judgment within six months from the date of commencement** (In contrast, regular courts are required to render judgment three months after conclusion of trial). Trials must be continuous, daily, and any adjournment (on limited grounds) cannot exceed 72 hours. Appeals from the FTCC are reviewed by the Court of Appeal and the Supreme Court.

**169. It takes an average of 515 days to resolve a contract dispute in Sierra Leone through the FTCC, significantly shorter than the Sub-Saharan African average of 654.9, and even lower than the OECD high income country average of 589.6.** The cost for enforcing a contract through the courts is 39.5%, a significant amount, although slightly lower than the Sub-Saharan average. The most recent contract enforcement dispute resolved by the High Court was in 2021. There do not appear to be other disputes that reached the high court since the case database was made available on-line.

**170. Nonetheless the mission learned that small and medium businesses eschew resolving their disputes in the court system, due to lack of trust in the system.** Undue costs and delays (both above regional averages) are endemic to the system. In the World Justice Project Rule of Law Report for 2024, the country scored significantly lower than the regional average on the measurement on whether Civil justice is free of improper government influence, supporting widespread suspicion that the courts cannot be relied upon for the fair settlement of disputes, including contract enforcement. Sources in the business community do not consider the FTCC as an idea venue for conflict resolution.

**171. The FTCC is based in Freetown and does not have branches in other areas.** Access to the FTCC is difficult for litigants outside of the capital. However, original land disputes outside of the capital will most likely relate to customary land which fall under the local courts which are present within the chiefdom.

**172. Alternative Dispute Resolution is embedded within the judicial framework and is available as an extrajudicial form of settlement.** However, the arbitration rules of the court are still being

developed. Sierra Leone is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, as well as the International Center for Settlement of Investment Disputes (ICSID). This notwithstanding, Sierra Leone scored below regional average on the World Justice Project Rule of Law Index 2024 on whether the alternative dispute resolution mechanisms are accessible, impartial, and effective.

**173. While the use is not widespread, and SME's rarely resolve matters through ADR, the enactment of the 2022 Arbitration Act formalizes and strengthens ADR as a viable venue for resolving disputes.** The new Customary Land Rights Act also prescribes a mechanism for the resolution of disputes regarding customary land contracts through the Chiefdom and the regional land commission offices. Even in the Western Area where local courts are prohibited, informal courts called '*barrays*' are often relied upon in lieu of the judicial system.<sup>170</sup> The Legal Aid Board (LAB) also offers an alternative venue for disputes.

## **D. Security over Property Rights (Real Property)**

**174. Sierra Leone scored a 3 in the CPIA property rights and rule-based governance index (where 1 is the lowest and 6 is the highest).**<sup>171</sup> The CPIA is an annual index that assesses how private economic activity is facilitated through the legal system, particularly how property and contract rights are enforced. This also includes an assessment of the independence of the judiciary, and the quality of its decisions and the willingness and effectiveness of the state to protect property.<sup>172</sup>

**175. Land in Sierra Leone is classified into state land, private land, and customary land.** It operates under a dual tenure system under freehold tenure and customary land tenure dating back to the 1927 Protectorate Land Act.<sup>173</sup> Customary land is governed by traditional rules having force and effect in chiefdoms, villages, or towns in accordance with natural justice, otherwise called customary law. Under customary law the Paramount Chief holds land in trust on behalf of the community.<sup>174</sup> However customary law differs from chiefdom to chiefdom. About 95% of the territory falls under Customary law, leaving only the Western Area, including its capital, Freetown covered under freehold.<sup>175</sup> Non-citizens are not allowed to own land, although it is estimated that 20% of all arable land is leased to foreign businesses.

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<sup>170</sup> Koroma, S. (2023). Following the money: Understanding Forum Shopping and the 'Justice Marketplace' in Sierra Leone. *Social & Legal Studies*, 33(3), 328–350. <https://doi.org/10.1177/09646639231195312>

<sup>171</sup> [CPIA property rights and rule-based governance rating \(1=low to 6=high\) - Sierra Leone, Sub-Saharan Africa, Sub-Saharan Africa \(excluding high income\) | Data](https://data.worldbank.org/indicator/IQ.CPA.PROP.XQ?locations=SL-ZG-ZF) <https://data.worldbank.org/indicator/IQ.CPA.PROP.XQ?locations=SL-ZG-ZF> last accessed 4/2/2025

<sup>172</sup> CPIA Criteria 2023 <https://thedocs.worldbank.org/en/doc/6f23ce104041b7d1e66525f6a9e91e66-0290012024/original/CPIA-2023-Criteria.pdf>, last accessed 4/2/2025.

<sup>173</sup> Kpaka, H. M. (2019). What has been the impact of the 2015 national land policy in the chiefdoms across Sierra Leone? [https://www.dsti.gov.sl/wp-content/uploads/2021/04/Land-Policy-Brief\\_final\\_VR\\_Edit\\_Aug19\\_HMK\\_19\\_VR\\_26.edited.pdf](https://www.dsti.gov.sl/wp-content/uploads/2021/04/Land-Policy-Brief_final_VR_Edit_Aug19_HMK_19_VR_26.edited.pdf)

<sup>174</sup> Ibid.

<sup>175</sup> New York Times. (2022, August 9). Retrieved April 1, 2025, from <https://www.nytimes.com/2022/08/09/world/africa/sierra-leone-land-environment.html#>

**176. Security over real property faces several challenges in Sierra Leone.** Difficulties in establishing ownership, the ambiguity over rules on customary land, the uncertainty of outcomes in dispute resolution systems, including vulnerabilities to corruption, and expropriation significantly affects confidence in investments in real property.

**177. The land registration system in the urban areas of Sierra Leone is underdeveloped.** Land registration is still fully manual and the integrity of records in the Ministry of Lands Housing and Country Planning is questionable. The mission learned that theft and tampering with land records is widespread, with reports of bribery for access to, disposal or alteration of documents. It is therefore difficult to prove ownership, and this leads not only to disputes and insecurity in ownership, but also the inability to transfer, dispose or use land for economic purposes. Mortgages are uncommon, not least because of the inability to confirm ownership and property boundaries.

**178. There is no formal registration system in place for customary land.** This has given rise to a significant number of disputes particularly over economically important land such as farm areas.<sup>176</sup> Disputes have resulted in violent clashes over perceived unfairness in foreign land deals entered into by chiefdoms.<sup>177</sup> Disputes over land and the capture of institutions tasked to protect land tenure are considered to be one of the factors that sparked the foundation for the civil war.<sup>178</sup>

**179. In 2015 an estimated 50% of the cases in the local courts involve land disputes.**<sup>179</sup> Some rough estimates the mission heard is that it is now closer to 70% in the entire judiciary. Backlogs in case disposition land-related cases limit confidence in real estate investments. Moreover, perceptions of corruption in the judiciary, and the prevalence of bribe-taking discourage businesses from relying on the court system to protect their property. Land disputes are not under the jurisdiction of the Fast Track Commercial Courts.

**180. Some land disputes may be resolved at the Chiefdom level.** The Local Court Act of 1963 removed the power of adjudication from the Paramount Chief into the Local Courts which apply both formal law and customary law. It has original jurisdiction on civil and criminal matters outside of the Western Area. The structure, subsequently amended in 2011, was envisioned to remove some power from the Paramount Chief and put local disputes within the ambit of the judiciary. However, because of the poor state of the land registry, disputes - particularly those concerning land ownership, overlapping boundaries and related issues - are difficult to resolve. Also, the local courts face the same challenges of

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<sup>176</sup> Kpaka, H. M. (2024). Chiefs, Courts, and Upholding Property Rights: Quasi-Experimental Evidence from Sierra Leone. The World Bank Economic Review. <https://doi.org/10.1093/wber/lhae026>

<sup>177</sup> Ibid.

<sup>178</sup> Sierra Leone Truth and Reconciliation Commission (SLTRC). (2004). Witness to Truth: Report of the Sierra Leone Truth and Reconciliation Commission, Volume 3 Chapter 1 par 45-50.

<sup>179</sup> The Government of Sierra Leone. (2015). FINAL NATIONAL LAND POLICY OF SIERRA LEONE. In *MINISTRY OF LANDS, COUNTRY PLANNING AND THE ENVIRONMENT*.

the regular court system, including lack of resources, non-application of due process and unpredictable costs.<sup>180</sup>

**181. Paramount Chiefs, according to Sierra Leone customary law, are custodians of the land.** Any significant agreements relating to customary land must be approved by the Paramount Chief. However, it is common for the Paramount Chief to use this power as an economic or political tool instead of acting as an impartial arbiter.<sup>181</sup>

**182. Outright sale of customary land is prohibited.** However, they may be leased. While customary land in Sierra Leone can be owned by individuals or families, as opposed to being a shared resource of the community, the Paramount Chief or chiefdom council had traditionally negotiated on behalf of the owners.

**183. Agreements between mining companies and customary landowners are often disadvantageous to the local communities.** Prior to the Customary Land Rights Act, free prior informed consent (FPIC) only meant an obligation to consult.<sup>182</sup> Large-scale mining does not require FPIC.<sup>183</sup> As such local communities did not have enough information on the economic potential of the land and often agree to income sharing that is significantly less than what they would have negotiated had they had sufficient information.<sup>184</sup> Formal lease agreements for mining are also rare.<sup>185</sup> In situations where a formal lease agreement is executed, it is the paramount chiefs and councils who represent the community or land owners.<sup>186</sup> They may not always have the best interest of the community or the landowner in mind.<sup>187</sup> Speculative buyers were also found to lease customary land with the intention of profiting from the transfer of such properties to investors.

**184. In some cases, the government leases customary land with the intention of sub-leasing it to investors.**<sup>188</sup> 74,000 acres were leased by the government between 2011 to 2013 and subsequently subleased to a palm oil company.<sup>189</sup> The chiefdom council negotiated with the government with minimal participation from the community in the process.<sup>190</sup> This practice by the government may face conflict of

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<sup>180</sup> NAMATI. (2023, January 11). *Costly justice: Why communities in Sierra Leone turn to paralegals instead of local courts to resolve their justice problems*. Namati. <https://namati.org/news-stories/costly-justice-why-communities-in-sierra-leone-turn-to-paralegals-instead-of-local-courts-to-resolve-their-justice-problems/>

<sup>181</sup> Ibid.

<sup>182</sup> Mebratu-Tsegaye, T., Toledano, P., Thomashausen, S., Columbia Center on Sustainable Investment, & Oxfam. (2020). A Review of Sierra Leone's Mines and Minerals Act 2009. In Columbia Center on Sustainable Investment (pp. 3–30). [https://ccsi.columbia.edu/sites/ccsi.columbia.edu/files/content/A-Review-of-Sierra-Leones-Mines-and-Minerals-Act%20\(1\).pdf](https://ccsi.columbia.edu/sites/ccsi.columbia.edu/files/content/A-Review-of-Sierra-Leones-Mines-and-Minerals-Act%20(1).pdf)

<sup>183</sup> Conteh, S., & Maru, V. (2023). How Sierra Leone enacted one of the most progressive land, climate, and environmental justice laws in the world. Environmental Justice. <https://doi.org/10.1089/env.2023.0032>

<sup>184</sup> Ibid.

<sup>185</sup> Ibid.

<sup>186</sup> Ibid.

<sup>187</sup> Ibid.

<sup>188</sup> Ibid.

<sup>189</sup> Ibid.

<sup>190</sup> Ibid.



interest concerns, as it is unclear if their priority is to profit from the agreement or to ensure that the rights of the owners of the land are protected.

**185. Unfair lease agreements lead to discontent, legal disputes, and protests that affect security over real property.**<sup>191</sup> Even lessors in good faith who believe that they have reached an acceptable agreement may be faced with disputes if the landowners, not fully apprised of the nature of the project, or are not fully versed in negotiating business agreements, eventually understand the magnitude of the potential profit from the lease. This is in addition to possible violations to their rights to a healthy environment, human rights, and impact on their livelihood by large scale agricultural or extractive operations.

**186. The land registration framework in Sierra Leone is in transition.** Sierra Leone promulgated two landmark laws that aim to significantly improve the land registration system. On August 2022, the National Land Commission Act (NLCA) and the Customary Land Rights Act (CLRA) were passed. Together, these laws reorganize the land registry infrastructure, establish a registry for customary land, and formalize land dispute resolution procedures, including customary land. Significantly, they also define restrictions on industrial development use, impose the inclusion of certain contractual obligations into lease contracts, detail limitations on leases by foreign entities, and establish grievance mechanisms. They also reduce the maximum term for leases of customary land to 50 years and require registration of land before any negotiations can commence. Together, these provisions aim to limit contractual disputes relating to customary land, expand the land registry coverage and provide more certainty in property rights enforcement. On the other hand, they also provide that leased land not used within 5 years of the lease will revert to the owner.

**187. These two laws are expected to significantly improve land registration in Sierra Leone.** While enacted, these provisions are still not executed or enforced. The Ministry of Land plans to pilot the program in select areas. However, significant improvement is not expected in the short term due to the substantial amount of data to be verified and encoded. The World Bank is providing technical assistance in the development and roll out of the system, but significant resources will need to be provided by the authorities to ensure its sustainability.

**188. Informal taxation of land is common in customary land Sierra Leone.** Some users of customary land are subjected to non-statutory fees such as community development fees, social insurance fees and access to water sources fees.<sup>192</sup> These may be collected through the Chieftdom or directly from individuals or other groups and are paid by members of the chieftdom and outsiders who use the land as well. These are not necessarily in the form of money but may in some instances be in kind.<sup>193</sup>

**189. Expropriation of property is allowed under the Constitution, but only for limited grounds including public safety and security.** Expropriation of investments is further protected under the

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<sup>191</sup> Maja Hitij. (2021). The case of Socfin in Sierra Leone. In European Union & Belgian Development Cooperation, Our Land Is Our Life: Policy Brief [Policy brief]. <https://aefin.org/wp-content/uploads/2021/12/EN-Land-Briefing-Socfin-1.pdf>.

<sup>192</sup> International Centre for Tax and Development. (2023, July 19). Informal taxation in Sierra Leone: Magnitudes, perceptions, and implications - ICTD. ICTD. <https://www.ictd.ac/publication/informal-taxation-sierra-leone-magnitudes-perceptions-implications/>

<sup>193</sup> Ibid.

Investment Promotion Act of 2004. Sierra Leone is also signatory to several multilateral agreements including the International Center for Settlement of Investment of Disputes (ICSID) Convention and the Multilateral Investment Guarantee Agency (MIGA) that protects foreign investors from expropriation risks. Sierra Leone scored below the regional average in the World Justice Project Rule of Law Index on due process and adequate compensation during expropriation proceedings. Adequate compensation can be challenging considering the difficulty in establishing ownership and land boundaries with the current land registration system.

**190. The mission learned that there are cases where the expropriation of private property, particularly lucrative examples, has been abused to reclassify private land into state land to allow for rent seeking in its disposition.** The mission learned that land grabbing is also prevalent, with reported syndicates involving government officials manipulating or destroying records to illegally acquire land. These syndicates reported include people in government who facilitate the conversion of land into state land or the large-scale leasing of customary land, taking advantage of poor governance in these agreements, to sublease for a profit.

## E. Recommendations

Table 13. Recommendations		
Measure	Agency	Timescale
Develop a case management system that collects and regularly publishes granular information on case disposition rate.	Judiciary/MoJ/JLSC	MT
Enforce the prescribed period for resolving court cases with proportionate disciplinary/administrative consequences for judges and lawyers.	Judiciary/MoJ/JLSC	ST
Prohibit the assignment of non-relevant cases to specialized courts	Judiciary/MoJ/JLSC	ST
Maintain and strengthen the digital database of land titles.	MoL	MT
Cooperate with ACC in conduct of corruption risk assessment in record keeping of land titles and data in the Ministry of Lands, National Land Commission, and the Ministry of Justice.	JLSC/MoL/NLC/MoJ	ST

Introduce and implement a policy to end the appointment of contractual judges.	Judiciary/MoJ/JLSC	ST
Introduce/amend the relevant court procedural rules to prohibit assignment of cases outside the jurisdiction of the court and to ensure the transparent and non-arbitrary assignment of cases to judges,	Judiciary/MoJ/JLSC	ST
Introduce a policy that provides for a) transparency in the selection process for members of the judiciary (including public participation in the evaluation of applicants) and b) defined criteria for the selection of judges.	Judiciary/MoJ/JLSC	ST
Promote alternative dispute resolution as a venue for commercial conflict resolution.	Judiciary/MoJ/JLSC	ST
Amend the Constitutional Provision that allows for the suspension of the Chief Justice at the sole discretion of the President.	MoJ/Office of the President	MT

## Section VI. Effectiveness of the Anti-Corruption Framework

**191. This section focuses on identifying key legal, institutional, and operational challenges faced by Sierra Leone** in the fight against corruption and proposing potential reforms that help strengthen the anti-corruption framework. These reforms may create a more effective and transparent system that deters corrupt practices and promotes accountability.

**192. The anti-corruption framework generally follows international standards.** In addition to the Constitution, Sierra Leone has dedicated legislation - the ACA 2000 (amended in 2008 and 2019) that governs major aspects of prevention and combating of corruption, including the institutional organization and functions.<sup>194</sup> The ACC was established as the principal authority responsible for the prevention, investigation and prosecution of corruption offences. Sierra Leone is a party to an array of international treaties aimed at combating corruption.<sup>195</sup> However, international conventions must be domesticated to have legal effect in Sierra Leone. The country has completed the review of its implementation of the United Nations Convention against Corruption (UNCAC) under both cycles of the Implementation Review Mechanism, with clearly identified gaps.<sup>196</sup>

**193. The authorities have spoken of the need to prioritize the fight against corruption.** Highlighting the detrimental effects of corruption on the country's development and security, President Bio has spoken of the steps taken by his administration in combating corruption since taking office in 2018 and reiterated the importance of continued support for the ACC and the need for sustained efforts to ensure transparency and accountability in governance.<sup>197</sup> A number of initiatives to address corruption have been launched, such as the Pay No Bribe Campaign.<sup>198</sup> The MTNDP in Sierra Leone also identifies governance and accountability as a key enabler where strengthening the fight against corruption and illicit financial flows is emphasized.<sup>199</sup> The Plan lists an array of targets for the ACC by 2030, e.g., strengthening systems and processes in public and private bodies, raising public awareness, enhancing law enforcement and partnership, and improving performance on the global corruption indicators.<sup>200</sup> To achieve these targets, the following policy actions are envisaged, including strengthening systems and

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<sup>194</sup> Sierra Leone's legal system is common law-based but also includes elements of statutory and customary law.

<sup>195</sup> Sierra Leone is a party to the United Nations Convention against Corruption (UNCAC), African Union Convention on Preventing and Combating Corruption (AUCPCC), and the Economic Community of West African States (ECOWAS) Protocol on the Fight against Corruption.

<sup>196</sup> <https://www.unodc.org/corruption/en/country-profiles/data/SLE.html>.

<sup>197</sup> [bio-120818.pdf](#).

<sup>198</sup> It is led by the Office of the Chief of Staff and the Anti-Corruption Commission, in coordination with relevant MDAs. [https://www.anticorruption.gov.sl/en\\_GB/about-us](https://www.anticorruption.gov.sl/en_GB/about-us).

<sup>199</sup> [https://moped.gov.sl/wp-content/uploads/2024/08/Final\\_Sierra-Leone-MTNDP-2024-2030-1.pdf](https://moped.gov.sl/wp-content/uploads/2024/08/Final_Sierra-Leone-MTNDP-2024-2030-1.pdf).

<sup>200</sup> Ibid.

process review, establishing a system for planning and monitoring development results, and developing an anti-corruption regulation to concretize the ACA provisions.<sup>201</sup>

**194. Despite the commitments, structural weaknesses, and insufficient implementation hamper Sierra Leone's efforts to tackle corruption effectively.** The authorities face significant challenges in addressing systemic weaknesses in the anti-corruption framework, such as insufficient independence of anti-corruption institutions (including oversight bodies), shortage in financial, technical, and operational capacities, deficiencies in mechanisms/systems for prevention and detection of corruption, heavy use of settlement and prolonged court process involving corruption cases.

**195. This section is divided into five sub-sections.** These include general legal framework and policies, specific preventive measures, institutional arrangement, and enforcement of corruption offences, accompanied by a table of potential reforms.

## **A. Anti-Corruption Legal Framework and Policies**

**196. Sierra Leone has a relatively comprehensive anti-corruption framework, but vague provisions and ineffective implementation remain an issue.** The regulatory framework includes various laws and policies.<sup>202</sup> The ACA 2000 was replaced by the ACA 2008 which was further amended in 2019 to strengthen the fight against corruption, including imposing increased penalties, enhancing the asset declaration system<sup>203</sup>, and providing settlement options to the ACC.<sup>204</sup> However, the ACA 2019 has no comprehensive regulations that guide the implementation and prescribe enforcement powers of the ACC, which is identified as a gap by the authorities.<sup>205</sup> Sierra Leone has also issued a series of National Anti-Corruption Strategies (NACS (sometimes referred to as a 'NACP' or National Anti-Corruption Plan)) which outline objectives for preventing and combating corruption, following a seven-pillar approach of enforcement, prevention, public engagement, sustainable partnership, and ethical re-orientation in the public, religious, civil society, and private sectors.<sup>206</sup> In addition, the ACC has developed additional policies and guidelines on different issues, such as whistleblower protection. Despite the regulatory efforts, corruption remains a major obstacle to development with an increased negative perception.<sup>207</sup>

**197. The latest NACS was promulgated in December 2024.** The NACS 2024-2028, as the 5<sup>th</sup> strategy in this series, encompasses four strategic objectives, including enhancing accountability and transparency within government agencies to reduce corruption (Accountability and Transparency),

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<sup>201</sup> Ibid.

<sup>202</sup> Such as the Constitution, the ACA, the Public Procurement Act (PPA), the Criminal Procedure Code of 1965, and the AML/CFT Act of 2024.

<sup>203</sup> Though this does not include publication or adequate verification of declarations.

<sup>204</sup> [Sierra Leone parliament enacts new Anti-Corruption laws to win the fight against corruption](#), October 2019.

<sup>205</sup> [National Anti-Corruption Strategy 2024-2028](#).

<sup>206</sup> <https://www.anticorruption.gov.sl/blog/anti-corruption-commission-sl-news-room-1/post/the-national-anti-corruption-strategy-a-tool-to-prevent-corruption-and-promote-service-delivery-in-mdas-654>.

<sup>207</sup> [BTI Sierra Leone Country Report 2024](#); <https://www.afrobarometer.org/online-data-analysis/>. According to the Afrobarometer survey (2022, published in 2023), 41.1 percent of the respondents noted the significant increase of the level of corruption, while 9.7 percent indicated a certain level of increase in corruption.

improving coordination among agencies and building capacity to manage implementation challenges (Coordination and Capacity), embedding social justice principles in policies and strengthening partnership with civil society (Social Justice), and enhancing governance and service delivery in utility agencies to meet community needs (Utility Governance).<sup>208</sup> The authorities reported that an action plan would be developed pursuant to the NACS, but the relevant work was just initiated.<sup>209</sup>

**198. While positive steps in strengthening the formulation and monitoring of the NACS 2024-2028 have been noted, greater transparency and coordination are essential.** The authorities reported painstaking efforts in organizing consultation and validation sessions throughout the development process of the NACS, which entails joint efforts of multi-stakeholders, such as Ministries, Departments and Agencies (MDAs), Local Councils, civil society organizations, and the public.<sup>210</sup> The National Steering Committee (NSC), comprising prominent non-state actor individuals, is designated to oversee the implementation of the strategy, supported by the NACS Secretariat within the ACC.<sup>211</sup> Yet, it is not clear about the governance structure of the Committee and how “prominent individuals” are selected. The NACS secretariat needs to further work with the Integrity Management Committees (IMCs) established in various MDAs and Local Councils to monitor the implementation of the NACS. However, the progress report(s) of the NSC as well as the monitoring reports submitted by different IMCs are not required to be published, reducing room for public oversight and monitoring. The mission team could not locate the Annual Report of the NSC on the implementation of the NACS 2018-2023, which is supposed to be publicly accessible.<sup>212</sup> It is laudable that the NACS includes a comprehensive list of specific activities associated with responsible entities, timelines and performance indicators, but the mission found that a few entities were not aware of proposed activities relevant to them, illustrating a need for further promotion of inter-agency coordination and dissemination of the NACS.

## B. Anti-Corruption Preventive Measures

### Asset Declaration System

**199. Sierra Leone has upgraded its asset disclosure system, but enhanced implementation is needed.** Public officials are obliged to file with the ACC a declaration of income, assets, and liabilities upon taking office, biennially thereafter, and when leaving the office (sect. 119, ACA). The obligation is applicable to officials holding grade 7 positions and above, covering financially exposed persons.<sup>213</sup> The declaration does not only apply to the public official but also covers the assets of his/her spouse and children. The declaration is filed through an electronic platform ([www.anticorruption.gov.sl](http://www.anticorruption.gov.sl)) which

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<sup>208</sup> [National Anti-Corruption Strategy 2024-2028](#).

<sup>209</sup> After the first draft of this report, the mission was informed that Action Plans on the Strategy from MDAs have been developed, and implementation has begun. The Steering Committee and IMCs have also been established and are currently operational.

<sup>210</sup> The Annual Report of the ACC (2023). <https://www.anticorruption.gov.sl/slides/slide/acc-annual-report-2023-452>

<sup>211</sup> [National Anti-Corruption Strategy 2024-2028](#).

<sup>212</sup> The Annual Report of the ACC (2023) indicates that the National Steering Committee should generate and make public its annual report on implementing the National Anti-Corruption Strategy. The report provides a brief summary about the implementation rates of the action points, with MDAs achieving 91% and Local Councils amounting to 99%.

<sup>213</sup> The information is provided by the authorities.

significantly facilitates submission. Sanctions are imposed for non-compliance (sect. 122).<sup>214</sup> Further efforts have been reported in ensuring timely submission of declarations, such as the amendment of the ACA to enable the ACC to issue a default notice to a public officer who failed to submit his/her asset declaration after the expiration of the deadline (sect. 122A (2)). Failure to comply with a default notice is subject to sanctions, e.g., salary withholding, suspension, and dismissal (sect. 122A (5)). The positive effect of these measures is noted, and while previous statistics demonstrated that officials from several MDAs failed to comply with their filing obligations<sup>215</sup> more recently the ACC reported that compliance was up to 98%. Some authorities further cited technical challenges, particularly in the electronic submission of asset declarations.

**200. The publication of asset declarations promotes the prevention of corruption and public scrutiny.** There is currently no systemic mechanism to verify asset declarations. These declarations are examined either on a random basis or subject to complaints pursuant to section 121 of the ACA. It is also not based upon the level of corruption risks exposed to public positions. The mission learned that ensuring full compliance with online submissions remains the priority of the ACC. Once full compliance is achieved, the Commission will move towards a more systemic verification, including through automatic means. Currently, there is no designated ACC officer to conduct verification though plans are in place to create an asset declaration department within the ACC.<sup>216</sup> Considering the offence of “possession of unexplained wealth” is criminalized (sect. 27, ACA), the current practices are suboptimal. In addition, section 119 of the ACA requires the declarations to be kept confidential, which may significantly hinder public scrutiny and oversight, particularly in the context of insufficient verification. The asset declaration system can be more effective with the amendment of the ACA to allow for publication of declarations starting from public officials entrusted with key public functions (Politically Exposed Persons), with due consideration of the protection of private data. The NACS 2024-2028 also calls for the publication of asset declarations. The system would be improved similarly with a suitable risk-based approach to verification of declarations, avoiding the pitfalls of a blanket verification process, which would likely overwhelm the ACC with the scale of the task.

## Corruption Risk Assessment

**201. Corruption risk assessment plays a vital role in facilitating understanding of risks and taking preventive measures to ensure integrity.** The ACC has developed a Corruption Risk Assessment tool entitled “systems and process review”, with a view to examining practices and procedures in MDAs and Local Councils to identify corruption risks and make remedial recommendations.<sup>217</sup> This tool includes two modalities, comprehensive review and thematic review.<sup>218</sup> For

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<sup>214</sup> The non-compliance can constitute an offence and shall be liable on conviction to a fine not less than twenty thousand SLE or to imprisonment for a term not less than one year or to both such fine and imprisonment.

<sup>215</sup> The authorities reported the following statistics on the asset disclosure: a) Number of Institutions -182; b) Number of total staff - 17,253; c) Total Declarants - 15,712; d) Total Defaulters -1,541; e) Total MDAs with 100% Declaration – 52; f) Total MDAs with 90% - 99% - 51; g) Total MDAs with 50% - 89% - 66; h) Total MDAs with 0% - 49% - 13.

<sup>216</sup> The ACC reported that there is a need to recruit verification officers but that resource limitations are currently preventing this.

<sup>217</sup> [Developing an Effective Corruption Prevention Strategy: Insights from Sierra Leone, November 2023.](#)

<sup>218</sup> Ibid. A Comprehensive Review is a holistic approach to assessing the level of accountability and transparency in an institution while a Thematic Review is an in-depth assessment of a specific area in an accountability structure.



a comprehensive review that aims to identify systematic risks for a public entity, the ACC needs to consult with the concerned entity, presenting the preliminary findings and soliciting inputs from that agency. As a result, a report will be prepared to identify key risks and vulnerabilities and provide recommendations accordingly. The concerned body has three months to address identified issues. Subsequently, the ACC should evaluate if remedial actions have been taken. Sanctions can be applied in case of non-compliance, including holding the head of the public entity accountable.<sup>219</sup> The ACC also conducts thematic review on certain issues.<sup>220</sup> Although the corruption risk assessment reports are published on the ACC's website,<sup>221</sup> there is limited information on the follow-up actions.<sup>222</sup> Notably, the NACS 2024-2028 highlights that the MDAs do not fully implement the ACC's Systems Review recommendations and no sanctions have been practically applied by the ACC against the MDAs in non-compliant cases, reducing the overall effectiveness of this process.

**202. Further measures to strengthen corruption risk assessment are essential to help enhance transparency and integrity.** Currently, such assessment only covers a small number of MDAs. The prioritization of certain MDAs is due to ACC's limited manpower and resources and centers on the "game changer" sectors for national development decided by the Government.<sup>223</sup> A more systemic assessment of corruption risks would help the authorities acquire a comprehensive understanding of risks at the national level, identify public positions particularly vulnerable to corruption<sup>224</sup> and gradually shift to a risk-based approach for corruption prevention. In this regard, assessments on the sectors or industries that are particularly vulnerable to corruption should be prioritized, such as the extractive and mineral sector, revenue administration, and police. In relation to policies, it is noted that a Corruption Prevention Manual which provides operational guide in carrying out risk assessment and other corruption prevention activities needs to be reviewed to address emerging policy issues and operational and structural gaps by August 2025.<sup>225</sup> The authorities also reported the use of the Corruption Risk Assessment Guidelines, but this policy document was not publicly accessible during the mission.<sup>226</sup> The mission also learned that the NACS secretariat and the Corruption Prevention Department within the ACC would develop a common approach to the IMCs in conducting corruption risk assessments, including by using the scorecard for

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<sup>219</sup> Ibid.

<sup>220</sup> The Annual Report of the ACC refers to two thematic reviews, focusing on the Transform Program at the Ministry of Labour for overseas employment recruitment process and sub-national transfers to the Chiefdoms.

<sup>221</sup> [Anti-Corruption Commission-SL](#).

<sup>222</sup> The Annual Report of the ACC (2023) only provides a brief summary about the findings.

<sup>223</sup> Open Government Partnership: [Independent Reporting Mechanism Action Plan Review: Sierra Leone 2024–2028](#). These key MDAs cover the "game changer" sectors: (1) Small Holder Commercialization and Agribusiness Development Project (SCADEP); (2) Free Education Project (FEPS); (3) Ministry of Health and its agencies; (4) Sierra Leone Roads Authority; (5) public service with regard to licensing and regulation of liquor, manufacturing, real estate, betting, and gaming houses; and (6) overseas employment schemes for youth. Additionally, the authorities reported that the MDAs would be selected taking into account of a list of factors prescribed in the Corruption Risk Assessment Guidelines (ACC's Strategic Plan, NACS, Government Priority, reports received by the Report Center and Media, Public Concerns/Emerging issues, referrals from operational departments of the ACC and other oversight bodies, Voluntary CRA, etc.). However, the Guidelines are not published on the ACC's website.

<sup>224</sup> A recommendation based upon art. 7(1) of the UNCAC. [Executive summary of the country report regarding Sierra Leone's implementation of the United Nations Convention against Corruption under the 2<sup>nd</sup> review cycle](#).

<sup>225</sup> Open Government Partnership: [Independent Reporting Mechanism Action Plan Review: Sierra Leone 2024–2028](#). The Corruption Prevention Manual is not publicly accessible.

<sup>226</sup> After the first draft of this report, these guidelines were uploaded to the website in August 2025.

MDAs and Local Councils.<sup>227</sup> Having clear and transparent policies and procedures are critical for conducting effective corruption risk assessment.

## Access to Information

**203. Proactive disclosure of government-held information plays a key role in facilitating access to information.** The Right to Access Information Act 2013 (RAIC) provides for the disclosure of information held by public authorities, including on a proactive basis (sect. 8(1)). A public authority can only deny access to information under exceptional cases (part III). The Access to Information Commission (AIC) has been established to oversee the implementation of the RAIC (sect. 30). Regarding the denial of access, a complainant can submit an appeal to the public authority and further to the AIC. Such appeals can be further referred to the High Court for a judicial proceeding (sect. 46). Despite the legal obligation, only a handful of MDAs have developed proactive publication schemes dedicated to setting out the classes of records and the manner for publication pursuant to the RAIC (sect. 8(3)).<sup>228</sup> The government maintains an open data portal, although very few datasets have been updated on a regular basis.<sup>229</sup> In addition, the AIC cited challenges in fulfilling its mandates, such as inadequate financial, human and operational resources, an entrenched culture of secrecy and insufficient compliance by various MDAs on proactive publication of information.<sup>230</sup> The AIC also laid down some key priorities, such as promoting the enactment of a draft bill on records and archives management and data protection, improving complaints management and speeding up response to requests, and developing a framework to support MDAs in updating websites and publishing annual reports.<sup>231</sup>

**204. Institutional accountability can be strengthened by mitigating or resolving delays in the preparation and publication of policies and activity reports across government.** While lack of resources and capacity constraints have always been cited as impediments to publication of policies and activity reports, the root cause is a strong tendency for opacity in the public sector. For example, the ACC cited several policies in the fight against corruption and activity reports during the mission. However, many of them do not appear to be published on the website, or are very difficult to find, making public oversight challenging (see subsections B and D). Limited transparency and accountability in the public sector constitute significant impediments for prevention of corruption.<sup>232</sup>

## Conflicts of Interest and Public Integrity

**205. Legal rules on preventing and managing conflicts of interest are relatively comprehensive, but implementation needs to be monitored.** Section 45 of the ACA specifically

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<sup>227</sup> Ibid.

<sup>228</sup> [Improve Implementation of Right to Access to Information \(SL0026\)](#).

<sup>229</sup> Ibid.

<sup>230</sup> [Annual Report of the AIC 2023](#).

<sup>231</sup> Ibid.

<sup>232</sup> After the mission, the GoSL reported that the ACC has commenced, though not concluded, the roll-out of Gifts Register in MDAs.

prescribes rules on conflicts of interest, including sanctions on non-compliance.<sup>233</sup> In addition, activities outside the MDAs that could pose a potential conflict of interest must be declared (Civil Service Code, Regulations and Rules: Principles of the Civil Service, sect. (d) (iv); ACC, sect. 7, Codes of Conduct).<sup>234</sup> Gifts or personal benefit exceeding 500,000 SLE in value or where the total value received directly or indirectly from one source in any twelve-month period exceeding this amount shall be disclosed to the relevant public body (sect. 51(4), ACC), though hand-over is not required. Failure to do so may result in a fine or imprisonment (sect. 51(5), ACC). Nevertheless, the NACS 2024-2028 indicates that there are no gift registers in most MDAs and Local Councils, jeopardizing the effective implementation of gift regulations. There is also no post-employment restriction established for former public officials taking up new functions within the private sector.<sup>235</sup> In spite of the legal requirements, there is limited information on the monitoring and oversight of the operations. The lack of transparency may hamper the effective implementation of conflicts of interest rules.

## Importance of Accountability

**206. Strengthening accountability in the audit process can significantly help reduce opportunities for corrupt interests.** Although the ASSL plays a critical role in upholding accountability and transparency in governance, auditee compliance tends to be weak in the audit process, hampering the effectiveness of identifying irregularities that are associated with corruption.<sup>236</sup> While the compliance with audit recommendations by various MDAs remains a challenge, the submission of financial statements and evidence has often been tampered to hide questionable transactions, significantly weakening the accountability framework and creating room for corruption.<sup>237</sup> Notwithstanding the surcharges imposed for non-compliance of audit recommendations, the clause has never been implemented. The oversight exercised by the Public Accounts Committee (PAC) of the Parliament is also limited, minimizing the effect of checks and balances. The PAC suffers from institutional weaknesses which broadly undermine its legitimacy and effectiveness and the follow-up to the audit reports.<sup>238</sup> The committee also lacks a sub-committee to track MDAs' compliance with its recommendations.<sup>239</sup> These gaps can be manipulated by corrupt persons to escape accountability.

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<sup>233</sup> This section requires the submission of a disclosure by a public officer who proposes to deal with any company, partnership, or other undertaking in which he/she has a direct or indirect private or personal interest. A public officer should not vote or join any proceedings or process relating to the public body's decision where he/she or his/her relative or associate has a personal interest.

<sup>234</sup> [Executive summary of the country report regarding Sierra Leone's implementation of the United Nations Convention against Corruption under the 2<sup>nd</sup> review cycle.](#)

<sup>235</sup> Ibid.

<sup>236</sup> The law provides for procedures and instruments to address compliance in the response to management letters within specified time frames (through sanctions) and implementation of the audit recommendations (through surcharges). However, the clauses on surcharges have never been affected.

<sup>237</sup> There is no sanction on preparing low-quality financial statements and evidence (e.g., photocopied rather than authentic documents). Some MDAs may even submit relevant documents in physical bulk near the deadline of the process to potentially hide questionable transactions in the large paper stacks.

<sup>238</sup> "Weak oversight by the Parliamentary PAC" and "Parliament has not debated Audit Service Reports for years" are highlighted in the National Anti-Corruption Strategy 2024-2028.

<sup>239</sup> Ibid.

## C. Anti-Corruption Institutional Arrangements

### 207. Several MDAs and institutions engage in the fight against corruption in Sierra Leone.

Anti-Corruption efforts are supported by autonomic bodies and several MDAs<sup>240</sup>, including the ACC, the Office of the Attorney-General and Minister of Justice, the ASSL, the National Public Procurement Authority, and the Office of the Ombudsman. Other branches of the government also play a vital role in the fight against corruption. For example, the High Court established an Anti-Corruption Division (ACD) to specifically manage corruption and related economic crimes cases. Parliament also exercises oversight into public accounts and financial management that may entail corruption risks. These institutions support anti-corruption efforts within their different mandates and responsibilities and contribute to prevention, detection, investigation, prosecution, and sanctioning of corrupt conduct.

**208. Notwithstanding the legal safeguards, oversight institutions should be protected from undue influence.** While Sierra Leone has made efforts to introduce legal safeguards against undue influence, they may not be sufficient to ensure independence and professionalism of oversight bodies in an environment of heavy executive powers. The laws and governance structures lack important protections and contain mechanisms and prerogatives that allow the President to exert control and influence over these bodies, potentially curtailing their institutional, operational and financial autonomy and the effective discharge of their mandates.<sup>241</sup> In addition, the legal safeguards for independence vary among different agencies. For example, the operational and institutional independence of the ACC is established by section 9 of the ACA. In contrast, the independence of the Auditor General is enshrined in the Constitution (sect. 119), enjoying a higher degree of protection. However, as autonomy is not specifically addressed in the relevant laws, the legal safeguards for oversight bodies, such as the ASSL, lack clarity.<sup>242</sup> Such a structural deficiency has weakened these institutions and limited oversight efforts.

### 209. The Executive may enjoy excessive discretion on the selection, appointment, and dismissal of senior officials of the anti-corruption bodies:<sup>243</sup>

- *The ACC Commissioner and Deputy-Commissioner are appointed by the President, subject to parliamentary approval* (sect. 3, ACA). It is commendable that the tenure of the ACC Commissioner and Deputy Commissioner is set forth in section 4 of the ACA, with each being able to hold office for a term of five years and eligible for re-appointment for another term. Although certain professional qualifications and conspicuous probity are set forth for the positions of the Commissioner and Deputy Commissioner (sect. 3, ACA), selection of candidates is opaque

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<sup>240</sup> Section 1, AML/CFT Act 2024.

<sup>241</sup> The recent suspension and removal of the former Auditor General and Deputy Auditor General have raised serious concerns over the safeguards to the independence of the oversight bodies both domestically and internationally.

<sup>242</sup> The Attorney General's Office (AGO) in 2016 affirmed the autonomy-independence of the ASSL and its authority to autonomously manage its budget. In 2020, the new AGO issued an opinion stating the opposite. The AGO explained this latter decision by saying that the functional independence of a service or agency should be distinguished from its administrative and budgetary independence, which could well be managed by the executive without affecting that functional independence.

<sup>243</sup> This report focuses on the ACC and ASSL, as these two bodies have a more prominent role in the fight against corruption. Considering the low capacity of the country and prioritization of reforms, the report does not include discussions of relevant processes in all anti-corruption bodies.

and lacks clear procedure, undermining transparency and public scrutiny.<sup>244</sup> The Parliamentary Appointment Committee is responsible for vetting presidential nominees, but little information is available on how the decision is made.<sup>245</sup> The parliamentary ratification of selected candidates is generally viewed as a formality procedure. In this context, the broad discretion of the President may pose profound challenges to ensuring the independence of the ACC. It is noted that allegations occurred on the ACC's selective investigation and prosecution of corruption cases, particularly driven by political influence.<sup>246</sup>

- *The removal standards and process for the ACC Commissioner and Deputy-Commissioner are provided under section 4 of the ACA.*<sup>247</sup> If the removal necessitates an investigation (e.g., allegation of misconduct), the President should appoint a tribunal consisting of a chairman and two other members. Although qualifying standards for the tribunal members are outlined, selection remains closed and lacks sufficient oversight.<sup>248</sup> During the tribunal's investigation of the Commissioner or Deputy Commissioner, the President may suspend the official from performing the functions of his/her office (sect. 4(7), ACA). Without specific restrictions in place, such suspension can be indefinite in practice, potentially imposing pressure on the official concerned to resign.<sup>249</sup>
- *The Auditor General is also appointed by the President with no clear procedure prescribed for the selection process,* leaving the executive branch with unfettered discretion. Specific standards and procedure for the removal of Auditor-General are provided under sections 119(9) and 137 of the Constitution.<sup>250</sup> As the removal process is tantamount to that for Chief Justice and ACC Commissioner, similar deficiencies exist.
- *In connection with these structural issues, the suspension and removal of the former Auditor-General and Deputy Auditor-General has raised serious concerns.* The suspension sparked a huge debate both domestically and internationally over the constitutionality of this

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<sup>244</sup> The selection of the candidates for the ACC Commissioner's position should follow certain procedure which is currently missing. Such procedure should require a public call for application, with a short list of at least three candidates being approved by Parliament before the President's appointment, with a view to enhancing the Commission's independence and reducing political influence. Similarly, the selection of Deputy Commissioner should also be subject to a public call for application. It is a general practice in other jurisdictions to grant the Commissioner the power to approve the selection based upon a shortlist with reasonable number of candidates, to promote coherent and unified operations of the anti-corruption agency.

<sup>245</sup> <https://www.parliament.gov.sl/appointment-committee.html>.

<sup>246</sup> Transparency International, Overview of corruption and anti-corruption in Sierra Leone (2023).

<sup>247</sup> The Commissioner or Deputy Commissioner may be removed from office only for inability to perform the functions of his office, whether arising from infirmity of body or mind or for stated misconduct.

<sup>248</sup> The members of the tribunal shall be qualified to hold or have held office as Justices of the Court of Appeal. The Tribunal needs to consider the matter within three months after the appointment and report the facts, findings, and recommendations to the President (sect. 4 (6), ACA).

<sup>249</sup> Sections 4(2) and (3) of the ACA. While the Commissioner or Deputy Commissioner can only be removed from office by the President upon the recommendation of a tribunal and an approval by a two-thirds majority in Parliament (sect. 4 (8), ACA), this procedure has never been triggered.

<sup>250</sup> The personnel can only be removed arising from infirmity of body or mind or for stated misconduct.  
[https://www.constituteproject.org/constitution/Sierra\\_Leone\\_2008](https://www.constituteproject.org/constitution/Sierra_Leone_2008).

move as well as the opportunistic timing of the decision.<sup>251</sup> According to the International Organization of Supreme Audit Institution (INTOSAI), the suspension decision may “negatively affect the Audit Services’ ability to perform its accountability function without fearing retaliation and/or repercussions”, in contravention of the Mexico Declaration on SAI Independence.<sup>252</sup> Despite the establishment of a three-member tribunal to investigate the alleged professional misconduct of the then Auditor-General and her Deputy, the findings of serious misconduct and ethical violations are full of controversies.<sup>253</sup> There is also an alleged violation of due process and rule of law.<sup>254</sup> In July 2024, the President accepted the Tribunal’s recommendation and progressed the case to the Parliament. With an over two-thirds majority vote, the Parliament approved the removal, despite the rejection voiced by the opposition party.<sup>255</sup> In addition, the Lawyers’ Society highlighted procedural irregularities surrounding the vote.<sup>256</sup> The removal decision has had an adverse impact on the independence of the ASSL, potentially establishing a questionable precedent that may undermine the institution’s track-record credibility. The authorities are encouraged to comply with international standards and good practices to ensure the independence and effectiveness of the ASSL in maintaining transparency and accountability.<sup>257</sup>

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<sup>251</sup> On 11 November 2021, a month before the planned release of the Annual Auditor General’s Report which contained audit observations in relation to the Office of the President for the Financial Year 2020, then Auditor-General and Deputy Auditor-General were suspended, prompting questions and concerns from national and international auditing bodies, civil society, the media, and the public. The suspension of the Auditor General in Sierra Leone seems to have deviated from the Constitutional process in three areas: (i) Prior formalities were not completed before the suspension occurred; (ii) The Auditor General and her Deputy were subjected to the same disciplinary rules; (iii) The designation of the Acting Auditor General was not conducted in consultation with the Public Service Commission. <https://www.idi.no/elibrary/independent-sais/1411-idi-statement-sierra-leone/file>; <https://manoreporters.com/news/politics/sierra-leone-president-bio-orders-sacking-of-suspended-audit-general-lara-taylor-pearce/>; <https://www.idi.no/elibrary/independent-sais/1998-constitutional-analysis-of-the-suspension/file>.

<sup>252</sup> <https://www.idi.no/elibrary/independent-sais/1411-idi-statement-sierra-leone/file>.

<sup>253</sup> [Tribunal Report Auditor General - Mrs. Lara Taylor-Pearce and the Deputy Auditor-General Mr. Tamba Momoh \(1\).pdf](#); [Analysis of the Report of the Tribunal on the Auditor-General and Deputy Auditor-General](#); <https://www.idi.no/elibrary/independent-sais/1997-idi-interpretations-assl-second-draft/file>.

<sup>254</sup> In November 2021, then Auditor-General filed a case in the Supreme Court questioning the Tribunal’s constitutionality and the Judicial and Legal Service Commission’s authority to initiate an investigation without a third-party complaint. However, a panel of the Supreme Court to which the matter would be assigned was not constituted until 2 July 2024 (only after the Tribunal submitted its report to the President) and no hearing was conducted. [Analysis of the Report of the Tribunal on the Auditor-General and Deputy Auditor-General](#).

<sup>255</sup> [Parliament endorses the removal of the Auditor General and Deputy with over two-thirds majority votes](#).

<sup>256</sup> They noted that several Members of Parliament were reportedly not given sufficient notice about the vote and others were out of the country on official duties at the time, alleging that such practices constituted deliberate attempts to bypass due process.

<sup>257</sup> The Lima and Mexico Declarations issued by the INTOSAI present key principles clarifying the definition of SAI independence. For example, the eight principles of the Mexico Declaration include: 1. The constitutional or legal acknowledgement of the independence of the SAI. 2. The independence of Head of SAIs and members, including security of tenure and legal immunity. 3. A sufficiently broad mandate and full discretion. 4. Unrestricted access to information. 5. The right and obligation to report on their work. 6. The freedom to decide the content and timing of audit reports, and to publish and disseminate them. 7. The existence of effective follow-up mechanisms on audit report recommendations. 8. Financial and administrative autonomy, and the availability of appropriate human, material, and monetary resources. The removal of the former Auditor General and her Deputy clearly poses challenges in terms of complying with these international principles. <https://blog-pfm.imf.org/en/pfmblog/2023/05/independent-supreme-audit-institutions-promoting-fiscal-transparency>.

**210. In this context, an important step forward would be the creation of an independent body with responsibility for recommending leadership candidates for senior oversight bodies (including as a minimum the Supreme Audit Institution (the Auditor General's Office), the Central Bank, the Anti-Corruption Commission, the Head of the Judiciary)<sup>258</sup>** It would also include the Mineral Wealth Fund, for reasons identified elsewhere in this report. Those recommendations being based on published criteria, and with an obligation to publish reasons for the decision to recommend particular candidates. A requirement for Civil society monitoring of the recommendations – and the publication of that monitoring – would add an additional and important layer of accountability. This would improve both accountability and transparency. Moreover, it would help to reduce the significant perception encountered by the mission that senior appointments are based less on merit than on political expediency and would involve the meaningful engagement -through their scrutiny - of civil society. See Box below for country-specific examples of more transparent and accountable appointment processes.

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<sup>258</sup> This could be extended to other senior roles where the transparent recommendation (and selection) of candidates is of particular importance. See for example the need identified elsewhere in the report for transparency in the selection of senior professionals for the Mineral Wealth Fund governance structures.



### Box 3: Country Examples of Selection Mechanisms for Top Officials of Accountability Agencies

This box provides country examples of selection mechanisms for top officials of accountability bodies, particularly the anti-corruption agencies.

#### - Indonesia:

The Chairperson and Deputy Chairpersons of Indonesia's Corruption Eradication Commission (KPK) are selected through a multi-step process to ensure transparency, integrity, and the selection of a highly qualified individual to lead the KPK. Key stages include: (i) **Announcement:** A call for applications for the positions is announced in leading newspapers and on websites. (ii) **Selection Committee:** A selection committee is formed, consisting of members appointed by the House of Representatives (DPR) and other relevant authorities, including representatives from the government, law enforcement, academia, and civil society, as well as anti-corruption professionals. (iii) **Evaluation:** The selection committee reviews applications, conducts background checks, and verifies candidates' track records. A public "fit-and-proper test" assesses candidates' competence, integrity, and vision for the KPK. (iv) **Shortlisting:** the selection committee shortlists the top ten candidates and submits their names to the President. (v) **Final selection:** The President and the DPR selects five candidates (1 Chairperson and 4 Deputies) from the shortlist.

#### - Ukraine

The head of Ukraine's National Anti-Corruption Bureau (NABU) is selected through a rigorous, multi-stage process designed to ensure independence and transparency. Competent candidates with the necessary experience, knowledge, and integrity to lead the agency effectively are expected to be selected through the following steps: (i) **Announcement and Application:** The selection process begins with an announcement inviting applications for the position. Candidates need to submit their applications along with necessary documentation. (ii) **Initial Screening:** A competition commission consisting of six members (three members are appointed by the Cabinet of Ministers of Ukraine, and the other three are selected based on proposals from international and foreign organizations which have provided technical assistance to Ukraine in the field of anti-corruption) has been established to review the applications to ensure candidates meet the required qualifications and criteria. (iii) **Testing and Interviews:** Qualified candidates undergo a series of tests and interviews. This includes general aptitude tests and integrity interviews to assess their suitability for the role. (iv) **Final Selection:** The selection commission shortlists the top candidates and conducts final interviews. The commission then recommends the top three candidates to the Cabinet of Ministers for appointment.

#### - Sri Lanka

The appointment of the Director General of the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) in Sri Lanka is governed by the Constitution, as amended by the Twenty-First Amendment, and by the Anti-Corruption Act, No. 9 of 2023. The President can appoint head of the CIABOC only on the recommendation of the Constitutional Council and in consultation with the Commission. The Constitutional Council is an independent consultative body composed of senior political leaders and representatives from civil society. Its core function is to serve as a safeguard on the exercise of presidential discretion in appointments, particularly to institutions that require independence from political or executive influence.

**211. The autonomy and effectiveness of anti-corruption institutions have been further hampered by limited financial resources and human capacities.** The budget of the anti-corruption agencies (including ASSL) is subject to the regular state budget process and at the suggestion of the President, reducing the financial autonomy of these agencies and jeopardizing their independence. All institutions reported budgetary constraints that result in serious operational challenges. In some cases, the delayed disbursement of budgets further compounds the underfunded situation, such as on recruitment and retention. For example, a continued budget cut for the ACC is highlighted limiting capacity-building programs. The low salary scale also makes it difficult to retain skilled professionals. In 2022, the ACC staff turnover rate amounted to 8.5%.<sup>259</sup> In connection with the financial gaps, severe shortages of vehicles and office space, insufficient IT and other material infrastructure, and lack of intelligence officers (particularly in provincial offices incommensurate with the workload), have been referred to as major obstacles to operations.<sup>260</sup> The resource inadequacies also hinder the ACC's capacity to launch proactive investigations.

**212. The establishment of the IMCs contributes to preventing corruption and fostering inter-agency coordination, but more efforts in ensuring transparency and accountability are called for.** The IMCs have been established with the ACC's support in various MDAs, Local Councils and different branches of the government, with a view to helping develop anti-corruption policies, strengthening integrity and promoting the implementation of the NACS within the agency.<sup>261</sup> The composition of the IMCs usually includes the Internal Auditor, Finance Officer, Procurement Officer, and other relevant posts.<sup>262</sup> Although the IMCs are recognized as a miniature of the ACC and directly supervised by the Commission's NACS Secretariat, their operation is hampered by a lack of financial and operational autonomy, leading to a staff shortage and high turnover associated with poor record management.<sup>263</sup> Some MDAs also lack a strong ownership of IMCs, limiting their functionality in the fight against corruption. At the time this report was prepared, there were 82 IMCs, far less than the total number of over 125 MDAs and 25 Local Councils.<sup>264</sup> The authorities are committed to increasing the number of IMCs by 40% in the future.<sup>265</sup> There is also an expectation to: (i) strengthen monitoring of the IMCs' operations, including analyzing and publishing their monitoring reports to enhance transparency and public scrutiny; (ii) mandate the institutionalization and funding of the IMCs.<sup>266</sup>

**213. Coordination of anti-corruption efforts exists but should be further strengthened.** The ACC has concluded Memoranda of Understanding (MoU)s with several MDAs, such as the Audit Service Sierra Leone (October 2022), Office of the Ombudsman (July 2019), FIU (April 2019), Public Sector

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<sup>259</sup> The Annual Report of the ACC (2023).

<sup>260</sup> Ibid.

<sup>261</sup> [Integrity Management Committees – a crucial anti-graft outfit, ACC.](#)

<sup>262</sup> Ibid.

<sup>263</sup> Open Government Partnership: [Independent Reporting Mechanism Action Plan Review: Sierra Leone 2024–2028](#). Some MDAs were not included in the NACS 2019 - 2023 to establish IMCs due to lack of responsiveness.

<sup>264</sup> After the first draft of this report, the GoSL reported that the number of IMCs established is 118 MDAs. 96 in MDAs and 22 in all Local Councils. And that it has now been established in all MDAs.

<sup>265</sup> [Sierra Leone Open Government Partnership \(OGP\) National Action Plan 5 \(2024-2028\).](#)

<sup>266</sup> Open Government Partnership: [Independent Reporting Mechanism Action Plan Review: Sierra Leone 2024–2028](#).

Reform Unit (August 2019), and the NPPA. The establishment of IMCs also facilitates the inter-agency coordination. As it is reported that MoUs need to be renewed, more fixed coordination is encouraged. In addition, the NACS 2024-2028 identifies insufficient anti-corruption coordination. For example, the Strategy highlights weak collaboration between ACC and ASSL in the fight against corruption and requests real implementation of the MoU with specific targets, establishment of a formal relationship between the ACC and the Directorate of Internal Auditors (MoF) and set up of joint task forces for auditing high risk MDAs and Local Councils.<sup>267 268</sup>

**214. The Anti-Corruption Division of the High Court was established in 2019 to help resolve lengthy adjudication of corruption cases.** Section 2 of the High Court (Divisions) Order 2019 provides that the ACD shall hear and determine all anti-corruption matters instituted by the Anti-Corruption Commissioner.<sup>269</sup> The Division serves as the first-instance court and currently consists of 2 specialized judges and 5 general jurisdiction judges designated by the Chief Justice, all of whom have received special training on the adjudication of corruption cases. However, no specific rules are promulgated on the selection of ACD judges and little information is available on the disciplinary measures imposed on anti-corruption judges by the Judicial Legal Service Commission (JLSC). The ACD does not have a dedicated budget, and the resources allocated are decided by the High Court. There is also no case management and tracking mechanism at the ACD. The operation of the ACD is analyzed in the next subsection on enforcement and is considered further in the context of the Rule of Law section.

## **D. Anti-Corruption Protections and Enforcement**

### **Whistle-blower Protection**

**215. Although there is a legal framework to protect whistleblowers, effective implementation faces challenges.** The ACA prescribe protection for informants and witnesses, including protection of their identities (Sects. 81 and 82). Such protection is guided by the ACC's non-binding whistleblower protection policy, including temporary relocation and legal aid. A 10% Reward Scheme is included for whistleblowers and informants who provide cogent information leading to the recovery of funds.<sup>270</sup> Additionally, the authorities reported a comprehensive whistleblower protection policy concerning all criminal offences would be finalized soon. The ACC has established a report centre to receive complaints, including via a hotline which allows for anonymous reporting. The IMCs in different agencies can also facilitate public reporting of corrupt conduct. Despite such efforts, the limited capacities and resource constraints raise a question on the effectiveness of protection in practice. The NACS 2024-2028 also underscores that the MDAs and Local Councils do not have an effective whistleblower mechanism as a preventive tool in the control of corruption. Additionally, the UNCAC review of Sierra Leone highlights

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<sup>267</sup> [National Anti-Corruption Strategy 2024-2028.](#)

<sup>268</sup> After the first draft of this report, the GoSL reported that the ACC and ASSL has captured specific targets in the renewed MoU signed on 25th April 2025 and that the MoU with the Directorate of Internal Audit will be actualized soon. The joint Task Forces will be established going forward.

<sup>269</sup> The ACD is designated to deal with both corruption and money-laundering cases.

<sup>270</sup> This is also prescribed under section 81(3) of the ACA.

the need to codify and establish a formal whistleblower protection system beyond the limited measures in the ACA.<sup>271 272</sup>

**216. A general distrust of the reporting system has been observed.** Beyond general administrative penalties applicable to the public sector, there appear to be no specific penalties for retaliating against whistleblowers (except witnesses). This is accompanied by a general distrust of the reporting system: according to the 2022 Afrobarometer survey, approximately 46 percent of respondents considered that a local government office or anti-corruption authority would not take any action upon reporting of corruption behavior, such as misuse of funds or solicitation of bribes.<sup>273</sup> Moreover, 64.2 percent of the respondents referred to the risks for retaliation or other negative consequences emanating from reporting, demonstrating a high level of distrust.<sup>274</sup>

### Investigation and prosecution of corruption offenses

**217. The ACC is granted broad powers in investigation and prosecution of corruption offences, resulting in significant recovery of assets.** The ACA's 2019 amendment grants the ACC Commissioner the power to pursue corruption cases through out-of-court settlement in addition to prosecution (sect. 7). The ACC can enter into an agreement with a suspect to: (i) refund the amount involved plus an interest of not less than 10%; (ii) preclude himself/herself from holding public office for a period not less than three years.

**218. The use of settlement to resolve corruption cases is guided by the Non-Prosecution Policy issued by the ACC, leading to recovery of stolen assets.** Since the introduction of the settlement option, the ACC recouped over 80mn SLE, including government stolen vehicles and a duplex building.<sup>275</sup> The settlement is considered by the authorities as one of the most effective vehicles to facilitate asset recovery, compared with often lengthy and costly court processes. In addition, the ACC has the power without a warrant to enter any business and can arrest persons suspected of committing a corrupt act (sects. 66 and 70, ACA).<sup>276</sup>

**219. The ACC developed this Non-Prosecution Policy in 2022 with the support of the UK/Sierra Leone Pro Bono Network to guide the non-conviction-based asset recovery process.**<sup>277</sup> This Policy, serving as an internal guideline for the Commission's prosecutors, provides a framework that directs their

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<sup>271</sup> [Executive summary of the country report regarding Sierra Leone's implementation of the United Nations Convention against Corruption under the 2<sup>nd</sup> review cycle.](#)

<sup>272</sup> After the first draft of this report, the GoSL reported that the Whistleblower and Witness Protection Regulation is in the Office of the Attorney General and Minister of Justice for tabling in Parliament. The mission has not examined the Regulation but understands that it is designed to address several of the concerns identified in this paragraph.

<sup>273</sup> <https://www.afrobarometer.org/online-data-analysis/>.

<sup>274</sup> Ibid.

<sup>275</sup> [Employing the non-conviction-based asset recovery strategy to recoup misappropriated funds as reported by the Auditor General, ACC.](#)

<sup>276</sup> <https://globalanticorruptionblog.com/2024/01/02/desperate-times-desperate-measures-why-sierra-leone-is-right-to-give-anticorruption-enforcers-broad-powers/>.

<sup>277</sup> [Pro Bono Network presents a 'non-prosecution policy' to the ACC to enhance its work \(ACC, 2022\).](#)

conduct, powers, and duties in making decisions in the discharge of their functions and lays out factors to consider in the exercise of prosecutorial discretion.<sup>278</sup> In addition to establishing fundamental principles,<sup>279</sup> the Policy also provides for the core criteria for consideration, such as the nature of the offence, appropriateness of using prosecution, willingness of the suspect to cooperate, ability or capacity of the suspect to provide restitution, probable sentence if convicted, impact or harm of the corrupt conduct to the public, necessity of stronger deterrence, etc.<sup>280</sup> The Policy further prescribes several alternatives to criminal prosecution, including civil penalties,<sup>281</sup> restitution for misappropriation offences, forfeiture and confiscation of assets, cooperation agreements, non-prosecution agreements, and deferral agreements.<sup>282</sup>

**220. To facilitate public scrutiny, the use of the Non-Prosecution Policy would benefit from more transparency.**<sup>283</sup> During the mission, the Non-Prosecution Policy had not been published, with only a limited PowerPoint slide made available on the ACC's website.<sup>284</sup> <sup>285</sup>Although the authorities reported that each settlement decision would be announced with a press release indicating the perpetrator involved, corrupt conduct and recovered amount, the mission could only locate a few releases on the ACC's website.<sup>286</sup> There is also no centralized online dissemination of such press releases, rendering it difficult to form a comprehensive picture of the settlement practices. In addition, the term of debarment from the office for at least three years is only found in a few settlements, raising questions over the uniformity of the implementation.<sup>287</sup> The evaluation of compliance is made more challenging by the lack of publicly available material on the violations of these agreements.<sup>288</sup> Improved transparency is needed for effective public scrutiny and oversight.

**221. The application of the Non-Prosecution Policy, though proving effective, has led to a significant decrease in the number of prosecutions.** Since the enactment of the Policy in 2022, there has been a sharp decrease in corruption cases charged by the ACC to the court (Figure 5) even though the number of cases investigated remains relatively steady (Table 14). The significant decrease thus raises serious concerns over the balance of settlement and court proceedings, which has resulted in a public perception of heavy use of settlement and potential erosion of accountability and the rule of law.

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<sup>278</sup> Ibid.

<sup>279</sup> These principles include requiring prosecutors to consider the alternative sanctions or measures pertaining to the circumstances, reasonableness, or fairness of the alternative to prosecution, likelihood of the effectiveness, time frame, and interests of law enforcement and individual victims, etc. if any.

<sup>280</sup> [https://www.anticorruption.gov.sl/en\\_GB/slides/slide/the-non-prosecution-policy-397](https://www.anticorruption.gov.sl/en_GB/slides/slide/the-non-prosecution-policy-397).

<sup>281</sup> Section 87 (Attachment Orders) and Section 133 (Damages for being a party to and benefiting from corruption) of the ACA 2008, as amended in 2019.

<sup>282</sup> [https://www.anticorruption.gov.sl/en\\_GB/slides/slide/the-non-prosecution-policy-397](https://www.anticorruption.gov.sl/en_GB/slides/slide/the-non-prosecution-policy-397).

<sup>283</sup> Section 7 of ACA Amendment Act, 2019.

<sup>284</sup> Ibid.

<sup>285</sup> After the first draft of this report, the slide show was replaced with the full policy, though the website is very challenging to navigate, hindering transparency.

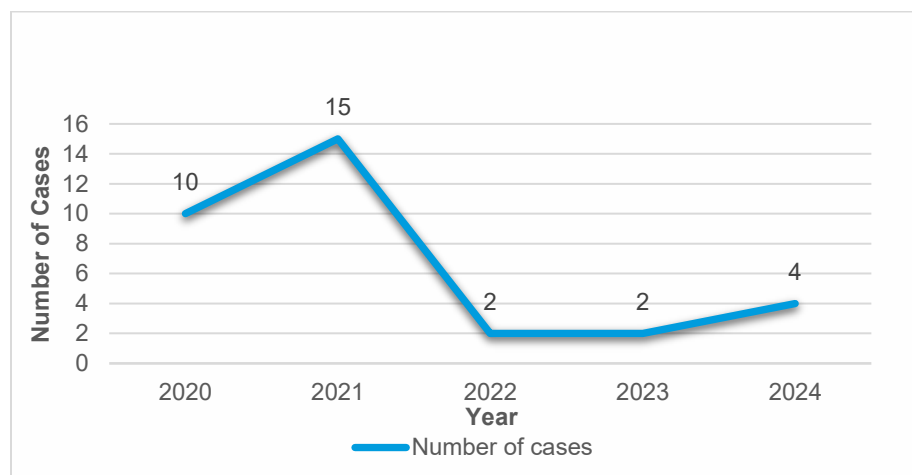
<sup>286</sup> There is a significant data gap from 2020-2023 in terms of press releases. The mission team can only locate a few releases on settlement. [https://www.anticorruption.gov.sl/en\\_GB/slides/public-education-7/category/press-releases-5/page/3?sorting=date](https://www.anticorruption.gov.sl/en_GB/slides/public-education-7/category/press-releases-5/page/3?sorting=date).

<sup>287</sup> [Enforcement of Section 7\(1\)\(b\) of the Anti-Corruption \(Amendment\) Act: a critical appraisal \(2024\)](#).

<sup>288</sup> Ibid.

The court system may also be weakened due to the over-reliance on settlement, with fewer opportunities to manage complex cases and establish legal precedents. In this regard, the ACD of the High Court raised with the mission the minimal caseload over the past years that defeats the original objective of setting up a specialized court to manage corruption cases. Furthermore, the terms of settlement are more lenient than typical criminal penalties in corruption offences, potentially increasing the possibility for perpetrators of corruption to escape or at least minimize punishment and reinforcing a culture of impunity that may further weaken public trust in legal institutions.<sup>289</sup>

**Figure 5. Number of Cases Charged to court by the ACC from 2020-2024**



Source: Data and statistics provided by the ACC

**Table 14 – Investigation of Corruption Offenses by ACC**

(Data and Statistics provided by ACC)

Year	2020	2021	2022	2023	2024	Total
Number of Cases Investigated	100	113	93	81	116	503

**222. Notwithstanding the Non-Prosecution Policy, the heavy use of settlement raises a question regarding the ACC’s discretion in pursuing corruption cases.** The ACC bears the power to

<sup>289</sup> Through a settlement, the perpetrator only needs to refund the amount involved plus a small interest and be barred from the public office for at least three years. However, the general criminal penalties for corruption offences involve a fine of at least 50,000 SLE or a minimum 5-year term of imprisonment or both.

make a final decision on settlement or prosecution. Such decisions may potentially be impacted by political influence, associated with the deficiencies in the appointment and dismissal procedure of the ACC's top management. In this regard, the mission learned that some high-profile cases have been resolved through settlement rather than prosecution, thereby generating a perception of impunity, unfairness, and selective justice.

**223. In several jurisdictions, prosecutorial discretion allows law enforcement authorities to negotiate agreements with suspects, such as plea bargains or settlement agreements, to resolve cases without a trial.**<sup>290</sup> However, the terms and conditions of such agreements require a court approval to ensure fairness and legality.<sup>291</sup> In Sierra Leone, the non-prosecution agreements are not subject to the court's review. It is also not clear how the rights of all parties (including bona fide third parties) involved are safeguarded in the process. The ACC's broad prosecutorial discretion on settlement may thereby be said to eat away at the separation of powers. In principle, judicial scrutiny is critical for resolutions reached between the ACC and suspects to ensure conformity with legal standards and safeguard due process.

### Adjudication of Corruption Offenses

**224. Despite the specialized function and a reasonable caseload,**<sup>292</sup> **the adjudication process of the ACD of the High Court remains lengthy.** This may be attributable to several factors, including the deficient financial and operational resources, frequent court adjournments,<sup>293</sup> lack of specialized rules, centralized processes at the Office of the Master and Registrar of the High Court, and lack of judicial accountability.<sup>294</sup> While the use of recorders to prepare transcripts of court proceedings proves to be effective,<sup>295</sup> the High Court reported to the mission that the audio-visual equipment - which can significantly facilitate more efficient court hearings - was unfortunately stolen and not replaced. According to the statistics provided by the ACD, most convictions occurred around 2020 and 2021. Over the past six years, the wide use of the Non-Prosecution Policy by the ACC appears to have resulted in a significant drop in conviction numbers.

**225. Although there are a handful of successful corruption convictions, the adjudication process and transparency of the ACD of the High Court should be further improved.** Even if forfeiture of a convicted persons' property is provided under the ACA (sect. 98), the case brief provided by the ACD only refers to one forfeiture case since its establishment, raising questions concerning the adequacy and efficacy of anti-corruption law enforcement and adjudication. Despite a Sentencing Guideline promulgated by the judiciary in partnership with the UK Pro Bono Network and the ACC, which attempts to ensure uniformity of sentencing in anti-corruption cases and enhancing deterrence, the

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<sup>290</sup> [Enforcement of Section 7\(1\)\(b\) of the Anti-Corruption \(Amendment\) Act: a critical appraisal \(2024\).](#)

<sup>291</sup> Ibid; [Making Sure Settlements Deter Corruption](#) (UNCAC Coalition, 2013).

<sup>292</sup> 78 Cases handled from 2020 to 2025; 30 Convictions and 24 Ongoing Cases – Statistics provided by ACD.

<sup>293</sup> Mainly due to witness absenteeism, ill preparation of both prosecution and defense, and absence of the accused persons

<sup>294</sup> [CARL produces first monitoring bulletin on the Anti-Corruption Division on the high court](#) (2020). The NACS 2024-2028 highlights inadequate monitoring and supervision of judges in the discharge of their duties.

<sup>295</sup> Ibid.



mission learned of a widespread perception that anti-corruption judges are generally inclined to impose the minimal criminal punishments of either a fine (50,000 SLE) or an imprisonment (five-year term of imprisonment) instead of combining both as provided by the ACA.<sup>296</sup> In practice, most of the perpetrators chose to pay a fine instead of serving imprisonment.<sup>297</sup> In this context, the application of minimal penalties may not be sufficient to exert a deterrent effect on corruption. Although the case judgements of the High Court are published online, there is no specific section dedicated to the ACD judgements on the website.<sup>298</sup>

## D. Recommendations on the Anti-Corruption Framework

**226. Effective anti-corruption responses help address governance weakness in key state functions.** They necessitate comprehensive legislation and policies for the prevention and combating of corruption, adequate institutional framework to enable rigorous enforcement, and sufficient measures to ensure integrity, transparency and accountability and broad stakeholder participation in policymaking and monitoring. The table of recommendations below is built upon the MTNDP, NACS, key findings of the mission, and international good practices:

Table 15. Recommendations		
Measure	Authority	Timeline
Strengthen independence integrity and accountability of senior oversight officials such as, but not limited to, the ACC Commissioner/Deputy Commissioner, through introducing an independent selection and appointment body that is transparent, merit-based, and participatory, and includes:  (i) the recommendation of candidates based on published criteria, after a public call for application, with the recommended shortlist of at least three candidates being approved by Parliament before the President's appointment.  (ii) the publication for reasons for recommendations;  (iii) the monitoring by civil society of recommendations, and the reasons for them, and the publication of the outcomes of that monitoring.	MoJ	MT
Enhance the effectiveness of the asset declaration system, through:	ACC/MoJ	ST/MT

<sup>296</sup> [The economics of corruption and the conundrum of minimal penalties for convictions in anti-corruption cases in Sierra Leone \(2024\).](#)

<sup>297</sup> Based upon the case brief provided by the ACD. The judges often offer the options to convicted persons to either pay a fine or serve an imprisonment.

<sup>298</sup> <https://sierralii.gov.sl/judgments/>. The website provides specific sections for other divisions of the High Court except the ACD.

<ul style="list-style-type: none"> <li>(i) revising the ACA to permit publication of asset declarations starting from PEPs, with due consideration of the protection of privacy and security for subject persons (mid-term);</li> <li>(ii) ensure verification of asset declarations, following a risk-based approach, i.e., verifying declarations pertaining to the risks exposed to public positions (short-term).</li> </ul>		
<p>Enhance transparency and accountability for the application of the Non-Prosecution Policy, including:</p> <ul style="list-style-type: none"> <li>(i) Revising the ACA to impose a judicial review and approval of settlement agreements reached between the ACC and suspects within a prescribed time (mid-term);</li> <li>(ii) Publishing the Non-Prosecution Policy on the ACC's website such that it is readily accessible (short-term);</li> <li>(iii) Dedicating a defined section on the ACC's website to publish all settlements since 2019 (short-term);</li> <li>(iv) Promulgate a regulation to guide the implementation of the ACA and prescribe enforcement powers of the ACC (mid-term)</li> </ul>	ACC/MoJ	ST/MT
<p>Strengthen the implementation of the NACS, including:</p> <ul style="list-style-type: none"> <li>(i) Developing an action plan that corresponds to the list of tasks provided under the NACS (short-term);</li> <li>(ii) Publishing the Annual Report of the NSC in monitoring the implementation of the previous NACS (short-term);</li> <li>(iii) Consider requesting the publication of the progress report(s) produced by the NSC and the monitoring reports submitted by MDAs and Local Councils to facilitate public scrutiny (mid-term);</li> <li>(iv) Enhancing inter-agency coordination and dissemination of the NACS to ensure all MDAs and Local Councils are aware of their tasks (short-term).</li> </ul>	MoJ/ACC	MT/ST
<p>Enhancing the establishment and operations of the IMCs, by:</p> <ul style="list-style-type: none"> <li>(i) Promoting the institutionalization and funding of the IMCs;</li> <li>(ii) Strengthening monitoring of the IMCs' operations, including analyzing and publishing their monitoring reports;</li> <li>(iii) Taking measures to enhance the operational autonomy of these bodies within the MDAs and Local Councils;</li> <li>(iv) Publishing relevant policies on the establishment and operations of the IMCs;</li> </ul>	Various MDAs/ACC	ST/MT

(v) enhancing record management (mid-term).		
<p>6 Continue to reinforce corruption risk assessment, through:</p> <p>(i) Performing a systemic assessment of corruption risks at the national level to obtain a comprehensive understanding of risks, including identifying public positions particularly vulnerable to corruption (short-term);</p> <p>(ii) Enhancing the monitoring of the implementation of the Systems Review recommendations and applying sanctions against the MDAs and Local Councils in non-compliant cases where appropriate (mid-term);</p> <p>(iii) Following a risk-based approach and prioritizing the follow-up on the assessments for sectors or industries that are particularly vulnerable to corruption (e.g., extractive and mineral sector, revenue administration, police, etc.) (mid-term);</p> <p>(iv) Finalizing the review of the Corruption Prevention Manual and publishing it on the ACC's website (short-term).</p>	ACC	ST/MT
<p>Adopt further measures to facilitate access to information, including:</p> <p>(i) Promoting the enactment of a draft bill on records and archives management and data protection (mid-term);</p> <p>(ii) Improving complaints management and speeding up response to requests (mid-term);</p> <p>(iii) Developing a framework to support MDAs in updating websites and publishing annual reports/activity reports/policies and ensure its effective implementation (short-term).</p>	Right to Access Information Commission	ST/MT
<p>8 Take additional measures in managing and preventing existing and potential conflicts of interest:</p> <p>(i) Enabling the registration or enforcement of a system to track and record gifts received by public officials in the MDAs and Local Councils (short-term);</p> <p>(ii) Imposing a post-employment restriction for former public officials taking up new functions within the private sector (short-term or mid-term);</p> <p>(iii) Strengthening monitoring and oversight of the conflicts of interest system and increasing transparency of relevant operations (mid-term).</p>	ACC/various MDAs	ST/MT
<p>9 Strengthen the ACD's effective functioning, including:</p> <p>(i) Putting in place clear rules on the selection of the ACD judges and criteria for judicial accountability (short term);</p>	JLSC/MoJ	ST/MT

<p>(ii) Establishing a mechanism to help train witnesses to reduce court adjournments (mid-term);</p> <p>(iii) Examining the sentencing process to ensure appropriate penalties are given to perpetrators with the objective of deterring corruption (mid-term);</p> <p>(iv) Providing sufficient equipment, such as audio-visual facility to ensure court hearing (mid-term);</p> <p>(v) Establishing a dedicated section on the website to publish the ACD judgements (short term).</p> <p>(vi) Codifying and establishing a formal whistleblower protection system beyond the limited measures in the ACA, including publishing the relevant policies and handbooks developed by different institutions.</p>		
<p>10 Take additional measures to strengthen coordination of anti-corruption efforts, particularly that between the ACC and ASSL, including:</p> <p>(i) Ensuring effective implementation of the MoU with specific targets; (mid-term)</p> <p>(ii) Establishing a formal relationship between the ACC and the Directorate of Internal Auditors (MoF); (short-term)</p> <p>(iii) Setting up joint task forces for auditing high risk MDAs and Local Councils (mid-term).</p>	ACC/MoF	ST/MT
<p>Grant sufficient financial and human resources to the oversight bodies (particularly the ACC and ASSL), including considering adopting a dedicated budget for their operation.</p>	MoF	ST

## Section VII. Anti-Money Laundering (AML)<sup>299</sup>

### A. Introduction

**227. Since its assessment by the Inter-Governmental Action Group against Money Laundering in West Africa ('GIABA')<sup>300</sup> and the adoption of its Mutual Evaluation Report ('MER') in December 2020, Sierra Leone has effectively managed to improve<sup>301</sup> the technical compliance of its AML Framework<sup>302</sup>** The enactment of the Anti-Money Laundering and Combatting of Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction Act of 2024 ('the 2024 Act') allowed the country to address some of the deficiencies of its AML framework in areas such as customer diligence by financial institutions and designated Non-financial Businesses and Professions ('DNFBPs') as well as Assets freezing and confiscation. including non-conviction-based confiscation. This current AML framework also addresses some of the technical compliance deficiencies previously identified during the country's mutual evaluation, such as the noncoverage of politically exposed persons ('PEPs') link to International Organization by AML/CFT preventive measures as well as the ability of authorities to recover property of corresponding value. To date, Sierra Leone is compliant or largely compliant on twenty-eight<sup>303</sup> FATF Recommendations out of forty.

**228. Fraud, corruption, and bribery among public officials are among predicate crimes generating the highest level of proceeds of crime in Sierra Leone.** These offences have been identified in the country's 2023 national risk assessment (2023 NRA) and 2020 mutual evaluation report (2020 MER). Due to the largely informal nature of Sierra Leone's economy and the high use of cash as depicted in these reports, DNFBPs such as those evolving in the mining, real estate, gaming, sectors as well as lawyers, accountants and car dealerships have been identified as having a very high vulnerability to the laundering of criminal proceeds.

**229. While authorities have an overall understanding of money laundering (ML) risks, it does not translate into effective policies enabling them to specifically target corruption-related money laundering.** The National Risk Assessment (NRA) of 2023 offers a comprehensive overview of AML/CFT risks in Sierra Leone. It acknowledges corruption offenses as major predicate offenses for money laundering and identifies specific sectors that are particularly vulnerable to the laundering of proceeds derived from predicate offenses in general. Moreover, there has been no targeted risk analysis conducted in Sierra Leone regarding the understanding of corruption—related money laundering. The ineffective investigation and prosecution of money laundering cases by key authorities, such as the Anti-Corruption

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<sup>299</sup> The counter terrorist financing and non-proliferation elements of this framework are outside the scope of the report and so the report will not refer to them.

<sup>300</sup> a FATF-style regional body that promotes the proper implementation of the international standards for AML/CFT in the region.

<sup>301</sup> Sierra Leone's 4th Enhanced Follow-up Report, November 2024

<sup>302</sup> In Sierra Leone Anti-Money Laundering (AML) and Combatting Financing of Terrorism (CFT) measures are subject to the framework

<sup>303</sup> Eight additional FATF Recommendations were re-rated largely addressed after adoption of Sierra Leone's 4th Enhanced Follow-up Report, November 2024

Commission (ACC) impedes the collection of qualitative data necessary for analyzing where these corruption proceeds are being laundered. Although the Financial Intelligence Agency ('FIA') provides vital financial intelligence, its limited role in investigation underscores the need for stronger collaboration and support for the ACC. As a result, the report lacks significant insights into the domestic and international laundering of proceeds from corruption offenses.

## **B. Anti-Money Laundering Legal and Institutional Arrangements**

**230. The legal and institutional framework for AML is broadly in place in Sierra Leone.** The current legal arsenal consists mainly of the Anti-Money Laundering and Combating of Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction Act, 2024 (AML/CFT/PF Act, 2024) and Directives and Guidelines For Financial Institutions on the Prevention of Money Laundering/Terrorism Financing 2017, the Directives and Guidelines for Mobile Money Service Providers on the Prevention of Money Laundering, Terrorism Financing and Proliferation Financing 2023 . There are still gaps in the legal arsenal preventing Sierra Leone to achieve full compliance with FATF Standards. At the institutional level, the AML/CFT framework comprises of competent<sup>304</sup> authorities such as the Office of the Attorney-General and Minister of Justice, the Office of the Director of Public Prosecutions, National Investment Board, the Sierra Leone Police, the Anti-Corruption Commission ('ACC'), Financial Intelligence Agency ('FIA'), Central Bank and any law enforcement agency or person lawfully exercising such powers on behalf of these authorities.

**231. Section 107(1) of the 2024 Act empowers any competent authority, including the ACC, with the power to investigate or prosecute unlawful activities to also tackle related offenses, including money laundering, financing of terrorism, and the financing of weapons of mass destruction.** Furthermore, section 107(2) allows prosecuting authorities to collaborate with other law enforcement agencies to facilitate necessary investigations. This section is designed to improve the overall effectiveness of legal frameworks in combating serious financial crimes.

**232. The High Court has jurisdiction to adjudicate corruption and money laundering offenses.** The High Court has dedicated this task to its Anti-Corruption Division ('ACD') and the Criminal Division, respectively. Sections 2 and 8 of the High Court (Divisions) Order 2019 provide respectively that the ACD shall hear and determine all anti-corruption matters instituted by the Anti-Corruption Commissioner (ACC), whereas the Criminal Division shall hear and determine all criminal matters (apart from criminal matters assigned to a specific Division) in respect of which the High Court has original or appellate jurisdiction. Hence the ACD is designated to adjudicate corruption-related money-laundering cases, while the Criminal Division is responsible for non-corruption related money-laundering cases.

**233. Sierra Leone has established a Financial Intelligence Agency (FIA) with an increased operational autonomy on Anti-Money Laundering and Counter Terrorist Financing Activities.** The 2024 Act has replaced<sup>305</sup> the previous Inter-Ministerial Committee ('IMC') with the Financial Intelligence

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<sup>304</sup> Section 1, AML/CFT Act 2024.

<sup>305</sup> Section 3 of AML/CFT Act 2012 (IMC) replaced by Section 4. AML/CFT Act 2024.

Advisory Board. Previously, the IMC was tasked with overseeing the operations of the FIA. However, this oversight requirement has been removed, thereby ensuring greater operational independence of the FIA.

**234. While there are AML coordination mechanisms in place in Sierra Leone, their efficiency and proper operationalization is yet to be demonstrated.** Sierra Leone has established the Financial Intelligence Unit Advisory Board ('the Board')<sup>306</sup> to enhance AML/CFT coordination at both policy and operational levels, replacing the IMC<sup>307</sup>. Chaired by the Minister of Finance, the Board comprises<sup>308</sup> key government officials, including the Attorney-General, the Governor of the Bank of Sierra Leone, the Commissioner of ACC, and heads of various law enforcement agencies. The Board is to meet at least twice a year and can appoint committees to assist in its functions, but no evidence has been provided regarding its operationalization. Unlike its predecessor<sup>309</sup>, the Board does not have supervisory powers over the activities of the FIA, allowing it greater operational independence. The Director of the FIA is the Secretary of the Board, with no voting rights.

**235. Additionally, a Financial Crimes Working Group has been established by the FIA with an aim to provide a framework for cooperation and coordination among its members**<sup>310</sup> This working group aims to bolster Sierra Leone's financial system by proactively monitoring significant financial crimes, tracking international standards, and disseminating relevant knowledge among stakeholders. It emphasizes collaborative efforts among government agencies to enhance information sharing and streamline investigations while conducting comprehensive studies to identify vulnerabilities within the financial landscape. Furthermore, the group is committed to capacity building and training initiatives to equip personnel with the necessary skills to effectively address the evolving challenges posed by financial crime, including money laundering and terrorist financing.

## C. Anti-Money Laundering Preventive Measures

### Monitoring Compliance with AML Requirements

**236. Sections 85(1), 85(2) and 85(3) of the 2024 Act provide that AML supervision of financial and non-financial sectors is to be conducted by several authorities.** Those authorities are: (1) the

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<sup>306</sup> Sections 4 to 10 of AML/CFT Act, 2024

<sup>307</sup> Section 3 to 6 of AML/CFT Act, 2012

<sup>308</sup> Section 4(2) of AML/CFT Act, 2024 - (a) The Attorney-General & Minister of Justice; (b) The Minister of Foreign Affairs; (c) The Minister of Internal Affairs; (d) The Governor of the Bank of Sierra Leone; (e) The Commissioner, the Anti-corruption Commission; (f) The Director of Public prosecutions; (g) The Chief Immigration officer; (h) The Inspector General of Police; (i) The Commissioner General, National Revenue Authority; (j) The Director-General, the Central Intelligence and Security Agency; (k) The Executive Secretary, the Nuclear Safety and Radiation Protection Authority; (l) The Commissioner, the Sierra Leone Insurance Commission; and (m) The Director-General, National Minerals Agency. (n) The Executive Director National Drugs Law Enforcement Agency.

<sup>309</sup> Section 3(3)(a) of AML/CFT Act, 2012

<sup>310</sup> Ministry of Finance, Ministry of Internal Affairs, Financial Intelligence Agency (FIU), Immigration Department National Investment Board, Nuclear Safety and Radiation Protection Authority, National Revenue Authority (NRA), Sierra Leone Police (SLP) [TOCU, INTERPOL, CID], Central Intelligence and Security Agency (CISA), Bank of Sierra Leone (BSL), National Drug Law Enforcement Agency (NDLEA), Office of National Security (ONS), Anti-Corruption Commission (ACC), Forces Intelligence and Security Unit (FISU), Law Officers Department (LOD), Sierra Leone Insurance Commission (SLICOM), National Minerals Agency – Provided by the Financial Intelligence Agency



Bank of Sierra Leone for financial institutions, currency exchange, and transmission businesses; the Sierra Leone Insurance Commission for the insurance industry; (2) the General Legal Council for legal practitioners; (3) the Institute of Chartered Accountants of Sierra Leone for chartered accountants; (4) the National Minerals Agency for the mining sector; (5) the National Tourist Board for casinos, including internet casinos/gaming; and (6) the FIA if a sector does not have a designated supervisory authority or if any designated supervisory authority fails to undertake the required action. In line with Section 85(2) of the 2024 Act, the FIA is currently acting as the supervisor of the real estate sector.

**237. The lack of resources and sectoral AML risk-based supervision frameworks hinder the ability of Sierra Leonean authorities to effectively monitor compliance of reporting entities, especially Designated Non-Financial Businesses and Professions (DNFBPs) that have been identified as being exposed to high-risks of laundering of criminal proceeds, including corruption.**

In practice, the burden of AML supervision of DNFBP's currently falls on the FIA and its Examination and Compliance Department. Indeed, section 85(3) of the 2024 Act provides that the Agency may, for the purposes of applying sections 87<sup>311</sup> and 88<sup>312</sup>, act as supervisory authority in case the designated supervisory authority does not undertake the required action, which is currently the case for all supervisors of DNFBPs. Supervisors of high-risk sectors, such as the mining and gaming sectors, as well as lawyers, accountants, and car dealerships, are yet to be operational and dedicate resources to this activity. The FIA has allocated 15% of its yearly resources and dedicated eighteen staff members to its evaluation and compliance department but the lack of sectoral AML risk-based supervision frameworks for DNFBPs impedes compliance monitoring.

**238. There is limited evidence from the Sierra Leone authorities demonstrating the effective implementation of AML risk-based supervision within the financial sector, which hampers the country's capability to monitor compliance adequately.**<sup>313</sup> For example, the Anti-money Laundering Act was amended in 2024 to make the BSL the designated AML/CFT supervisor of financial institutions, currency exchange, and transmission businesses. The responsibility entails supervision, monitoring compliance, penalizing non-compliance, and compliance enforcement with responsibility for overseeing most<sup>314</sup> reporting entities in this sector. Yet the BSL has dedicated only two staff members to AML supervision. This limited capacity may lead to several challenges, including diminished effectiveness of compliance programs, inadequate risk assessments, and an inability to adapt to emerging threats and trends in financial crime. Furthermore, despite the recent adoption of the 2024 Act, which aims to address national technical compliance deficiencies like Politically Exposed Persons (PEP) identification, the Bank of Sierra Leone has not updated its supervisory methodologies.

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<sup>311</sup> Power to examine Records, AML/CFT Act 2024

<sup>312</sup> Power to enforce compliance, AML/CFT Act 2024

<sup>313</sup> After the first draft of this report, the mission learned that the FIA, in collaboration with BSL and SLICOM, is in the process of developing risks based supervisory tools.

<sup>314</sup> Financial institutions and, currency exchange and transmission businesses

## Politically Exposed Persons (PEPs)

**239. The recently enacted 2024 Act has addressed the remaining deficiencies, as identified during Sierra Leone’s mutual evaluation in 2020, which concerned the proper identification and risk management of PEPs, in line with FATF standards.** Indeed, Section 63 of the 2024 Act mandates that reporting entities implement robust risk management systems to identify customers and apply enhanced due diligence measures, particularly if they are identified as PEPs<sup>315</sup>. This includes obtaining senior management approval before entering or continuing business relationships, identifying the source of their wealth and funds, and conducting ongoing monitoring to prevent financial crimes. The need is emphasized for reporting entities to determine if beneficiaries of life insurance policies are PEPs, with specific measures to assess and mitigate associated risks. In cases of higher risks, entities must inform senior management prior to paying out, allowing for enhanced scrutiny of the business relationship and the potential filing of suspicious transaction reports, as necessary.

## D. Transparency of Beneficial Ownership (‘BO’) Information

**240. Since its MER in 2020, Sierra Leone has not managed to implement a mechanism to collect and maintain reliable, readily accessible and up-to-date information regarding beneficial owners of legal entities and legal arrangements in line with FATF Standards.**<sup>316</sup> There are ongoing efforts by the National Mineral Agency (NMA) to collect, maintain and make information about beneficial owners of the mining sector available in line with section 58 of The Mines and Minerals Development Regulations, 2023, which makes provision to declare BO information for individual (applicants and license holders) holding 5% or more of shares. Despite these efforts, important challenges remain as the absence of a verification mechanism coupled with the lack of effective, proportionate, and dissuasive sanction mechanism in case of non-compliance by applicants and license holders can impede NMA’s ability to collect accurate and up-to-date information on BO. Additionally, BO information collected in practice<sup>317</sup> by the NMA does not always extend to identifying beneficial owners of natural persons holding 5% or more of shares of mining companies.

**241. The lack of reliable information on BOs and the low level of enforcement of AML preventive measures in high-risk sectors, limit the effectiveness of identification of PEPs and creates significant challenges for competent authorities in Sierra Leone.** The FIA underlined that financial institutions have started providing periodic PEPs reports, but it has not been clear as to what

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<sup>315</sup> Section 63 also applies to international PEPs, their family members, close associates, and individuals entrusted with prominent functions by international organizations.

<sup>316</sup> In the context of legal persons, beneficial owner refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person. Only a natural person can be an ultimate beneficial owner, and more than one natural person can be the ultimate beneficial owner of a given legal person. In the context of legal arrangements, beneficial owner includes: (i) the settlor(s); (ii) the trustee(s); (iii) the protector(s) (if any); (iv) each beneficiary, or where applicable, the class of beneficiaries and objects of a power; and (v) any other natural person(s) exercising ultimate effective control over the arrangement. In the case of a legal arrangement like an express trust, beneficial owner refers to the natural person(s) holding an equivalent position to those referred above. When the trustee and any other party to the legal arrangement is a legal person, the beneficial owner of that legal person should be identified. (Page 123 of FATF Standards).

<sup>317</sup> GoSL Online Repository

extent the Bank of Sierra Leone and the Sierra Leone Insurance Commission are monitoring compliance in this regard. DNFBPs remain particularly vulnerable to illicit involvement of high-risk BOs such as PEPs.

## E. Financial Intelligence

**242. Corruption-related suspicious transaction reports ('STRs') remain notably scarce considering the prevailing levels of corruption reported in Sierra Leone.** The FIA receives a relatively small number of STRs from reporting entities compared to its regional counterparts. As depicted in Table 16<sup>318</sup> below, between 2022 and 2024, 133 STRs were received mainly<sup>319</sup> from financial institutions with sixteen of them related to corruption offenses.

**Table 16. Total number of STRs and Corruption-related STRs received by FIU.**

Year	Corruption	Embezzlement	Total STR Received
2022	11	1	27
2023	2	0	64
2024	1	1	42
Total	14	2	133

**243. The limited flow of STRs could hinder the ability of authorities to effectively investigate and address corruption, thereby perpetuating a cycle of impunity.** This situation underscores the need for enhanced awareness and engagement with reporting entities, AML/CFT supervisors and other stakeholders such as FIA and ACC, to foster a more robust culture of compliance and diligent reporting, which is essential for combating corruption and promoting greater financial integrity in the region.

**244. Sierra Leone faces a considerable lack of financial intelligence receipt and dissemination, which undermines the investigation and prosecution of corruption-related money laundering cases.** Between 2022 and 2024, the FIA submitted twelve dissemination reports to the ACC but none of those cases were effectively investigated or prosecuted for money laundering. Over that period, the FIA only received three information requests from ACC.

<sup>318</sup> Data provided by FIU.

<sup>319</sup> Only 05 STRs received from DNFBP Sector (Law Firms).

## F. Anti-Money Laundering Enforcement

### Investigation, prosecution, and adjudication of corruption-related money laundering offenses

**245. In practice, the ACC captures all instances of corruption related investigation and prosecution as required by Section 7(1) of Anti-Corruption Act, 2008.** As highlighted in Section II, 503 cases were investigated by the ACC, between 2020 and 2025 on several types of corruption offenses. According to ACC, these cases originated from sources such as the Sierra Leone Police (SLP), the FIA, the Audit Service (ASSL) through Audit Report, Civil Society Organizations, and the public.

**246. While AML provisions<sup>320</sup> empower law enforcement agencies to collaborate, investigate, and prosecute money laundering of various unlawful activities, the ACC has predominantly focused its investigative efforts on corruption.** Although corruption is recognized as a significant predicate offense for money laundering in Sierra Leone, the ACC has conducted only nine corruption-related money laundering investigations since 2018. None of these investigations led to court charges for corruption-related money laundering.

**247. Inconsistencies between AML and Anti-Corruption frameworks can present significant challenges to conducting effective parallel investigations into corruption-related money laundering and criminal prosecutions.** These discrepancies may complicate legal processes and hinder coordination among authorities, resulting in conflicting procedures that could delay actions against offenders. For example, Section 7 of the Anti-Corruption (Amendment) Act, 2019, empowers the Commissioner to either initiate court proceedings or negotiate settlements with suspects. This provision allows offenders to repay the amount involved plus interest while temporarily disqualifying themselves from public office. Such a dual approach may encourage suspects to settle rather than face prosecution, potentially undermining the deterrent effect of the law. Additionally, both Acts may refer to similar offenses related to money laundering using different terminology, which can create confusion and impede effective prosecution. Specifically, the ACA identifies offenses<sup>321</sup> related to the transfer and concealment of property obtained from corruption, underscoring the necessity for alignment in legal definitions and procedures to strengthen enforcement efforts.

**248. Recovering criminal assets without the corresponding prosecution of offenders can lead to significant negative consequences, including undermining public trust in the legal system and creating a perception that financial recovery is prioritized over justice.** This lack of accountability may encourage further criminal behavior, as offenders may feel minimal consequences for their actions. Additionally, focusing solely on asset recovery can overlook the rights of victims, prevent them from achieving closure, and set a dangerous precedent with asset recovery substituting for criminal accountability. To effectively deter crime and ensure justice, a balanced approach that emphasizes both asset recovery and the prosecution of crimes is essential.

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<sup>320</sup> Section 107(1) and 107(2) of AML/CFT Act, 2024

<sup>321</sup> Section 52 of Anti-Corruption Act, 2008

**249. Insufficient use of financial intelligence and minimal financial investigation training also hinders investigations of corruption-related money laundering in Sierra Leone.** Despite a memorandum of understanding (MoU) established in April 2019 between the ACC and the FIA's predecessor, the Financial Intelligence Unit (FIU), the ACC has made only three information requests to the FIA since 2022, indicating insufficient collaboration and resource utilization. Additionally, ACC staff participated in only four money laundering-related training activities<sup>322</sup> attended since 2022, underscoring the urgent need for capacity building and a more proactive approach in leveraging financial intelligence to effectively combat money laundering.

**250. Further to Section 111 of the 2024 Act, the High Court of Justice has automatic jurisdiction to try an accused person on an indictment containing an offence specified in the 2024 Act<sup>323</sup>, without the need for a preliminary investigation or a prior application for the preferment of an indictment, but no corruption-related money laundering cases have been reported.** Several challenges may contribute to the lack of trials for corruption-related money laundering cases by the High Court of Justice, despite its automatic jurisdiction, such as: resource limitations, for example insufficient funding and inadequate infrastructure, leading to delays and a backlog of cases, lack of case preparation and insufficient evidence from prosecuting authorities; lack of cooperation and proper dedication of jurisdiction between the Anti-Corruption Division and the Criminal Division. To enhance the effectiveness of the judicial system in prosecuting corruption-related offenses, it is crucial to systematically address these challenges.

## Asset Recovery

**251. Sierra Leone's Asset Recovery Framework is generally in line with FATF Standards.** Enactment of the 2024 Act addresses previous deficiencies identified in the 2020 MER 2020 regarding asset forfeiture related to real assets. Section 112 allows competent authorities to apply for restraining orders against individuals suspected of holding or controlling property linked to unlawful activities. This application must be made *ex-parte* and is supported by an affidavit, enabling swift action to prevent the disposal of potentially illicit assets. The court can provide specific directions regarding the management and disposal of these assets, including the sale of perishable property.

**252. Additionally, Section 120 establishes a framework for civil forfeiture, permitting authorities to seek the confiscation of property derived from unlawful activities without the necessity for a criminal prosecution or conviction.** The standard of proof for such applications is based on a balance of probabilities, facilitating proactive measures against financial crime. This comprehensive legal structure enhances the state's ability to recover assets associated with serious offenses, thereby strengthening efforts to combat money laundering and terrorism financing effectively.

**253. The absence of efficient mechanisms to manage frozen or seized properties before their final disposal presents a significant challenge for the Sierra Leone Asset Recovery framework.** While the court has the authority to issue directions regarding the management and disposal of assets,

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<sup>322</sup> One ACC Staff participated per activity.

<sup>323</sup> Including corruption offenses prosecuted by ACC.

including the sale of perishable items, the lack of a structured process for handling properties that are under restraint can lead to deterioration or loss of value. This gap may hinder the effectiveness of asset recovery efforts and undermine the overall objectives of the legislation aimed at combating financial crimes.

**254. To address these inefficiencies, it would be beneficial to develop and implement standardized procedures for the management of frozen or seized properties.** Such mechanisms could include appointing specialized asset managers or establishing clear guidelines for the administration and protection of these properties throughout the duration of legal proceedings. By ensuring that assets are properly maintained and secured during this interim period, authorities can enhance the likelihood of successful recovery and ultimately uphold the integrity of the asset forfeiture process.<sup>324</sup>

**255. Discrepancies between the asset recovery frameworks under the AML and the Anti-Corruption Acts may constitute a burden to effective recovery and management of corruption proceeds.** The Commissioner of the ACC has the power<sup>325</sup> to negotiate agreements with suspects, allowing them to refund the amount involved plus interest and temporarily disqualify themselves from public office. This discretionary power<sup>326</sup>, that has been extensively used since its enactment, takes away the opportunity to recover laundered proceeds derived from corruption offenses.

**256. Despite the challenges, between 2018 and 2024, the ACC was able to successfully recover over SLE 45,000,000 and various assets**<sup>327</sup> The Commission has repaid these recovered funds and returned assets to several institutions, including the Ministry of Transport and Aviation, Sierra Leone Road Safety Authority, the Aberdeen Women's Centre, the University of Sierra Leone, the National COVID-19 Emergency Response Center (NaCOVERC), and the National Revenue Authority. However, it is noteworthy that none of the related cases have been charged in court. This highlights the need to address inconsistencies and harmonize asset recovery processes across legislative frameworks to improve the effectiveness of anti-corruption measures and ensure the proper recovery of illicit proceeds.

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<sup>324</sup> After the first draft of this report, the mission learned that discussions are underway between the FIA and the National Assets and Government Property Commission to develop an effective asset recovery framework.

<sup>325</sup> Section 7 of the Anti-Corruption Amendment Act, 2019

<sup>326</sup> Section II highlights that the ACC has developed a Non-Prosecution Policy in 2022 with the support of the UK/Sierra Leone Pro Bono Network to guide the use by the Commissioner of this discretionary power.

<sup>327</sup> Including 2 Landcruiser Toyota Prado vehicles returned to, a building, motorbikes in Koidu City, and 47 laptop computers returned to the National COVID-19 Emergency Response Center (NaCOVERC)

## G. Recommendations on the Anti-Money Laundering Framework

Table 17. Recommendations on the Anti-Money Laundering Framework		
Measure	Authority	Timeline
Conduct an informed risk analysis to increase understanding of corruption-related money laundering.	ACC, FIA, other relevant MDAs	MT
<p>Increase the number of successful investigation and prosecution of corruption-related money laundering offenses, including by:</p> <p>(i) Ensuring that the use of non-prosecution policy by ACC is not a burden to efficient conduct of corruption-related money laundering investigation and prosecution.</p> <p>(ii) Providing regular financial investigation training activities to ACC staff to ensure they are up to date with current and emerging corruption-related money laundering trends and methodologies.</p> <p>(iii) Increasing the use of Financial Intelligence by ACC to leverage FIA expertise related to financial investigation.</p>	ACC and FIA	ST/MT
<p>Address challenges related to the ACC non-prosecution policy that hinder the recovery of laundered proceeds derived from corruption offenses, by:</p> <p>(i) Harmonizing Asset Recovery Legal Frameworks of the 2024 Act and Anti-Corruption Acts to close existing gaps such as those related to the use of settlement in corruption cases.</p> <p>(ii) Implementing standardized procedures for managing frozen or seized properties, including appointing specialized asset managers and establishing clear guidelines for the administration and protection of these properties.</p>	MoJ/ ACC, FIA	ST/MT
Implement an accurate, up-to-date, and accessible beneficial ownership registry for all types of legal persons and legal arrangements to enhance transparency in business ownership in line with FATF Standards and EITI Principles.	NIB, NMA, FIA/ relevant MDAs	MT/ST
<p>Improve compliance monitoring efforts of AML supervisors, including by:</p> <p>(i) Updating risk-based supervisory frameworks for financial sectors to be in line with provisions of the 2024 Act.</p>	AML/CFT Supervisors/MoJ/BSL	ST/MT



<p>(ii) Dedicating adequate resources for BSL's AML supervisory activities.</p> <p>(iii) Establishing AML risk-based supervision frameworks for DNFBPs, especially high-risk sectors, such as mining, real estate, gaming sectors as well as car dealerships, lawyers, and accountants.</p> <p>(iv) Allocating adequate resources to the operationalization of designated AML/CFT supervisors of non-financial sector to allow FIA to have more focus on its core missions.</p>		
<p>Improve interagency coordination and cooperation to effectively combat money laundering related to corruption, including by:</p> <p>(i) Implementing a dynamic training activity to allow both competent authorities to identify corruption and related money laundering red flags</p> <p>(ii) Ensuring proper operationalization of FIA Advisory Board and Financial Crimes Working Group.</p>	ACC, FIA Advisory Board, and FIA	ST/MT

# Annex I: Digitalization in SOE Reporting and Transparency

The digitalization of SOE reporting has significantly enhanced the transparency of public finances in recent years. By implementing standardized electronic reporting systems, many countries were able to improve the accuracy and timeliness of financial disclosures, facilitating more effective monitoring and oversight of SOEs.

This shift towards digital platforms aligns with international best practices, promoting accountability and reducing fiscal risks associated with state ownership. In several developing countries, the digitalization of SOE reporting has played a critical role in enhancing financial transparency and accountability:

- **Cabo Verde** has made significant strides in improving the transparency of its SOEs through digitalization. In 2023, the MOF launched the “SOE Manager”, a collaborative IT platform that digitalizes the monitoring and evaluation of the SOE performance by automating data collection, processing, and analysis. It incorporates analytical tools for the reporting of key performance information and includes dashboards of financial and non-financial indicators to provide information on both individual companies and an aggregated view of the SOE portfolio. Currently, twenty-six of a total of 43 SOEs have interfaced their systems with the “SOE Manager”.<sup>328</sup> These efforts contribute to stronger governance within SOEs and reduce the risks of mismanagement and corruption in the country’s public sector.
- **Ghana** has taken significant steps to improve the transparency and accountability of its SOEs through digital platforms. The government has integrated digital platforms to ensure that financial data from SOEs is submitted electronically and made publicly accessible. This system facilitates timely reporting of financial statements, improving oversight and enabling both government and the public to track SOE performance effectively. The State Interests and Governance Authority (SIGA) in Ghana plays a critical role in overseeing the performance of SOEs and ensuring that their financial reporting is accurate and up to date.<sup>329</sup>
- **Estonia and Lithuania** - have embraced digital solutions for SOE reporting, leveraging centralized platforms to publish annual financial statements and operational results of SOEs, significantly improving public access to vital fiscal data. Estonia has established a comprehensive digital framework that consolidates financial information across its SOEs, facilitating greater accountability and oversight.<sup>330</sup> Lithuania has embraced the detailed financial reporting of SOEs, publishing aggregated and company level information, including corporate governance indices (Figure 6).<sup>331</sup>

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<sup>328</sup> <https://blog-pfm.imf.org/en/pfmblog/2023/10/digital-transformation-in-the-oversight-of-state-owned-enterprise-in-cabo-verde>

<sup>329</sup> <https://siga.gov.gh/> and <https://siga.gov.gh/wp-content/uploads/2024/08/2023-SOR-FINAL.pdf>

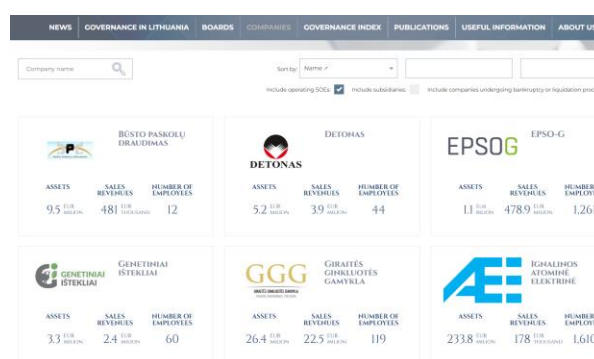
<sup>330</sup> <https://www.fin.ee/en/public-procurement-state-aid-and-assets/state-assets/state-stakeholdings>

<sup>331</sup> <https://governance.lt/en/apie-imones/vvi-sarasas/>

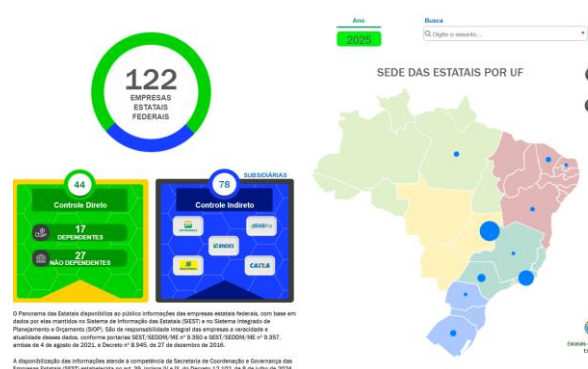
- **Brazil** has a long history of employing the digital platforms for SOE reporting. SIEST (Sistema de Informações sobre Empresas Estatais) is Brazil's official system for the registration and reporting of SOEs.<sup>332</sup> SIEST provides a comprehensive platform that consolidates financial and operational data from all Brazilian SOEs – federal and state levels (Figure 6). The system had significantly enhanced transparency and public sector governance, enabling more efficient processing, consolidation, storing and dissemination of SOE information. SIEST information on the SOEs financial status, performance, and governance is accessible to the public and used for fiscal analysis by both the government and external stakeholders.

**Figure 6. Illustration of Digital SOE Reporting Portals**

### Lithuania Governance Coordination Centre



### Brazil Sistema de Informações sobre Empresas Estatais



Source: <https://governance.lt/en/apie-imonas/vvi-sarasas/> and <https://siest.sistema.gov.br/gerta/public/pages/acessoPublico.jsf>

These examples from developing countries demonstrate how digitalizing SOE reporting enhances transparency, strengthens fiscal oversight, and reduces the potential for mismanagement and corruption, setting a positive example for others looking to modernize governance of state-owned enterprises.

<sup>332</sup> <https://siest.sistema.gov.br/gerta/public/pages/acessoPublico.jsf>